

Leadership at the Top

BEHAVIORS AND ACTIONS OF HIGH PERFORMING TOP MANAGEMENT TEAMS

An organization's top management team (TMT) the central component of the organization's strategy, culture and level of performance (Carmeli & Schauboek, 2006). Rather than a high powered CEO having the most impact on an organization, research indicates that the greatest impact on how the organization operates is within the "dominant coalition" (Hambrick & Mason (1984; Jackson, 2003). The evidence suggests that the TMT sets the example and tone of the culture, which impacts the organization's performance. According to Michalisin, Karau, & Tangpong (2004), the power "to control the direction and performance of the firm probably makes the TMT the most important and influential team in the firm" (p. 128). With the TMT's responsibility for originating and executing the organization's strategies, making effective decisions and inspiring the organization to act upon these decisions are two key functions within the TMT. For these functions to occur it is imperative that the TMT perform as a "real" high functioning team (Kazenbach, 1997). Kazenbach refers to a "real team" as one that follows "a well-defined discipline in order to achieve their performance potential" (p. 84).

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Purpose of the Research

With the TMT being in a position of power which impacts the performance of the organization, what is it that causes some teams to become high-performing teams that create strong performing organizations, where other executive teams scramble and perhaps have dismal results in organizational performance? What are the characteristics and attributes of TMT effectiveness?

For the purpose of this research, team effectiveness is defined by Edmondson, Roberto & Watkins (2003) as consisting of three components: 1) the extent to which a team's decision boosts organizational performance; 2) how committed the team members are agreeable to work together to implement TMT decisions; and 3) at what level the team's structure and composition meets the needs and growth of each member on the TMT.

The purpose of this article is to define what attributes a high performing TMT exhibits by uncovering specific behaviors and actions the members within the TMT take that may positively or negatively impact their organization. Past research has emphasized the demographics of the members within the TMT as critical to TMT team functioning. Because of the variety of perspectives and inconsistent findings on the impact of TMT heterogeneity to team performance (Pitcher & Smith, 2001), the intent of this research will be to determine what leadership skills, behaviors and attitudes of the members within the TMT exude that

productively impacts the organization's performance. Michalisin et al., (2004) refers to these leadership skills as "intangible resources" that drive competitive advantage. Leadership skills are a competitive resource for the TMT to leverage as the cohesiveness and interaction among members are difficult for a competitor to duplicate. For example, TMT members that have high levels of trust and strong communication skills displayed within the TMT are difficult for a competitor to imitate compared to duplicating a physical asset such as a new product, process or piece of equipment.

To be on the team executives must be competent, display qualities of leadership and have the ability to apply "both skills and competencies" to create added value within the organization.

Research Question & Hypothesis

The research question is: What are the leadership skills and behaviors of TMTs that may create functional and dysfunctional results within the organizations they lead?

The hypothesis for this project is: High performing top management teams (TMTs) primarily display skills and behaviors of trust and communication to get results not only within the TMT team, but with their respective team members that functionally report to them.

CHARACTERISTICS AND COMPONENTS OF THE TMT

Skills, competencies, attributes and capabilities are terms that are used interchangeably as important elements of top management team membership. To be on the team executives must be competent, display qualities of leadership and have the ability to apply "both skills and competencies" to create added value within the organization (Jackson, 2003). These statements are generally agreed upon and have little concern of their existence as members in the organization believe leadership competencies are primary to the success of the TMT. In addition to skills and competencies Argyris (1966) completed a study with 165 top executives where "95% of the executives emphasize that an organization is only as good as its top people" (p. 84). In sum, the theory of leadership at the top within the TMT is not a new concept. The issue is primarily the attributes that define great leadership and why members within the TMT engage in dysfunctional interactions within the TMT if great leaders are important to the TMT structure and composition? From observing hundreds of executive teams, why are the TMTs that are in for profit and not-for-profit organizations struggling with the skills, competencies and abilities within the dominant coalition? Bernthal, Rioux & Wellins (n.d.) refer to the behavior of what leaders on the TMT are believed to be great and what they actually do as a "leadership gap". The authors studied the leadership gap with 80 organizations to see if followers perceived a gap in leadership. Bernthal, Rioux & Wellins found that 36 to 47 percent of employees do not have confidence in their current leader's abilities to guide and direct the organization in the future.

PREDICTABLE COMPONENTS OF DYSFUNCTIONAL TMTS

Dysfunctional TMT Theories

Employees have observed their leaders engaging in behaviors that are not conducive to team success. A frequently mentioned scenario involves a member on the TMT unfavorably discussing their frustrations with the decisions and outcomes from a TMT meeting. After the meeting was adjourned the TMT member was expressing how he did not agree with what had been decided and did not believe the decision that was made was going to work for their division.

The outcome of this discussion rapidly spread throughout the division. This example of dysfunctional behavior where TMT members are discussed in an unfavorable way to someone other than the member or members involved is a pattern of TMT fracturing that breaks down trust and hampers communication within today's organizational culture. If the senior leader is frustrated with the strategic decision that has been made, then the other members in the organization become frustrated too. This example reflects a fractured or dysfunctional TMT behavior where consensus and commitment to the proposed strategy is not present. In order for a TMT to successfully implement their strategy they must "arrive at a shared vision and be uniform in its commitment to the total organizational change" (Schneider, Brief & Guzzo, 1996, p. 18).

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Research as to why TMT members lead the way they do suggest a variety of reasons why and how TMT fracturing occurs. Katzenbach (1997) proposes that the TMT is not a "real team". The author states the majority of TMTs are not "real teams" because their goals are too abstract, performance goals are not defined, diversity of skills on the TMT are not present, and senior leaders are primarily high-achieving individuals that struggle with "the time consuming forming, norming, and storming activities that team efforts commonly require" (p. 87).

Another theory of why dysfunctional TMT behavior occurs is that the dealings the dominant coalition is faced with are situations that have "high ambiguity, high stakes and extreme uncertainty" (Eisenhardt, Kahwajy & Bourgeois, 1997, p. 43). To handle these difficult situations effectively the members on the team have to be astute in handling conflict and adversity. Unfortunately, studies from Janis (1982) on "groupthink", Hickson (1986) and Kisenhardt, et al., (1997) have come to the conclusion that conflict resolution skills are not prevalent within [top management teams](#). Instead the majority of TMTs espouse Janis' (1982) theory of "groupthink" where maintaining the cohesiveness within the team is more important than engaging in a healthy debate. Amason & Mooney (1999) concur that the overall effectiveness of organizational performance is determined by the TMT's ability to include the appropriate "level and type of conflict" when making tough, strategic decisions.

TMT Dysfunctional Behaviors and Reactions

Although dysfunctional behaviors are not the intent of senior leaders, the habits and reactions that have been instilled in a high achiever as an individual may generate undesirable outcomes when the individual participates in a team set-

ting. For example, Greer & Caruso (2007) suggest that the qualities that created the high-performing executive as a “winner” leads to “a lower level of trust with the TMT because of a perceived unwillingness of high power members to adapt their styles to work with others” (p. 2). This unwillingness to adapt to the styles of others within the team may provoke reactions ranging from being argumentative and intimidating to shutting down and committing to only “their” agenda. Greer & Caruso define high-power as an individual or team that has control over others by what position they hold on the organizational ladder.

Additional dysfunctional behaviors include members of the executive team not behaving in alignment with what they say, referred to earlier as the “leadership gap”. Argyris (1966) refers to this as the gap between “words vs. actions”. When this gap occurs it promotes a roadblock to “openness and trust” which impacts the decision making capability within the TMT. The research indicates the gap is created by a lack of awareness within members on the TMT of how they are perceived as well as members on the TMT being hesitant to discuss topics that have to do with “human relationships”. Overall, the TMT’s preference is to “get the job done” rather than discuss the more “touchy-feely” or humanistic subjects of why trust is nonexistent, or why people within the organization don’t feel safe to discuss priority matters. This avoidance of behavioral discussions creates a cycle of dysfunction which leads to the “words vs. actions” gap within the TMT. The outcome of the gap leads to forms of suppression, defensiveness and fear which in turn impact the organization’s performance as members do not share vital information that is needed to reach the organization’s purpose and objectives.

Comparison of Dysfunctional Components to Performance

When reviewing the research of TMT dysfunctional components to organizational performance the misuse or lack of leadership skills, competencies and abilities to effectively utilize power and manage conflict result in lower levels of trust throughout the organization. This finding creates a series of dysfunctional outcomes or gaps which leads to TMT underperformance.

As stated previously, the primary purpose of the TMT is to develop and execute strategy by being able to make difficult decisions that add additional value to the organization. Greer & Caruso (2007) concluded in their research that “high-power teams may actually have poorer decision making ability than low-power teams” (p. 6). Their research revealed that TMTs are obstructed in their decision making because of low trust levels, misuse of power and interpersonal issues that arise from a mixture of high-power individuals. This evidence on decision making ability of the TMT directly correlates to potential lower performance levels within the organization. When distrust occurs there is a lack of confidence and reliability as to the intention of others within the TMT (Langfred, 2007).

PREDICTABLE COMPONENTS OF FUNCTIONAL TMTS

From researching dysfunctional TMT outcomes it would make sense at this point to apply the opposite behaviors of what dysfunctional TMTs do. How-

ever, to determine the behaviors and actions of functional performance within the TMT, this research continues with what the best companies and top business leaders attribute within their TMT to predict organizational success.

McNerny (2005), Chairman and CEO of The Boeing Company, proposes that “the development of people is the single most important job a leader has”. He continues with the importance of this theory by stating, “More than anything else, that’s the one thing that really defines the best companies and the best organizations” (p. 351). Helliwell (2000) suggests that “leadership skills and critical decision making ability are arguably the two core competencies which distinguish the truly successful business leaders” (p. 44). From the leadership

skills of being a developer of people to critical thinker the following will describe what conditions, behaviors and actions provide the best opportunity for the development of a successful high-performing TMT to create superior performance.

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Leadership Models

The first model for functional behaviors comes from Collins (2001) in his theory and research of Level 5 leadership. Collins states that in his study of eleven good-to-great companies the Level 5 Model of leadership that made these companies great were the functional behaviors of “personal humility and professional will” (see Appendix A). The Level 5 Model is one that not only generates

superior leadership results with modesty and ambition, but also carries with it a high-level of “conscious personal development” (p. 37).

Yukl (2002) suggests a taxonomy that was formulated in 1989 that provides three behavior categories that may enhance leadership performance (see Figure 1). The three types of behavior are: 1) task-oriented; 2) relations-oriented; and 3) change-oriented are proposed as behaviors that “interact to jointly determine work unit performance” (p. 65).

The three component model suggests that great leaders balance and adjust their concern for getting the job done, valuing people and being flexible to change and innovation. Yukl (2002) suggests that by becoming familiar with the traits of all three types of leadership behaviors a leader may develop a leadership plan to help diversify their leadership style and actions with the members they lead (see Appendix B).

The Fielder contingency theory proposes that rather than identifying a set of leadership traits, successful leaders have the ability to adapt to their followers based on the situation. The contingency theory was continued with the introduction of the Situational Leadership Model (Hersey, Blanchard, & Johnson, 2001). The theory of the situational model proposes that “successful leadership is

achieved by selecting the right leadership style for the level of the followers' readiness" (Jackson, 2003, p. 201).

Although these models provide opportunities for leaders to develop and balance their leadership priorities, evidence shows that it is not one model or one particular trait that creates a high-performing TMT, it is "the relationship between leaders and followers that is the crucial variable in the leadership situation" (Hersey, Blanchard & Johnson, 2002, p. 175). Edmondson, Roberto & Watkins (2003) suggest "psychological safety and power centralization can moderate the relationship between situational asymmetries and team effectiveness" (p. 27).

TMT Conditions

Conflict and adversity is vital for successful TMTs (Eisenhardt, Kahwajy, & Bourgeois, 1997). Conflict that is effective is defined as conflict that is centered on tasks or actions not conflict that emphasizes personal dislikes or emotions (Eisenhardt, et al., 1997; Greer & Caruso, 2007). Amason & Mooney (1999) refer to this functional conflict as "cognitive conflict" which is focused on task-oriented, challenging and diverse conversations. When TMT's refrain from conflicts that involve "personal incompatibilities" they truly have the right conditions and environment for becoming a highly successful TMT. This means the TMT creates an environment for dialogue and debate, which provides an opportunity for each member to engage in quality decision making resulting in a higher level of consensus and commitment within the TMT. According to Eisenhardt, Kahwajy, & Bourgeois (1997) "the ability to manage conflict can distinguish world-class executive teams from all the rest" (p. 61).

An environment of trust has a powerful affect on team decision making within the TMT. Greer & Caruso (2007) refer to this condition as "psychological safety". Their research indicates that "trust creates a psychologically safe environment where members can easily and freely share information with each other" (p. 3). Since trust improves the flow of information, conditions are more favorable for effective decision-making which in turn affects the performance of the organization to more likely be positive.

TMT Functional Skills and Behaviors

According to Yukl (2002) certain behaviors and characteristics within a leader's style may create a higher level of success but researchers have not been able to identify functional skills and behaviors that would apply to every leader. Research on high performing TMTs suggests there are behaviors that successful organizations look for when hiring a potential senior leader to join their TMT. The behaviors most sought after for attracting great leaders are summarized below.

Decision style, defined by Nutt (1990) as "a manager's belief system", is a primary factor in how decisions are made by top executives. This aspect of decision making is stronger in the TMT than middle management teams because the decisions encountered by senior leaders have a higher level of uncertainty and situational variance. One skill that was mentioned several times throughout the re-

search is that it is imperative for TMT members to have the ability to make strategic decisions in a decisive manner.

Behaviors that promote productive discussions when conflicts arise include openness and mutuality (Amason & Mooney, 1999). This means that each member on the [executive team](#) is candid with one another, show tolerance of different perspectives, and collectively holds each other responsible and accountable for the actions within the TMT. The TMT is not successful if all members on the team are not succeeding.

Self awareness is a key ingredient to ensure each member on the team participates in ongoing leadership development.

Self awareness is a key ingredient to ensure each member on the team participates in ongoing leadership development. Jackson (2003) proposes that members of the TMT may believe they already have the skills to be successful and do not engage in self development opportunities because they have an attitude of “believing they have reached the top based on their skills and hence do not need to improve them” (p. 255). Perhaps this thinking is why members of underperforming TMTs refrain from attending training opportunities in the areas of emotional intelligence (Jackson, 2003). This is not the case of high performing leaders. The attributes of self awareness in the high performing leaders from Collins (2002) research indicated that 11 CEO’s of the study displayed “a compelling modesty” where they preferred to not talk about “themselves” and did not want to come across as if they were self-serving or egotistical. According to Marcum & Smith (2007), fifty-three percent of businesspeople estimate ego costs their company 6 to 15 percent of annual revenue; 21 percent say this cost ranges from 16 to 20 percent. This indicates that ego when misused directly impacts the organization’s performance and bottom line.

Behavioral integration is a theory for functional TMT behaviors which suggest that the most successful members on the TMT engage in interpersonal assertiveness, adaptability, flexibility, and communication quality (Carmeli & Schaubroeck, 2006). The authors conducted a study of 116 TMTs and discovered these behaviors, when integrated, created higher quality strategic decision making than those TMTs that were less behaviorally integrated.

TMT Action Plans for Predicting High Performance

A first step to improve and sustain TMT performance is to “conduct group interaction and leadership training” (Carmeli & Schaubroeck, 2006, p. 449). The purpose of these activities provides an avenue for leadership development, feedback, awareness and plans for improvement. TMTs that are successful believe in feedback and do not confuse their personal worth with that of professional critique. They openly welcome feedback opportunities and provide a safe environment for others to comfortably provide them leadership feedback.

Second, high performing TMTs interact with their employees. The members within the TMT have leadership traits of vulnerability and humility to be able to seek an understanding as to whether the decisions they have made are perceived to add value to the organization or if employees have encountered unnecessary barriers from TMT decisions or actions. This level of openness and mutually

brings forward a spirit in the organizational culture that prevents a leadership gap from existing. This spirit is one that exudes trust, safety and an openness to communicate and offer different perspectives without fear or repercussion.

Third, an organization that may predict high performance engages in effectively managing cognitive conflict that relates to the task or objective. This means the members of the TMT encourage differences of opinion in cognitive conflict and refrain from engaging in affective, or relationship conflict. Research throughout this project reveals that high performing teams engage in cognitive conflicts by encouraging debate, being open to the perspectives of others and reaching consensus prior to completing the decision making process (Jehn & Manix, 2001).

CONCLUSION

It was hypothesized that high performing TMTs display leadership skills and behaviors of trust and communication within the TMT and with their respective team members that functionally report to them. The research indicated that trust and communication are key components within the TMT. High performing TMT balance power, manage conflict and utilize leadership traits that are task and people oriented. To achieve these traits members on the TMT engage in high levels of communication and trust between one another. The research also indicated these leadership traits of trust and communication were also utilized with the team members that functionally report to members on the TMT. Feedback from one study discussed the integration of vulnerability and mutuality with their employees. The researches for this project were primarily studies that compared and contrasted behaviors and interactions within high performing TMTs and low performing TMTs.

The research question for this project was to determine what the leadership skills and behaviors are of TMTs that create functional or dysfunctional results. The evidence from the studies conducted that high performing TMTs engage in activities of team building and self awareness. As a result of what the TMT leaders learn within the team or as individuals, they act upon a leadership development plan to more effectively interact as a team member rather than as an individual achiever. Continuous leadership development occurs in high performing TMTs. Low performing TMTs mismanage conflict, misallocate power and tend to follow the recommendations of the CEO rather than collectively dialogue as a team. The research indicated that low performing TMTs are not interested in self-development or team building activities as they perceive to have acquired the leadership skills that are needed by being members of the dominant coalition.

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APPENDIX A

Leadership 5 Model

Personal Humility

Demonstrates a compelling modesty, shunning public adulation never boastful.

Acts with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate.

Channels ambition into the company, not the self sets up successors for even greater success in the next generation.

Looks out the window, not in the mirror, to apportion credit for the success of the company – to other people, external factors and good luck.

Professional Will

Creates superb results, a clear catalyst in the transition from good to great.

Demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult.

Sets the standard of building an enduring great company will settle for nothing less.

Looks in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck.

Source: From *Good to Great*, by Jim Collins, 2001, p. 36.

APPENDIX B

3 Trait Model Behaviors

Task-oriented behaviors:

Organize work activities to improve efficiency.

Plan short-term operations.

Assign work to groups or individuals.

Clarify role expectations and task objectives.

Explain rules, policies, and standard operating procedures.

Direct and coordinate the activities of the unit.

- Monitor operations and performance.
- Resolve immediate problems that would disrupt the work.
- Emphasize the importance of efficiency, productivity, and quality.
- Set high standards for unit performance.

Relations-oriented behaviors:

- Provide support and encouragement.
- Express confidence that people can attain challenging objectives.
- Socialize with people to build relationships.
- Recognize contributions and accomplishments.
- Provide coaching and mentoring.
- Consult with people on decisions affecting them.
- Keep people informed about actions affecting them?
- Help resolve conflicts.
- Use symbols, ceremonies, rituals and stories to build team identity.
- Lead by example and model exemplary behavior.

Change-oriented behaviors:

- Interpret events to explain the urgent need for change.
- Study competitors and outsiders to get ideas for improvements.
- Envision exciting new possibilities for the organization.
- Encourage people to view problems or opportunities in a different way.
- Develop innovative new strategies linked to core competencies.
- Encourage and facilitate innovation and entrepreneurship by others.
- Encourage and facilitate learning by individuals and teams.
- Experiment with new approaches.
- Build a coalition of key people to get change approved.
- Form task forces to guide implementation of change.
- Make symbolic changes that are consistent with a new vision or strategy.
- Empower people to implement new strategies.
- Announce and celebrate progress in implementing change.

Source: From Leadership in Organizations, by Gary Yukl, 2002, p. 66.