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"Top Management Team demographic diversity influence on performance in Finnish small- and medium size enterprises: Moderating role of Trust and Value alignment"

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ABSTRACT

Top management team's crucial influence on organizational performance is evidential. The reference research suggests that demographically homogenous teams may perform better than heterogenous. At the same time diversity is widely used as a positive construct in Finnish business discussions. However, there is lack of information and knowledge about top management's demographic diversity influence on Finnish organizational performance. This research investigates top management team age, gender, functional- and educational background diversities' influence on performance and value alignment and cognitive trust role in the context. This research aims also to understand the assessment of TMT performance measurement criteria.

Using 5 distinct hypothesis it is suggested that demographic diversity will influence performance either in positive or negative way. Value alignment and trust are assumed to interact directly and positively with performance as they are also assumed to positively moderate the demographic diversity influence on performance.

A field study was conducted by a self-administrated questionnaire. Response data consisted of 94 top management team members, including Managing Directors working in 17 Finnish small- and medium size enterprises, employing 20-500 people. Data was analysed statistically depending on hypothesis used the correlation analysis or multiple regression analysis.

Functional and gender diversity had significant negative influence on performance. However, educational and age diversity had a significantly positive influence. Both value alignment and cognitive trust interacted positively on performance. However, the moderating role was not supported quite as hypothesized resulting further discussion of their relationship to the context. This research shows, at this moment, a rare evidential finding of both value alignment and cognitive trust relationship to TMT's demographic diversity context. The primary research model is multidimensional, not comprehensive leaving several possibilities for further research. Managerial recommendations are addressed to team coaches, recruiters, MDs and TMT members as well as to the Board members.

Key words: TMT demographic diversity, TMT performance, Value alignment, Cognitive trust, Ambidexterity, Diversity construct.

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I dedicate this achievement to my teen-age children Nooa and Ruut. I hope that you have seen also the rewarding side of continuous learning. Your generation is born, lived and acted in principledly more diverse world and I do hope that you remain psychologically safe in a multi-context world of teams, thus keep building on to your natural capability to manage and capitalize diversity.

I am deeply grateful to MDs in and outside my network that supported this research by providing the contact information of their TMTs. I do humbly thank all 94 TMT members that used their scarce time enabling me to conduct my research.

Dear David Rees, your supportive supervision made this work possible.

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1 INTRODUCTION

1.1 RESEARCH TOPIC & RATIONALE

This Management Research Challenge (MRC) is an investigation into Top Management Team (TMT) diversity influence on performance in Finnish small- and medium size enterprises (SME) and the moderating role of cognitive trust and value alignment.

The research proposition is based on seeing the world of work as turbulent, forcing the business practitioners to retool for outperformance in disrupted micro- and macroeconomic contexts. Practitioners advocate diversity in TMT compositions. Firms tend to seek more fresh ideas from younger generations' perspectives with the aim to simultaneously pull away from conservatism, add speed and increase the competitive magnitude. We have witnessed how females are invited more onto the executive teams as government bodies emphasizes statistics of growing gender diversity in workforce. This recent boom seems to pull females onto the executive teams for gender equality quota to set an admirable socially responsible impression. In the meantime, consultants persistently work with psychological tests to help TMT members to become both self and peer aware of personality differences needed to overcome team behavioural integration challenges.

The consideration that all individual differences offer a great possibility for teams to outperform through the promotion of diverse thinking seems to be a dominate topic of discussions. Hambrick et al (1996, p. 659) describes team heterogeneity as a 'double-edged sword' as demographic diversity may affect negatively on performance conversely it might bolster results in other cases as a result of situational divergences. Diverse TMT's behaviours may coincide or collide.

Company values are emphasized over personal values in business proposition discussions and intragroup trust interactions are handed over to human resource department or to external team coaches where a chorus of mutual agreement on the importance of values and trust is perceptible.

Further research to better understand diversity optimisation in Finnish TMTs was proposed by Reflect Career Partners Oy & HRM Partner Oy (2013, p. 13). The awareness

of Hambrick & Mason (1982; 1984) Upper Echelons Theory (UET) roots, - the demographics influence on team constraints - is an incremental part of how TMTs can effectively enhance performance. Thus, demographics seem not less of an issue, but an issue to be aware of (Harrison, et al., 2002, p. 1042).

Diversity construct misunderstanding may result a tendency to confuse diversity with equality. It is assumed that in Finland, there might be a common unawareness of the complexity related to TMT demographic diversity and, at best, current research outcomes appear tenuous.

1.2 RESEARCH AIMS & SCOPE

The research aims to understand the demographic diversity relation to performance and the role of value alignment and trust in that context by positioning key questions:

- ✓ Does TMT demographic diversity matter? Is demographic diversity influence on performance simply correlated with the achievement of strategic targets, or are there other ways to assess its impact?
- ✓ Does value alignment and trust effect directly and/or moderate the impact of TMT demographic diversity?

Thus, the research objective is two-fold and its field study will be conducted in the Finnish SME-TMT context. Objectives are to firstly investigate independent demographic TMT diversity predictors of gender, age, functional- and educational backgrounds to see their influence on TMT performance and pursued strategy. Secondly, a determination is needed on the degree to which value alignment and cognitive trust influence TMT diversity and performance.

The conception that business needs diversity is not contested, but the study aims to understand through both literature and field study TMT performance, demographic diversity, value alignment and cognitive trust constructs themselves.

The research chases further open discussion of TMT composition diversity to help facilitate possible revaluations of the underlying assumptions of heterogeneity appraisal and the current concepts of forming TMTs.

This Dissertation grounds rather unquestionable evidence of TMT performance influence to the success of the entire organization. The focus is on SMEs as the most of them are omitted from TMT-related statistics, and this dissertation has an opportunity to close an identifiable research gap.

TMT in this research is a group of top management team members inclusive of the Managing director (MD) who are treated as a unit forming either more heterogenic or homogenic dispersion of each demographic characteristic, not psychological characteristic e.g. personality traits or preferences like leadership proclivities and styles. Demographic characteristic focus is on gender, age, functional- and educational backgrounds leaving out, inter alia, physical abilities, sexual orientation, political and religious beliefs.

1.3 RESEARCH APPROACH

Figure 1 is an adaption the “Onion Research model” of Saunders et al (2009, p. 108) with the intention to state the main directions and choices of this research.

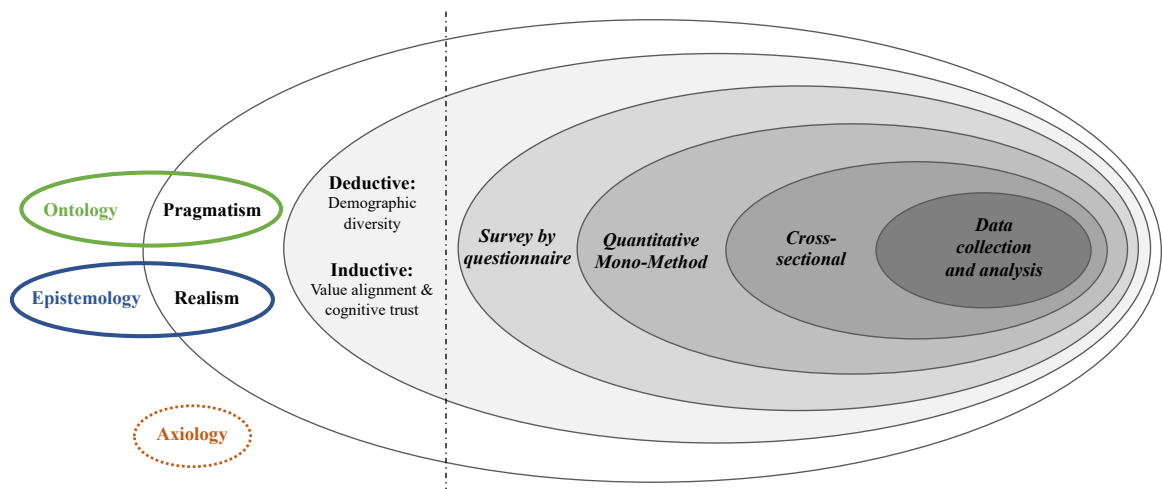


Figure 1 Onion Research Model adapted from Saunders et al (2009 p. 108)

Following discussion walks through Figure 1 with reference to Saunders, et al. (2009). Research aims are to explanatorily understand how TMT diversity and moderators as social phenomenon impacts performance. The two-folded research question does not automatically fit perfectly into one research methods’ domain due to its interdisciplinary nature and simultaneous deductive and inductive approaches.

It could be believed that TMT composition influences on performance either positively or negatively supporting subjectivism and social constructionism. TMT demographic characteristics are observable objects. When TMT members identify their values and evaluate the value alignment and cognitive trust within the team, the TMT members are social actors. The approach to the first research objective relies on positivism where the emphasis is on quantifiable results and less open to bias. Whereas the second objective relates to the moderative role of value alignment and cognitive trust seeking new explanations and is grounded more in interpretivism.

Both the Axiology aspect and inner layers of strategy, choices, time horizons and data techniques (Figure 1) will be discussed in part 4, the research methodology.

1.4 RESEARCH STRUCTURE & PROCESS

Figure 2 is a self-explanatory overview of the structural content of this Dissertation.

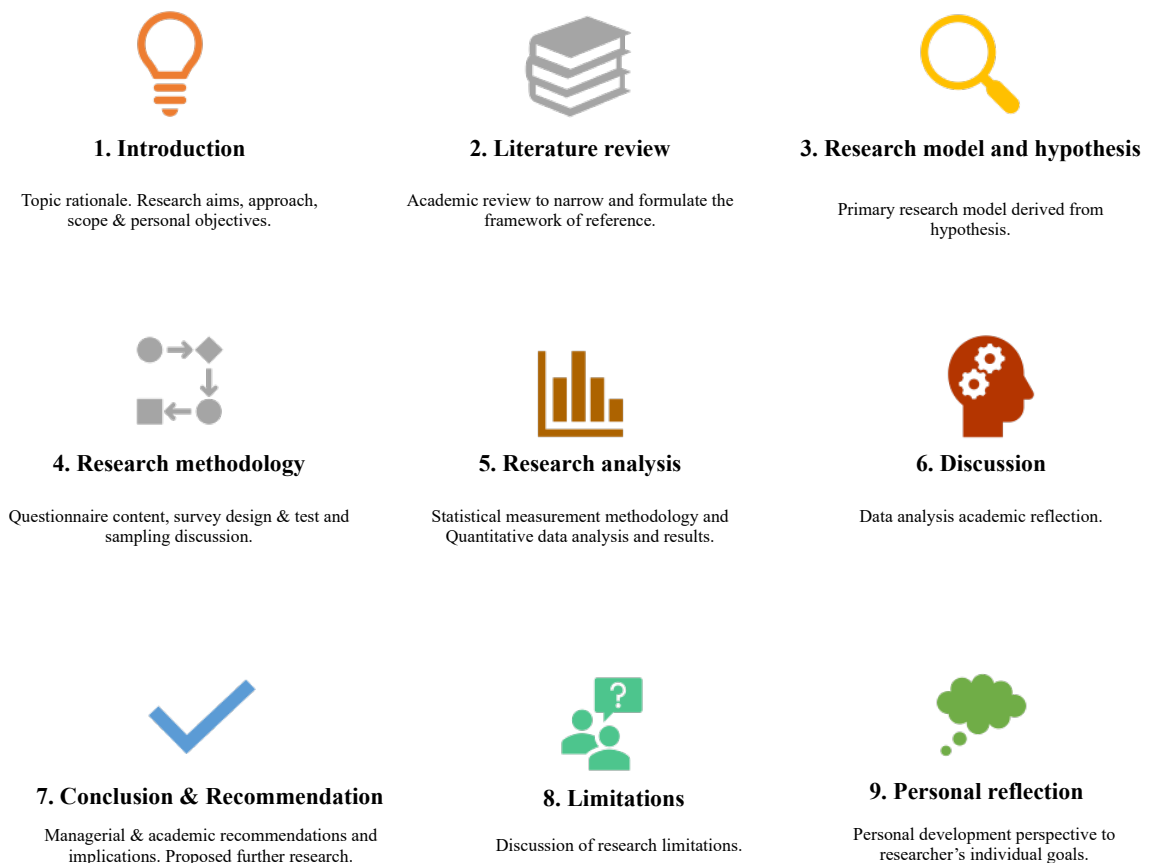


Figure 2 Research Structure

The Literature Review provides clarity to defining the demographic diversity attributes, multidimensional criteria of performance and the broad and profound abstracts of values and trust through academic theories and models. The key aim of the literature review is to formulate the framework of reference presented at the end of the review. The hypothesis and primary research model derivation are presented on their own.

A field study is conducted by utilizing a quantitative research method through a self-administrated questionnaire. The data is analysed statistically depending on hypothesis either by a correlation analysis or by a multiple regression analysis. The data analysis will additionally highlight any other relevant findings, complementary to the model and hypothesis results, which will be critically observed through literature at the end-discussion.

Lists of Abbreviations, Tables, Figures are presented at the end after the List of References, prior the Appendixes.

1.5 PERSONAL OBJECTIVES

Based on my individual contradictory experiences working in different TMTs, I am very keen to understand TMT diversity, especially the semantics of trust and value alignment as I have seen challenges causal to value misalignment. I feel humble and surprisingly free of any strong pre-assumptions or bias leading to extreme curiosity to learning academic aspect to this interdisciplinary topic by undertaking this Management Research Challenge (MRC).

This MRC work will be an advantage to further course of my career as it enables me to experiment consultation and share my learning outcomes with a selected broader audience. More importantly, the process of writing this dissertation will prove myself that the determining, “the end,” will aid in the discovery of, “the means”.

Currently, I consider myself an inquisitive, innovative, and a highly productive person. I am known for the ability to maintain a high motivational level in challenging situations. My aim is to discover what more I can learn of myself during this MRC project. Consequently, I have set additional scales of workload and motivation levels in my MRC learning journal with the intention to investigate the process from those perspectives.

2 LITERATURE REVIEW

2.1 PURPOSE

Through consultation and critical evaluation of existing subject theory and research, a review of corresponding literature aims to create a supportable framework of reference which can assist in the primary research phase of the dissertation.

2.2 TMT DIVERSITY IN FINLAND

There are relevant recent Finnish statistics¹ of TMT personality and demographic differences utilized subsequently in this research to establish a view of current diversity status in Finland.

Finland was the first country in the world that gave full political rights to females and laid down a law in 1987 that prohibits gender discrimination at work (Ministry of Social Affairs and Health, 2019). According to the Finnish Non-Discrimination Act (Finlex, 2014) employers are compelled to advance non-discrimination at work. Any discrimination based on age, gender, nationality, political act, health or language is prohibited.

The world of work is more global in Finland than ever. The technological revolution and machine learning urges firms to seek agility and new talent, driving demographical diversity (Williams & O'Reilly, 1998, p. 120). Conversely, nationality distribution in Finland is still highly concentrated as majority of top managers are Finnish (80% Board- and 70% TMT members) and the other nationalities in top management are driven by listed firm's global operations (EY, 2018, p. 16).

On the whole, the future need for greater demographic dispersion of work force is a logical evolution, hence the mechanism to drive particularly TMT heterogeneity in

¹ The Seventh Women Directors and Executives Report 2017 (Finnish Chamber of Commerce, 2017); Executive and Board Remuneration in Finland 2015–17 (EY, 2018); Report on the diversity of Finnish companies (Findix, 2019); Future CEO 2018 (Seedi Oy, 2018); Tällainen on suomalainen johtoryhmä (Reflect Career Partners Oy, 2013); Suomalaisen työn tila ja tulevaisuus (Ministry of Economic Affairs and Employment & Filosofian Akatemia Oy, 2018)

Finland seem more causal of both legal and social pressure of equality is influencing current hiring patterns (Williams & O'Reilly, 1998, p. 120).

UET, the grand theory of top management diversity has invited great quantity of international research up to day,² who have put the theory to comprehensive test as they have deduced and augmented the UET focusing explicitly on TMT's compositions aiming to understand what type of diversity in TMTs bolster results and what moderates the effects of diversity.

2.3 TMT IN BUSINESS ORGANIZATIONS

In 1982, Hambrick & Mason (1982) confirmed that organization reflects its top managers and emphasized the importance to study particularly TMTs. They point out that studies before 1982 has focused solidly on MD's role. This research focus is on TMT as one unit instead of individuals within a TMT that is indeed the key distinguishing feature between the UET and other strategic leadership research (Jackson, 1992, p. 346).

There still seems to be very little subjective case assessment discussions of TMT albeit Certo, et al (2006) strongly proposed further TMT researchers to, 'examining the question "What is TMT?"' (p. 834, emphasis in origin). Discrepancies in TMT definitions seem to date back on national and continental organizational structure tendencies, as well as the differences between listed and non-listed companies. The misinterpretations may relate to definition of the Board which is occasionally called Executive Committee (Mintzberg, 1979). Misinterpretations may also relate to Managing Director (MD) – Chief Executive Officer (CEO) titles, as international companies have a mother company organizational c-suite reporting to the board and operating countries has MDs reporting to the executives of the c-suite. Hence, many SME companies are led by one person a CEO or MD.

This research follows the majority of the referred research reports, and the Finnish statistical definition of TMT, the c-suite or 'strategic apex' as explained by Mintzberg (1979, pp. 23-25) equal to one person MD or CEO with the highest operative power and

² see e.g. Cui, et al., 2019; Chen, et al., 2019; Chen & Liu, 2018; Georgakakis, et al., 2017; García-Granero, et al., 2017; Boerner, et al., 2011; Bjornali, et al., 2016; Certo, et al., 2006; Lubatkin, et al., 2006; Raes, et al., 2013; Simsek, et al., 2005.

his/her subordinates sharing the responsibility of MD or CEO (latter called only MD when referred to TMT leader). TMT in this research is exclusive of Board members equated to 'strategic apex', apart those who has interpreted Mintzberg's (1979) apex as inclusive of board thus he writes that 'sometimes' (p. 23) the TMT is inclusive of an executive committee.

TMT members have direct supervision responsibility to ensure that organization works toward the firm's mission as well as be accountable to interact with the stakeholders outside the firm (Mintzberg, 1979). Albeit Board's often rules the strategic directions, MD is in charge of firm's strategy execution in Finland thus each TMT member is responsible for the strategic actions taken in one's own department (Erma, et al., 2018). TMT group role in strategizing is a group effort where the TMT role is crucial hence there are difference between each TMT member's ownership and involvement in strategic actions (Bowman & Kakabadse, 1997).

TMTs in SME are rarely investigated causality of public data unavailability. However, they play an important role in many domestic economies and it is assumed that that TMT influence is more visible throughout the organization in SME's (Lubatkin, et al., 2006, p. 648).

This research does not follow the common restricted SME size definition of firms employing under 250. This research requires an existing TMT and follow Lubatkin, et al (2006, p. 647) sample frame of SMEs employing 20-500 individuals, age considerably older than start-ups.

2.3.1 TMT Behavioural integration

TMT 'consist of semiautonomous "barons", each engaging in bilateral relations with the CEO, but having little to do with each other and hardly constituting a team'

(Hambrick, 2007, p. 336, emphasis in origin)³

³ Also strongly supported by Bowman & Kakabadse (1997)

Singular TMT member greatly affects his/her subordinates and own department's success hence sales need productions and productions need finances, departments are dependable on each other and most importantly the collaboratives in between the functions. The degree of TMT's mutual and collective interactions, called behavioural integration, has direct positive effect on organizational performance (Hambrick, 2007). Behavioural integration between departments starts from the top, from where it leaks to the organization (Raes, 2014).



Figure 3 Adoption of TMT 'Teamness' (Raes, 2014 p. 37)

Figure 3 illustrates the collaborative behaviour line of inquiry rooted in UET.⁴ Anneloes Raes (2014) focuses on the TMT behavioural integration relation to the work success and has captured a model of TMT 'Teamness' (p. 37) demonstrating, at various points that it is the unity of TMT that has a significant role to the success of the entire organization.

2.4 TMT IN ORGANIZATIONAL PERFORMANCE

Who or what predominantly influences firm's outperformance? UET begun to denote the link between TMT characteristics and organizational outcomes. Albeit MD has undoubtedly the firm's highest operating power, TMT has been proven to hold the greatest potential to affect a firms future having greater influence in firm's competitive behaviour and performance than MD's (Hambrick, et al., 1996; Hambrick & Finkelstein, 1987). Consistent to above Lubatkin, et al (2006) research results confirms that TMT influences the 'form and fate' (p. 665) of organization more than any other team or individual, not even the board. Colbert, et al (2014) predicted TMT organizational

⁴ TMT collaborative behavior line was originally suggested by Hambrick et al (1996), developed into measurable concept by Simsek, et al (2005), supported by Ensley, et al (2003) and Boone & Hendriks (2009) and newly researched by Raes (2014), Raes, et al (2013) and Raes, et al (2011).

effectiveness by personality and leadership suggesting strong alignment with UET on the TMT exclusive influence on performance.

TMT value uniqueness to organization performance over MD is not unequivocal, as team behavior and integration is affected by its leader thus the MD's moderative influence on TMT diversity is appraised by quantity of research.⁵

Performance is about 'how well or badly something works' (Oxford English Dictionary, 2019) and is 'measured against present known standards of accuracy, completeness, cost, and speed' (Business Dictionary, 2019). How to measure performance is fully dependable on standards and the subject. Boards should consider a firm performance explicitly as the value of the firm, the return of the owner's investment money (Erma, et al., 2018).

According to UET, when TMT influence to performance is measured by turnover and earnings, it is more an indicator of a firm size and industry. UET encourages to look at the Return of Investment (ROI) relative to the industry. Weiss, et al (2015, p. 150) claims performance to be all about the degree of the fit between the TMT characteristics and strategic diversification level. Certo, et al (2006, p. 831) encourages to use as much different performance criteria variables as possible when researching the linkage between diversity and performance as they found performance in this context is such a complex subject. Homberg and Bui (2013) opposes all TMT diversity-performance correlation studies stating that 'Our results do not show a link between TMT diversity and performance but provide evidence for publication bias.' (p. 445).

The TMT influence on performance through various indirect or direct criteria variables are evidently studied and sample of those are presented in Table 1.

⁵ In e.g. Georgakakis, et al., 2017; Lin & Rababah, 2014; Simsek, et al., 2005; Lin, et al., 2016.

INDIRECT INFLUENCE THROUGH...		DIRECTLY ON:	
Competitive propensity	Hambrick, et al (1996)	Market share	Hambrick, et al (1996)
Competitive magnitude	Hambrick, et al (1996)	ROA	Georgakakis, et al (2017); Boerner, et al (2011), Certo et al (2006)
Competitive speed	Hambrick, et al (1996)	ROE	Boerner, et al (2011)
Behavioural integration	Simsek, et al (2005)	Resilience through ROE	Chen& Liu (2018)
Ambidexterity	Lubatkin, et al (2006)	Net profit	Cui et al (2019), Hambrick , et al (1996)
Middle Managers	Raes, et al (2013)	Growth of fixed assets	Chen, et al (2019)
Composition strategy fit	Weiss, et al (2015)		
Team-effectiveness	Bjornali, et al (2016)		

Table 1 Performance criteria objectives in TMT researches

Intentions to prove a direct link, the criteria variables are financial, and all sample framed in those studies are listed companies with public data available (Table 1).

Hackman's (1987, p. 323) theory of group effectiveness measurement is based on three gauges: Satisfaction of clients who receive the output, engagement level of the group's capability to do the tasks and group experience where personal satisfaction rather than frustration of one's own needs are met. In order to create quantifiable and comparable measures for TMT performance purpose following Hackman's list is challenging as TMT "customers" are both internal and external and differ within each firm. This theory then leads to one interesting performance criteria variable of perceived performance as a perception of one's own view of a team's performance level (Gibson & Birkinshaw, 2004, p. 216)

It is unexpected that SMEs measure ROI in Finland. However, ROI and operating profit will be asked and the capability to calculate other financial performance criteria variables from publicly available SME data reserved as research. This research relates also to the strategic pursuit and ambidexterity as one performance criteria discussed deeper in following section. Specific departments' e.g. sales or production performance common objectives, e.g. customer satisfaction or productivity is not considered. The overemphasis of one department performance over the other may support unintentionally possible power battle TMTs may have between departments, alongside possible cause of bias as not statistically comparable between the groups.

2.4.1 *Ambidexterity*

TMT demographics interacts with strategic intent. The companies that strive to be reactive gain a form of homogeneity and the companies with innovative focus gain from heterogeneity (Hambrick, et al., 1996, p. 682). These UET related strategic choices has been strongly associated to explorative or exploitative oriented strategy repertoires (García-Granero, et al., 2017). O’Reilly & Tushman (2013, pp. 324-325) defines ambidexterity as an unique capability for a firm to simultaneously both explore and exploit thus they demonstrates through extensive literature with evidence that a clear, positive linkage between ambidexterity and organizational performance exists (Figure 4).

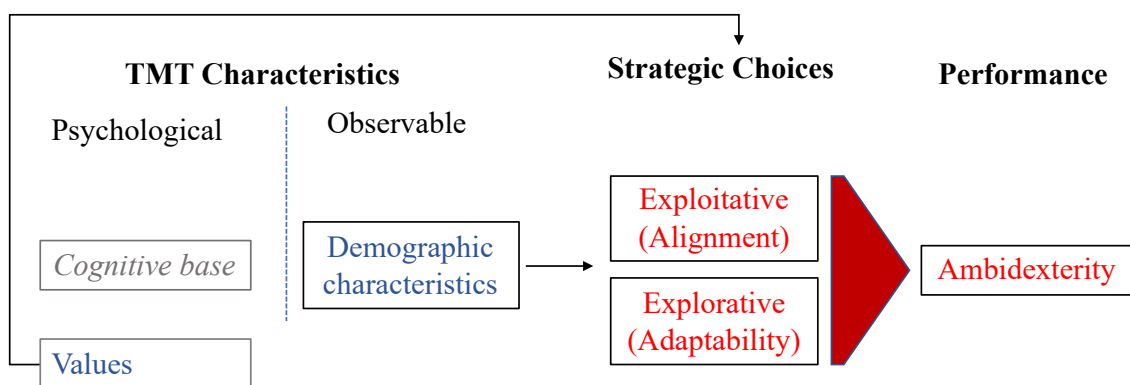


Figure 4 Induction of Ambidexterity model adoption (O’Reilly & Tushman 2013, p. 325) to UET’s Strategic Choice framework (Hambrick & Mason, 1984 Figure 1 p. 195)

One interesting feature in the UET’s Strategic Choice model is that values, unlike cognitive base is pointed to have a direct impact on a firm’s strategic choices (Figure 4).

It has been witnessed that within Finnish business practice how exploitative and explorative strategic approaches have been presented as either-or options. They involve different actions alike efficiency and focus in exploitative orientation and flexibility and experimentation in explorative orientation.⁶

March (1991) argue that in the short run exploitative orientation might result effectiveness, but in the long run turn self-destructive without equal simultaneous attention to exploration. Over ten years later Gibson & Birkinshaw (2004, p. 221)

⁶ Note: Ambidexterity should not be confused with Mintzberg’s Adhocracy as an organizational configuration. They are separate constructs. Explained and explored by Parikh (2016) in her article: Move over Mintzberg, let adhocracy give way to ambidexterity.

collected evidence from 4 195 individuals within 41 business units to state that between alignment and adaptability, one should not be sacrificed to the other (Figure 4).

Lubatkin, et al (2006) and Simsek, et al (2005) succeeded in cross-industry research and have the rare focus in SMEs arguing that SMEs faces the same pressures than bigger firms, yet they do not have the resources or complexity of big firms. That causes an advantage for them to pursue ambidexterity (Figure 4).

2.5 ASSESSMENT OF TMT DIVERSITY

Diversity is a challenging construct, not the abstractness of the concept itself but it's indicative of either separation, variety, or disparity (Harrison & Klein, 2007). The precise meaning of diversity is not clear, thus Harrison & Klein (2007) states that the diversity is a 'unit-level, compositional construct' and mixing up indicatives or failings in variance measurement method may consequently mix results and cause inconsistencies in TMT diversity studies.

Theoretical approaches to TMT diversity are the UET approach and social psychology approach (Homberg & Bui, 2013) supported by Lin & Rababah (2014) who separate those approaches to diverse in deep-level, and surface-level composition characteristics. Williams & O'Reilly (1998, p. 81) represent the similarity-attractive scholar of the social psychology approach stating that diversity can be a result of any attribute, even trivial, people use to differentiate themselves from one another.

Albeit UET states that the values are directly linked to strategic choices (Figure 4), Hambrick & Mason (1982, p. 12) argue that the values and cognitive base are created by a 'host of factors' of demographic characteristics (Figure 5). In 1996 Hambrick, et al. (1996, p. 672) advocate the demographics being antecedents of observable characteristics with academic studies such as educational curriculum represents one's values and cognitive style. This base assumption was investigated by Smart & Pascarella (1986) who observed student's self-concept changes during their education. However, researcher finds the most reliable assurance given by Weigert (1975, p. 198) explaining that Rokeach has made a tremendous effort within three chapter's to relate values to backgrounds in socioeconomic variables, attitudes and behaviour in his book of 'Nature

of Human Values'. Nevertheless, it is suspected that values and cognitive base need to be investigated as independent predictors.

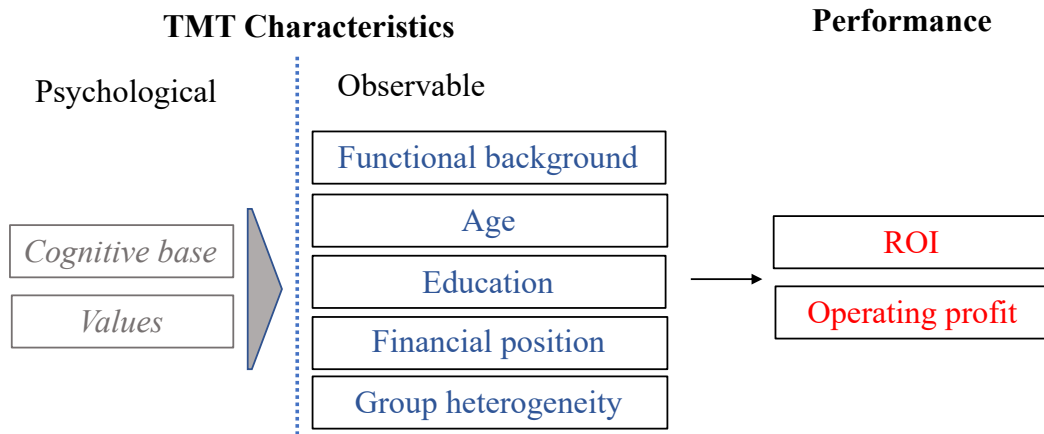


Figure 5 Adoption of UET's 'Upper Echelons Perspective of Organization' framework (Hambrick & Mason, 1984 Figure 2 p.198)

Jarzabkowski & Searle (2004, p. 416) argue that UET observable characteristics are useful for perceptual diversity, hence strongly emphasises their incompleteness without understanding the behavioural diversity indicated by psychometric profiling of deep-level compositions. This emphasises the debate whether the values and cognitive base by current thinking in 2019 can be associated adequately to the observable UET characteristics.

García-Granero, et al (2017) defends the need to sub-differentiate UET's observable characteristics (Figure 5) to job related e.g. functional background and non-job related e.g. age. Then again, Jackson (1992) who follows management literature attributes team composition characteristics into demographic background, skills, abilities, personality, values and experience.

Hambrick et al (1996, p. 659) defines diversity a 'double edged sword' with contextual dependant positive and negative influence on performance. Williams & O'Reilly (1998) unequivocally argue with evidence of quantity of both laboratory studies and large number of field studies that 'demographic diversity has negative effects on group functioning and performance' (pp. 98-99).

Research follows UET's observable TMT demographics of age, educational and functional background and adds gender, all consulted and evaluated in following sub-sections.

2.5.1 Age

The requirements for Finnish TMT members in job postings are defined by years of experience, consequently the average TMT member age is rather high, 46 years, thus with a range between 25-65 (Reflect Career Partners Oy, 2013) or 49 years according to the sample of 70 respondents in 2018 (Seedi Oy, 2018).

UET suggest that a firm with young managers will experience greater growth and they are more inclined to pursue risky strategies, however with causal to high variability in profitability (Hambrick & Mason, 1984, pp. 198-199), supported later on by Williams & O'Reilly (1998). Hambrick, et al (1996) research shows that tenure heterogeneity had a significant impact on a firm's capability to launch actions, hence the tenure had no significance in action speed. García-Granero, et al (2017) argue that shared responsibility does not always generate outperformance, causality of significant negative influence of age diversity relation to TMT ambidexterity whilst Williams & O'Reilly (1998) agree on age diversity generating more conflicts in group performance.

This research uses sociodemographic age, adds company tenure i.e. the time spend in the company, and TMT tenure i.e. how long the current unit has worked together as control variables.

2.5.2 Gender

Irrespective of Homberg & Bui (2013, p. 456) claim for publication bias, their extensive meta-analysis of TMT diversity researches used gender diversity as example proving all; positive, negative and neutral effects. However, Williams & O'Reilly (1998) suggests that gender diversity is one of the major negatively influencing characteristic on performance.

Due to the gender discussions in Finland research took a thorough look at proportional gender statistics and notes that the proportion is not same as diversity (Harrison & Klein, 2007). The Peterson Institute for International Economics global survey (generously supported by EY) states that of the 21,980 firms from 91 countries, women in top corporate positions may improve a firm performance (Noland, et al., 2016). They conclude that the positive gender result from seemingly unbiased secondary data correlation 'reflect either the payoff to nondiscrimination or the fact that women increase a firm's skill diversity' (p. 2).

Financial meta-analysis show that female CEOs improve long term stock performance causality of reduced strategical risk taking hence the very short term effect is negative due to gender related pre-assumption (Seung-Hwan & Harrison, 2017). The above could be reasoned by assuming that female CEO's might have higher average age than males added in the UET suggestion that older TMT age level is related to reduced risk-taking. This is not true as the global statistics show that female CEO's are 26% younger than male CEO's (Withisuphakorn & Jiraporn, 2017).

After Finnish Corporate Governance Code introduced the importance of diversity in Board compositions stating specifically that, 'having both genders represented on the board of directors is one element of a diverse board composition' (Securities Market Association, 2015, p. 25) companies started to actively advance female position growth both in Boards and TMTs. According to Future CEO 2018 (Seedi Oy) Finnish TMTs in listed companies has 26% females and 74% males, not inclusive of MDs of 19% females and 81% males. The Finnish Chamber of Commerce (2017) statistics of Finnish listed companies results 26 (23%) all-male TMTs and one all-female TMT company, all others has males as a gender majority. According to global statistics the average of female position in listed TMTs is 12,9%, the highest is in Thailand at 26,5% (Seung-Hwan & Harrison, 2017). As a comparison to global statistics Finland appears to be gender equal.

When gender is brought as hot topic of discussion, the origin might not be so much about diversity, but the equality. This dissertation will strongly distinguish gender diversity and gender equality emphasizing that this research does not use gender equality to falsely support positive diversity, or appraise homogeneity as mean to harness equality discussions. However, equality is an important phenomenon, as it may advance firm's performance (Ali & Konrad, 2017).

The following arguments, apart from TMT diversity research, are chosen to augment the latitude of gender discussions.

- ✓ 'Men are on average more trusting and women more trustworthy' (Derks, et al., 2014, p. 1380), if generalized to TMT a male MD might trust team members more than female, hence females are trusted as MD by their team members more than males.

- ✓ ‘There’s little correlation between a group’s collective intelligence and the IQ’s of its individual members. But if a group includes more women, its collective intelligence rises.’ (Woolley & Malone, 2011, p. 32)
- ✓ Ali & Konrad (2017) has pioneering evidence of gender and equality management (GEM) policies in firms. They show direct positive effect of gender diversity to GEM, that again directly associates with strategic human resource management (SHRM) and corporate social responsibility and performance.

This research uses binary gender (male/female) as one of the observable characteristics.

2.5.3 Functional and Educational backgrounds

Hambrick and Mason (1984, p. 199) specifies functional track into three categories of output-functions (marketing, sales and product R&D), throughput-functions (production, process engineering and accounting) and peripheral-functions (law and finance). They imply that output-functions presence is associated with growth, the stable environment benefits throughput-function dominance in terms of profit, but turbulent environment profitability is more positively associated with output-function experience. They are concerned that executives with peripheral-function background use their hands-on experience when pursuing strategies out of their core functional knowledge, therefore suggest that peripheral-function presence is positively associated with complex administration and unrelated diversifications. Chen & Liu (2018, p. 536) has interesting evidence, contradictory with UET, as they say that the negative effect of job-related diversity prevails over positive in highly abruptly dynamic environments.

Human resource (HR) discussions appears invisible in TMT diversity literature.

Hambrick, et al (1996) coded 15 functional backgrounds in their research inclusive of ‘personnel’, which seem the only linkage to HR. TMT composition studies are not focused on the influence of HR as part of TMT role, conversely this topic may complement human resource management as TMT appears also the most important influencer-unit in organizational SHRM.

Listed company CEO’s educational background is traced statistically in Finland causal to corporate governance code requirement (Securities Market Association, 2015, p. 57).

In 2017 45% have technical degree, the majority of 49% have business degree, 6% have

law degree and rest, 18% disclosed another degree (Finnish Chamber of Commerce, 2017).

Similarly, the average age in TMTs, and the executive background are dependent on recruiting habits and the industry context, which might increase the likelihood firms ending up with the same TMT background-compositions again and again (Hambrick & Mason, 1984, p. 197).

UET adds ‘other career experience’ (Hambrick & Mason, 1984, p. 200) to managerial background and the meaning of it can be concluded in their claim that years of inside service will be negatively related to growth and profit especially when faced with severe environmental discontinuity threats, but then positively related within stable environments. Diverse talent is harder to learn in stable environment within one company of same identity, same apply to other talents. This may help to explain the Noland’s founding of interconnection with the female proportion growth and firm profitability increase as the new skills has positive influence (Noland, et al., 2016).

This research uses functional background, so that if needed, it is distinguishable to sub-categories of output-functions, throughput-functions and peripheral-functions. Educational background i.e. categorial highest degree of studies is inclusive of MBA, at the time being discussed, but undermined in UET.

2.6 OTHER SIGNIFICANT ASPECTS OF TMT DIVERSITY

The Chairman of the Board of Finnish MPS Executive Search made a coherent diversification pledge on 9th of May 2019 during a Henley alumni career event: ‘We need more top leader diversity in Finland to overcome the current dominance of coercive style within top management.’

Personality and behavioural diversity are not the key-scope of this research. However, this research notices the importance to discuss leadership, talent, personality and similar attraction theory perspectives as they relate to the topic. The reason for mentioning similarity-attraction theory is not to take social psychology stance to TMT characteristics but to present the psychological reasoning behind the positive correlation between group homogeneity and group performance.

2.6.1 Leadership, talent and personality diversity

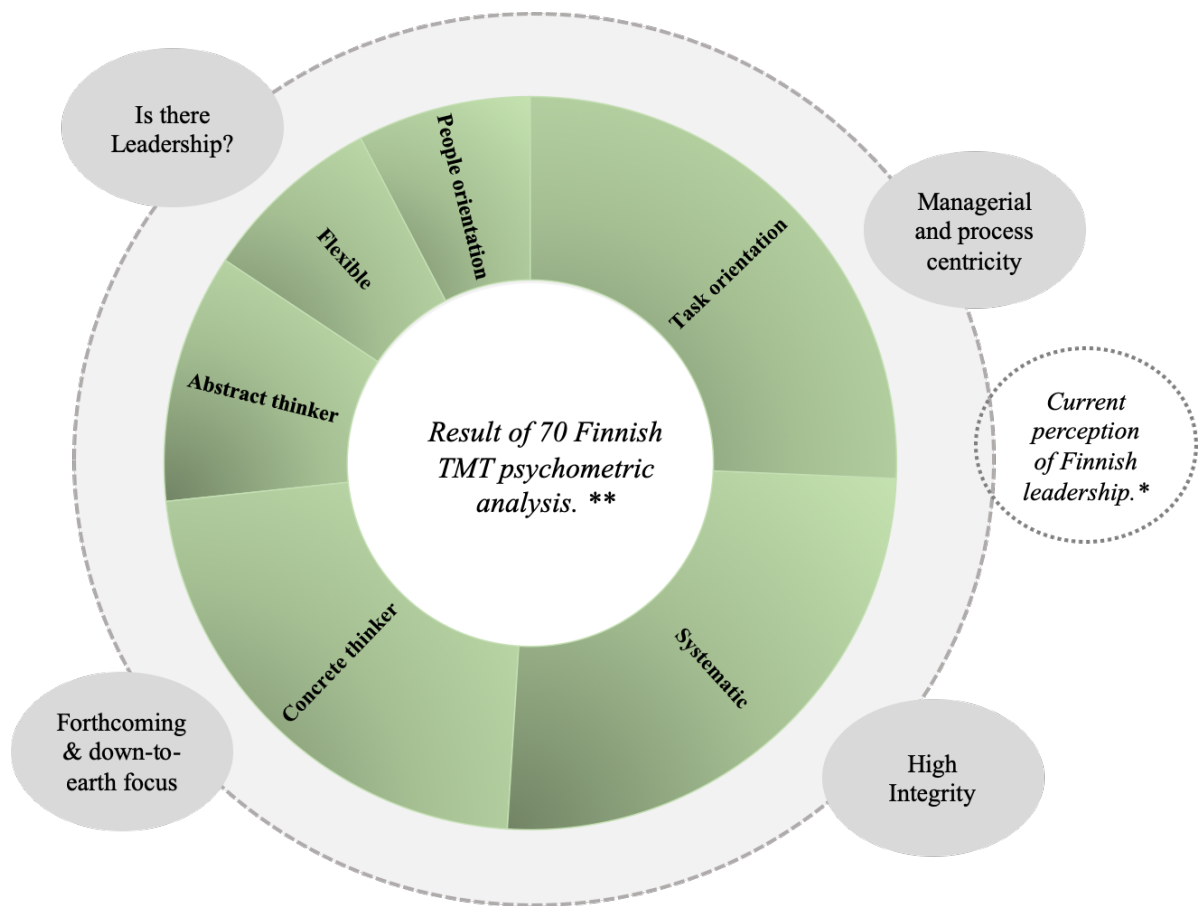


Figure 6 Finnish Leadership: Derivation of results from ** TMT psychometric research by Reflect Career Partners Oy (2013) and * Status of Finnish Leadership perception by Ministry of Economic Affairs and Employment & Filosofian Akatemia Oy (2018).

Figure 6 is a combined derivation of Finnish Leadership with intention to self-explanatorily summarizing the current status of Finnish Leadership that aligns with Finnish cultural map of low power distance, feminine society and high uncertainty avoidance (Hofstede Insights, 2019).

This research segregates talent management and diversity management for the same reason the gender equality and gender diversity are different topics, particularly in TMT level. Top Managers are all likely in a leader position, thus leadership is one of the most important top manager talents (Berke, et al., 2009).

This research will refer to Goleman (2000) in the following leadership abstract. Emotional intelligence capabilities of self-awareness, self-management, social awareness and social skills are all present in the six most trusted leadership styles of coercive, authoritative (visionary), affiliative, democratic, pacesetting and coaching. One is not

better over the other, hence all intermittently and both independently and unitedly needed. Albeit each leader has their predominant style(s), they all can and preferable are to be learned for the reason that leaders who have mastered four or more will most likely aid business outperformance.

Augmentation of different leadership styles in TMT context appears insubstantial without connecting the discussion of power usage associated to top-level positions. Quotation reiterates researcher's prior public LinkedIn posting with regards to Northouse (2018). 'Power is both taken and given – it is either position or personal power – it can be acquired or lost. The destruction and corruption are dependable on the persons inner motives to exercise power, whether the motives are personalized (controlling people) or socialized (empowering people). Behaviour reveals the power user's inner motive that is fundamental and carry on despite of power type and situation.'

It is suggested that psychometric analysis usage with the intention to form new TMT compositions needs caution as TMT performance is vulnerable to the causality of context (UET), but most importantly to the dyadic interdependence between people (Reis, et al., 2013, p. 567). One person in one TMT may not be a same person in another team as people behave differently in same situations if counter partner i.e. boss or peer is changed (Reis, et al., 2013, p. 567).⁷ When psychometric analysis is used to embrace the understanding and reflective skill of individual and peer behaviour within existing team, it serves as an important continuum.

The individual level indicators are constructed from tendency composition measures like old people are more cautious and careful than young people, and group outcomes are constructed from tendency measures that are parallel to individual level, but not the other way around (Jackson, 1992, p. 347). Therefore, the dispersion indicating TMT heterogeneity influence on performance could not be formulated directly by propositions of individual cognition and behaviour (Jackson, 1992). This is important to understand whether arguing the lack of behavioural aspect in observable TMT characteristics or appraising the uniqueness of UET.

⁷ Note: Females are more sensitive to context (Derks, et al., 2014, p. 1383).

Jarzabkowski & Searle (2004, p. 416) based their research on small samples (5 teams) using solely in-depth interviews and psychometric diagnosis. It is interesting to note that they came to a summary supporting UET, and that the strategic capacity cannot be driven from diverse composition and diversity may have negative effects on the team.

2.6.2 Similarity attraction

Dogs like dogs and cats like cats:

'Similarity on attributes ranging from attitudes and values to demographic variables increases interpersonal attraction and liking.'

(O'Reilly & Tushman, 2013, p. 85).

Homogenous teams cooperate better than heterogenous, causality of the most reliable finding in social psychology: People like to interact with similar people, for the reason of increased psychological safety (Simsek, et al., 2005, p. 72).

The plausible similarity-attractive theory constructs diversity dilemma as an inevitable reality, approachable solely by awareness and finding ways to moderate the negative effects with the intention to reach the ability to capitalize the positive effects of diversity (Williams & O'Reilly, 1998, p. 121).

2.7 DIVERSITY MODERATORS

This research intends to segregate the values and trust association from the demographic attributes to propose the possibility of their importance as a moderator and/or independent predictor supported by Certo, et al (2006) implying that some of the discrepancies in demographic diversity research is related to unaware moderators.

2.7.1 Value alignment

Albeit, the linkage between values and behaviour is fair more robust, than with attitudes and behaviour, value alignment is extremely hard to measure in social group (Weigert, 1975, p. 199), and even in individual level causality of the serious challenge of value definition (Lichtenstein, 2001).

As generally agreed, values are ‘an interpersonal *action-driver*’ (Lichtenstein, 2001, p. 90, emphasis in origin). This research refers to Lichtenstein (2001, pp. 89-92) in the following overview of values. Human values should not be confused with moral values, causal to differentiate between values and ethics. Values can be distinguished to personal managerial/executive values and societal/organizational values, the latter is driven from personal values. They can be strongly or weakly held.

Chatman (1989) has worked on improving the measurements on how to compare organizational values to individual values, as both representing fundamental features distinguished by individual values steering behaviour and organizational values norming accepted behaviour. If generalized, all firms and teams have values in terms of behavioural rules, outspoken or not. The value alignment is reached when there is a fit between individual values and organizational values.

Can individual change organizational values or will organization shape the values of an individual? The individual values are unlikely to change as they are fundamental. It then becomes about whether individual will behave according to the rules governed by organizational values, or cause value misalignment related to conflict. Thus Chatman’s (1989, p. 343) proposes the following: If organizational values are strong, a person has discrepant values and is open to influence, a person adjusts to organizational values, hence without openness to influence, a person would be likely to leave the organization. If organization values are weak, persons values will not change to align with an organization, hence if person scores high in self-efficacy or personal control or if many members with same values enter to the firm at the same time, the values of organization are likely to become the person’s values over time, even if the organizational values are strong.

Value alignment seems still unexplored in a TMT diversity context. Watrous, et al (2006) conducted a comprehensive study in eight countries investigating interlinkage of employee turnover and performance using shared values as a moderator. Overall management and work unit turnover had neutral effect on performance, hence direct management turnover impact was negative. Their results showed that shared values had a positive influence on performance improvement and moderated the negative effects of direct management turnover.

Jehn, et al (1999) studied value diversity in their organizational group diversity research. Values were measured in their study as diversity, not a level as this research intends to as the abstract is “alignment”. They defined value diversity as differences within individual perception of group’s tasks, goals, targets, or mission (Jehn, et al., 1999, p. 745). According to their view, different value attributes e.g. quality, or efficiency creates disagreements about e.g. duty, or resource allocation (1999, p. 745) thus cannot be compared in any sense to the value alignment subject used in this research.

This research will focus on perceived value alignment i.e. in what level a team member feels their personal values align with team values. The level of value alignment is assumed to be an independent variable, and a moderator to demographic diversity.

2.7.2 Trust

Lewis & Weigert (1985, p. 971) defines trust concept as a sociological base over psychological base, identifying distinctive dimensions of trust: Behavioral trust being a consequence of the cognitive- and emotional trust. Thus, trust seem to be segregated into cognitive (incomplete knowledge driven) and affective (emotion driven) domains (Johnson & Grayson, 2005).

Affective trust is intersubjective, and its trustworthiness is proven by both betrayal basis and on the level the trust is demonstrated by the partner (Lewis & Weigert, 1985).

Cognitive trust is defined as:

‘the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party’

(Mayer, et al., 1995, p. 712)

Mayer, et al. (1995) explain trustworthiness as a perception of the trustee’s characteristics of ability, benevolence and integrity. Mayer & Gavin (2005) explains the theory essence as ‘trustor’s behavior actually allow vulnerability to the trustee’ (p. 874).

Distrust and trust are separate constructs, 'Trust expectations anticipate beneficial conduct from others, distrust expectations anticipate injurious conduct' (Lewicki, et al., 1998, p. 444). Thus, this research notifies the dimensional association to affective and cognitive domains, where the cognitive domain has trust characteristics and the affective domain has distrust characteristics whereas it is suggested that cognitive trust measures more trust levels and affective trust measures more the levels of distrust.

The level of which TMT member cooperates with peers and especially with the MD, does not determinate the level of trust in between them as there can be cooperation without trust (Mayer, et al., 1995, p. 713). The mutuality of trust is evitable, 'Each trust on the assumption that others trust.' (Lewis & Weigert, 1985, p. 970). Hence, whether the relevance of MD being a trustor, or a trustee prevail interesting viewpoint to sociological TMT context. Trust as part of TMT team-integration show that MD's cognitive trust moderates the negative affect of age generating shared responsibility (García-Granero, et al., 2017), whilst Brower, et al (2008) emphasizes the subordinates trust consequence over manager's trust noting that organizations need to increase both the trustworthiness of managers and 'the willingness of managers to act in a prudently trusting way' (p. 343).

According to Lewis & Weigert (1985, p. 967) the majority of trust research has a psychological approach for the reason of limited ways to evaluate sociological (cognitive) trust through psychometric scaling techniques.

McAllister (1995) tested successfully their trust framework confirming the distinctive nature of the two domains emphasizing the importance to understand them both, which is strongly supported by Massey, et al., (2019). A study of service sales showed that sales effectiveness is positively related to cognitive trust, but not on affective trust suggesting that affective and cognitive trust can be empirically distinguished and trust has facilitative role in the relationship process (Johnson & Grayson, 2005, pp. 505-506). Mooney & Sonnenfeld (2001) base their research on the assumption that TMT's effectiveness is dependable of simultaneous gains in cognitive conflict and the avoidance of the costs of affective conflict. Gibson & Birkinshaw saw (2004) TMT trust as 'part of the social context' (p. 217) that facilitates ambidexterity.

Lampaki & Papadakis (2018) found that dysfunctional politics lessens the strategic process implementation and cognitive trust on TOP managers moderates that negative effect. Similar indirect causal diagram fits in Mayer & Gavin (2005) founding at time rare

evidence of the relationship between trust and in-role performance: The level of cognitive trust rises employees' ability to focus on work, not on the boss, therefore moderative role to performance may be assumed.

A direct link between cognitive trust and performance seem to be an unexplored field similar to value alignment even though Lin, et al. (2016, p. 999) founding emphasizes not to underestimate the impact of TMT intra-group trust and shared values.

This research takes a sociological stance and evaluates trust as a cognitive act based on trustworthiness and its antecedents of trustee characteristics of ability, benevolence, and integrity. This mutual trust level of the group is inclusive of MD. An option is reserved to investigate the MD and rest of the TMT separately. The level of cognitive trust is assumed to be both an independent variable, and a moderator to demographic diversity.

2.8 FRAMEWORK OF REFERENCE

This research discovers two outcoming UET lines that are both amended separately in various research. Thus, a combination of the UET 'interactive' and UET 'strategic choices' conceptual models (Hambrick & Mason, 1984, pp. 198, 195) are used. Then this will link the ambidexterity perspective to the strategic intent and behavioural integration will then link to the demographic characteristics (Figures 3, 4 and 5).

Previous amendments are constructed further by the segregation of value alignment and cognitive trust from demographic characteristics antecedents ending to the final bespoke model. The framework of reference of this research is illustrated in Figure 7.

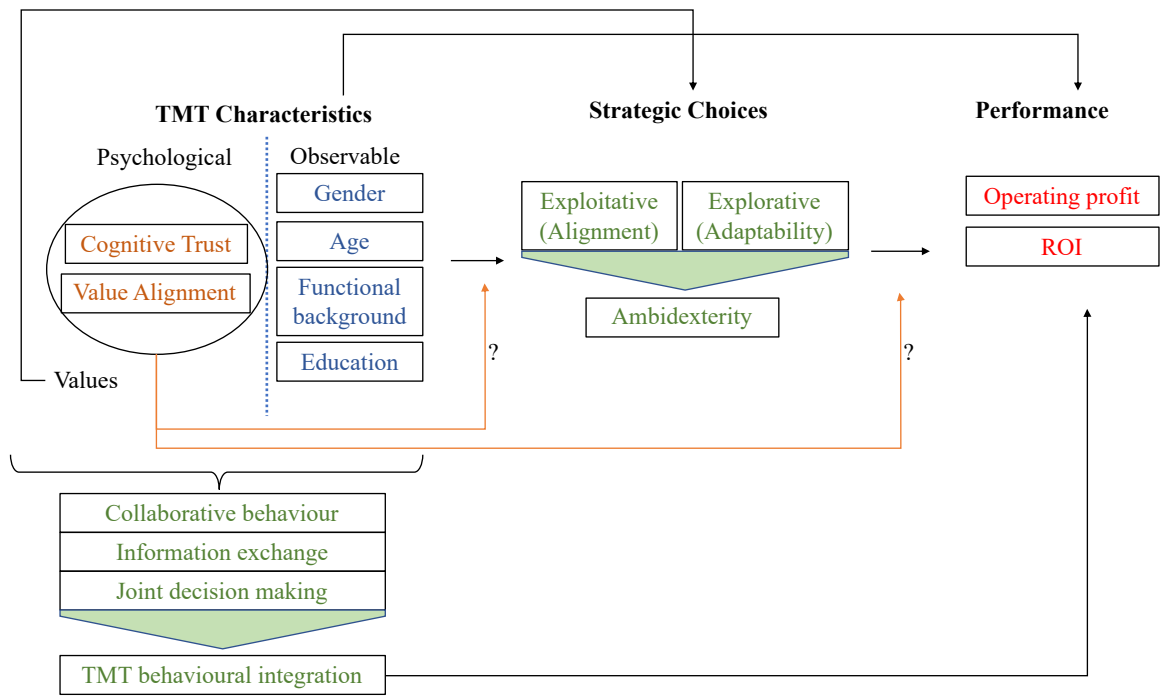


Figure 7 Framework of Reference: Contextually amended and bespoke adoption of the UET

This framework of reference informs the design of the primary research phase of the study.

3 PRIMARY RESEARCH MODEL AND HYPOTHESIS

The framework of reference (Figure 7) facilitates and acts as a guideline. The following proposal for the primary research model is illustrated in Figure 8 drawn from the proposed hypothesis presented thereafter.

The primary research model (Figure 8) is constructed by placing value alignment and cognitive trust intervening relationship to the TMT diversity as a moderator (M) variable. They both are also assumed to have direct effect on performance thus they are additionally placed as independent variables. Next the ambidexterity is related to the performance criteria. The research objectives of independent demographic TMT diversity predictors of gender, age, functional- and educational backgrounds influence on TMT performance is assumed alike in UET to influence performance.

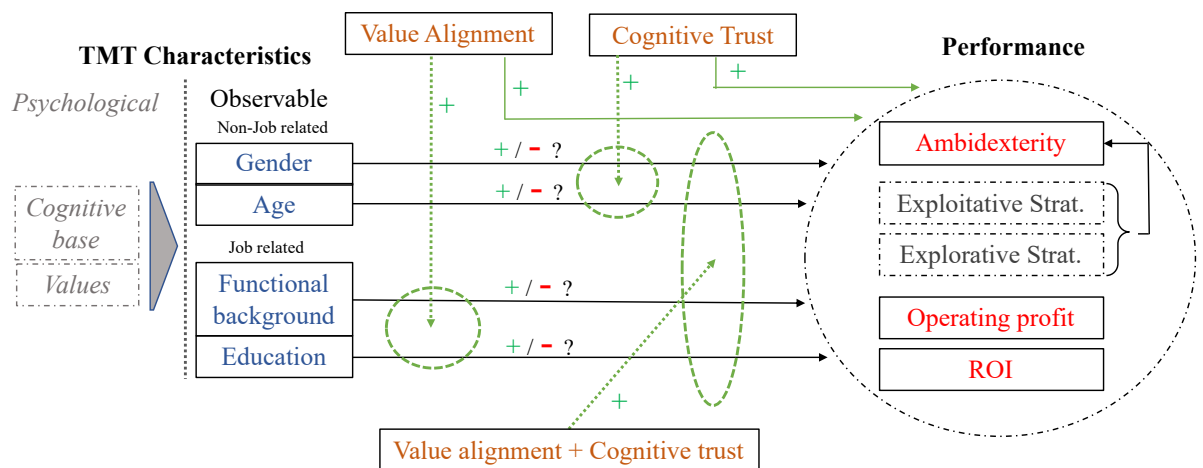


Figure 8 Proposed primary research model: Derived from hypothesis H1-H5

Research proposes the following five hypotheses:

- H1 All observable characteristics of age, gender, functional background and education diversity impacts on performance.*
- H2 Both, cognitive trust and value alignment impact positively on performance.*
- H3 All observable characteristics of age, gender, functional background and education diversity impact positively on performance if both cognitive trust and value alignment are present.*

H4 Non-job-related characteristics of age and gender diversity impact positively to performance if cognitive trust is present.

H5 Job-related characteristics of functional background and education impact positively to performance if value alignment is present.

For the reason of new perspectives in the proposed model, researcher notices that field study may produce further progress and generate suggestions for new assumptions.

There is no equally close research done in Finland. The rareness of cognitive trust and value alignment segregated from a host of demographic characteristics in combination with the loop of a moderator, and independent variable in TMT diversity research provides an intriguing base for a field study.

4 RESEARCH METHODOLOGY

Primary research aim is to test the model (Figure 8) derived from H1-H5 as it is assumed to answer the research objectives thus the interlinkage is presented in Figure 9 as well as a figure explaining in-depth the “Onion Research Model” (Figure 1) inner layers and summarizes the methodological choices.

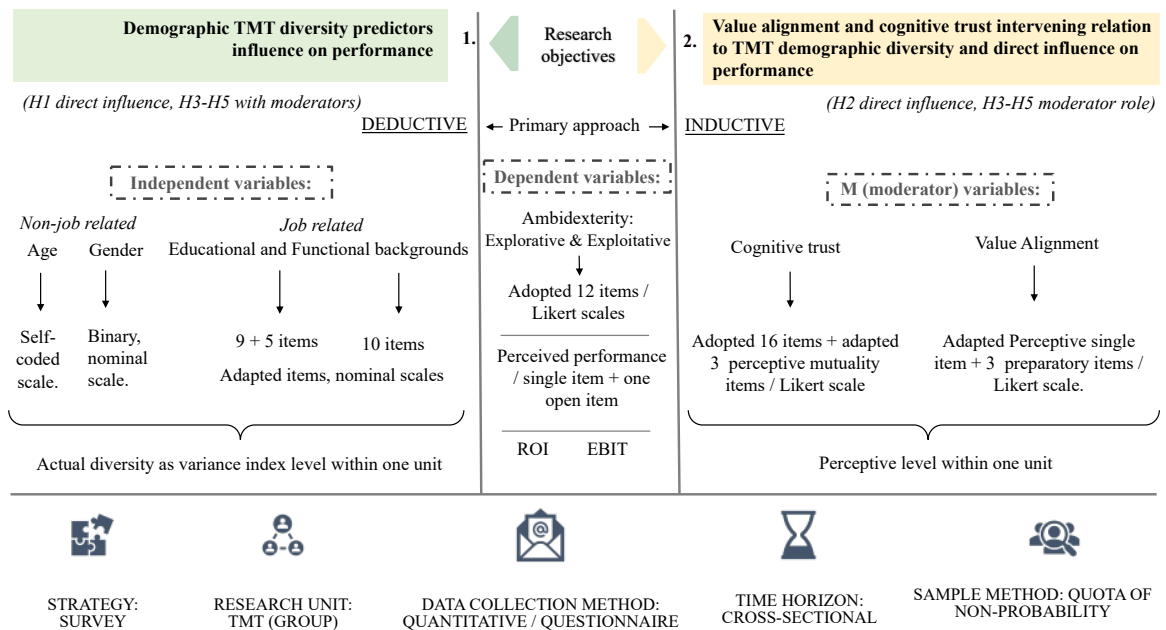


Figure 9 Research Methodology summary

The primary research is a field study whose strategy is to survey and perform an analysis of group of TMT members where each variable is gathered from individuals to be utilized to rate the unit characteristics (Gibson & Birkinshaw, 2004, p. 217; Sekaran & Bougie, 2016). The element (i.e. individual) data gathering method allow a researcher to simultaneously analyse additional observations of TMTs through elements. The survey will be conducted as a self-administrated questionnaire to be completed one time by each participant by the internet mediated Qualtrics-survey tool (<https://www.qualtrics.com/research-core/survey-software/>) thus its time horizon is cross-sectional and the choice of quantitative mono-method, that has minimal researcher interference (Sekaran & Bougie, 2016, pp. 96-97; Saunders, et al., 2009, p. 363)

The two-folded research objectives led to compromises in methodological choices. The deductive method of testing theory against data by adopting existing tested scales was less open to bias and an adequate choice for the first objective (Figure 9). The second

objective (Figure 9) could have been approached by in-depth interviews prior to formulating the primary research model (Figure 8) to ground the related hypothesis (H2-H4) more profoundly. The multi-method option resulted in a trade-off to the time usage restrictions and aided in minimizing researcher interference as TMT members are challenging to reach for research purpose, especially for student research. Best efforts were made to mitigate challenges posed by the research by enlarging the volume and value dedicated to the literature review. This will add additional validity to the proposed research model and hypothesis.

Items, scales, questionnaire and sampling (Figure 9) are discussed in-depth in further sections of this methodology chapter.

4.1 ITEMS & SCALES

This part will reason the variable items and scales with the intention of giving foundation to questionnaire. Appendix A's purpose is to add support by summarizing this discussion.

Likert -scales were used. They are commonly applied with attitudes and opinions, in this case they mostly measured perceptiveness for Ambidexterity, strategic pursuit, cognitive trust and value alignment (Sekaran & Bougie, 2016, p. 210). Demographics, except age scales are categorial by nature but they are coded to numbers for nominal scales. All variables are nominal in raw data, which allow ratio scale calculations for either diversity or level differences measurements (Sekaran & Bougie, 2016, pp. 207-210).

Research uses the independent variables and moderator variables of each individual with no intention to calculate any total index of team diversity by adding or averaging different characteristics together. Thus, research follows Harrison & Klein (2007, p. 1215) in understanding that the chosen particular attribute of individuals within a TMT has diversity and different attributes may need separate measurements since they are independent not interrelated. Thus, the team itself does not have diversity. Final ratio methods of diversity indexes are presented in data analysis section.

Dependent variables

Both research objectives have performance as criteria (Figure 9). Performance attributes selection is challenging as the measure need to be comparable between the research units

in the TMT-SME-industry independent context. The ambidexterity criteria is an industry independent and the exploitative and explorative strategic intents within the concept are assumed to inform an association between demographic diversity and strategic intent.

For ambidexterity this research uses an existing item scale from Lubatkin, et al (2006, p. 656) that demonstrates the item scale reliability and validity. The five-point Likert scale (1=strongly disagree / 5=strongly agree) is used for six items both with exploratory orientation and an exploitative orientation (Appendix A). Lubatkin, et al (2006, pp. 856-857) found the results suggesting discriminant validity of the two measures and the two orientations appear independent construct whereas all 12 items are separate indicators of ambidextrous orientation that can be measured as the sum of all 12 items.

Financial performance attributes are ROI% and EBIT%. The perceived performance is used as an additional criteria attribute, adopted from Gibson & Birkinshaw (2004, p. 216). Thus, an individual perception of the TMT performance level is asked and in case of choosing moderate, passable or inadequate, the open answer opportunity is given for further and additional in-depth understanding.

Independent variables

Independent variables are age, gender, educational and functional background (Figure 8). Person's age and binary gender are straightforward self-explanatory in the questionnaire.

Hambrick, et al (1996, appendix p. 684) used 16 functional background categories. National context is important (see Chen, et al 2019, p. 49) thus in this Finnish context functional background is categorized into 10 categories (Appendix A). For the same reasons the educational level is considered by national educational levels which includes comprehensive level, upper secondary education vocational or general academic, tertiary higher education in University or University of Applied Sciences (polytechnic), Academic Licentiate, Doctoral (PhD), Master of Business Administration (MBA), Bachelor of Business Administration (BBA) (Wikipedia, 2019).

Moderator variables

Value alignment and cognitive trust are moderator variables hence they also have independent variable role in the primary research model (Figure 8).

Cognitive trust has characteristics of ability, benevolence and integrity defining the trustworthiness level which is suggested as valid method to measure cognitive trust by Mayer, et al., (1995).

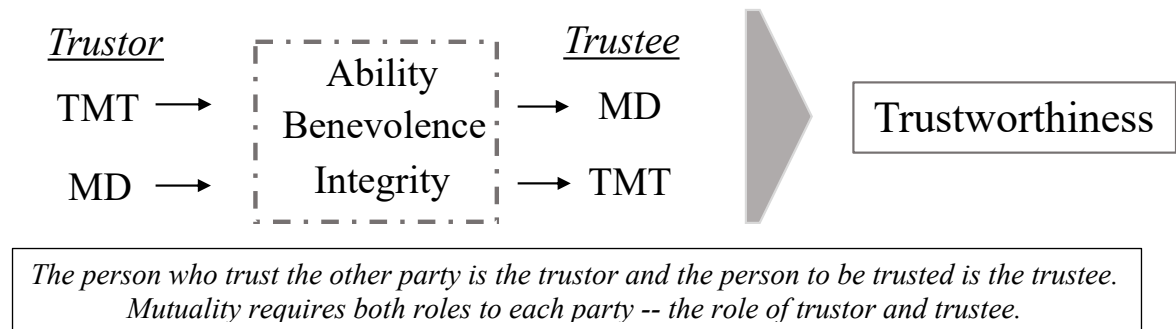


Figure 10 Sociological Cognitive Trust: Sub-model

Following Mayer, et al (1995) ability is perception of trustee’s capability to perform in specific domain, Benevolence is the degree of trustee’s good intention and Integrity is the trustee’s set of principles that the trustor finds acceptable (Figure 10). These are all separable and may vary independently hence simultaneously interrelated (Mayer, et al., 1995, p. 720). Cognitive trust is a mean level of unit of trust from a trustor’s point of view. The scales for trustworthiness are adapted from Mayer & Davis (1999, p. 136) replacing ‘Top management is...’ to “my TMT peers are” using five-point Likert scale (5=strongly agree / 1=strongly disagree) of six items for Ability and Integrity and five items for Benevolence (Appendix A).

These trustor point of view items are ‘specifically designed to measure perceived trustworthiness’ and have obtained ‘excellent psychometric properties’ (Becerra & Gupta, 1992, p. 37). The trust model measures actual trust from trustor’s point of view thus this research emphasizes the ‘collective cognitive reality’ (Lewis & Weigert, 1985, p. 970) where the perception of the mutuality is controlled by repetition of few questions asking “I am in the eyes of my peers,” (Mishra & Mishra, 1994, pp. 226-227; see also Harrison & Klein, 2017).

Figure 11 is a clarification of Value alignment methodological scale suggestion in this research. This indicates that our behaviour changes in different situations. The research model does not attempt to find actual diversity of values e.g. what are the actual personal or team values and their preeminence to TMTs hence it functions only to identify what is

the perceived level of value alignment and how it associates with demographic diversity and performance.

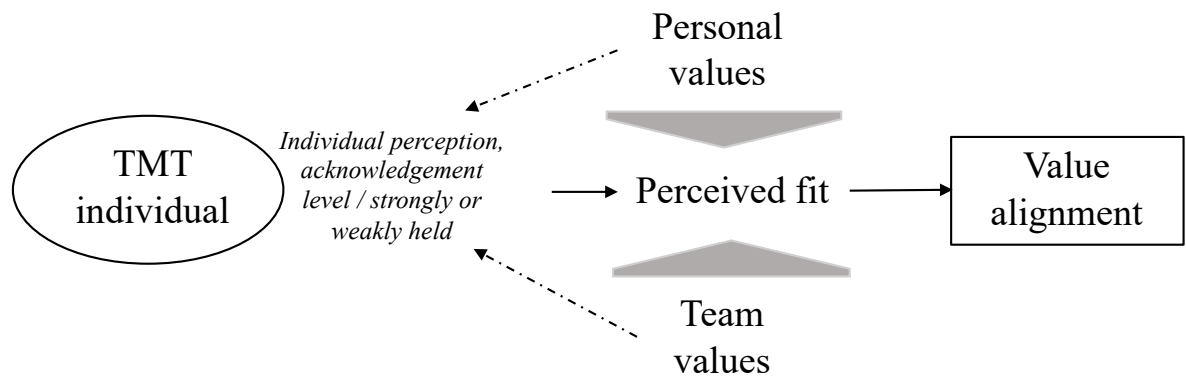


Figure 11 Perceived Value Alignment: Sub-model

The investigation into value alignment by using single-item method followed Watrous, et al (2006, p. 113). They used one item to encompass the values of different units by asking the degree to which work unit personnel and management felt the same things were important and worth working toward within the organization and measured it on five-point Likert scale. They did not find random error to the measure, assuring that single-item measure on shared values was not a concern in their study (Watrous, et al., 2006, pp. 123-124). Harrison & Klein (2007) lightens the challenge in perceptiveness, when individuals may be incapable to assess the other team members or team’s diversity. In this research, the perceived value alignment is an individual perception of one’s own fit into the rest of the group.

The similarity attraction may influence individual perception promoting greater similarity (Harrison & Klein, 2007, p. 1216), thus the single-item definition should address this challenge though and be carefully thought-out (Sarstedt, et al., 2016). In order to assess the value alignment’s perceptive aspects, preparatory description of personal values, organizational values and TMT team values will be provided in questionnaire. Then TMT members were asked if they are aware of their personal values that helps to guide their actions outside the work, whether they are strongly held or weakly held and how they find their organizational values, – the norms that guide their behaviour and actions at work. These three control questions support a single item challenge as it is expected to help an individual to trust his/her own perceptiveness (Sarstedt, et al., 2016). The conclusive single item question is asked as: “Top management team values align with the things I

feel important, so I do not have to compromise my personal values whilst working in the current team” (Appendix A)

Control variables

Company’s age and size (number of employees) are controlled (Hambrick, et al., 1996, p. 673). Team tenure importance is contradictory and not meaningful e.g. in behavioural integration (Simsek, et al., 2005, p. 79), it is still asked as characteristics may occur outside the scope and it’s linkage to cognitive trust and value alignment is unknown (see Michel & Hambrick, 1992). Following Chen & Liu (2018, p. 528) it is asked as the duration of the current individuals have worked together. Also, age as tenure (i.e. how long an individual has spent in the same company) are controlled. For statistical reasons demographic diversity characteristic of nationality is additionally asked and educational orientation of economics, law, business, engineering political sciences and other is also asked (Hambrick, et al., 1996).

4.2 QUESTIONNAIRE & PILOTING

Questionnaire is available in both Finnish and English in Appendix B. The prevailing questionnaire language is Finnish. The majority of the source item-scales originate in English (see Appendix A) which makes the Finnish -questionnaire partly a target translation (Saunders, et al., 2009, p. 385). The essential introductory and preparatory part is assumed to reach experiential meaning and lingual accuracy as written originally in Finnish for the reason that majority of the respondents were assumed to be Finnish (Saunders, et al., 2009, p. 385). The Finnish version was then fully translated to English and the English language version was available in a language drop down menu on each page of the questionnaire. Questions and explanation parts are numbered in order of appearance as Q1 to Q31 inclusive of survey skip-logic. Skip logic was used to not show those questions that for only MDs to answer (team size and numerical performance meters). The translation of the Likert -scale was not straight forward and is explained at the end of Appendix B.

Participants were told that they are given access to the results, in order to be used beneficially by the participants who were interested in them. No other rewards or

compensations was offered. Appendix C is the consent letter explaining the ethical principles that was attached to first question in Questionnaire (Appendix B, Q1).

Saunders, et al (2009, p. 394) suggest a usage minimum of 10 for pilot answerers. Due to the scarce availability of TMT members for test use the questionnaire was tested by 4 TMT members from two different companies. Incumbent TMT members were used for testing to ensure that aside all questions, and introduction to value construct were understandable to target audience (Saunders, et al., 2009, p. 385). Questionnaire testing resulted in risks of unintentional false information in slide-bar usage to assess self-coded items like age. For the functional background it seemed too hard to choose just one options as test members felt that that they had been specializing in few areas during their long careers as is actually common in Finland. The questionnaire functioned with all devises (phone, pad and laptop) flawlessly. It received encouraging feedback on the flow and introduction parts e.g. Q19, Q25, Q26 (Appendix B). Those were seen both as purposeful and helpful. As a result of test round the slide-bar function was replaced, the functional background was changed to allow multiple choices and wordings and spelling errors were corrected.

The questionnaire test data analysis was done only to ensure the data transferability into data matrix and item coding was suitable for further data preparation (Saunders, et al., 2009, pp. 394, 419).

4.3 SAMPLE

Figure 12 describes the tangible sampling process (Taherdoost, 2016, p. 19; see also Sekaran & Bougie, 2016, p. 251).

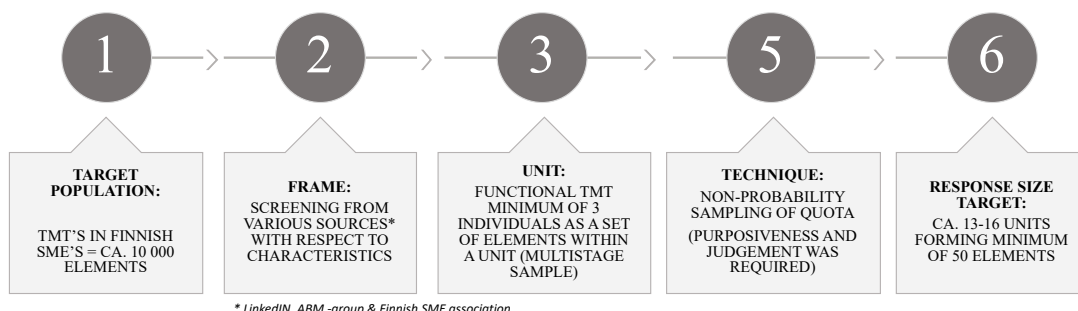


Figure 12 Sampling Methodology summary

The choice of Quota by non-probability sampling purpose was to obtain information available as the access to TMT members emails was needed to grant by their MD (Sekaran & Bougie, 2016, p. 251; Saunders, et al., 2009, p. 389). The challenge in SME's is that their TMTs are not usually named publicly. The Quota method is not easily generalizable hence it is useful when the sampling unit is critical (Sekaran & Bougie, 2016). Lubatkin, et al. (2006, p. 654) experience said that the random delivery of questionnaires to be handed to TMT members by MDs will result an unacceptable quantity of unfinished responses and only few answers could be used as a sufficient quantity of responses from the same team is needed in order to analyze units.

According to Yrittäjät (2017) the majority of Finnish SME's are micro companies (93,2%). The remaining of 19 487 companies are inclusive of 15 989 small companies employing 10-20 people, with some of them unlikely to have a functional TMT (Sekaran & Bougie, 2016; Taherdoost, 2016). This leaves 10 000 approximate elements in total population. Sampling target aims to loosely represent the target population of Finnish SMEs and the final frame for firm is 20-500 employees, industry independent, and older than start-ups. A functional TMT, whose MD is willing to share TMT members emails for questionnaire purposes is the key criteria.

The minimum size of TMT is 3 individuals inclusive of the MD thus the research unit is a team and any less is dual or individual in scope (Sekaran & Bougie, 2016). A response rate lower than 3 individuals per TMT is not considered a team and answers will be invalidated from data analysis (Figure 12).

There were 16 MDs contacted between 15.1.2019-24.2.2019 to explore preliminary interest and intention to both answer the survey questionnaire themselves and support the other members of their TMT. This was done to explore the possible challenges to access data (Sekaran & Bougie, 2016; Saunders, et al., 2009). This preliminary contact round utilized a researcher's network which had convenience sampling methodology aspects that could have also been utilized to augment into snowball sampling in preliminary phase (Taherdoost, 2016, p. 22). The chosen high confidentiality of the survey prevented any of the participating companies or TMT members information to be leaked to any third party or the other participants outlining the snowball utilization in the final recruitment.

The final recruitment of TMTs was done through publicly available LinkedIn post, and through Approved Board Member (HHJ) alumni LinkedIn group as a request to sign in or

suggest companies who's MDs would pass the email addresses of the team members (Figure 12). A search from SME association web pages (<https://www.suomenyrikykset.eu>) for suitable companies resulted in 73 recruitment emails to MDs. The LinkedIn post was seen by 2237 individuals. Approximately 100 of them were executive directors, thus the possibility for many, not judged companies to participate were available. Note that of the companies who showed preliminary interest, only 3 of them provided TMT emails in the final phase.

Of the 73 emails, 5 MDs refused, 16 MDs passed TMT emails and 52 did not answer. Therefore, the direct recruitment by emails turned into 28,77% total answering rate and 21,92% participation rate. The questionnaire was sent to 119 TMT members from 17 companies.

4.4 VALIDITY OF THE METHODOLOGICAL ASPECTS

This section will discuss the quality and validity of the methodology and reliability based on the test answer data.

Homberg & Bui (2013) highlight one quantitative method limitation, arguing that TMT diversity relation to performance research-bias is partly just a causality of the chosen model as the mostly used quantitative method in TMT research has produced vast amount different outcomes. To that end, a survey was initially chosen instead of shifting the whole research strategy to interviews. The main reason is quantifiable statistical analysis has the option to be repeated later with larger sample size but also to avoid the ambiguity challenge, and the axiology aspect (in Figure 1) related to in-depth interviews. A researchers own gender might affect the qualitative research method during interviews as participants may "guess" the preferred answer to please, due to the strong dominance of gender equality sensitiveness in Finland (Saunders, et al., 2009, p. 116).

Few of the refused MDs said that they do not want to let their members to answer the questionnaire as it might confuse TMT members, or they doubted TMT's capability to participate. Consequently, the pre-support request from MDs seems accurate in defining a phase of possible judgement limitation. If assumed that those willing MDs are overall more supportive, openminded for this topic and that they feel comfortable over their values and trust themselves, it might be a limitation.

To ensure the reasonable length of the questionnaire the MDs answers as trustor are possible to segregate hence other TMT members are asked to consider the TMT as inclusive of MD not measuring the MD's trustworthiness but the whole group which limits the mutuality aspect analysis of cognitive trust.

Items scales and corresponding items were drawn from literature thus they show construct validity and questionnaire testing indicated content validity (Sekaran & Bougie, 2016, p. 222).

Cognitive trust item scales (Q27-Q29 in Appendix A) was adapted with slight wording change to suit the purpose, and 7-point Likert was changed to 5-point Likert. The scale was re-tested by test answer data for internal consistence reliability resulting in good or excellent Cronbach's Alphas (Ability $\alpha = 0,950$; Benevolence $\alpha = 0,891$; Integrity $\alpha = 0,941$; Trust total $\alpha = 0,976$) (Sekaran & Bougie, 2016, p. 224).

5 RESEARCH ANALYSIS

This chapter reports the field data and results, establishes the validity and reliability of this data, and conducts an analysis of what has been produced.

5.1 FINAL DATA CHARACTERISTICS

The final data consists of 94 individual elements resulting in a 78,99% response rate. The final response rate is not comparable to the average top management response rate at around 12% (Simsek, et al., 2005, p. 73; García-Granero, et al., 2017, p. 886) as the recruitment process was two-phased requiring pre-agreement. The questionnaire completion rate from those 99 who started was 94,95%. The 5 unfinished responses are not used in any part of the data-analysis or calculated in the total response rate. Data from the 94 responses was complete without any omissions. Face screening resulted one outlier regarding the participant age and work experience in years. After an investigation it was confirmed accurate albeit substantially different from the mean (Sekaran & Bougie, 2016, p. 276).

Each participant was coded prior the survey by external reference for unit traceability in addition to the survey tool providing each participant a unique ID-number. There were 94 completed elements from 17 TMTs turned finally into unit data of 15, drawn from 90 elements. There were 4 responses from two teams that were withdrawn from unit data as they did not meet the requirement of both MD and two or more team members within each TMT. Those 4 responses from two TMTs are part of total response rate and the answers are used in additional results not requiring unit-analysis.

The validity of the final unit sample was reflected against Reflect Career Partners Oy (2013) TMT research sample illustrated in Table 2. Based on Table 2 this research sample reflects demographically and size wise to the Finnish benchmark sample. Table 2 indicates that the SMEs participated for this research have bigger TMT sizes and higher employee median hence there was no correlation between the total employee size and TMT size in this data (Appendix D).

	This Research	* Benchmark
Data size	119	442
TMT's quantity	17	70
Female share	29 %	34 %
Male share	71 %	66 %
Total amount of employees	5309	27000
Employee mean	312	386
Employee median	135	129
TMT size mean	7,00	6,31
TMT member age mean	44	46

Table 2 Sample benchmark to *Reflect Career Partners Oy (2013)

5.2 STATISTICAL ANALYSIS METHODS AND RELIABILITY

The following Table 3 summarizes the key mathematical analysis steps taken to validate data and establish reliability.

TASK	Method / Formula	Reference / Source
Reverse questions Q29_4 and Q29_3 recoding	SPSS	Sekaran & Bougie, 2016, p. 277
Concept means each three trust concept (Q27_1-Q27_5; Q28_1-Q28_5 and Q29_1-Q29_6) and total mean of the concepts (Q27-Q29)		
Sum of strategic intent explorative Q20_1-Q20_6, exploitative Q21_1-Q21_6 and ambidexterity as total sum of Q21-Q21.		
Reliability scale test separately over explorative Q20, exploitative Q21 and ambidexterity Q20-Q21 *	SPSS / Cronbach's Alpha	Sekaran & Bougie, 2016, p. 224
Reliability scale test separately over trust concept scales Ability Q27; Benevolence Q28, Integrity Q29 and total Q27-Q29. **		Sekaran & Bougie, 2016, p. 225
Functional background spread answers modifications	Excel / Uniform distribution of spread answers.	
Age Diversity calculation	Excel / Variation Population	Solanas, et al., 2012, p. 783; Sigma Plus Statistiek, n.d.; Harrison & Klein, 2007
Gender Diversity calculation	Excel / Blau index	Harrison & Klein, 2007; Hambrick, et al., 1996, p. 672
Functional background Diversity calculation		
Educational background Diversity calculation		
EBIT growth three years 2016-2018 calculation (*2017-2018 for one group)	Excel / Coefficient (procentage)	Public data: https://www.kauppalehti.fi/yritykset and https://www.finder.fi
Turnover growth three years calculation 2016-2018 (*2017-2018 for one group)		
Correlation matrix and model	SPSS / Beivariate Pearson correlation	Saunders, et al., 2009, pp. 460-461; Kent State University Libraries, n.d.
Meancentering all variables for Linear two way Regression	SPSS / Each score: PredictorX - mean of predictorX	Sekaran & Bougie, 2016, p. 316; Baron & Kenny, 1986, p. 1174
Moderator analysis and model	SPSS / Two block Linear Regression	Sekaran & Bougie, 2016, pp. 312-321; Baron & Kenny, 1986, p. 1174; Laerd Statistics, n.d.

* Cronbach's Alpha resulted: Q20=0,813; Q21=658; Q20-Q21=0,836.

** Cronbach's Alpha resulted: Q27=0,809; Q28=0,838; Q29=875; Q27-Q29=0,890

Table 3 Data preparation and statistical analysis process summary

The functional background multiple choice answers were weighted by giving each answerer a coefficient depending on how many choices they took (one choice = 1; two choices = 0,5) resulting a robust base for diversity calculation as multiple choices did not cause overweight (Table 3). Hambrick, et al. (1996) faced the same issue and selected 'the one in which the executive spent the most time' (p. 672).

Adequate intragroup reliabilities are found for trust scales (Q27-Q29) aligning with test answer reliability test (Table 3). However exploitative scale (Table 3) imply aberration ($\alpha = 0,658$) intragroup reliability from Lubatkin, et al. (2006, p. 656) same scale ($\alpha = 0,830$). However, all variances have $p < 0.001$. Also, value alignment single question method was found coherent in a one-way t-test ($p < 0.001$).

Data analysis was initiatively planned to be conducted entirely by IBM SPSS statistical tool. However, the diversity (Table 3) was calculated in excel due to the SPSS using the coefficient of sample variance (VAR.S), not the population variance (VAR.P) as the variance within a team is considered a population especially the gender whose diversity refers to the actual males and females in group (Sigma Plus Statistiek, n.d.). For coherence the Blau index was calculated in excel in order to use the standard deviation square root of VAR.P, not VAR.S.

Age diversity was calculated by the coefficient of population variance where the standard deviation of ages within the group was divided by their mean (Table 3).

The Blau index that was utilized to calculate gender, functional and educational diversities (Table 3) is rooted to UET (Hambrick, et al., 1996, p. 672) who used a version of Herfindal-Hirschman index (HHI) thus this HHI is referred to in related studies e.g. Chen, et al., (2019, p. 49). HHI is originally based on calculating market saturation with the concentration measure (Hirschman, 1945, pp. 87-97). The version of HHI is also called Blau, similar to Teachman (entropy) where in all the basis rely on the squared proportion of elements in each category (Solanas, et al., 2012, p. 781; see also Harrison & Klein, 2007, p. 1210). These HHI and entropy-based indexes indicates in general the distribution of one characteristic within a group, the higher the index is, the bigger the diversity is, it is not the same as proportion of one characteristic within many.

The Blau formula is shown below, where H is heterogeneity, and p is the percentage of TMT members in each category depending of characteristic (e.g. functional background = 10 categories).

$$H = 1 - \sum_{j=1}^n p_j^2$$

The Blau index purpose is to compare diversity between groups but cannot be compared between variables e.g. is age diversity bigger than educational diversity (Harrison & Klein, 2007; Solanas, et al., 2012).

According to Bishara & Hittner (2012, p. 114) the Pearson's r used in the correlation matrix (Table 3) is robust even with a small sample size of 15. They also helped to understand the misleading significance related to sample size and correlation as the null hypothesis might be accepted (Type II error) in small samples (p. 409), in other words the bigger the sample size is the more likely small Pearson's r correlations turn significant (see also Saunders, et al., 2009, p. 452).

The Moderation analysis, causal relation between two variables was performed through a two-way linear regression modelling, where both moderator variables and independent variables were considered as categorical thus they refer to a team within the level (Baron & Kenny, 1986, pp. 1174-1176). To avoid multicollinearity in moderation analysis all variables were mean centred (Table 3) and the multicollinearity indicator i.e. variance inflation factor (VIF) were reported as part of the regression analysis (Saunders, et al., 2009, p. 316).

The dependent variable of EBIT% and ROI% were re-considered as a consequence of none of the respondent being able to provide ROI% as assumed. The given EBIT% was the latest known in company, assumed not precisely comparable between the units. Therefore, the EBIT growth (A) and Turnover growth (B) was calculated as growth (change) index for the past 3 years (2016-2018) for each company aside from the latest EBIT%.

5.3 H1 & H2 MODEL ANALYSIS / CORRELATIONS

Primary research model (Figure 8) derivation of hypothesis H1-H2 suggests that all observable characteristics of age, gender, functional background and education diversity impact on performance either positively or negatively, and both cognitive trust and value alignment impact positively on performance.

Pearson correlation was used to analyse hypothesis H1-H2, summarized in Table 4. Appendix D supports all results related to correlation as it is a matrix of a wide range of variables, also the control and added variables, inclusive of standard deviations and means of all.

No contradictories of the same independent variable relating in opposite ways to different performance criteria' was found. As the criteria attributes differ from each other, the statistically significant correlation was not found equally between one independent variable compared to all performance criteria. This may relate to small data as a null hypothesis is rejected more easily and small correlations do not appear significant or on the other hand, the quantity of performance criteria may cause random correlations.

Figure 13 is a conceptual diagram of the H1-H2 part of the model drawn from the correlation analysis (Table 4).

Pearson Correlation / N 15 units	Q17 EBIT%	A EBIT change (2016-2018) coefficient	B Turnover change (2016-2018) coefficient	Q20 Explorative	Q21 Exploitative	Q20-Q21 Ambidexterity	Q22 Perceptive performance
Q3 Gender diversity	-0,234	-0,082	-0,094	-,723**	-0,369	-,615*	-0,250
Q4 Age diversity	0,039	-0,134	,729**	-0,210	-0,121	-0,185	-0,116
Q5 Functional diversity	-0,479	-,587*	-,658**	-0,241	-0,271	-0,275	-0,182
Q6 Educational diversity	,572*	0,389	0,197	0,441	0,389	0,453	-0,091
Q25_4 Value alignment	-0,184	0,084	0,159	0,269	0,506	0,404	,724**
Q27-Q29 Trust (3 concepts)	-0,211	0,134	0,054	0,308	0,340	0,349	,632*

** . Correlation is significant at the 0.01 level (2-tailed) (P value).

* . Correlation is significant at the 0.05 level (2-tailed) (P value)

Table 4 Independent and moderator variables correlation to dependent variables

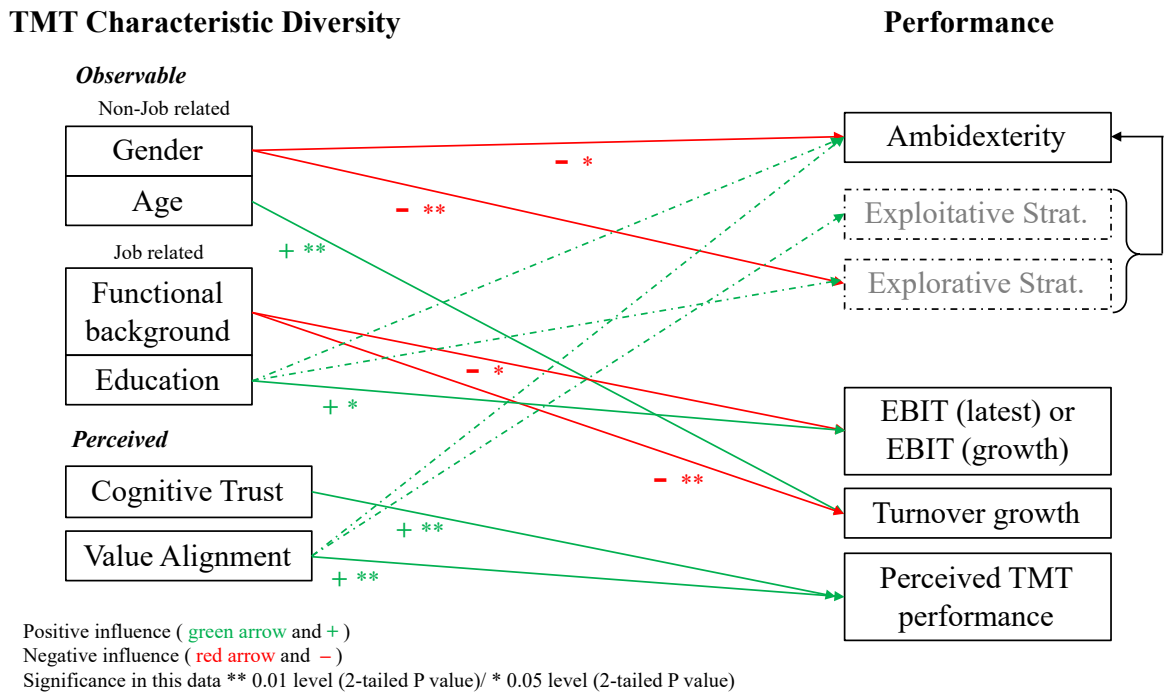


Figure 13 Diagram of H1-H2 model results

H1 is significantly supported by this data as all demographic diversities influence performance. Gender diversity and functional background diversity have a negative influence in performance meaning that homogenic TMTs perform better. However, age diversity and educational diversity have positive influences on performance meaning that heterogenic teams perform better. H2 is also supported as the value alignment level and cognitive trust level have a significant positive influence on perceived performance, but not to ambidexterity, EBIT, or turnover.

Interestingly, as the total Cognitive Trust concept did not correlate other than perceptive performance, the ability as sub-concept (Q27) has a significant positive relation to strategic intents of explorative and exploitative and also to the level of ambidexterity ($p \leq 0.01$ in all) (See appendix D).

The Trust Concept Mutuality (Figure 10) e.g. the trust level difference between MD and other group members to total cognitive trust level is so small ($p=0,919$) as it is accurate to say that the total trust level within the group in this data relates to mutual trust.

The functional background heterogeneity has a negative impact on both EBIT and turnover growth. It is important to look further for the causality inside the diversity. When functionality is segregated into shares of output functions (e.g. sales and marketing),

throughput functions (e.g. production and purchasing) and peripheral functions (e.g. finance) within a group, it results in a significant positive correlation between the share of output functions and EBIT growth ($r=0,696^{**}$) and Turnover growth ($r=0,533^*$) (Appendix D). This does not only support the overall positive relation between homogeneity and financial performance but also the functional orientation direction to financial performance results. The level of throughput functions has significant positive correlation to exploitative strategic orientation ($r=0,527^*$) and peripheral function level correlated significantly with company size ($r=0,537^*$), other significant correlations were not found as functionality was sub-divided (Appendix D).

Gender diversity was investigated further also by shares, which is a different indicator than diversity. There is strong negative correlation between TMT male share with EBIT growth ($r=-0.593^*$) (Appendix D). In other words, according to this data the bigger the share of males is in TMT the lower the EBIT growth is.

Table 5 is additional intragroup correlation summary of performance criteria attributes.

Pearson Correlation N15	Q17	A	B	Q20	Q21	Q20-Q21	Q22
Q17 latest EBIT%	1						
A EBIT change (2016-2018) coefficient	,712 ^{**}	1					
B Turnover change (2016-2018) coefficient	0,069	-0,071	1				
Q20 Explorative	,526 [*]	0,354	0,100	1			
Q21 Exploitative	0,347	0,303	-0,050	,703 ^{**}	1		
Q20-Q21 Ambidexterity	0,484	0,359	0,037	,941 ^{**}	,902 ^{**}	1	
Q22 Perceptive performance	-0,059	0,074	0,016	,565 [*]	,664 ^{**}	,658 ^{**}	1

^{**}. Correlation is significant at the 0.01 level (2-tailed).
^{*}. Correlation is significant at the 0.05 level (2-tailed).

Table 5 Performance criteria intragroup correlations

Perceptive performance correlates significantly ($r=0,537^*$) with all explorative, exploitative and ambidexterity measures. The correlation between those and EBIT or Turnover growth is not significant. All performance meters have intragroup reliability Cronbach's Alpha of 0,808 indicating that they all measure the same thing within this data. One-way t-test resulted in a reliability of $p \leq 0.001$ with all other's except EBIT% ($p=0,443$) and EBIT growth ($p=0,627$). Both have severe outliers and are not normally distributed, which are against the key assumptions of t-test null hypothesis usage robustness with these dependent variables (Saunders, et al., 2009, pp. 456-458).

5.4 H3 - H5 MODEL ANALYSIS / MODERATORS' EFFECTS

The Primary research model (Figure 8) derivation of hypothesis H3-H5 suggests that all observable demographic characteristics impact positively on performance if both cognitive trust and value alignment are present. The non-job-related observable characteristics is suggested to have positive impact if cognitive trust is present. Job-related characteristics is suggested to have positive impact if value alignment is present.

All Multiple Regression calculations are available in Appendix E. Multiple Regression analyses were used to analyse the moderator model and hypothesis H3-H5. All significant relations are presented in Table 6. The coefficients of moderative models are included in Table 6 to present also the moderative directions and how it changes the nature of interactions between the demographic diversity variables and performance. Figure 14 is a conceptual diagram illustrating the interpretation of the H3-H5 model part results.

The *p*-values of the statistical significance in the Multiple regression analysis (Table 6 and Appendix E) always apply only in presented interaction contexts and are not transferable to the overall correlation context. They only inform whether in that context the demographic characteristics are statistically more important than the moderator itself.

MODERATOR IMPACT ON FUNCTIONAL DIVERSITY	A EBIT growth	B Turnover Growth
	VALUE	VALUE
Constant (unstd coefficient β_0)	9,408**	1,000***
Q5 Functional diversity (unstd coefficient β_1)	-157,494***	-0,707
Q25 4 Value / Q27-Q29 Trust -level (unstd coefficient β_2)	-22,808**	0,830
FUNC *Value / FUNC*Trust (unstd coefficient β_3)	337,715***	-15,426*
R Square	0,662	0,566
Change in R Square	0,312***	0,133*
VIF =2,0-4,3		

MODERATOR IMPACT ON GENDER DIVERSITY	Q 22 Perceptive performance
	VALUE
Constant (unstd coefficient β_0)	3,217***
Q3 Gender diversity (unstd coefficient β_1)	-0,375
Q25 4 Value / Q27-Q29 Trust -level (unstd coefficient β_2)	0,566***
GEN *Value / GEN*Trust (unstd coefficient β_3)	-1,639*
R Square	0,674
Change in R Square	0,141*
VIF 1,0-1,3	

MODERATOR IMPACT ON AGE DIVERSITY	B Turnover Growth	B Turnover Growth
	VALUE	BOTH: TRUST*VALUE
Constant (unstd coefficient β_0)	1,315***	1,570***
Q4 Age diversity (unstd coefficient β_1)	0,010***	-1,886**
Q25 4 Value / Q27-Q29 Trust -level (unstd coefficient β_2)	0,394	0,018***
AGE*Value / AGE*Trust (unstd coefficient β_3)	0,017**	-0,056**
R Square	0,766	0,806
Change in R Square	0,178**	0,090**
VIF =1,0-1,2		

MODERATOR IMPACT ON EDUCATIONAL DIVERSITY	Q17 Latest EBIT%	Q20-21 Ambidexterity
	BOTH: VALUE*TRUST	BOTH: VALUE*TRUST
Constant (unstd coefficient β_0)	-1,258	42,238***
Q6 EDU diversity (unstd coefficient β_1)	9,281	-1,416
Q25 4 Value / Q27-Q29 Trust -level (unstd coefficient β_2)	54,911**	25,929***
AGE*Value / AGE*Trust (unstd coefficient β_3)	-178,173*	-117,469**
R Square	0,564	0,553
Change in R Square	0,183*	0,342**
VIF = 1,0-1,6		

When both moderators (value*trust) exist: $\beta_2 = \text{value*trust}$ and $\beta_3 = \text{value*trust*characteristicX}$

***. Correlation is significant at the 0.01 level (2-tailed).

** . Correlation is significant at the 0.05 level (2-tailed).

*. Correlation is significant at the 0.10 level (2-tailed).

Table 6 Multiple Regression analysis: Summary of significances.

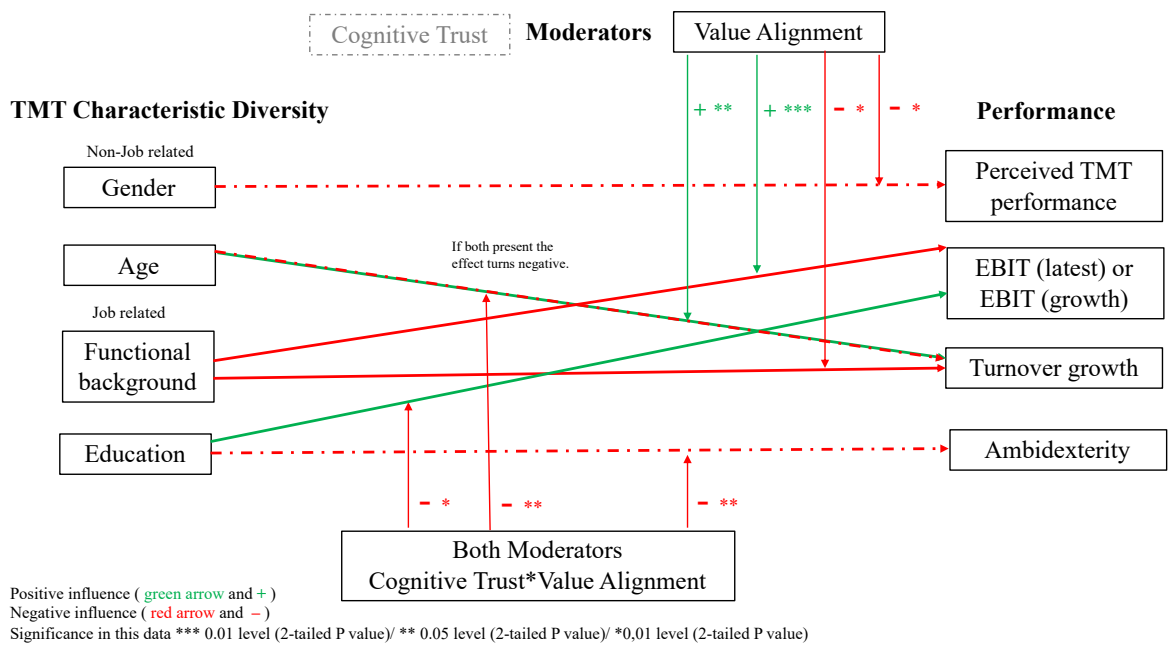


Figure 14 Diagram of H3-H5 model results

Multiple regression analysis does not support the hypothesis H3. When both cognitive trust and value alignment are present there are only three statistically significant interaction: Between education and EBIT, education and ambidexterity, age and turnover. All three interactions are negatively moderated. The negative direction show that high trust and value alignment levels helps to promote homogeneity when they are assumed to promote heterogeneity (Figure 14). The two moderators co-created a negative correlation between education diversity and ambidexterity, turned age diversity from positive to negative correlation to turnover growth, and affected negatively to correlation between education and EBIT%, but did not change the positive correlation into negative (Table 6).

H4 is not supported at all as cognitive trust has no moderative role to any interaction between demographic characteristic diversities and performance (Figure 14).

From moderator models (H3-H5) the only hypothesis that is supported loosely is H5 as value alignment moderates significantly into a positive direction the relationship between age diversity and turnover growth and also functional background diversity and EBIT (Figure 14). However, it interacts significantly negatively with background diversity and turnover growth, and also significantly negatively moderates gender diversity relationship with perceived performance creating a statistically meaningless relation between them (Table 6).

5.5 ANALYSIS OF OTHER SIGNIFICANT FINDINGS

It was important to draw attention to two separate topics including the open answers of perceived performance and the contradictories in a firm's strategic intent perception between individuals within TMTs.

According to the data 54 respondents (=57,44%) considers their TMT performance not good or excellent but moderate, passable or inadequate as illustrated in Figure 15.

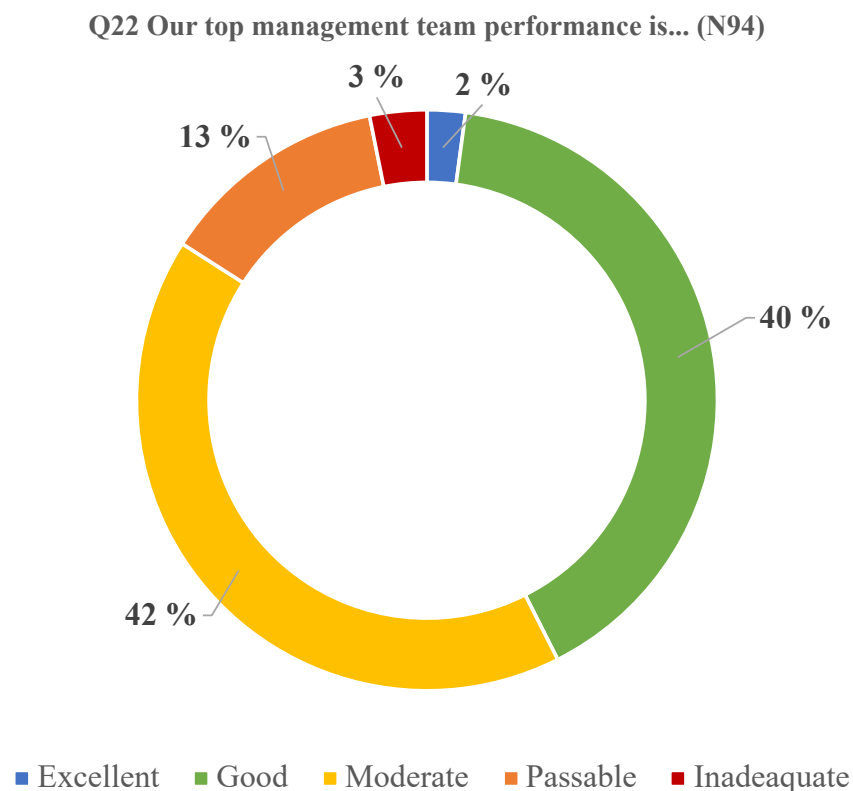


Figure 15 Perceived performance distribution Q22 (N94)

Generally, the MDs felt that the team performance is worse than what other TMT members felt. Six out of 15 MDs ranked perceptive performance as good or excellent. Those respondents who felt that the performance was moderate, passable or inadequate, displayed an opportunity to write free-form thoughts of the reasons why they think the top team performance was not good or excellent (Q23 in Appendix B). An answer was received from 28 (51,85%) respondents. The 28 written comments came from 13 TMTs out of 15. The answers were modified during translations (for and to full confidentiality), categorized and summarized to the main causalities and are presented in Figure 16. The entire summary is in Appendix F.

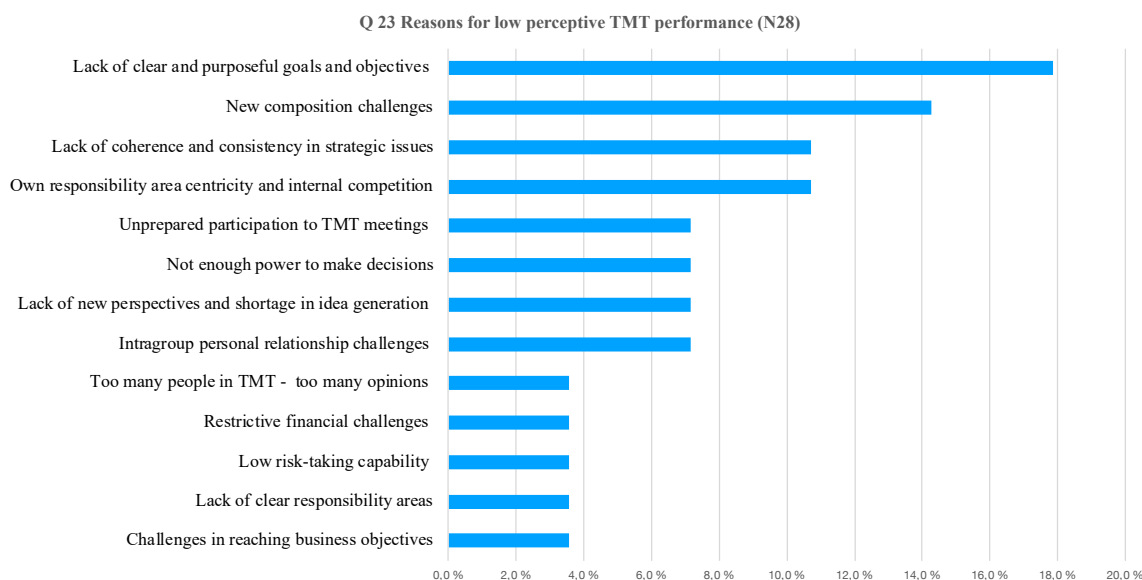


Figure 16 Summary of open answers: Perceived performance Q23 (N28).

According to Figure 16 the key causalities for moderate, passable or inadequate TMT performance is the lack of clear and purposeful goals and objectives, new composition challenges, lack of coherence and consistency in strategic issues, and own responsibility area centricity and internal competition.

The data showed intragroup inconsistencies in a firm's level to exploit and explore, and levels of ambidexterity. The same questions were asked from all participants and the levels summed were the means of each group. Within a group the answers deviated within each of the 12 items (Q20-Q21) indicating that there is not a mutual understanding of the firm's strategic intent in most of the firms. Thus, the standard deviation of each concept within a group was calculated. Standard deviation of exploitative intent turned statistically significant ($p < 0,001$) as did explorative intent ($p < 0,001$) and ambidexterity ($p < 0,001$). The difference index between other TMT members and MD answers to 12 items (Q20-Q21) was not statistically significant.

Lastly, there were a few other observations from the data. TMT size correlated positively with EBIT change, the latest EBIT and turnover change ($p < 0,05$ in all) and can be found in Appendix D. The difference between a person view of his or her own trustworthiness (Q30) and the trust level of other members (Q27-Q29) was found significant ($p = 0,01$). It seems that in this data the 94 respondents generally felt that they are more trustworthy themselves than how they think of their colleagues. The company value strength level has a significant positive impact on ambidexterity and exploitative orientation as well. It also

did correlate positively with company employee amount, (all $p < 0,05$). In this data the TMTs were more exploitative than explorative on a strategic intent level.

For statistical interest the split of the highest educational level of TMT members in this data is presented in Figure 17. University master's degree is the main (48,87%) background in TMTs and the share of MBA and eMBA is 6,38%.

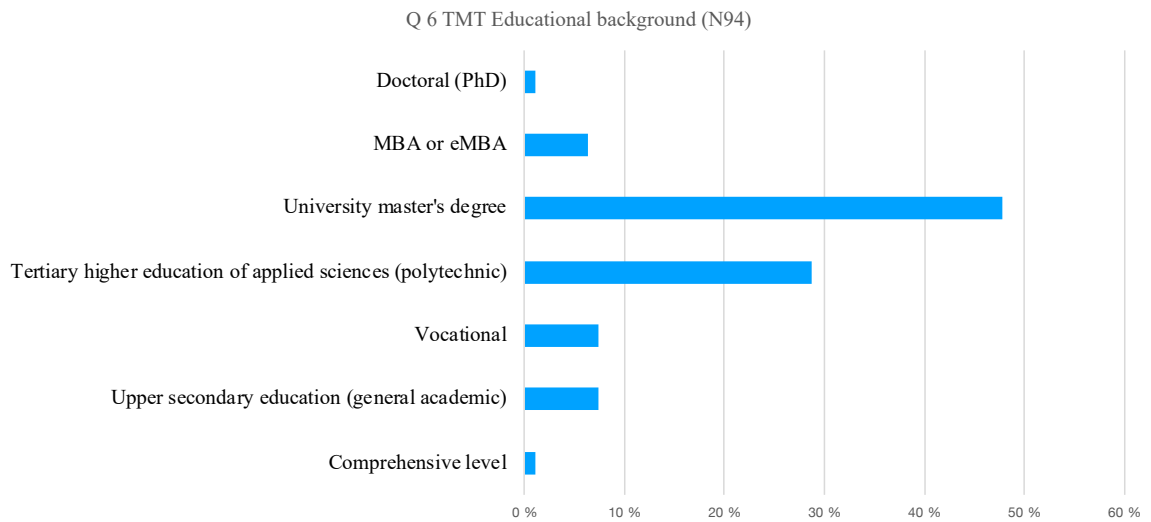


Figure 17 TMT Education background distribution Q6 (N94)

6 ANALYSIS DISCUSSION

The intention of this discussion is to reflect the previous analysis to key findings found in the boarder literature context. Firstly, the demographic characteristics diversity results are discussed (H1), followed by the induction of value alignment and cognitive trust results (H2-H5). Lastly, the data analysis from criteria perspective will be discussed.

6.1 DEMOGRAPHIC DIVERSITY DISCUSSION

One of the demographic diversity research literature debates has been the need to segregate job-related and non-job-related demographic characteristics (García-Granero, et al., 2017, p. 891; Hambrick & Mason, 1984) as was done in this research. However, the segregation was not supported as the results within the subgroups did not yield similar results. It suggests that all diversity attributes interact on their own and are not indicatives of each other.

Contradictory to Hambrick, et al (1996) and García-Granero, et al (2017) research into this data did not indicate any negative correlation between age diversity and performance hence it aligned with Williams & O'Reilly (1998) who has suggested that out of many performance criteria 'age diversity is associated with increased turnover' (p. 104) and has positive affect on performance. Wiersema & Bantel (1992, p. 97) emphasizes that age should be measured as mean aside from diversity. They assumed that albeit age diversity is positively associated to change in corporate strategy, the age mean will have negative effect as the older managers are more less likely to take risks and generate new ideas.

Aligning with Chen & Liu (2018, p. 536) this data resulted in a negative interaction between functional background and EBIT and turnover growth as they found, is contradictory to UET. If assumed that functional background indicates the TMT member's current role, this may lead to a burden of proof over managers own responsibility area, especially in sale-manufacture firms where one's own interest over rules the team's unity. The analysis of open answers of perceived underperformance (Appendix E) indicated a semi-autocrat behaviour that is again related to behavioural integration, vital to performance (Hambrick, 2007; Raes, 2014). It could be stated that when there is high functional heterogeneity in TMT, the amount of, "burdens of proof" increases and lessens the behavioural integration. This assumption seems evident also in

the light of open answers in Figure 16 indicating that ‘own responsibility area centricity’, ‘challenging intragroup personal relationships’, and ‘unclear responsibility areas’ sum is unquestionably the largest reason for TMT under-performance supported by Bowman & Kakabadse (1997).

The functional background segregation into output-functions, throughput-functions and peripheral functions were found relevant in this data analysis. The analysis showed strong alignment with Hambrick & Mason (1984) claim in the UET that output-functions level interacts with growth and throughput functions supports stable environments and peripheral-function levels are associated with complex administration. This notifies the importance to segregate the functional share-index (the share of certain functional category in the group) from diversity. Those are two different constructs.

The share of males in TMT negative correlation with EBIT change aligns with Noland, et al (2016) claim that female proportion is related with firm profitability. They suggested that it was due to new skills in teams, as they in fact refer to the female proportion growth which leads to notification that data analysis does not show how long the females have worked in the TMT compared to their male peers. Then again, the share of one gender is different than diversity in that gender influenced negatively to ambidexterity.

The Social Categorizing theory seems to explain gender diversity even more than the Similarity Attraction theory as the Social Categorizing theory suggest that those who are least like the majority of the group and who have different opinions are more in danger to be socially excluded (Williams & O’Reilly, 1998). Both theories suggest that gender diversity has a harnessing influence on the group process (Williams & O’Reilly, 1998, p. 104). This may also explain why this data analysis resulted in a negative correlation to ambidexterity as ambidexterity is consistent of two oppositional strategic pursuits.

This data had asymmetrical teams as there were teams with a female majority, teams with male majority and teams with high and low diversity. Williams & O’Reilly (1998, p. 108) has deeply investigated the gender diversity and advises to pay careful attention to proportions as negative gender diversity consequences may be greater in male dominated groups than groups where the majority are females. It is implied in Literature Review that diversity discussion is gender centred in Finland. It is now it is more correct to show support to gender centricity in demographic discussions if the construct is really about diversity, and not confused with equality.

The result that educational diversity has positive influence on performance through EBIT argues against Williams & O'Reilly (1998, p. 98) theory that education diversity should yield similar predictions as functional predictor. This data came to opposite result.

There was no correlation between team tenure level and performance. The open answers (Figure 16) implied that the second biggest reasons for perceived underperformance was the new composition. That is strongly supported by Williams & O'Reilly (1998, p. 98) who present strong evidence that team tenure diversity creates low levels of social integration and poor communication, causalities to underperformance.

The data analysis contradictory findings to other research and theories triggered the following seemingly important iteration of diversity as subjective construct in these studies. Certo et al (2006) emphasized the importance to construct the development of demographic diversity attributes by requesting for future investigation of 'how well these variables gauge the heterogeneity they purport to represent' (p. 834), that meant in practice that researches should form a scales to compare how the founding of characteristic heterogeneity represents the real statistics of heterogeneity. Thus, it is relevant to understand the demographic diversity itself in a Finnish context. For deeper discussion as an example: Let us take the educational background diversity and calculate Official Statistics of Finland (n.d.) of 25-64 year-old's (fits to TMT member age population) educational categories and see how diverse the population is compared to TMT diversity. That age group in Finland there are 27% with basic education (1% in this data), 62% upper secondary/non tertiary education (14% in this data) and 37% of higher education (83% in this data) (Official Statistics of Finland (OSF) n.d. and Figure 7). It might seem that TMT's is this data are less diverse hence the index of population variance (VAR.P) in the reference population which is 0,021, and in this data (N94) 0,129 ending to share-index of 4,97 (i.e. How much the data diversity is higher than reference). This means that when the heterogeneity of this data is interpreted to have any significance, the diversity itself is overall on a high level per se. If the population variance indexes of each TMT are compared to the reference population variance index, the mean share index is 20,13 with minimum of -1,00 to maximum of 28,53. As a conclusion the variance of whether one TMT is more educationally diverse than the Finnish population sample varies from less diverse to over 28 times more diverse. The latter is not completely comparable as the VAR.P indexes of the groups are not weighted averages to three educational example categories from multiple disciplines as this research has

followed the Hambrick, et al (1996, p. 672) who used 8 disciplines for diversity calculation.

If we do the same calculation to gender diversity and the gender population variance index of all age groups is 0,0001 (Statistics Finland, 2019) and compare that to each group diversity index, the mean results 1186 share-index. This means that TMTs in this data are over one thousand times more diverse than the total population in Finland. Then again 73,2% of the educated population in Finland are females thus the more robust reference variance index is 0,049, not 0,0001 resulting in a share-index of 1,41 as TMTs in this data seem more diverse than the reference population per se. If this is accurate, it can be said that gender diversity is truly different from gender equality. TMTs in Finland are more gender diverse than the Finnish population itself. In order for them to be equal there should be proportionally same share-index amount females and males. The gender equal TMT compositions are not automatically gender diverse within TMTs, thus the diversity construct understanding along how diversity is calculated really matters.

6.2 COGNITIVE TRUST AND VALUE ALIGNMENT CONSTRUCTS

In general, it seems that Value Alignment and Cognitive Trust related hypothesis (H3-H5) of moderator impact had weak field work results. Those attributes were experimental and explanatory inductive parts of the proposed research model in this study and was emphasized regardless of the weak results. Despite this, they were rewarding and deserves discussion for further hypothesis development for utilization of the perceived value alignment construct.

The data analysis results indicated that the moderator constructs are more indirectly related to firm's financial performance measures through the team processes and TMT behavioural integration as they are independently correlated positively with perceived performance - the team behavioural construct (Simsek, et al., 2005; Brower, et al., 2008; Johnson & Grayson, 2005; McAllister, 1995).

Both moderators had an independent role (H2) aligning with the prior literature discussion, that values and cognitive base are not necessarily the antecedents of demographic characteristics (Weigert, 1975). Lichtenstein (2012) explains the phenomena

by arguing that psychological characteristics and values are misleadingly often combined together, on the contrary, they are separate constructs, that is also supported by Jackson's (1992) way to segregate composition attributes. Lichtenstein (2012) demonstrates that even if UET recognises that values have a direct effect on strategic choices (Figure 7) the mechanism of how values affect is unclear. He argues that organizational values in leader context may be recognized but they are not internalised causality of individual values in leader context have been undervalued. The value system is driven by our changing needs and the individual perception of value alignment may change contextually.

The significant linkage between perceived performance and value alignment support the suggestion that this interlinkage succeeds to capture how well the firm is capable of fulfilling the top executive motives in his/her value system (Lichtenstein, 2012; see also direct support by Williams & O'Reilly 1998, pp. 82-83). The results indicated that values can be studied not only by levels, but as diversity in groups as suggested also by Harrison, et al. (2002 p. 1042), thus the "value alignment" level appears to be a robust predictor definition as it is about minimum diversity of values per se. According to Argandoña (2003) values ought to be nursed both 'within the individual and within the organization' (p. 16) thus values are part of distinctive competence and value alignment is a foundational part of firms long term successes.

The preference of choice to look at trust as a sociological cognitive trust reflected to non-findings of the moderator role of trust draws attention back to the differences in psychological trust and sociological trust. The Cognitive Trust theory assumes that people are capable, and the trustworthiness does not require proof from the trustee. The Psychological Trust theory assumes that people need to prove their trustworthiness to the trustor (Mayer, et al., 1995; Lewis & Weigert, 1985).

Both value alignment and cognitive trust's negative moderative effects seems disrupting. Taking to account that cognitive trust seems to measure trust and psychological trust seem to measure distrust: If only cognitive trust is investigated without psychological trust, can it be possible that cognitive trust influences TMT behaviour where members do not question or challenge their peers and consequently it affects negatively to growth, which is supported by (Farrell, et al., 2005, p. 34) founding that trust does not mediate the motivation to share information within TMT.

The importance of understanding both psychological and sociological trust was discussed and emphasized in literature (McAllister, 1995; Massey, et al., 2019). The data analysis supports Johnson & Grayson (2005, pp. 505-506) as they underline that cognitive trust can be distinguished from psychological trust but when it is segregated, it will only affect directly and moderates the relationship process in between.

The difference between how TMT members saw their own trustworthiness to how they saw their peer's leads to interesting indicators. Within this data, the TMT members are more willing to be vulnerable than what they allow others to be (Mayer & Gavin, 2005, p. 875).

6.3 CRITERIA PERSPECTIVES RELATED TO DATA ANALYSIS

TMT characteristics displayed to several different performance criteria with great horizontal length (Michel & Hambrick, 1992, p. 33) thus this research unveiled the complexity of the performance criteria selection. 'Perceived diversity within a unit may have unique and more proximal explanatory power than actual diversity' (Harrison & Klein, 2007, p. 1216) thus the various performance meters paved the way into understanding that perceived levels for both predictors and criteria are justifiable (Gibson & Birkinshaw, 2004, p. 216; Williams & O'Reilly, 1998, pp. 82-83).

This research aimed to investigate if demographic diversity influence is dependent on strategic pursuit thus put weight on exploring ambidexterity in organizational performance (Hambrick, et al., 1996; Hambrick & Mason, 1984; García-Granero, et al., 2017; O'Reilly & Tushman, 2013). The analysis did not find consistent robust evidence of all demographic characteristics influence in ambidexterity. Thus, the gender diversity did reflect negatively to a firm's explorative orientation that had a significant negative influence on firm's capability to aim for ambidexterity. Therefore, it can be evidently concluded that there are signs within this data that strategic pursuit may assess the importance of either homogenic or heterogenic compositions. Ambidexterity, explorative or exploitative pursuits did not correlate with any of financial criteria which was in opposition to O'Reilly & Tushman (2013). However, they all correlated significantly with perceived performance. Therefore, the discussion about the comprehensiveness of the construct on the whole seem valuable. The variance inside the group on how the strategic pursuit is understood may have influenced the concept itself. This unveiled the

managerial implication to pay further attention to strategic communication within the group.

The cognitive trust sub-concept of ability had a significant positive correlation directly to ambidexterity and both exploitative and explorative intents. This indicates that the level of trust on ability is significant when pursuing strategic lines or reaching out for ambidexterity contradictory to UET's Strategic Choice model (Figure 4) where values had a direct effect on strategic intent, but the cognitive base did not.

As a final discussion, related to the organizational power discussion (Northouse, 2018) in the Literature Review, readers should be notified on one somewhat philosophical standpoint of how challenging it is to ultimately know what we learned from the data analysis. Blau in his book "Inequality and Heterogeneity" reviewed by Collins (1971, p. 682) disrupts the diversity discussion by theorizing that diversity, as his Blau index calculates it, does not inform anything about the power usage distribution behind every characteristic diversity and states that there can be unevenly distributed power usage within a group causality of the stunning paradox where heterogeneity eventually will turn to homogeneity as the power concentrates more and more into the hands of few within the group.

7 CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

'Thus, it is argued that testing the upper echelons theory is a no-loss proposition for researchers. The contribution to organizational understanding will be positive whether the results are or not'

(Hambrick & Mason, 1984, p. 204)

7.1 CONCLUSION

This research aimed to investigate whether there is evidence that demographic diversity has influence on performance and how value alignment and cognitive trust are related to that context within Finnish TMTs within the SME.

The hypothesis was tested in a field study and test analysis model are found in diagrams Figure 13 and Figure 14 and justify the following hypothesis result conclusion. H1 and H2 is supported as gender and functional background diversity had a negative influence on performance, age and educational background had a positive influence on performance, and value alignment and cognitive trust had a positive impact on performance. H3 was not supported as cognitive trust and value alignment together did moderate significantly only age and education diversities and performance relationship hence it was negative. H4 was not supported as a cognitive trust did not have any significant moderative role. H5 was partly supported as a value alignment moderates significantly the relationships between performance and each demographic diversity attributes, except education diversity. However, the direction was opposite to what was assumed in gender and functional background. In addition, the value alignment had more influence in non-job-related characteristics as it moderated both age and gender diversities. The performance criteria selection was found important as it influences, and its interrelations are dependable on performance criteria. The perceived performance was found a justifiable criteria choice.

The incoherence in *TMT-diversity-performance-buzzle* is visible through TMT research, notwithstanding this research. The equal regards of 'we hope our findings will pave the

way for the next generation of research' from both Lubatkin et al (2006, p. 668) and Simsek et al (2005, p. 80) exhibits also this research' battle to fulfil the investigation shortage of how, when and why diversity affects performance. The key construct of "diversity" may be a "paradoxical bipolar phenomena" if the subjective of diversity is not addressed or the aim is to understand diversity as a product of overall demographic diversity thus each characteristic has its own relation to performance.

Hambrick & Mason (1984) provided a grand theory of UET for TMT composition research allowing modifications and encouraging investigations from various angles. Each research area seems important due to the differences in both independent and dependent variable selections, their various definitions, context, sample and primary research models.

Gender diversity and functional background diversity have clear negative influences on performance causality of social categorizing and similarity attraction. TMT member's own responsibility area centrality fosters intragroup conflict thus it seems to be one of the key causalities to a functionally homogenic team's better performance for financial growth. The level of incomplete knowledge driven cognitive trust reinforces that relationship. In Finland according to this data the gender diversity is higher in TMTs than in the Finnish population itself. The segregation between gender diversity and equality is crucial. Gender homogeneity in TMT advances strategic intent pursue and ambidexterity.

Not all diversity is harnessing. In Finland educational diversity is higher in TMTs than within the Finnish population's average and the variation between groups vary significantly. Educational diversity does not yield similar intercorrelations with functional diversity as it seems to advance profitability. Age diversity advances growth that can be accelerated by the level of value alignment.

It is accurate to propose that values and cognitive behavior are not the antecedents of demographic characteristics and they act as independent predictors similar to observable demographics. They also shape the relation between demographic diversity and performance.

Cognitive trust can be researched in this context without psychological trust, but it seems to generate an incomplete understanding on trust -concept moderative role between demographic diversity and performance. Both perspectives are advisable to be included.

How values shape performance has been the question as the suggested answer is “through perceptive value alignment” where the emphasis is on personal values’ incorporation into an organizational value system. Values and psychological characteristics are separate constructs as value alignment depends on the context.

Addressing a wider audience this research show, at this moment, a rare evidential finding of both value alignment and cognitive trust relationship to TMT’s demographic diversity context.

7.2 MANAGERIAL RECOMMENDATIONS

For team coaches who uses psychometric analysis, it is recommended that one simultaneously underlines the importance to understand the observable demographic diversity fundamentals aside from personality traits.

It should be emphasized that recruiters and MDs should pay more attention to both demographic diversity and value alignment when forming new compositions or when planning a change in strategy. TMT diversity and composition challenges might remain a self-fulfilling prophecy if the discussion between equality and diversity is not segregated and requirements for new TMT positions are not constantly evaluated, thus the requirements e.g. functional track, the underlying experience tenure produce same compositions one after another.

Existing TMTs in a stable stage could benefit from psychometric analysis, and trust and value alignment discussion that contributes both to self and peer understanding. The future development for top managers is to learn how to allow for vulnerability in others aside from the capability to becoming vulnerable.

For MDs it is recommended to openly advance the discussion of the multidimensional and challenging demographic diversity. It is also recommended to frequently measure perceived performance. Even if TMT members own perception of their performance level does not correlate to the financial objectives, it indicates whether the group has the potential to develop. The discussion of negative effect of diversity does not make one prejudice or resistant to equality.

The data analysis resulted in a statistically significant deviation on how the strategic pursuit is seen within teams, consequently the communication of strategic lines is suggested in order to set a new level so strategic intent is understood clearly within the TMT. This is moreover addressed to Board as the top management leaders also need to be led.

Lastly, all TMT members in Finland should remember that this research has shown that TMTs are the most powerful influencer in organizational performance as a team. They are more important than the MD or the Board.

7.3 PROPOSED FURTHER RESEARCH AND ACADEMIC IMPLICATIONS

In Figure 8 the derivation of the hypotheses from proposed primary research model is multidimensional, not comprehensive leaving several possibilities for further research.

It can be accurate to conclude that we still know quite a little about demographic diversity in Finland. It should be emphasized that a deeper understanding of demographic diversity is needed through examining a larger Finnish sample size. One avenue for conclusions of the field study is to augment the H1 in the Finnish context so that it may be assumed that gender and functional diversity influence is negative. Age influence is suggested to be researched also as the mean level in the group aside diversity. This research was on TMTs, further studies in Finland could examine the board member compositions in this context.

Generally, it is suggested that value alignment constructs will need further analysis and induction to diversity researches in both in a moderative and a predictive role. The field study method through the questionnaire explanatory part of values and single method question (Q24-Q25, Appendix B) provides a logical, understandable and simple way to explore TMT values through value alignment.

It is also encouraged to continue the exploration of trust construct from both sociological and psychological perspectives and follow the paths of that research aiming to relate trust concepts as more of an indicator to team integration and team behaviour.

7.4 LIMITATIONS

There are several limitations to this research. The most crucial limitation is the sample size of 15 units (94 elements). The fact that the sample size may also be considered rather high in this context where questionnaire required 15 minutes to answer and the target was TMTs. It is considered small for statistical analysis's robustness, consequently the results should not be generalized to any other TMTs or groups outside of this data. Conversely, within this data there may underlyingly occur more significant statistic correlations which does not show as the data is small. In large sample sizes smaller differences may appear significant in statistical correlation analyses.

In the statistical analysis there is a risk that research findings occur by chance when the extended quantity of independent and dependent variables are used in correlation and regression analyses. In some research fields it is called, "result fishing". In this research analysis there was substantial quantity of dependent variables at the end (Appendix D) e.g. in moderator model analysis required extensive amount regressive assumptions (Appendix E). However, in diversity research it is encouraged to use as many variables as possible within the limitations of a questionnaire length or data availability supported by Certo, et al (2006) who found the small amount of performance criteria a research limitation (p. 831).

In this research the 15 accepted TMT groups for the group level analysis had 5 full-groups (all members answered) hence 7 groups were incomplete and the total mean of answering rate per group was 79% inclusive of only one 33% group consistent with the minimum acceptance level of 3 members to a group. Therefore, the diversity index of age, functional, and educational backgrounds are assumed to represent the diversity of group population as gender diversity referred to actual group diversity irrespective of answerers. It is extremely difficult to get full groups to answer particularly when one of the participants is required to be the MD. Therefore, the 79% representative population within a group seem fairly robust for TMT diversity research, supported by Lubatkin, et al. (2006).

All scales were found reliable in this study except the one intragroup reliability of exploitative concept scale ($\alpha = 0,658$). Subsequently the exact same scale was found reliable in previous studies and research notifies the possible limitation related to original

scale translation to Finnish which was the prevailing language in the questionnaire. Both languages are available in Appendix B.

Despite of the fact that EBIT growth% and Turnover growth% may be considered an industry dependent, the influence of industry is purposefully omitted in this study.

8 PERSONAL REFLECTION

This personal reflection takes the stance of a personal development (PD) methodology, where diagnosis, goal setting, action and evaluation are seamless recursive continuum (Pedler, et al., 2013). PD once seemed an obvious part of my previous work life. After My self-transformation during the entirety of my Henley MBA journey, it is more tempting to wish that I would never fall into the obviousness of personal development – the learning of yourself.

In order to evaluate my personal objectives of this MRC project, a backdrop to my original Henley EMBA application and the first programme PD assignment. I stated that “I have always felt that lack of academic degree was holding me back as a manager”. The step of taking Henley EMBA taught me how academic thinking, frameworks, theories and models to improve within my career. After the MRC project, I will obtain my sought-after academic degree. ‘The Henley EMBA – Global is currently the only EMBA programme in Finland which offers a university-level master’s degree’ (Henley Business School Finland, 2019). Therefore, achieving MRC is justified and considered to be more a mean to the end (Maslow, 1954, p. 21).

An EMBA in itself does not force me to learn even with the compelling requirements to pass exams and assignments. I emphasized my responsibility in learning and the continuous evaluation of how I learn. My perception has shifted to awareness that lack of self-reflection knowledge would have held me back as leader irrespective of the academic degree not hindering my managerial aspirations after graduation.

The success of completing this process was not the rewarding means onto itself. It really allowed me to gain skills on research, enlarged my network, learned to understand the value of my MRC in depth that overwhelmed me with pride and valuable practical insights. The goal to experiment, consult and the prospect to share my learning outcomes with a selected broader audience is reached to the point of high personal capability and ability. Those gains would not have occurred without this extended and enormous effort of reading, questioning and compromises made with time usage.

The essence of my personal objective was to understand the means to the end *within* the achievement of MRC, especially in the correlation between motivation and performance as supported by (Lin, et al., 2018; Li, et al., 2015). Thus, I kept a daily diary between

20.1.2019-10.10.2019 and ranked each day between a 1-10 scale how much I have worked with this project and how motivated I have been. I also wrote down challenges, approaches to problem solving along with other notes of what occurred in my life during the process for interpretative purposes. I statistically diagrammed my motivation level and the amount of work done each day. The diagram is presented in Appendix G and the results discussed hereafter.

My contemplation of the statistics educates me on how my motivation is correlated to my work level. There was more correlation between my overall motivation and the total timeline than direct correlation between daily motivation and work amount. The more work that was accomplished, my confidence and self-esteem rose as I get closer to reaching the ultimatum goal, which seem interrelated to my motivation. I can see from Appendix G how I have learned scheduling and monitoring alongside with my assumption of learned goalsetting. Hence it may be more accurate to say that I was not aware how my motivation works in long singular process. Even if I am highly self-driving personality in challenging situation with capability to complete projects, I evidently now see a need for future development that I will benefit from setting clear milestones and resting times in between the long processes.

According to my notes, my self-perceived overall high motivation level appears a causality of the early stage of the supervising process, more precisely the feeling of being trusted by my MRC supervisor. Interestingly as I discovered, I found that I do not naturally contact people when I am inactive and reach out for social support when obviously needed which reminds me of the essence of the social phenomena 'we all complement and need each other in science' (Maslow, 1954, p. 5).

The reasoning of what may lay behind the variations in motives during the process but also the high overall motivation and massive quantity of work leads to Maslow's view of 'sound motivation' cannot neglect the 'unconscious motivation' as the motivation is fluctuating and complex (Maslow, 1954, pp. 22, 24). It can be proposed that the MRC process fulfilled my self-actualization needs of creativity, uncovering my potential, ability to express myself and to use my talent to the end (Turabik & Baskan, 2015, p. 1057). That drives my motivation and is highly beneficial by the fulfillment of the need for respect. However, the motivation origin led by self-actualization becomes secondary when my psychological needs were intermittently threatened during the process (Turabik

& Baskan, 2015, p. 1057). All activities related to academic learning upholds the motivation for MRC as they seem to support the motivation origin regardless of the not advancing the MRC work. The learning and future development is that when I truly seek self-actualization, the needs of work-life balance must be secured in advance. Even if, actually because of it, my inherent tendency is not to call for social support or seek for respect. Those needs are an unconscious motivation enabler for me. Active awareness of this benefits the actualization to finalize projects at a high level. This understanding will enable me to face also peer individuals differently in my future work life of leadership where humanity and vulnerability will play an increasing role.

Throughout my EMBA journey, I found that the intrinsic locus of control (not outside) acts as a high motivator for me (Li, et al., 2015), strongly emerging at MRC as fulfilling the curiosity of my own interest area and self-control over the context and research methodology. This motivated me in game-changing ways to fully discover alignment with Mintzberg's (1979, p. xi) words: 'I write first of all for myself. That is how I learn'. I do talk and write to myself, thus I need to develop further on paying attention to "translations" for novice listeners.

My prior brand proposition has one sentence related to diversity: 'I bring diversity to most management teams'. Now it is more accurate to state that "I bring to table myself as knowledgeable what does that mean in terms of diversity".

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LIST OF ABBREVIATIONS

<u>TMT</u>	Top management team
<u>SME</u>	Small- and medium size enterprise
<u>UET</u>	Upper Echelons Theory (Hambrick & Mason, 1982; 1984)
<u>MD</u>	Managing Director
<u>CEO</u>	Chief Executive Officer
<u>MRC</u>	Management Research Challenge
<u>DEM</u>	Diversity and Equality Management
<u>SHRM</u>	Strategic Human Resource Management
<u>ROI</u>	Return of Investment
<u>EBIT</u>	Earnings before interest and tax
<u>Q1-Q31</u>	Question numbers 1-31 (Appendix B: Questionnaire)
<u>PD</u>	Personal Development

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