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Group Cohesion and Strategic Context On The Relationship Between Top Management Team Composition And Performance Of Family Firms: A Critical Review Of Literature

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According to the upper echelons theory, TMT composition impacts on organizational performance. However, empirical studies have found contradictory results with some replication studies being unable to duplicate any previous findings. These inconsistencies in empirical findings have led to the conclusion that the relationship between TMT composition and firm performance is not a direct and straightforward one as envisaged by the upper echelons theory. This has led to the search for the variables that mediate or moderate this relationship. This study focused on family firms and studied family firm specific variables of TMT composition namely family ratio, number of generations in the TMT and number of nuclear units within the TMT. This study established that the impact of TMT composition on firm performance in family firms is mediated by group cohesion. This is because the family firm is fraught with many dynamics among the family members some of which are not related to the business. Due to this, it was concluded that whether or not the TMT composition in the family firm impacted performance positively or not, was dependent upon the family's ability to pull in the same direction that is how cohesive the family was. In addition, it was established that family firms pursuing complex strategies in terms of their products or markets were likely to benefit the most from TMT composition. This is because the strategic context triggered deliberations and information sharing which harnessed the diverse skills availed by the TMT composition. Thus the strategy context moderated the relationship between TMT composition and firm performance. It was also noted that a complex strategic context was capable of triggering conflict and disagreements thus negating the impact of TMT composition on firm performance. The study therefore concluded that the impact of strategic context needed to be reviewed in light of the group cohesiveness. Further it was noted that to fully understand the impact of TMT composition on family firm performance, the moderating effect of strategic context and the intervening effect of group cohesion needed to be considered. Due to the uniqueness of the characteristics of family firms and the convergence of ownership and management in family firms, the resource based view, stewardship and agency theories needed to be considered in addition to the upper echelons theory when explaining the impact of TMT composition on family firm performance. It was observed that the strategic management field had lagged behind in research on family firms despite the growing importance of family firms in modern day economies. In line with this it was suggested that policy makers needed to design policies and legal frameworks that are appropriate to family firms. The study encouraged families to get involved in the management of their firms and foster cohesiveness among TMTs in order to derive optimal results for their businesses.

Key Words: TMT Composition, cohesion, strategic context, family firms

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Introduction

TMT composition refers to the make-up of the senior management of an organization and their characteristics. Hambrick and Mason (1984) proposed that organizations are a reflection of their top managers and thus coalesced the upper echelons theory. They argued that managers' characteristics influenced their strategic choices which influenced firm performance. They concluded that relatively observable manager characteristics like age, functional background, tenure, education, socioeconomic roots and financial position could be potent predictors of strategies and performance levels. This implies that TMT composition impacts on firm performance.

Various researchers have set out to investigate the relationship between TMT composition and firm performance (Certo, Lester, Dalton & Dalton, 2006). Most of these researchers have relied on demographic characteristics to act as proxies for psychological measures and have yielded inconsistent results leading to dissatisfaction. Carpenter (2002) noted that due to the ambiguity of results in empirical studies some researchers have concluded that TMT research is fruitless and leads to erroneous conclusions. Carpenter differs with these arguments and suggests that such inconsistencies point towards important intervening and moderating variables. Certo, Lester, Dalton and Dalton concur that while there is modest support for a direct relationship between TMT characteristics and firm performance, research points to the existence of moderating factors to this relationship.

Hambrick (2007) acknowledged that the upper echelons theory's predictive strength was affected by managerial discretion and executive job demands. Carpenter (2002) argued that the relationship between TMT characteristics and firm performance was affected by the strategy context and social context in the firm and further noted that since one of the hallmarks of strategy was that relationships are contingent, it was surprising for TMT researchers to decontextualize TMTs. Marchewka (2014) suggested that TMT effectiveness was determined by group dynamics. Knight et al (1999) noted that group processes strengthened the relationship between TMT composition and strategic consensus. These studies point to the importance of situational variables in the link between TMT composition and firm performance.

A family firm is one in which family members have the power to appoint the board of directors both directly and through financial holdings (Minichilli, Corbetta & MacMillan, 2010). Family control can be seen as the fractional equity holding by founding and descendant family members which allows for ownership control over the business (Anderson & Reeb, 2003 and Lee, 2006) and/or board representation by family members (Poutziouris, Savva & Hadjielias, 2015).

Family involvement in the family firm can be summarized into three major streams namely ownership, control and management. Family involvement through ownership is achieved by having family members owning the largest number of shares such that the family is a dominant shareholder. However, family ownership may not always represent the influence that members exert on the firm (Anderson & Reeb, 2003) and it creates value only when it is combined with certain forms of family control and management (Villalonga & Amit, 2006).

Villalonga and Amit (2006) asserted that family control is achieved through voting rights whereby the family members have control or voting structures that enable their voting rights to exceed their cashflow rights. These structures include pyramids, multiple share classes, cross-holdings and voting agreements. Families can also be involved by

having board representation (Pouziouris, Savva & Hadjielias, 2015) or through representation in management either by a family CEO or within the TMT (Minichilli, Corbetta & MacMillan, 2010 and Cabrera-Suarez, Deniz-Deniz & Martin-Santana, 2015). Family involvement can further be cemented by CEO-Chair duality where the CEO chairs the board (Pouziouris, Savva & Hadjielias, 2015; Garcia-Ramos & Garcia-Olalla, 2011 and Braun & Sharma, 2007).

It is commonly assumed that family firms are usually private firms however various researchers have established that family ownership is relatively common among publicly listed companies. In the U.S. a third of the 500 largest corporations are family owned (Anderson & Reeb, 2003 and Villalonga & Amit, 2006), in the UK, 34 firms listed on the stock exchange are family firms compared to 107 nonfamily firms excluding financial firms (Pouziouris, Savva & Hadjielias) while in Western Europe 44% of listed firms are family firms (Faccio & Lang, 2002).

TMTs in family firms possess the generic attributes suggested by Hambrick and Mason such as age, tenure in the organization, functional background, education, socioeconomic roots and financial position. However, a common characteristic of family firms is family involvement in the TMT. This implies that in addition to the generic TMT characteristics, family firms contend with additional dimensions introduced by the presence of family members. TMTs in family firms will therefore be composed of family members and hired non family professionals. The family members can also be decomposed into different generations in the family bloodline and multiple nuclear families.

Ling and Kellermanns (2010) noted that few researchers have tried to address the unique composition of TMTs in family firms. While focusing on TMT diversity, they suggested three sources of TMT diversity in family firms namely the generation in-charge, the number of family employees and number of employed generations. Although there is a lot of research on TMT composition and its various constructs and their impact on performance, very little has been done to address TMT composition in family firms. This may be explained by the failure of TMT researchers to consider the impact of context as pointed out by Carpenter (2002). TMT researchers may therefore have missed unique characteristics that impact upon firm performance in family firms by failing to consider the family firm context. TMT composition in family firms needs to be investigated in line with the unique characteristics found in family firms. This study proposes that this can be achieved by an evaluation of the ratio of family members, number of generations in the TMT and number of nuclear family groups within the TMT.

As more and more family members are involved in the TMT, in terms of both generations and nuclear families, the TMT dynamics change. This has been demonstrated by change in performance associated with involvement of different generations and family members (Villalonga & Amit, 2006 and Miller, Le Breton-Miller, Lester & Cannella, 2007). This change is associated with increased conflicts and faultlines as family involvement increases. TMT cohesion thus becomes an important mediator to the relationship between TMT composition and family firm performance.

Researchers in family firms concur that on the overall family involvement in family businesses leads to positive performance (Poutziouris, Savva & Hadjielias, 2015; Villalonga & Amit, 2006; Anderson & Reeb, 2003; Miller & Le Breton-Miller, 2006; Miller, Le Breton-Miller, Lester & Cannella, 2007 and Minichilli, Corbetta & MacMillan, 2010). The debate in family firms is generated by which modes of family involvement lead to

positive performance and which ones have negative impacts on performance. Further, there is debate on which factors would moderate the effects of family involvement to create value for minority shareholders in family firms.

It is notable that most of the researches on family firms and family involvement in family firms emanate from the fields of entrepreneurship and small business management. The strategic management field has not ventured much into the study of family firms. This is despite the raging debate on the effect of family involvement on firm performance which when viewed through strategic management lenses is part of the wider discussion on the upper echelons. Indeed some of the researches on family involvement and performance have relied on the upper echelons theory (Minichilli, Corbetta & MacMillan, 2010). It is therefore important for strategic management researchers to make inroads into the study of family firms in their context since it might lead to useful contributions to the field.

At the heart of strategic management is the interest on what makes some organizations succeed and others fail in given environments. The underlying motive being formulation and implementation of strategies that can position an organization for success within its environment. Given the success associated with family firms, it is curious that strategic management researchers have given family firms such relatively little attention. Villalonga and Amit (2006) contend that a possible explanation to the little focus given on family firms, despite their success, is the difficulty in obtaining reliable data on family firms. Notwithstanding, it may be useful for strategic management researchers to take on the challenge that is family firm research. This is especially so with the notable rise in listing of family firms noted in various markets. Family firms need to be viewed as strategic in nature and not small startups for venturing entrepreneurs. A good starting point would be on TMT research.

Group Cohesion

In studying the relationship between TMT composition and firm performance, the unit of analysis becomes the TMT. In most cases the TMT is conceived as a unified whole with given characteristics which can be used to predict performance. However, the TMT is a group with different individuals who make up the group and thus it is important to understand the TMTs group dynamics (Marchewka, 2014). In order to gain a proper understanding of the TMT composition and its impact on performance, the TMT cohesion must be considered. Carpenter, Geletkanycz and Sanders (2004) noted that rather than focusing on the corporate elites as an aggregate whole, one should distinguish between the subgroups among the corporate elite. In line with this top management groups (TMGs) maybe a more appropriate moniker than TMTs.

Greer (2012) noted that group dynamics and group cohesion have continued to enjoy scholars' attention in all disciplines due to the universality of groups and the interplay of behavioural variants and dynamics prevalent in groups. According to Banwo, Du and Onokala (2015), group cohesion can be defined as the total field of forces, exogenous and endogenous, acting on individuals to remain within the group. Group cohesion reflects the tendency of the group to stick, bond together and remain united in pursuing its goals and organizational objectives. Mutuku, K'Obonyo, Awino and Musyoka (2013) noted that involvement culture had a significant moderating effect on the relationship between TMT diversity and performance in commercial banks suggesting the importance of participation and thus cohesion in diverse TMTs.

Group cohesion can be divided into task cohesion and social cohesion. Task cohesion is

the degree to which members work together and are committed to achieve common goals. Social cohesion is the degree to which members like each other, get on well, trust and support each other. Although task and social cohesion have a significant impact on firm performance, task cohesion has a stronger impact on performance that social cohesion (Harun & Mahmood, 2012 and Wheelan, 2004).This implies that fostering task cohesion is imperative among work groups. Given the relationship between task cohesion and firm performance, organizations may decide to focus on task cohesion and ignore social cohesion. However, this may not be ideal as social cohesion also contributes to firm performance.

Studies on group cohesion and its impact on performance have yielded mixed results (Banwo, Du & Onokala, 2015). Lubatkin, Simsek, Ling and Veiga (2006) noted that the firm's ambidexterity is largely driven by the TMTs internal processes that enable them to handle large amounts of information and decision alternatives and deal with conflict and ambiguity. Hambrick (2007) noted that the degree to which a TMT engages in mutual and collective interaction has a positive impact on firm performance.

Banwo, Du and Onokala (2015) studied group cohesion and performance in commercial bank branches in Nigeria. Their findings were inconclusive since group cohesion was strong in both the groups with high performance and those with weak performance. In their study of group cohesiveness in cooperative movements in Malaysia, Harun and Mahmood (2012) found that both task and social cohesion were significantly related to performance. Shin and Park (2009) examined the moderating effect of cohesiveness both at individual and group level in competency- performance relationships in a Korean manufacturing company. They established that at individual levels cohesiveness had a negative moderating effect while at group level it had a positive effect implying the need to review the context of the group. Van Vianen and De Dreu (2001) from their studies involving drilling teams in the US and student teams in Netherlands established that although there were significant relationships between social cohesion and task cohesion and performance, cohesion measures did not mediate the relationships between personality composition and team performance. On the other hand, Peterson, Smith, Martorana and Owens (2003) established that CEO personality can influence the dynamics of the TMT which then influences firm performance.

Despite the differences in findings amongst various scholars, TMT cohesion cannot be ignored. Even if the TMT was composed of only the best characteristics, these characteristics can only impact on firm performance if they are properly harnessed. Thus whether or not TMT composition impacts positively or negatively on firm performance depends on the ability of the TMT to pull in the same direction. This view is supported by the TMT demography-process linkage (Carpenter, Geletkanycz & Sanders, 2004) and the TMT behavioural integration (Hambrick, 2007).

Strategic Context

Hambrick and Mason's work on the upper echelons envisaged a direct relationship between TMT composition and strategic choices and firm performance with no contextual influences. Carpenter (2002) asserts that the failure of most TMT researchers to take into account the idiosyncratic nature of each firm is surprising given the contingent nature of strategy relationships. This implies that the effect of TMT composition on firm performance may not be as smooth and direct as envisaged in the upper echelons theory. Carpenter, Geletkanycz and Sanders (2004) noted that upper echelons research has elaborated on Hambrick and Mason's fundamental main-effects model by developing more complicated models

which specify the contingencies for the initial model.

One of the main contingencies for Hambrick and Mason's model is the organizational context which is shaped by strategy and structure (Carpenter, Geletkanycz & Sanders, 2004). This implies that the strategy and structure of the organization moderate the relationship between TMT characteristics and firm performance. West and Schwenk (1996) set out to replicate previous TMT and firm performance studies and were unable to duplicate any results leading them to conclude that TMT characteristics were noisy and unreliable measures. However, they acknowledged that the non-findings could have resulted from the unobserved idiosyncratic strategies of the firms.

Various researchers have set out to determine the effect of the strategic context of the TMT characteristics and firm performance. Carpenter (2002) studied the effect of internationalization on the relationship between TMT heterogeneity and firm performance and he concluded that the positive effect of TMT heterogeneity on firm performance was contingent on strategy complexity indicated by internationalization. Hermann and Datta (2005) established that firms with higher levels of international diversification had TMTs with higher education level, shorter organization tenure, younger executives and greater international experience in their study on the relationship between TMT characteristics and international diversification.

Using diversification level, Wiersema and Bantel (1992) established that firms with TMTs with lower average age, shorter organizational tenure, higher team tenure, higher education level, higher educational specialty heterogeneity and higher academic training had more diversification levels. Ferrier and Lyon (2004) demonstrated that the simplicity of a firm's strategy and performance was moderated by TMT heterogeneity. Lubatkin, Simsek, Ling and Veiga (2007) established that the firm's ambidexterity and performance in small and medium sized enterprises were positively influenced by TMT behavioural integration. However, they noted that this relationship was not likely to hold in large enterprises due to the different strategies pursued by organizations such as multiple product lines and markets. Tihanyi, Ellstrand, Daily and Dalton (2000) in their study of TMT composition and firm international diversification established that firm international diversification was associated with lower average age, higher average tenure, higher average elite education, higher average international experience and higher tenure heterogeneity.

Studies on the impact of the strategy context of TMTs reveal a common thread that is strategy complexity. The underlying notion in these studies being that firm performance is likely to benefit most from TMT's diversity when the firm is in complex environments (Carpenter, 2002). With this notion in mind, researchers have sought to relate TMTs and firm performance with complex strategies like internationalization and diversification. TMTs' variety of skills and experiences are seen to result in positive performance when the organization is pursuing complex strategies. The moderating effect of strategy context therefore must be analyzed in terms of product complexity and market complexity in order to fully grasp the impact of TMT composition on firm performance.

On the other hand, Carpenter (2002) demonstrated that TMT heterogeneity had a positive impact on firm performance at lower levels of complexity and a negative one at higher levels of complexity which he attributed to accelerated conflict. The findings by Carpenter are informative in the sense that

they point to the importance of group cohesion. The level of complexity moderates the effect of TMT composition on firm performance. However, whether this effect will be positive or negative depends on the TMT cohesion and thus the ability of TMT members to work together.

Organizational Performance

Organization performance is usually of importance to all organizations and thereby to management and organizational researchers. In their study on the application of organizational performance as a dependent variable, March and Sutton (1997) found that out of the 439 articles published in three years in the Strategic Management, Academy of Management and Administrative Science journals, 23% attempted to measure performance as a dependent variable. This implies that organizational performance is a commonly tested variable in management research. Organizational performance is the accomplishment from given actions. It is the results of a given task that is usually measured against a preset standard. Richard, Devinney, Yip and Johnson (2009) noted that organizational performance was rarely defined or measured consistently. March and Sutton noted that organizational performance was so commonly applied in management research that its structure and definition was rarely justified explicitly and its appropriateness was assumed without any question.

Richard, Devinney, Yip and Johnson (2009) and Venkatraman and Ramanujam (1986) noted that organizational performance was one type of effectiveness. Organization effectiveness they noted was a broad construct that evaluated the organization against various measures both qualitative and quantitative. Further, organizational performance is a subset of effectiveness and includes three aspects namely financial performance, market performance and shareholders' return. Despite this, it provides potential for meaningful comparisons across firms and industries. Venkatraman and Ramanujam suggested that the importance of organizational performance in strategic management can be seen in three dimensions namely theoretical (most theories implicitly or explicitly have performance implications), empirical (most studies use performance to evaluate strategies and managers actions) and managerial (most prescriptions are on performance improvement). Benh (2003) asserted that measuring performance was good. He further noted that organizational performance measures are useful for multiple purposes including to evaluate, to control, to budget, to motivate, to promote, to celebrate, to learn and to improve.

Although organization performance is widely accepted in evaluating business activities, researchers differ in their conceptualization of performance. Researchers therefore use a wide range of operational measures (Venkatraman & Ramanujam, 1986) making comparisons and generalizations across research work difficult. Benh (2003) argued that there was no one measurement that could satisfy all the different purposes thus different purposes require different measurements.

Several measures have been applied by various TMT researchers to measure performance. Carpenter (2002) used return on assets (ROA) to measure firm performance. ROA is commonly used to measure accounting performance and is highly correlated with other performance measures such as return on equity (ROE) and return on investment (ROI) (Bolo, Muchemi & Ogutu, 2011). Mutuku, K'Obonyo and Awino (2013) and Awino (2013) used the balanced scorecard to measure performance. The balanced scorecard is a more encompassing organizational performance measurement as it views the business from four perspectives namely customer, business processes, financial and learning and growth perspectives and thus includes both financial and operational measures. Lubatkin, Simsek, Ling and Veiga

(2006) and Ling and Kellermanns (2010) applied growth in sales, growth in market share, ROE and ROA to measure performance.

Minichilli, Corbetta and MacMilan (2010) noted that ROA is a common measure in the study of TMT characteristics on family firm performance although this poses a potential problem since family firms tend to be asset parsimonious. Several researchers (Villalonga & Amit, 2006; Miller, Le Breton-Miller, Lester & Cannella, 2007; Anderson & Reeb, 2004 and Poutziouris, Savva and Hadjielias, 2015) have also applied Tobin's q to measure firm performance in family firms. Tobin's q has the advantage of incorporating current operations, growth opportunities and future operations performance. Anderson and Reeb (2003) and Poutziouris, Savva and Hadjielias (2015) also applied ROA in addition to Tobin's q. Family firms commonly accumulate assets since they perceive assets as an inheritance for their descendants thus ROA and Tobin's q are measures that are more aligned with family firm interests.

Theoretical Foundations

Upper Echelons Theory

The upper echelons theory was first coalesced and published by Donald Hambrick and Phyllis Mason in 1984. They argued that to understand why organizations acted the way they did, it was important to focus on their dominant coalition and specifically their top managers. According to Hambrick and Mason (1984), the upper echelons characteristics determined the strategic choices of the organization which led to organization performance. Thus they concluded that the interaction of the situation, upper echelon characteristics and strategic choices determine organizational performance levels. Hambrick (2007) added that managerial discretion and executive job demands moderated the upper echelons predictions. If managerial discretion was high, strategic choices and performance would reflect TMT characteristics. Further, executives with high pressures are likely to take mental shortcuts by relying on what they know works from past experiences. Thus their choices reflect their backgrounds and dispositions.

Although the upper echelons theory provides useful contributions in understanding the impact of the TMT composition and organization performance, the theory poses certain challenges. First, is the unit of focus that is the CEO or a group of managers. In most organizations, the dominant coalition may only be one person and not the entire TMT as envisaged by the theory. Hambrick (2007) noted that most TMTs have little team properties and suggested the importance of studying subteams within the TMT. In addition, the relationship amongst the TMT is influenced by the distribution of power amongst the TMT (Oppong, 2014). Lastly, Priem, Douglas and Gregory (1999) argued that demographic based TMT research lacked construct validity, explanatory power and prescription practicality.

This study is founded on the upper echelons theory because it seeks to determine how TMT composition in family firms affects performance. TMTs in family firms are composed of family members who consist of different generations and nuclear units and non family members. Thus TMT composition in family members is quite heterogeneous and thus based on the upper echelons these diversities would impact on the performance of family firms.

Agency Theory

Agency theory was developed by Michael Jensen and William Meckling in 1976 to address the relationship between agents and principals. The basic assumption underlying this theory is that people are rational and seek to maximize their individual utility. The owners of the companies invest their money and design governance systems with a view to making returns. On the other hand, managers accept management responsibilities since they

see a possibility of getting returns through the remuneration. Agency theory suggests that managerial actions might deviate from those required to maximize owners' returns.

Agency theory attempts to solve two problems i.e. when the goals of the principal and agent conflict and it is difficult or expensive for the principal to verify what the agent is actually doing and risk sharing when the principal and agent have different risk profiles. To deal with these problems, the theory suggests measures that seek to align management and owners interests e.g. share ownership plans and deferred compensation tied to long term value maximization (Davis, Schoorman & Donaldson, 1997; Eisenhardt, 1989; Hill & Jones, 1992 and Donaldson & Davis, 1991).

In applying agency theory it is important to acknowledge the theory's shortcomings. Donaldson (1990) argues that agency theory suffers from methodological individualism and narrowly defined motivation models. This is because the theory assumes the agent will always behave opportunistically while this assumption does not hold true for all people. Further, agency theory suggests that to deal with the agent's opportunistic behavior, control mechanisms must be put in place. Podrug (2010) notes that such control mechanisms elicit mistrust, reduce proactive behaviour and generate stronger individualistic behaviour. This implies that it is important to acknowledge situations where the principal and agent have similar interests.

The agency theory is tied to TMT composition and firm performance in that when the TMT is composed of family members, then there is little or no separation between ownership and management. In this case then there is goal and interest congruence and therefore it is expected that the family firm will perform better in line with owner expectations. In addition, the costs of monitoring and bonding managers will be lower in family firms leading to better performance.

Stewardship Theory

Stewardship theory seeks to examine situations in which executives are motivated to act in the best interests of their principals. This theory assumes a steward whose behaviour is ordered such that collective behaviours have a higher utility than self serving behaviour thus the steward's interests will be those of the organization. According to this theory, the steward will cooperate more than defect even when his interests and those of the organization conflict thus there is no inherent problem of executive motivation (Davis, Schoorman & Donaldson, 1997; Donaldson & Davis, 1991).

According to Davis, Schoorman and Donaldson (1997), stewardship theory holds that the performance of a steward is affected by the structural setting the steward is located in. A steward should thus be given autonomy since he can be trusted to act in the best interest of the organization. In addition the costs of monitoring and bonding the steward are less since the steward is motivated to act in the best interest of the organization.

On the other hand stewardship theory fails to acknowledge the existence of individual goals by assuming that there is a convergence between individual and organizational interests. This leads to conflict since no mechanisms are in place to address cases of conflicting goals and interests. Donaldson and Davis (1991) noted that stewardship theory holds as long as the coalition between managers and owners remains intact. If the continuation of the organization and manager employment is threatened, then stewardship behaviour ceases.

The stewardship theory is associated with TMT composition in family firms since family members who are involved in the operations of the firm are seen to act more as stewards than agents. This is because they have similar

interests with the owners and are likely to take actions that benefit the firm and thus the family as a whole rather than serving personal interests. Thus family members involved in the operations of the firm are likely to behave more altruistically than non family members, which is in line with the stewardship theory. However, as differences within the TMT increase in terms of generations involved and nuclear units, the stewardship attitudes may be eroded leading to a negative impact on firm performance.

Resource Based View

A resource is anything that can be seen as a strength or weakness of a given firm and are usually tied semi-permanently to the firm (Wernerfelt, 1984). The resource based view while acknowledging that many resources are elastic in supply, argues that since some resources can only be developed over long periods of time and it may be impossible to buy or sell some resources, then supply for these resources is inelastic. This implies that firms which possess such valuable, rare and inimitable resources with inelastic supply have the ability to generate super-normal profits (Wernerfelt, 2005; Barney, 2001 and Kraaijenbrink, Spender & Groen, 2010).

The resource based view has been criticized on many fronts which stem from its definition of resources and value. Kraaijenbrink, Spender and Groen (2010) noted that the theory's limitations can be classified into eight with three of the limitations posing serious challenges. These limitations are that the valuable, rare and inimitable resources are neither necessary nor sufficient for sustainable competitive advantage, the value of a resource is too indeterminate and the definition of resource is unworkable. Barney (2002) argues that the theory holds as long as the rules of the game in an industry remain the same. The theory also fails to show how competitive advantage can be sustained over the long term especially in a dynamic world however it may explain why some firms perform better than others especially in the short run.

The resource based view is associated with TMT composition in family firms since it suggests that some unique resources exist in family businesses which lead to superior performance. Family firms possess a high level of altruism, familiness and stewardship attitude. Altruism is the tendency to act for the benefit of the firm even when there are no personal benefits. Familiness is the advantage that firms possess as a result of the controlling families which leads to competitive advantage (Minichilli, Corbetta & Macmillan, 2010). Familiness, stewardship attitudes and altruism are unique to family firms and thus they are expected to perform better than nonfamily firms, which is in line with the resource based view.

Linkages of The Key Study Variables

TMT composition in family firms can be evaluated through family ratio, number of generations and number of nuclear family units within the TMT. Family ratio measures that ratio of family members to non-family members. Due to the reduced agency costs, stewardship attitudes and unique resources of altruism and shared values and interests in line with agency theory, stewardship theory and the resource based view respectively, family ratio leads to improved performance. However, some studies (Anderson & Reeb, 2003; Minichilli, Corbetta & MacMillan, 2010 and Poutziouris, Savva & Hajielias, 2015) have shown that this relationship does not hold at all levels and is thus U-shaped implying that when the TMT is balanced in terms of family and non-family members, performance declines which has been attributed to increased conflict.

The number of generations within the TMT family members has the potential to influence firm performance both positively and negatively. The more the generations involved in the TMT, the more the variety of skills and

experiences which has the potential to improve business performance (Miller & Le Breton-Miller, 2006). On the other hand, the presence of multiple generations within the TMT is likely to activate and escalate conflicts and disagreements leading to poor productivity and thus poor performance (Miller, Le Breton-Miller, Lester & Cannella, 2007 and Villalonga & Amit, 2006). The number of nuclear units has the potential to impact negatively on performance since each nuclear unit may be self-serving which escalates conflict and succession wars that are harmful to firm performance. This variable has received little attention in literature and offers significant potential for future studies.

On the overall, TMT composition has a significant impact on firm performance in family firms (Maury, 2006; Anderson & Reeb, 2003; Minichilli, Corbetta & MacMillan, 2010 and Poutziouris, Savva & Hajielias, 2015) consistent with the upper echelons theory. However, the impact of TMT composition on family firm performance can be either positive or negative. This is due to the fact that TMTs in family firms are prone to conflicts and divisive actions and thus the cohesiveness of the TMT takes on an important intervening role.

Group cohesion portends mixed fortunes for firms (Banwo, Du & Onokala, 2015; Harun & Mahmood, 2012; Shin & Park, 2009 and Van Vianen and De Dreu, 2001). This can be explained by the fact that cohesion describes how tightly knit the group is. This implies that a cohesive group may work together to perform or not to perform. Thus to fully isolate the effect of cohesiveness on performance, it is important to consider other factors that activate the cohesiveness of the group towards performance or non-performance. Thus cohesiveness takes on an important intervening role to strengthen other variables towards performance or non-performance.

In family firms, the TMT is composed of family and non-family members. The family members are composed of different generations and nuclear units. These subgroups within the TMT create faultlines or divisions which if activated can lead to conflicts and pursuit of self-serving goals as opposed to organizational goals. However, if the TMT is tightly knit and bonded together, it is possible to resolve the conflicts and work together to deliver on organizational goals (Shin & Park, 2009, Banwo, Du & Onokala, 2015). Thus TMT cohesion mediates the relationship between TMT composition and firm performance.

Group cohesion has two dimensions which are task cohesion and social cohesion. Task cohesion relates to the unity of members towards similar organizational goals while social cohesion relates to the social interactions and relationships among group members. Task cohesion has a stronger impact on firm performance than social cohesion although both have a significant impact on firm performance (Harun & Mahmood, 2012). In the same manner, task cohesion is expected to have a stronger mediating effect on the relationship between TMT composition and firm performance than social cohesion although both are expected to have a significant impact on this relationship.

All organizations are different due to their internal environments. The organizational context is usually shaped to a great deal by the strategies the organization is pursuing (Carpenter, Geletkanycz & Sanders, 2004). Some organizations pursue very aggressive and complex strategies while others pursue conservative and less complicated strategies. The complexity of the strategies can be evidenced by the products and markets the organizations choose to serve. The more complex the products or markets, the more the demands placed on the TMT to manage the complexity.

The more the complexity of products or markets, the stronger the relationship between TMT composition and firm performance (Carpenter, 2002). This can be explained by the fact that a diverse TMT is likely to possess a large variety of skills and experiences which are necessary to manage the complexity necessitated by the products or markets and thus improve performance (Wiersema & Bantel, 1992 and Ellstrand, Daily & Dalton, 2000). The complexity of products or markets is likely to stimulate debate and search for alternatives which harnesses the TMT's skills and experiences. Thus TMT composition is more beneficial when dealing with complex products or markets.

On the other hand, the more the complexity of products or markets, the weaker the relationship between TMT composition and firm performance (Carpenter, 2002). This is due to the fact that the complexity of the products and markets may undermine the ability of the TMT to work together. Complexity in terms of products or markets may stimulate the dysfunctions associated with TMT composition like conflict, self-serving goals and succession wars. This is especially more pronounced in family firms where dysfunctions are not constrained to the work environment but extend to the family social setting and thus become magnified. The strategic context therefore moderates the relationship between TMT composition and firm performance in family firms (Carpenter, Geletkanycz & Sanders, 2004). However, the moderating effect of strategic context needs to be evaluated in the light of group cohesiveness.

Research Gaps

Review of literature on TMT composition and family firm performance, reveals a number of gaps as highlighted in Table 1. To a great extent, strategic management researchers have not given much attention to the study of family firms despite growing support that family firms are gaining importance in various countries. This trend is also evident in the Kenyan scenario whereby majority of the studies on TMT composition have focused on the large service industries. It is therefore important to focus on other industries and the family business context of strategy. This is because of the growing trend of family businesses leading some industries like the securities market, retail segment and banking. There is also a growing trend of listing of family firms suggesting that these firms deserve more attention.

On the overall, there is a general agreement in literature that TMT composition impacts on the performance of the family firm. However, the impacts on performance are not always consistent pointing to the existence of key moderating and intervening variables to this relationship. Specifically it is important to focus on the role that group cohesion plays in mediating the relationship between TMT composition and family firm performance. This is because the numerous family ties in family firms have the potential to create shared values, goals and interests on one hand and conflict and succession wars on the other. Thus the impact of the TMT composition is heavily impacted on how well the TMT works together. In addition, firms with great complexity are likely to benefit more from a variety of skills and experiences presented by diverse TMTs thus the need to consider the moderating effect of strategy context.

Table 1: Summary of Knowledge Gaps

Researchers	Focus	Methodology	Findings	Knowledge Gaps
Poutziouris, Savva & Hadjielias (2015)	Family involvement and firm performance in the UK	Multivariate regression	Non linear relationship between family ownership and performance	Relationship among the variables in less regulated markets
Wagner et.al (2015)	Meta- analysis of financial performance of family firms	Hedges and Olkin Meta-analysis	Statistically significant but economically weak superior performance of family firms	Factors that moderate the relationship between family involvement and performance
Awino (2013)	TMT diversity and performance in the service industry	Simple regression analysis	The relationship between TMT diversity and performance was insignificant	Under which conditions does this relationship hold and Does it apply beyond the service industry?
Mutuku, K'Obonyo & Awino (2013)	Effect of quality of decisions on relationship between TMT diversity and performance in Kenyan commercial banks	Simple and multiple regression analysis	Quality decisions have a significant effect on the relationship between TMT diversity and performance of banks	Does the relationship hold in other sectors and what factors would moderate this effect?

Researchers	Focus	Methodology	Findings	Knowledge Gaps
Mutuku, K'Obonyo Awino & Musyoka (2013)	Effect of involvement culture on relationship between TMT diversity and performance in Kenyan commercial banks	Simple and multiple regression analysis	Involvement culture has a significant moderating effect on the relationship between TMT diversity and performance of banks	Does this relationship apply to other contexts and what factors mediate this relationship?
Ling & Kellermanns (2010)	Moderating effect of information exchange frequency on relationship between family firm specific sources of TMT diversity and performance	Hierarchical regression analysis	Family induced TMT diversity is insufficient to create performance benefits and requires careful management and integrative mechanisms	Which factors would mediate the relationship and does this relationship hold in all strategic contexts?
Minichilli, Corbetta & MacMillan (2010)	Impact of family management on performance	Hierarchical multiple regression	Family CEO is beneficial but there is a U-shaped relationship between family ratio in TMT and performance	Whether faultlines lead to cognitive conflict and persistence of familiness over the long term

Researchers	Focus	Methodology	Findings	Knowledge Gaps
Lubatkin, Simsek, Ling & Veiga (2006)	Role of TMT behavioural integration in facilitating ambidexterity and performance in SMEs	Constrained regression	TMT behavioural integration is essential to ambidexterity which in turn affects performance	Does the relationship hold in larger organizations?
Villalonga & Amit (2006)	Family ownership, control and management on firm value	Multivariate OLS regression	Ownership creates value when combined with founder CEO or founder chairman with non family CEO	Why performance declines with descendant family involvement
Tihanyi, Ellstrand, Daily & Dalton (2000)	Impact of TMT characteristics on firm international diversification in US electronics industry	Hierarchical multiple regression analysis	Certain TMT demographic characteristics are associated with internationalization	What is the effect of these characteristics on performance?
Knight et al. (1999)	Effect of TMT diversity and group process on strategic consensus	Structural equation modeling	TMT diversity is negatively related to consensus and group process strengthens this relationship	How does the strategic consensus impact on performance?
Binacci (n.d.)	TMT in family businesses in the Italian furniture industrial districts	Descriptive statistics	Majority of firms employed non-family managers to compensate for missing skills among family managers	Does the TMT composition impact on the performance?

Conclusion

This study established that strategic management researchers have to a great extent not paid much attention to family firms and the drivers to their performance. This is despite growing evidence that family firms outperform non-family firms in many sectors. Specifically the field has not sought to understand how and why the TMTs in family firms are associated with better performance, an issue which is really at the heart of strategic management. On the overall, this study concludes that family firms are ripe for investigation by strategic management researchers.

The study further concludes that TMT composition in family firms is associated with better performance when the TMT has strong cohesion but when the TMT is not cohesive, it has a negative impact on performance. This effect is felt more strongly in family firms with a complex strategic context. This implies that family firms should encourage involvement by various family members in terms of generations and nuclear units because this is likely to give the firm access to more superior skills and experiences. However as more family members get involved, the TMT should engage in activities that enhance cohesiveness such as family interactions, conflict resolution, consultation and participation by members. This is especially critical when the firm is pursuing complex strategies.

Finally this study concludes that in the context of family firms, TMT composition and firm performance may be explained from other theoretical perspectives apart from the upper echelons theory. Specifically, agency theory, stewardship theory and the resource based view offer promising prospects. In family firms, firm performance will also be driven by reduced agency costs resulting from the convergence of ownership and management and better resource management due to high stewardship attitudes. Further, family firms are said to possess unique resources such as altruism, stewardship attitudes, shared values and cultures which may not be imitable by other firms. Consistent with the resource based view such resources are likely to lead to better performance of family firms. Thus in studying TMTs in family firms these other theories need to be considered in explaining relationships.

Implication of The Study

Despite the number of successful family firms in Kenya there are minimal policies in Kenya relating to family firms. Family businesses have largely been operated under the generic regulatory frameworks and owners' definitions of ethical codes which may be insufficient given the growing importance of family firms in the Kenyan economy. Issues such as succession are largely neglected leading to the collapse of otherwise successful business empires.

Currently, there are no policy frameworks that govern family ownership even among listed companies thus creating loopholes for exploitation of minority shareholders in family firms. The government and private sector actors should develop suitable policies that govern TMTs composition in family firms. Specifically legal frameworks and tax incentives can be designed to

encourage and govern TMTs in family firms especially when such firms are listed on the stock exchange.

This study found out that the strategic management field has lagged behind in the study of family firms despite their strategic importance. This study therefore suggests that it is time the strategic management field delved into the challenge that is family firms. This study acknowledges that such studies may sometimes supersede the boundaries of the field and therefore suggests that meaningful collaborations can be made with scholars in the fields of entrepreneurship and small businesses.

In addition, the upper echelons theory can be applied to understand the performance of family firms to a great extent. However, other theories also offer useful links. Agency theory suggests that family involvement in TMTs leads to positive firm performance due to reduced agency costs while stewardship theory attributes this to stewardship attitudes and the resource based view associates the positive performance to altruism and stewardship attitudes. Thus to fully grasp the impact of TMT composition on family firm performance, agency theory, stewardship theory and the resource based view should be considered in addition to the upper echelons theory.

Family firms are often assumed to be mediocre but empirical evidence suggests that they outperform nonfamily firms. This implies that families with family firms should get involved in their firms and exploit the unique capabilities to ensure business success. Families should foster cohesiveness since it impacts the business positively through shared values and interests and where there are faultlines, family members should employ independent professionals within the TMT to minimize impact on the business. In short, it is imperative for families to know when to get involved and when to let go.

Further, TMTs in family firms should plan objectively for the succession of their businesses to minimize conflicts and division in order for the firms to continue enjoying the benefits beyond the founder generations. Family firms pursuing or intending to pursue complex strategies should especially pay attention to the composition of the TMT and the cohesiveness of the TMT to reap maximum benefits from the TMTs. On the overall, family firms should not be undermined in the economy.

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