



# Cultivating a resilient top management team: The importance of relational connections and strategic decision comprehensiveness

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## ABSTRACT

Despite growing research interest in both top management team (TMT) processes and resilience in organizations, these two streams of research have remained largely separate, let alone fully developed. In this study, we examine whether and why relational connections marked by connectivity facilitate strategic decision comprehensiveness, and cultivate two forms of TMT resilience that capture both efficacious beliefs and adaptive capacity. Based on a sample of 74 TMTs, the findings of this study indicate that (1) connectivity is positively related to strategic decision comprehensiveness, (2) strategic decision comprehensiveness is positively associated with both forms of TMT resilience, and (3) connectivity is indirectly, through strategic decision comprehensiveness, related to both TMT resilience–efficacious beliefs and TMT resilience–adaptive capacity. These findings have direct implications for research on TMTs, decision-making processes, and resilience by specifying the ways in which relational connections help build capacities in senior executive teams.

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*“It’s how you deal with failure that determines how you achieve success”*

David Feherty, former professional golfer and CBS Broadcaster

## 1. Introduction

Resilience, which is defined as “the capacity to rebound from adversity strengthened and more resourceful” (Sutcliffe and Vogus, 2003, p. 97), is fundamental to human and organizational functioning and viability. Coping and bouncing back from experiences of failure and adversity may also be important for organizational crisis-preparedness, high reliability, longevity and future growth (Carmeli and Markman, 2011; Carmeli and Schaubroeck, 2008; Weick and Sutcliffe, 2001). Resilience is also a key capacity that is related to safety processes and outcomes in various settings (Amalberti, 2006; Morel et al., 2009). Woods and Hollnagel (2006) pointed to the need to adopt a proactive approach to safety management that recognizes the complexity and ever-changing environment. This approach requires constant investments in “anticipating the changing potential for failure because they (organizations) appreciate that their knowledge of the gaps (is

imperfect and that their environment constantly changes” (Woods and Hollnagel, 2006, p. 6).

Resilience as a capacity for positive response and healing capabilities from setbacks has also attracted considerable research attention in health and psychology (Bonanno, 2004; Fergus and Zimmerman, 2005; Flach, 1997), and organization and management studies (Dutton et al., 2006; Lilius et al., 2011; Powley, 2009; Waldman et al., 2011). The concept of resilience emerged from the understanding that “failures are breakdowns in the normal adaptive processes necessary to cope with the complexity of the real world, and that success relates to organizations, groups and individuals who produce resilient systems that recognize and adapt to variations, changes and surprises (Rasmussen et al., 1994; Cook et al., 2000; Woods and Shattuck, 2000; Sutcliffe and Vogus, 2003)” (Patterson et al., 2007, p. 155). However, this line of research has often focused at the individual level, and despite increased efforts this body of knowledge has yet to be fully developed. Specifically, further research is needed to deepen our understanding of team resilience and the processes that help build this capacity. This relatively understudied area is particularly important in the context of top management teams (TMTs) that often face times of difficulty such as declining outcomes, experiences of failure, and upheavals. Understanding why some TMTs are more able than others to cope with the significant challenges of economic hardships (e.g., recession) and demanding competitive pressures (e.g., rapid technological advances) is a research area that is in a nascent stage.

TMT members are individually and collectively accountable for the strategic orientation and functionality of their organization. However, research has noted that many TMTs experience maladapt-

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tation (Hambrick, 1998), and often make poor choices that negatively affect the organization (Carmeli and Schaubroeck, 2006). In addition, research indicates that internal TMT processes may play a key role in explaining adaptive and maladaptive organizational responses to change (Hambrick, 1998; Mooney and Sonnenfeld, 2001; Simsek et al., 2005). Work team processes have attracted considerable research attention, and have focused on various constructs such as cohesion and attention to political feasibility that describe the interactions between members (Eden and Ackerman, 2001; Kozlowski and Bell, 2003, 2008; Mathieu et al., 2008). This interest derives from the acknowledgement that “processes are important because they describe how team inputs are transformed into outcomes” (Mathieu et al., 2008, p. 412). Similarly, the study of TMTs aims to understand processes and outcomes and has become an increasingly prominent topic of inquiry (Hambrick, 2005). TMT processes provide meaningful intervening constructs (Jarzabkowski and Searle, 2004) that help unpack the ‘black box’ of inconsistent demographic research findings (Hambrick, 1994; Lawrence, 1997). This line of research has produced useful knowledge about processes within TMTs that enable different strategic orientations, improve strategic choices, and enhance firm performance (Barrick et al., 2007; Li and Hambrick, 2005; Lubatkin et al., 2006; Pettigrew, 1992; Smith et al., 1994). However, although studying TMT processes can provide significant input to refine Upper Echelon Theory (Hambrick, 2005), this body of knowledge has yet to be fully exploited (Barrick et al., 2007; Hambrick, 2005; Lubatkin et al., 2006). Further, research on TMT processes and resilience has largely remained disparate, and we have yet to see studies that examine whether and how TMT processes can help build and cultivate collective resilience.

This study aims to contribute to this emerging literature by examining whether connectivity between TMT members facilitates a higher level of engagement in strategic decision comprehensiveness and enhances TMT resilience. We further draw on recent literature on high quality relationships (Dutton, 2003; Dutton and Heaphy, 2003; Ragins and Dutton, 2007) to investigate how relational connections marked by connectivity between TMT members help cultivate TMT resilience, thus contributing to a better understanding of the relational and strategic decision making pathways for building team capacities. Connectivity is a relational construct that characterizes the structural ties between members and is manifested in openness (it enables people to embrace diverse influences that come from others as opportunities for learning and growth) and generativity (a relationship between members which is manifested in enhanced possibilities for learning new things, seeing new opportunities, and generating new insights) (Carmeli and Spreitzer, 2009; Dutton and Heaphy, 2003; Dutton and Sonenshein, 2009; Losada and Heaphy, 2004). Thus, we reason that connectivity may be a key mechanism because it enables the team to see opportunities in times of difficulty and generate new insights that can augment the capacity to bounce back from negative events strengthened and more resourceful.

Nevertheless, a critical factor in TMT resilience is a team’s grasp of the situation and issues it faces. For instance, Chakravarthy (1982) suggested the concept of adaptive fit to describe a system that is able to sense complexity in an environment. Similarly, Lengnick-Hall and Beck (2005) defined the capacity for resilience as the “ability to interpret unfamiliar situations; to devise new ways of confronting these events; and to mobilize people, resources, and processes to transform these choices into reality (Kobasa et al., 1985, p. 752)”. Thus, a TMT needs to engage in strategic decisions in a more comprehensive manner to enhance its resilience and cope with adversity successfully. In other words, the extent to which TMTs “attempt to be exhaustive or inclusive in making and integrating strategic decisions” (Fredrickson and Mitchell,

1984, p. 402) is crucial to making the right choices that can enable the team to recover from a setback.

We also suggest that connectivity facilitates the engagement of TMT members in decision comprehensiveness. This is because connectivity in relationships enables TMT members to feel psychologically safe to discuss the strategic issues at hand (see Edmondson, 1999, 2003), thus alleviating concerns that may lead members to become defensive and less inclined to discuss major issues openly, which can inhibit cognitive processes of seeing and capitalizing on opportunities. This kind of connection between TMT members also helps them to interact and interrelate in such a way that they do not dismiss or oversimplify issues, but rather carefully consider them in a more mindful manner when making strategic choices.

In testing these relationships, we hope to contribute to the scant literature on TMT resilience by expanding our knowledge about TMT processes while drawing on the theory of high quality relationships in the workplace. In so doing, this study addresses the call to unravel relational and strategic decision making processes that help build capabilities. Further, we provide a first examination of whether the way TMT members connect facilitates engagement in strategic decision comprehensiveness and why the latter may enhance team resilience, which is crucial for effective navigation in turmoil and in uncertain environments that pose various strategic and organizational challenges.

## 2. Theoretical background and hypotheses

### 2.1. TMT resilience – defined

Previous work defines resilience as the ability of individuals, groups, or organizations to absorb strain, preserve and improve functioning while encountering both external and internal forms of adversity, and at the same time recover from untoward events and become more strengthened (Sutcliffe and Vogus, 2003). However, in this study we present a more nuanced conceptualization of resilience. We conceptualize resilience as a two-dimensional construct that is manifested by efficacious beliefs of coping with the difficulty and the capacity to adapt.

The first dimension of this concept refers to beliefs that the team or system has the ability to cope with the difficulty. We label this as *resilience–efficacious beliefs*. Efficacy does not refer to actual capability, but to the beliefs which group members have about their capacity to successfully perform particular tasks (Bandura, 1997). Just as general efficacy differs from resilience (Sutcliffe and Vogus, 2003), specific team efficacy for resilience, as defined and operationalized here, captures the social cognitive beliefs that the team is able to absorb and cope with strain.

However, resilience also requires the capacity for adaptability and positive adjustment in the face of difficulty (Carver, 1998; Masten and Reed, 2002; Sutcliffe and Vogus, 2003). We label this second dimension the *resilience–adaptive capacity*. Drawing on previous research (Lengnick-Hall and Beck, 2005; Chakravarthy, 1982), resilience as an adaptive capacity refers to the ability to sense, interpret, and respond to complexities such that problems are noticed, and capitalized onto cultivate a work system that is capable of adjusting to setbacks and continues to grow. Resilience differs from strategic fit in that the latter refers to elements in a system which are consistent or inconsistent (i.e., present a misfit) with other elements in the system (e.g., policies, activities, resources) (Nadler and Tushman, 1980; Siggelkow, 2002; Zajac et al., 2000), but does not explicitly specify the ways organizations recover from setbacks. Thus, we conceptualize resilience as a team’s belief that it can absorb and cope with strain, as well as a team’s capacity to cope, recover and adjust positively to difficulties.

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