

Research on Cohesion of Top Management Team of Family Enterprises: A Review Based on Conflict Management

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Abstract

Conflict management mechanism and its optimization are increasingly reflected not only associated with the individual members of top management team, but also more closely related to the groups of top management team. The strength of cohesion of top management team decides the social resources and its centripetal force of family enterprises, so that the members could deal with team conflict with a flexible and effective way, and which will directly affect the decision quality and team performance of top management team of family enterprises. Based on the analysis of cohesion of top management team, conflict and its management mechanism, the study explores conflict management mechanisms of top management team of family enterprises, and analyzes the promotion strategies on cohesion of top management team on a review of conflict management.

Keywords: family enterprises, top management team, cohesion, conflict management mechanism

1. Introduction

As an extremely important and a deep historical economic organization form, the family enterprises highlights an extremely important role on a global scale, whether the number of family enterprises, the proportion of national GDP, or in the aspect of addressing social employment, stabilizing the economy and other aspects (Sharma, 2002; Liu et al., 2006); Meanwhile, with the rapid development of economic globalization, more and more practices show that the quality, ability and attitude of senior management and the conflict, interaction and cooperation between senior management will directly affect the high-level decisions in family enterprises, thereby affect cohesion of top management team, performance and even the sustainable development of family enterprises.

The attraction and cohesion between team and team members is called "cohesion" in the organization psychology. Scholars (Festinger, 1950; Harrison, 1993; Liu et al., 2009) all considered "cohesion has been a strong predictor of team behavior from the point of social psychology and groups research perspective". Harrison (1993) considered that cohesion reflected "the group members are willing to work together in order to achieve specific tasks, and the extent of the mutual fit exchanges between members or social support relationships"; Wang Zhongming, Liu Fang (2009) believed that "cohesion make the members interact with an flexible and effective way, increase mutual trust, enhance performance, as well as promote sustainable development". However, it is noteworthy that, the team cohesion research has been more focused on sports and military fields. Fan Guiling (2000) carried out relevant investigation and analysis on the cohesion of Women Volleyball Team; Chen Ying (2001) pointed out that the cohesion of APEC mainly derived from its strong intra-group trade; Yan Weijie (2006) divided national cohesion into national cohesion and national mutual cohesion, etc. But the research of team in organization is relatively small, and the research of conflict are mostly aimed at the general team, rarely related to top management team and the internal view, almost no research is related to the cohesion of top management team of family enterprises and its influence mechanism (Malinen et al., 2004).

At the same time, it is known that as familial factors involved, unlike typical enterprises controlled by the professional managers, the conflict management of top management team of family enterprises is not only a simple "Disaster Control", but a directly impact on team cohesion and even performance (Baron, 2008), therefore, how to effectively manage the conflict of top management team conflict and enhance cohesion

becomes obstacles to the development of family enterprises. It is precisely because the unique "differential pattern" and "family culture" of China, the combination of top management and cohesion which have a strong explanatory power to the sustainable development of family enterprises will have extremely important theoretical and practical significance. In summary, in the background of emphasizing on "harmony" and far from "conflict" of China, the study of how to strengthen the cohesion of top management team of family enterprises, effectively response, coordinate, manage conflict, and research the influence of the cohesion of top management team of family enterprises on conflict management mechanism will be a very meaningful research area.

2. The Conflict Management Mechanism of Top Management Team

2.1 The Conflict of Top Management Team

With the rapid development of economic, conflict has increasingly become a widespread social phenomenon, any organizations are bound to conflict, private enterprises as such a relatively unique form of organization is a hotbed of conflict, from the dispute of United States back from to SHK infighting earlier..... the cases of strife due to the conflict of top management team of private enterprises are not uncommon. But so far, domestic and foreign scholars have not reach a clear consensus on the concept of the conflict of top management team, many complicated concept definition reflects the different focus of research and researchers. Hambrick & Finkelstein (1996) considered that "the inner workings of the top management team (TMT) is the important aspects of its theoretical research, because TMT is usually constituted by different members, so there must be conflict between them and which is inevitable"; Jehn (1996, 2010), Amason (1996) was typically divided the conflict of top management team into task conflict and emotional conflict. As family factors involved, compared with other forms of enterprise organization, the conflict of top management team of family enterprises has distinct characters: (1) Relative to non- family enterprises, as a large number of family members involved, family enterprises are facing more internal conflicts (Lee & Rogoff, 1996), and the level of the top management team involved in the conflict are more complex, secretive, and difficult to detect. Investigate its deep-seated reasons, it is due to the coexistence of the two different value orientation in family enterprises - family and business, the former emphasizes on stability and equity, the latter chases speed and short-term profitability; (2) Family enterprises have special dynamics system of power (Sorenson, 1996; Thomason, 2005). In most family enterprises, even family members did not hold official positions, they can also inside information obtain more inside information rely on the special status and influence corporate decision-making, thus create the particularity of its conflict of top management team and lead to conflict range far beyond the traditional bureaucratic system; (3) The conflict of top management team leads to lock-in effect. Family members have a strong dependence on family enterprises, similar to relatively lack of low-cost exit mechanism of family enterprises, so that it is difficult to resolve conflict through such a simple way - someone (especially when he is a family member) leave the company.

2.2 The Conflict Management of Top Management Team

The key significance of conflict management is to coordinate contradiction between the conflicting parties to seek to maximize the positive effects. Scholars generally believe that there are individual, organization and inter-organizational three levels (Leslie, 2001). Through literature research, we find that researchers made a lot of research about the conceptual framework of conflict management mechanisms in the individual and the general team level, comprehensive classification as follows: (1)The traditional one-dimensional Prisoner's Dilemma mode, the model is relatively simple, and is lack of content validity and external validity; (2)The multifactorial conflict resolution mode (Follett, 1940), the model emphasizes on the conceptual description, and is lack of specific empirical research; (3)The two-dimensional conflict resolution mode (Blake & Mouton , 1964; Thomas & Schmidt, 1976; Falbo & Peplau, 1980; Rahin, 2002), of which the most widely recognized is the five-factor model (avoidance / forced / yield / cooperation / eclectic) proposed by Thomas (1976) based on cooperativeness and assertiveness and the five conflict management strategies (cognitive / diagnosis / analysis / processing / feedback) proposed by Rahim (2002), its advantage lies in the concept of clear and a corresponding empirical research; (4)three-dimensional conflict resolution mode (Hersey & Blanchard, 1988), it is relatively complex and its concept is also less mature, so its application is little. However, this study found that the above ideas all believe that the conflict is not without merit, conflict management is also not the simple "Disaster Control", Task conflict is not necessarily constructive, and emotional conflict is not necessarily destructive. Therefore, how to resolve destructive conflict and enhance constructive conflict and achieve dynamic equilibrium from the perspective of enhancing cohesion is worth to study further.

3. Cohesion of Top Management Team of Family Enterprises

Studies generally agreed that top management team members with high cohesion show a high level of affinity,

trust, satisfaction and emotional identity of the team, which is extremely important to the team's success. Stodgily (1963) explained the cohesion of the team level as "groups in interference situations to maintain its structural tendency" from the organizational structure perspective; Ensley et al. (2002) considered that "TMT cohesion included task cohesion and social cohesion which is two independent dimensions. The former reflects TMT members are willing to work together in order to achieve specific tasks, the latter involves affinity relationships and social support, etc". He also believed that "the team with high cohesive is running as effective tribal; it can run without extra effort and resources". While, the study argues that TMT team with high cohesive can deal with conflict more effectively, because it will reach deeper trust and consensus in normative and operation, thereby greatly reduce the possibility of cognitive conflict evolving into emotional conflict. Through different experimental findings, the higher the TMT cohesion is, the more conducive to enhance organizational performance would be.

In China, with the depth study of TMT cohesion, LI Jingjing (2007) studied TMT cohesion of private enterprises in China, and proposed two new factors-relationships within the team composition and incentives which influence TMT cohesion; Hao Dengfeng and Liu Mei (2005) discussed the attraction to cohesion of research team-interpersonal formed to individuals; Wang Zhongming and Liu Fang (2009) made an empirical study on the influence of TMT cohesion of family enterprises to succession performance, he considered that in the background of Strong collectivist cultures in China, it is most important to ensure harmony, psychological compatibility and smooth transition of power within TMT for the success of transmission in family enterprises; At the same time, it is worth noting that the content of this study is TMT cohesion in the background of China, compared to junior staffs, TMT members have more mature personality, relatively more independent, with more individualistic cultural traits.

4. Promotion Strategy of TMT Cohesion in Family Enterprises: A Review Based On Conflict Management

4.1 Cognitive Conflict Management and Cohesion of Top Management Team

Cognitive conflict is inevitable in TMT; it has the characteristics of functionality, task-oriented, recognizing diversity and others. The effective management of cognitive conflict can contribute to promote communication within the team, gradually form shared values, reduce misunderstanding and confrontation, and even effectively enhance organizational effectiveness. First, cognitive conflict management can achieve a effectively synergistic combination of different views, and weigh the pros and cons to avoid making risky decision-making to the greatest extent, thus promote creative thinking and communication within team members. Relative to heterogeneous TMT, the homogeneous TMT's Cognitive conflict (Tasks) is relatively less, TMT members are easier to communicate and share information, form the same values, that is, when TMT members focus on tasks, relations between individuals are relatively harmonious, the target is convergent, and the members are able to frankly express their independent views, this conflict is conducive to enhance the TMT cohesion; second, it is noteworthy that, since the task itself has a certain degree of complexity and uncertainty, how to master the degree of cognitive conflict certainty become a puzzle problem (Tjosvold et al., 1980), that is, the real savvy TMT of family enterprises must learn to guide the cognitive conflict, balance the degree of cognitive conflict in a specific enterprise, avoid what may make the organization or group become overly harmony and "blind group thinking", make efforts to make the magnitude of the increase in revenue bigger than its negative effects caused by cognitive conflict, foster team members to pursue awareness and the ability of innovation and sincere cooperation in a team with high cohesion, improve their performance of decision-making and their interpersonal cohesion.

4.2 Emotional Conflict Management and Cohesion of Top Management Team

Emerson pointed out, emotional conflicts will reduce the quality of decisions, and it is not easy to reach a consensus among TMT members, which influences the feelings between them. Jain analyzed 88 teams, he also found emotional conflicts can reduce TMT performance, in addition, Spader further pointed that the reason why emotional conflicts influence TMT performance is that "the hostility caused by the emotional conflict causes some members resist others' suggestion, even if their suggestions are task-oriented". Therefore, emotional conflict has devastating effects on decision-making of TMT, which lead to a decline of organizational performance. We believe that this result is formed by the increase of emotional conflict and the decline of TMT cohesion. The idea of Jumping the intermediate variable of "TMT cohesion" will cover the mechanism of conflict, and can easily lead to simple "collective thinking" instead of "team thinking" for denying conflict in practice.

4.3 Influence of Conversion of Cognitive Conflict and Emotional Conflict on the Cohesion of TMT

Under certain conditions, cognitive conflict could be transformed into emotional conflicts. The process of

cognitive conflict evolving into emotional conflict is related to values differences and inadequate open interaction patterns. TMT members who have different values may have different faith, structure, and comprehension and so on, so even if there are different solutions for the same question, they can not understand very well. Similarly, TMT members who distrust each other can handle well in the face of disagreement, in this deteriorating conditions, cognitive conflict is transformed into emotional conflict, and TMT cohesion also begin to sag. In contrast, TMT with high cohesive rarely appear suspicion and mistrust, thus can tolerance dissent and different opinions, and the existence of cognitive conflict. In fact, the familiarity and belonging can promote mutual interaction; increase a sense of trust, which will lead to a more open, collaborative team atmosphere, so it is less likely to make cognitive conflict into emotional conflict. Many emotional conflicts are caused by outrage of the misunderstanding of cognitive conflicts. Suspicion and distrust will destroy the cognitive conflict, because personal attacks caused by them make many important questions not be solved correctly. On the other hand, the result of increased competition among TMT members deepens mutual suspicion and distrust, thus reduces the degree of openness and interaction, the phenomenon of "collective quit" of domestic top managers recently is a obvious example.

5. Conclusions

This paper presents a theoretical framework between TMT conflict management and cohesion of family enterprises, inferences that TMT conflict management affects the TMT cohesion through cognitive conflict and emotional conflict. This theoretical framework and research direction have a certain inspiration to construct and optimize TMT conflict management and cohesion of family enterprises, but this text is only exploratory research, there are shortages both depth and breadth, future research may cover the following aspects:

- (1) The further integration of related research about TMT conflict management mechanism of family enterprises. The further study will focus on connotation and extension of TMT conflict management of family enterprises. Existing conclusions should be proved by more empirical research. Scholars from abroad, such as Alfred Chandler (1987), Kelin E·Gersick (1998), Olson (2003), all carried out thoughtful exploratory research on TMT conflict management with different perspectives, and made some important achievement, and emerged a large rich literature around the topic. However, in view of the special history, organizational characteristics and governance structure, etc of family enterprises in China, the integration of related research about TMT conflict management mechanism still needs further development;
- (2) The relevant quantitative research of how TMT cohesion affects TMT conflict management mechanism. The research of foreign scholars about TMT of family enterprises almost related to developed countries and regions of the market economy, less related to Chinese family enterprises, especially the Chinese family enterprises in the period of transition. While, the relevant qualitative research of domestic scholars was on rare, empirical research based on reliable data is almost no, quantitative research has a great potential future;
- (3) The research of TMT cultural value of family enterprises. Several important core dimensions of cohesion, such as trust and identity among team members, loyalty and long-term cooperative relationship, all reflects the value system of organizational culture. Zhou Xiaohu, Marlee (2008) pointed out that the "family doctrine", "relationship doctrine" and other traditional cultural values within TMT of family enterprises can effectively expand capital, enhance mutual trust, mutual benefit and co-awareness, and thus effectively control conflict to a reasonable level. This is a very worthy of further research direction.

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