International Journal of Economics, Commerce and Management
United Kingdom Vol. IV, Issue 6, June 2016
http://ijecm.co.uk/ ISSN 2348 0386

TOP MANAGEMENT TEAM CHARACTERISTICS, STRATEGY IMPLEMENTATION, COMPETITIVE ENVIRONMENT AND ORGANIZATIONAL PERFORMANCE

A CRITICAL REVIEW OF LITERATURE

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Abstract

Ever growing dynamism in the world requires Top Management Teams (TMT) in strategy formation and organizational performance. Empirical work on the relationship between TMT and organization performance yields conflicting and inconclusive results. Some studies show positive relationship, others show negative and no relationship. The inconclusive results represent a gray area in which we attempt to fill by exploring other factors that affect the relationship. Specifically, we consider the moderating effect of competitive environment on the relationship between TMT and organizational performance. In additional, strategy implementation is an important variable that mediates the relationship between TMT characteristics and firm performance. A proposed conceptual framework is proposed for further empirical research is presented.

Keywords: Top management team characteristics, Strategy Implementation, Competitive Environment, Performance

INTRODUCTION

Top Management Team (TMT) has engaged the attention of both academics and practitioners in strategic management owing to its link its formation and organizational performance (Hambrick & Mason, 1984). As TMTs engage in strategic management processes, they act on the basis of their interpretations of the strategic situations they face, informed by their experiences, values and personalities (Hambrick, 2007). Although, research on the influence of TMTs on organizational outcomes is abundant, the role of TMT characteristics in organizational performance is unclear (Tacheva, 2007). In addition, despite the widespread belief that TMT has important performance implication, empirical evidence from strategic management has yielded inconclusive and conflicting results and such academic debate continues to explore the relationship. Prior research has reported positive relationship (Wasike, Machuki, Aosa & Ganesh, 2015; Marimuthu & Kolaindaisamy; Kinuu 2014), negative relationship (Knight, 1999) and no relationship (West & Schwerk, 1996). The increasing environmental uncertainty and competitive business environment have made it difficult for organizations to solely rely on TMT characteristics. This view is further supported by Haleblian and Finkelstein (1993) who argue that TMT characteristics alone cannot explain organizational performance. Performance depends on institutional and external factors such as strategy implementation and competitive environment.

Thus, the study of TMT and organizational performance still remains a gray area that need to be explored in a bid to address the inconsistencies different studies have been undertaken. Scholars such as (Gupta & Govindarajan, 1984; Michel &Hambrick, 1992) point to insufficient empirical work on the association between top team demographics and firm performance. Other scholars have pointed to methodological flaws, confusion and inconsistencies in the conceptualization of the concept of TMT (Kinuu, 2014). In addition, there is growing awareness that contextual factors such as environmental stability (Keck, 1997) and competitor's action should be considered in TMT characteristics and organizational performance link. Machuki (2011) established that the overall external environment has no effect on corporate performance. Similar argument by Predic and Stosic (2011) established that company network environment is relevant for building, maintaining and developing competitiveness. The current study, propose that competitive environment has a moderating effect on the TMT characteristics performance link. Sorooshian, Norzima, Yosuf, and Rosnah (2010) established relationships between strategy implementation and performance of the firms. They argue that strategy implementation is a dynamic ability within strategy management process. Top management teams are the innovators, strategists, motivators and organizers during the strategy implementation process. In the current paper, we attempt to examine the mediating and moderating effect of strategy implementation and competitive environment in the relationship between TMT characteristics and organizational performance respectively.

LITERATURE REVIEW

Upper Echelon Theory

The upper echelon theory proposes that executives make decisions that are consistent with managerial background characteristics (Hambrick & Mason, 1984) which consists of the elements of psychological characteristics and observable experiences. Hambrick (2007) suggested that executive experiences, values and personalities greatly influence their interpretation of the situations they face and in turn affect their choices. The upper echelon theory highlight that executive cognitive base, demographic characteristics, resource utilization, quality of decisions and capabilities influence the strategy choice and corporate performance. Consequently, corporate performance can be explained by different characteristics of TMT (Finkelstein & Hambrick, 1990).

In addition, Finkelstein and Hambrick (1996) posit that in line with the upper echelon theory, TMT as humans cannot depict the whole complexity of a situation when scanning the competitive environment. As a result of selective perceptions, they only notice and register a certain amount of all information available to them and the interpretation of information is based on their background characteristics. Tacheva (2007) postulates that limitations of executives influence their evaluations of; and decisions on organizational problems and outcomes. These personalized actions are a function of the executives, experiences, functional background, age, gender, education, ethnic background.

The proponents of the upper echelon theory focused on the characteristics of the top management team (TMT) which they believed yield stronger organizational outcomes than the individual chief executive. Importantly, Hambrick and Mason (1984) recommends the use of demographic characteristics consisting of TMTs' functional backgrounds, education backgrounds, age and tenure to predict organization outcomes occasioned by the great difficulty obtaining conventional psychometric data on TMTs. Hambrick and Mason (1984) recognized the inadequacy of using demographic characteristics as proxies of TMTs' cognitive frames. The upper echelon theory postulates that top managers in organizations make decisions that are consistent with managerial background characteristics (Kilduf, Angelmar & Mehra, 2000). Therefore, top executives bring on the decision table values and personalities which greatly influence their interpretations of the situations they face and the choices they make (Hambrick, 2007).

The upper echelon's responsibilities are rarely within the exclusive domain of firm's Chief Executive Officers (CEOs) and the entire team as a unit share collective responsibility to determine organizational outcomes (Wiersema & Bantel 1992; Tacheva, 2007). The responsibilities include making corporate level strategic decisions which emerge from complex interactions between individual manager's characteristics with different interests and perceptions (Grant, 2003).

Organizational performance

The debate on performance measures has been a domain of interest for academicians and practitioners. Richard, Devinney, Yip and Johnson (2009) note that organization performance is the most widely used dependent variable in any area of management, though it remains vague and loosely defined. In its simplest term, performance relates to how organization achieves its stated goals and objectives. March and Sutton (1997) studied 439 published articles and research notes. Performance appeared as a variable in 28% of the abstract, 20% as dependent variable only, 3.4 % as an independent variable and 2.96% as both dependent and independent, 1.8% as other. They established that in most cases performance was treated as dependent variable.

Whereas many studies have focused on financial measures which have been criticized as lagging, backward looking and short-term indicators considered in managing performance effectively (Kaplan &Norton, 1993). The argument is consistent with Kaplan and Norton (2001) suggested that the balanced scorecard retains measures of financial performance which is the lagging outcome indicators but supplements this with measures on the drivers, the lead indicators of future financial performance.

The growing importance of satisfying stakeholder's requirement has seen the development of the Balance Scorecard (BSC) which focuses on financial measure and non-financial measures (Kaplan & Norton, 1992; 1996) and focuses on satisfying different stakeholders. Therefore, the study draws upon the notion of BSC as an alternative to traditional financial measures. Furthermore, corporate performance in quoted firms is complex and multi-dimensional and the achievement of listed firms is typically judged by multiple constituencies such as shareholders, investors and general public. The different interests of the various groups influence performance and require that managers review performance in several areas simultaneously (Kaplan & Norton, 1992). Kaplan and Norton (1993) posit that the real benefit comes from making the balanced scorecard the cornerstone of the way businesses run and should be the core of the management system not the measurement system.

Top Management Team Characteristics

The concept of TMT surfaced in 1980s (Hambrick & Mason, 1990) and has received varying degree of attention from diverse discipline within business management especially strategic management. TMT is defined as “relatively small group of most influential; executives at the apex of the organization–usually the CEO (or general manager) who report direct to him (Finkelstein, Hambrick & Cannela, 2009:10). While some scholars view TMT as members of senior management responsible for proposing the direction of the organization (Hambrick & Mason, 1984; Irungu, 2007), others (Wiersema & Bantel, 1992) consider TMT as the dominant coalition of individuals responsible for setting the direction of an organization. Other definition perspectives of TMT include information processing centre (Haleblian & Finkelstein, 1993) and all executives who report to chief executive officer (Mutuku, K'obonyo & Bolo 2012).

Despite differences in definitions, there is general agreement among scholars of three distinct perspectives dominate the study of TMT; psychographic, demographic and behavioral. The psychological characteristics such as self esteem, self efficacy, locus of control, emotional stability, hope, optimism, and resilience have dominated most studies. On the other hand, demographic characteristics such as age, gender, educational level, informational background, experience, tenure and TMT size have been studied (Hambrick et al. 1996; Papadakis& Barwise, 1996; Tihanyi et al. 2000). While some scholars maintain that behavioural characteristics of TMT are the most relevant (Papadakis & Barwise, 2002), others (Awino et al. 2011) posit that the key aspects of the top managers are demographics and psychographics. Some of the TMT characteristics studied in strategic management literature and theory include age, education, experience, ethnicity, functional background, gender, tenure, risk propensity, open mindedness, social orientation, tolerance for ambiguity and competitive aggressiveness (Hambrick et al., 1996; Kilduff et al., 2000). We draw upon scholars who have pointed that dimensions of TMT characteristics such as demographics, behavioural, psychographics have been studied in isolation of each other (Irungu, 2007; Kinuu, 2014). Following this suggestions, we examine the influence of the composite dimensions of TMT characteristics on organizational performance.

Strategy Implementation

There is no universally accepted definition of strategy implementation (Li, et al., 2008). While it may be viewed as a process through which formulated strategies are put into action within the constraints of time and resources (Shah, 2005; Hill & Jones, 2009), Sorooshian et al. (2010) describe strategy implementation as total of activities and choices required for strategic plan, the process by which strategies and policies are put into action. Nyamwanza and Mavhiki

(2014) argue that strategy implementation is the manner in which an organization should develop, utilize and amalgamate organization structures, control systems and culture to follow strategies that lead to competitive advantage and improve performance. Jalali (2012) identifies strategy implementation as a dynamic, iterative, integrative and complex process comprising of a series of activities and decisions that turn plans into reality to achieve set goals.

Buul (2010) recognizes that strategy implementation has become the most important management challenge faced by organizations. In addition, Hrebiniak (2008) observed that implementation of strategy throughout the organization is a very difficult task for any top management team. The magnitude of this situation was revealed in an economic survey involving 276 senior operating executives in 2004 that found 57% of firms were unsuccessful at implementing formulated strategies in their firms (Allio, 2005). Morever, Hrebiniak (2008) posits that strategy implementation can be enhanced through institutionalization and operationalization of strategy being implemented. Institutionalization of strategy involves aligning all internal aspects of the organization such as skills, staff systems, management styles, shared values and structure to the strategy being implemented (Waterman, Peters and Philips, 1980; Machuki et al. 2012) commonly referred to as Mckinsey 7s framework.

Operationalization of strategy encompasses splitting the strategy being implemented into measurable components by developing a realistic work plan to cover definition of output, setting timelines, budgets, assigning responsibilities, resources resistance and rewards (Alexander, 1985; Okumus, 2003; Buul, 2010). Other considerations relevant to strategy implementation include tactics, administrative systems and careful monitoring of factors in the competitive environment, communication activities, consensus about and commitment to strategy (Gupta & Govindarajan, 1984; Beer & Eisenstat, 2000; Schaap, 2006).

Competitive Environment

The competitive environment is the environment or broad conditions in which firms compete within an industry or industries (Porter, 1980; Khan, Ahmed & Rehman, 2011). Porter (1980) argues that industry structure determines the competitive environment and influences competitive rules in addition to defining the relationship between the firm and the environment. Further, competition in an industry is rooted in the underlying economic structure and goes beyond the behaviour of current competitors.

Prahalad and Hamel (1990) observed that increased environmental turbulence probed by complexity, familiarity, rapidity and visibility of events accelerate change in the competitive environment. Porter (1980) developed a five forces framework that continues to be used to analyze competitive forces that shape industry competition. The five forces are threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products or services and rivalry among existing firms. A major limitation of the model is that it was developed for application in developed countries like USA where environment is very competitive and major focus was on successful firms. Waweru (2008) echoing Porter (1998) postulate that changes in the competitive environment prompt responses from firms as they engage in finding positions in the industry where they can best defend themselves against competitive forces or can influence them in their favour.

Strategy theorists (Aosa, 1992; Ansoff & Sullivan, 1993) emphasize that organizations must adapt to their environment if they have to survive. Waweru (2008) suggests that there is need to anticipate shifts in the factors that underlie the forces and respond fast to competition. Porter (1998) posits that new entrants to an industry bring new capacity, the desire to gain market share, and often substantial resources, with potential to reduce profitability. Intensity of rivalry among existing competitors may involve price competition, advertising battles, and new product introductions as a result of anticipated opportunity to improve market position. Substitute products limit the potential returns of an industry. Further, buyer’s competition forces down prices, demanding for higher quality and playing competitors against each other while suppliers bargaining power results to threats to raise prices or reduce quality of goods with likely reduction in profitability. Aosa’s (1997) findings are congruent with the observation by Palvia et al. (1990) that management models developed for application in developed country contexts such as Porters’ five forces framework need to undergo modification before they apply in developing countries context.

According to Palvia, Palvia, and Zigli (1990) government can set limits on the behaviour of firms as suppliers or buyers and encourage introduction of substitutes through regulations, subsidies, policies, tax incentives or other means. Compliments enhance the value of products contrary to substitutes which have potential to reduce the prices of goods (Grant, 2010). Logistics and power play can contribute to unfair competition among industry players (Aosa, 1997). This study adopted Porter’s (1980) five forces model with extensions that include new entrants, rivalry, substitute products, buyers, suppliers, government, logistics, complements, power play as a framework for assessing competitive environment.

Porter’s five forces model (Porter, 1980) focuses on the forces that shape competition within the industry which include risk of new entry by potential competitors, bargaining power of suppliers, rivalry among established firms, threat of substitute products and bargaining power of buyers. Potential competitors refer to those companies that are currently not competing in an industry but have the capacity to do so if they choose pose a threat to the profitability of established companies in that industry. Suppliers can be viewed as a threat when able to force up the prices that one company must pay its inputs or reduce the quality of inputs they supply. Intense rivalry among established companies poses a strong threat to profitability. Close substitutes of a company's products presents a strong competitive threat limiting the company's profitability. Buyers can be viewed as a competitive threat when they are in a position to demand low prices from the company or when they demand better services with potential increase operating cost.

Top Management Team Characteristics and Organizational Performance

Although the relationship between TMT characteristics and organizational performance has attracted considerable research attention, several scholars (Knight et al. 1999; Irungu, 2007; Marimuthu & Kolandaisamy, 2009; Mutuku 2012) have reported mixed results. Irungu (2007) established that the influence of TMT characteristics on organizational performance varies from one sector to another. On the other hand, Marimithu and Kolandaisamy (2009) using demographic dimensions of TMT characteristics found that TMT diversity is not relevant in explaining performance. In addition, the existence of cognitive factors such as sub-groups or individuals with diverse views and beliefs within TMT may influence the relationship between TMT characteristics and performance (Michel & Hambrick, 1992). Wiersema and Bantel (1992) studied 500 largest manufacturing companies in US by using Jacquemin and Berry's (1979) entropy measure of diversification and demonstrated that top managers cognitive perspectives as reflected in a team demographic characteristics are linked to the team's propensity to change corporate strategy.

Haleblian and Finkelstein (1993) studied 47 organizations (26 in computer and 21 in natural gas distribution) in US largest corporations and found that firms with large teams performed better while those with dominant CEOs performed worse in a turbulent environment than in a stable one. Their study is an important pointer to the importance of environment as a moderating variable. Hambrick et al. (1996) using longitudinal data from 32 US airlines over 8 years established that top management teams that were diverse in terms of functional backgrounds, education and company tenure exhibited a relatively great propensity for action and responses were of substantial magnitude. In addition, they found that heterogeneous teams were slower in their actions and responses to competitors' initiatives as compared to homogeneous teams.

Barrick et al. (2007) posit that TMTs which exhibit high cohesion and communication positively influence organizational performance. Irungu (2007) using a cross sectional survey, studied firms listed at Nairobi Securities and established that individual TMT members' demographic characteristics on organizational performance are statistically significant. His study did not consider influence of other dimensions of TMT characteristics in addition to influence of strategy implementation on TMT characteristics and performance. Further, TMT impact some of organizational performance differently in different sectors meaning that the relationship is not generic across sectors. Waweru (2008) using demographic attributes as proxies for TMT characteristics established that TMT characteristics have no statistically significant effect on organizational performance. However, the influence of psychographic and behavioural characteristics of TMT on performance was not investigated. Further, the influence of competitive environment on the relationship between TMT characteristics and performance was not examined.

Marimuthu and Kolandaisamy (2009)) studied 100 Malaysian listed companies using gender and ethnicity as proxies of TMT characteristics, established that diversity does not seem to be relevant in top management team with regard to financial performance. Awino et al. (2011) established that TMT characteristics which include education, tenure, experience, and age, tolerance for ambiguity, risk propensity and competitive aggressiveness partially predict organizational outcomes and performance levels. Evidently, TMT characteristics alone also fails to explain organizational performance fully (Finkelstein and Hambrick, 1993).

In contrast to most previous studies, Knight et al. (1999) collected data from 76 high technology firms in the United States and Ireland and found that the top management team diversity had negative effects on strategic consensus. Mutuku (2012) findings on Top Management Team (TMT) diversity in Commercial Banks in Kenya indicated a negative association between academic qualification, diversity in tenure and performance. Despite this counter finding, the prevailing pattern of results suggests that more educated employees are more receptive to competition.

Conclusively, preceding discussion reveals that previous studies have not exhaustively addressed other factors that affect the relationship between TMT characteristics and firms performance. addressed the process in which intellectual capital leads to performance. In order to address the gaps in knowledge, the current research sought to study the mediating effect of strategy implementation and moderating effect of competitive environment on the relationship between TMT characteristics and organizational performance.

Top Management Team Characteristics, Strategy Implementation and Organizational Performance

Theoretically, the industrial organizational economics paradigm of structure-conduct-performance originating from Bain-Mason (Porter, 1981) explains that structure determines the behavior of firms, conduct determines the choice of key decision variable and performance encompasses dimensions such as profitability, cost minimization and innovativeness. In this case structure- conduct - performance will be represented by top management team characteristics – strategy implementation-performance. Machuki et al. (2012) confirmed that effective and successful strategy implementation requires appropriate internal organizational environment which define the context in which strategic decisions are made and implemented. Empirical studies on strategy implementation (Gupta & Govindarajan, 1984) show that greater willingness to take risks and greater tolerance of ambiguity on the part of the Strategic Business Unit (SBUs) general manager contributes to effectiveness in the case of build strategic business units, but hampers it in the case of harvest strategic business units. Feurer (1995) suggested that in dynamic environment researchers should constantly examine their assumptions and align the research objectives in line with changes in both the strategic focus of organizations and underlying conditions of their competitive environments. Moreover, Papadakis et al. (1998) postulate that decision specific characteristics appear to have the most important influence on the strategic decision making process. This corroborates, Ghamdi (1998) who found that firms experiencing high success in implementation have less problems compared to low success group.

The implementation of strategy is influenced by several factors which in turn affect organization performance (Nyamwanza & Mavhiki, 2014). For successful implementation of strategy the dominant coalition at the top of the organization play the role of strategist, analyst, guide, innovator, motivator, change driver, decision maker, risk manager, organizer and evaluator driven by TMT responsibility, loyalty, power, motivation, awareness, clarity, consistency and reliability (Li et al., 2008; Sorooshian et al., 2010; Azhar, et al. 2014). Furthermore, despite possibility of failure on the part of TMT members are expected to provide an enabling environment for successful strategy implementation that guides ownership of strategy, effective communication, allocation of resources and preparation of realistic implementation plans (Alexander, 1985; Buul, 2010).

From extant literature many companies fail to execute well formulated strategies (Aosa, 1992; Okumus, 2003; Waweru, 2008). Speculand (2009) insist that members of information processing centre underestimate the challenge of implementing strategy and delegate the process to other people within lower ranks of organizational hierarchy and hence leading to strategy failure resulting from wrongful execution and consequent liability by firms to realize expected performance (Shah, 2005). Aosa (1992) studied large private manufacturing firms in Kenya and ascertained that maintaining strategy versus budget link resulted to more successful implementation of strategies.

Awino (2007) surveyed large private manufacturing firms in Kenya and established that strategy implementation has statistically significant influence on organizational performance. Waweru (2008) studied large private sector firms in Kenya using triangulation and found significant relationship between competitive strategy implementation and financial performance. Sorooshian et al. (2010) examined small and medium manufacturing firms in Iran and revealed that the relationship between strategy implementation and performance was statistically significant. Ogbeidie and Harrington (2011) investigated food service industry and concluded that regardless of firm size, higher degree of TMT management style is associated with higher implementation success, profitability and financial performance. Jalali (2012) investigated food exporter firms in Iran with a focus on how strategy implementation is linked to the firm's export performance and established that strategy implementation influences export performance, both directly, and as a mediating variable between organizational characteristics and export performance. These findings corroborate Hambrick and Mason's (1984) argument that relates TMTs characteristics to organizational outcomes such as strategy implementation and performance. It can be postulated therefore that strategy implementation has a significant intervening influence between TMT characteristics and organizational performance.

Top management Team Characteristics, Competitive Environment and Performance

The uncertainty and complexity associated with competitive environment demands for TMTs with ability to enable an organization to maneuver forward into an imperfectly known future, making commitments to some opportunities while rejecting others (Boal & Hooijberg, 2000). This call for involvement and commitment at the top which promotes generation of creative ideas and many choices enabling TMTs solve difficult problems (Ancona & Nadler, 1989). Boeker, Goodstein, Stephan and Murmann (1997) established that tenure heterogeneity was associated with faster responses to environmental change in the cement industry.

Christensen (2002) captured data from 116 companies in Denmark which had implemented environmental management practices by the beginning of 1998 and using environmental audit method, concluded that environmentally certified companies deal with more environmental relations than environmental regulation. Grant (2003) captured data from 8 of the world's largest oil companies through in-depth case studies and adopted an explanatory method, the study ascertained a process of planned emergence in which strategic planning systems provided a mechanism for coordinating decentralized strategy formulation within a structure of demanding performance target and clear cooperate guidelines.

Mason (2007) used explanatory case study from 2 companies in South Africa each in IT and packaging industries and emphasized a new way to consider the future management and strategies of companies, since business and markets are complex adaptive systems using complexity theory to increase understanding of how to coop in complex and turbulent environment is necessary.

Ferreira et al. (2009) posit that a firms` adaptation to different international business environment is available, difficult to imitate, non-tradable, rare but not scarce and path dependent resource and suggested that adaptation to international business environment is a non-substitutable course of competitive advantage for multinational enterprises, developed over time through the firms experiences and build into their routines. Gasparotti (2009) used SWOT analysis to capture data from 12 shipyards in Romanian Navel industry and concluded that the strategy which Romanian industry must choose is the concentration on market share. Machuki and Aosa (2011) captured data from 23 companies listed on the Nairobi Securities Exchange, used multi-regression analysis and established that the overall results for the effect of external environment on corporate performance were not statistically not significant.

Auzair (2011) collected data from 520 hotels in Malaysia and used Pearson correlation and multiple regression analysis and concluded that the type of management control systems utilized by hotels is associated with the business strategy pursued and the perceived environmental uncertainty. Khan et al. (2011) conducted literature review on crisis in international business environment in India to refurbish the business environment which appeared to be the main issues of international and national business environment. Prediċ and Stošiċ (2011) posit that the company's network environment has an environment relevant for building, maintaining and developing the competitiveness.

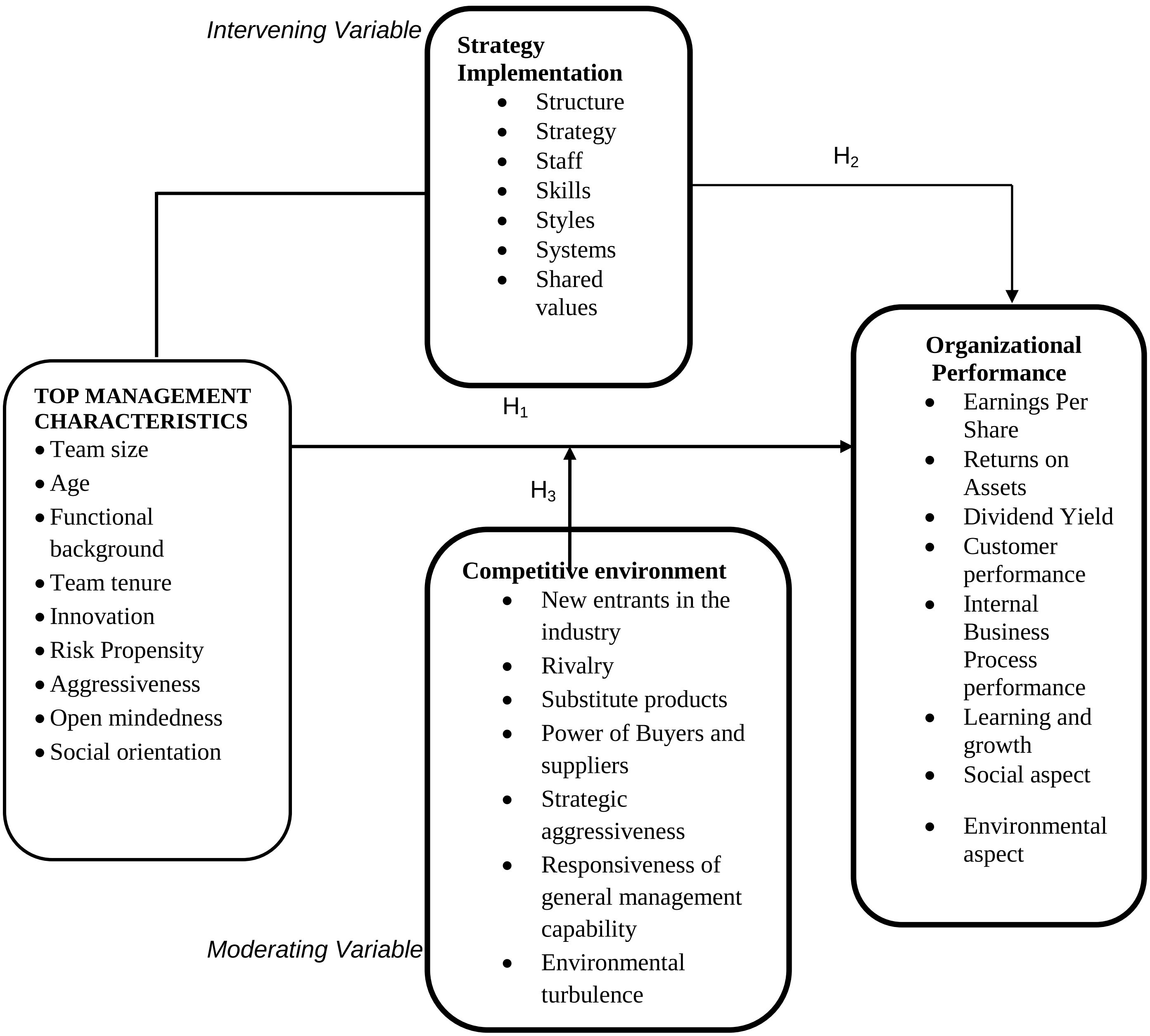
Panimalar and Kanna (2013) carried a sample size of 100 respondents from Tamilnadu Textile processing and established that environmental management system will help to improve employee perception and create the awareness about environmental management system and also increases the profit.

Nguyen and Nguyen (2013) qualitative study of 8 in-depth studies with executive managers and R&D and proposed changes in any of the three factors external environment, technology transfer and innovation capacities and leadership can potentially influence both technology transfer and innovation effectiveness and overall organization performance. Form the gathered literature, the conceptual gap that need to be studied is the top management team, strategy implement, competitive environment and performance.

CONCEPTUAL FRAMEWORK

The conceptual framework is drawn from theoretical underpinnings of upper echelon theory and knowledge gaps identified from empirical literature. In the schematic diagram, the direct influence of TMT characteristics on organizational performance forms the basis of the study (H_1). In line with theoretical and empirical literature, the study proposed that strategy implementation mediates the relationship between TMT characteristics on organizational performance (H_2). On the other hand, competitive environment moderates the relationship between TMT characteristics on organizational performance (H_3). The interrelationship forming the bases of conceptual model is presented in Figure 1.0.

Figure 1: Conceptual Model



CONCLUSION

The literature review reveals knowledge gaps from varied empirical studies on top management team and organizational performance. However, there is conceptual gap on top management team characteristics, strategy implementation on organizational performance. The studies reveal mixed findings regarding the relationship between variables, top management team characteristics, strategy implementation, competitive environment and organizational performance. The difference could be attributed to focus and findings and different contextual environments. However, there is knowledge gap on how executive characteristics influence corporate decision making as a result, the role of top management team aggressiveness on organizational performance and the effect of top management team characteristics on strategy implementation require to be investigated.

Empirical studies have been undertaken on top management teams, top management team characteristics, diversification, top management team processes, shared leadership, quality of decisions and demographic diversity in top management teams. Others have studied effects of external environment on performance; and strategy management on performance. However, research on top management team characteristics; strategy implementation, competitive environment and organizational performance need to be undertaken. The literature review covered the conceptual, methodological and findings of varied empirical studies. Most of these studies dealt with top management team, top management team characteristics, internal and external environment, strategy implementation and performance. This has led to the proposition of the study through the conceptual model.

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