Board Behavioral Dynamics:
Between Collaboration and Control

Prof. Anneloes Raes
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IESE
Business School
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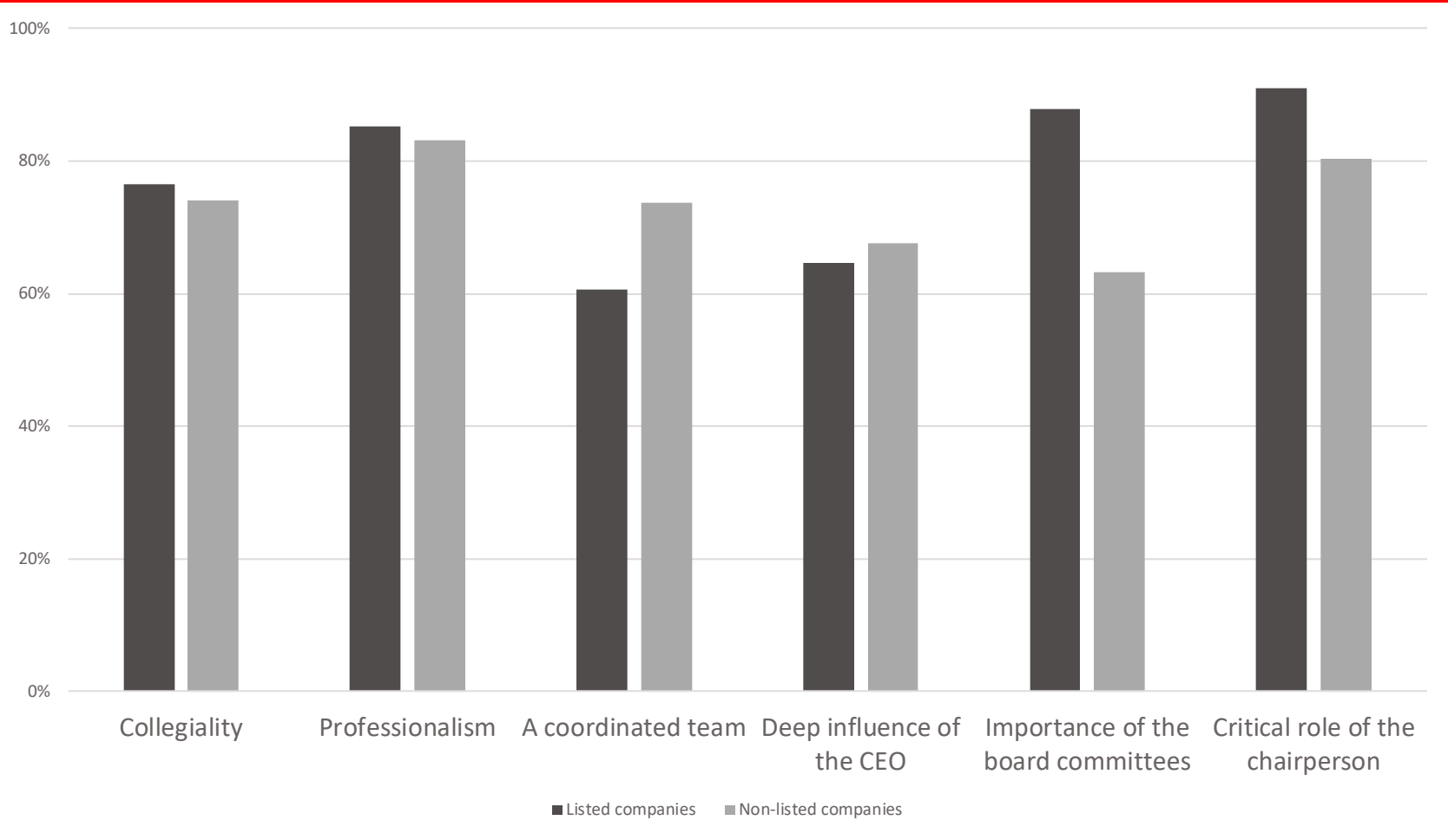# **Why** focus on the behavioral dynamics of boards?

- Board effectiveness: a <mark>fundamentally human process</mark>
- The board as information processing unit
- Individual and group biases (selective perception, pluralistic ignorance, polarization, groupthink….)
- Balance ´hardware´ and ´software´ of board effectiveness

Based on: Canals, 2024; Hambrick, 1994; 1995; Hambrick & Mason, 1984; Westphal & Zajac, 2013

Behavioral dynamics – pain or gain?
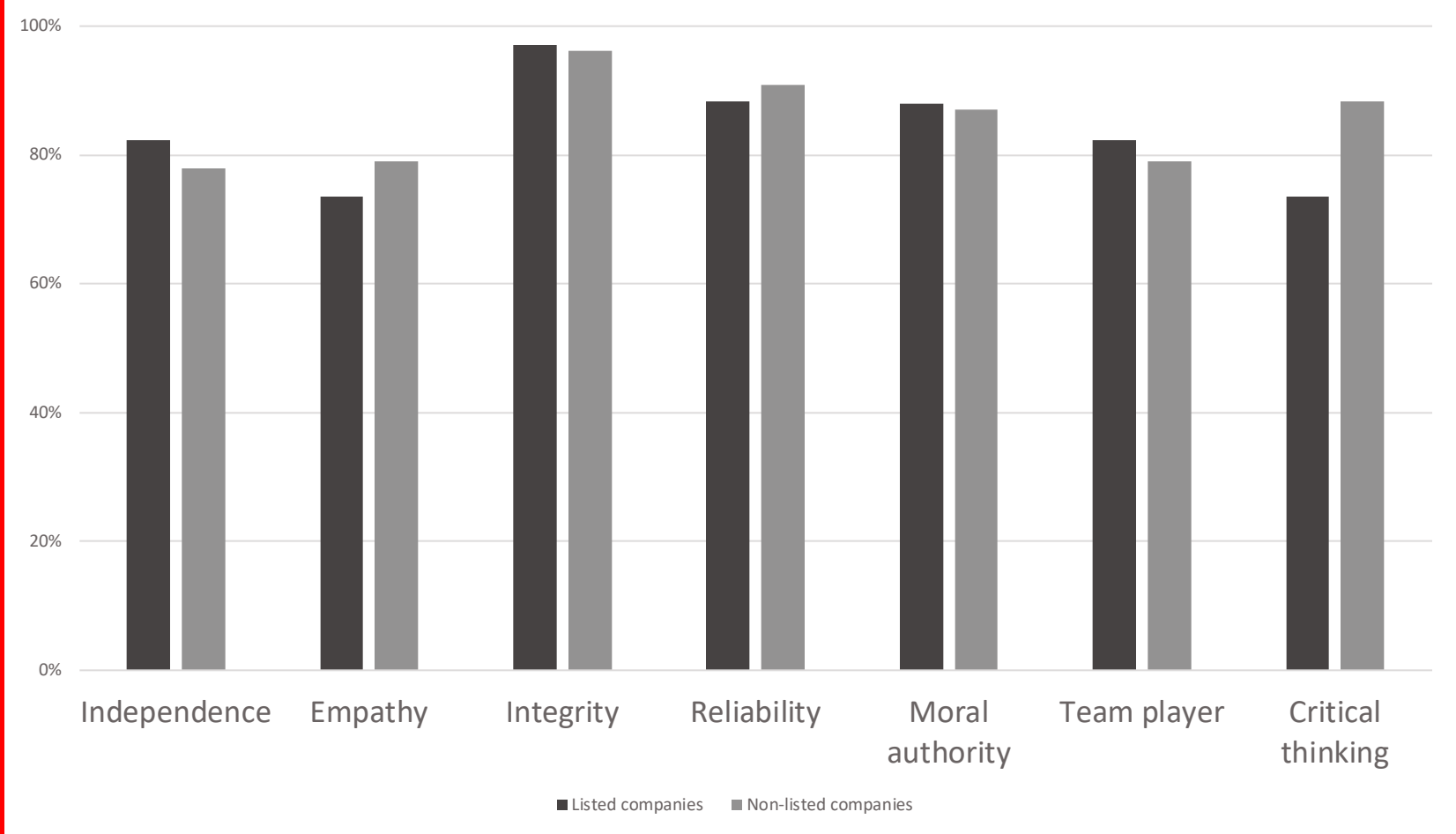
➢ Board as strategic partner (Boivie et al., 2020)

➢ Monitoring and shaping the future (Sakasai, Ormazabal, & Canals, 2024)

➢ Increased diversity (e.g., McDonald et al., 2018)

➢ Requirements for self-assessment and ´good corporate governance´ (e.g., Sasakai et al., 2024)

Board directors´ relevant personal skills

Sakasai, Ormazabal, & Canals, 2024

What type of behavioral dynamics should we focus on?

Teamness

Teamwork is the best option for complex tasks

+

Strategic decision making at the top of organizations is particularly complex

=

In boardrooms and executive suites, we will find the strongest and most smooth-functioning possible teams

Leaders are role models for organizational behavior

+

There is a strong rationale in many, if not most, organizations for people to be ´team players´

=

In boardrooms and executive suites, we will find the strongest and most smooth-functioning possible teams

THE INTERFACE OF THE TOP MANAGEMENT TEAM AND MIDDLE MANAGERS: A PROCESS MODEL

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The interaction of the top management team (TMT) and middle managers (MMs) is central to effective strategy formulation and implementation, but researchers have remained notably silent on the actual nature of this in[terface]. [We describe the] functions of the TMT-MM interface and formulate a seri[es of propositions about TMT] and MMs' interaction processes, role behaviors, and tru[st and their effect on strategy] and implementation quality. Studying the interface pr[ocess integrates and extends] TMT and MM research and enhances insight into the [determinants of organiza]tional performance.

Die Teamness von Top Management Teams

Auswirkungen auf Menschen und Organisationen
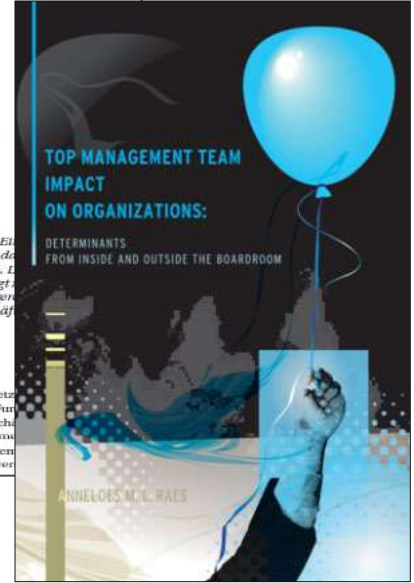
Anneloes M. L. Raes

In den vergangenen dreißig Jahren wurde ein reicher Wissensfundus zu Eigenschaften, Dynamik und Ei[nfluss von Top] Management Teams (TMT) auf Organisationen geschaffen. Dieser Beitrag liefert einen Überblick über da[s Forschungs]feld und er gibt Einblicke, welche Erkenntnisse sich daraus für die Managementpraxis ziehen lassen. D[ie Betonung liegt] dabei auf der Frage, in welcher Weise TMT als Team arbeiten. Wissenschaftler und Praktiker beschäftigt [dabei, wie] weit Teamarbeit auf der Führungsebene erwartbar sein darf oder ob sie überhaupt notwendig ist. Jüngere [Studien] haben deutlich gemacht, dass Teamarbeit von zentraler Wichtigkeit für die Zufriedenheit der Beschäf[tigten und für] die Leistungsstärke einer Organisation ist.

[Einleit]ung: Einführung und Überblick

[...] [To]p Management Team den bestmöglichen Ein-
[...] Organisation und ihre Leistungskraft nehmen?
[...] sowohl für Wissenschaftler als auch für Akteure
[...]on wesentlicher Bedeutung. Es besteht zwar Ei-
[...]t, dass TMT Organisationen signifikant beein-

besagt, dass die demografische Zusammensetz[ung] also dessen Merkmale wie Alter, Geschlecht, Fu[...] entwicklung, Bildungshintergrund und Beschä[...] ein Indikator dafür sei, wie gut seine Zusamme[narbeit] orient. Unter bestimmten Bedingungen ist ge[...] eine große Streuung dieser Merkmale erfolgve[...]

TOP MANAGEMENT TEAM IMPACT ON ORGANIZATIONS:

DETERMINANTS FROM INSIDE AND OUTSIDE THE BOARDROOM

ANNELOES M.L. RAES

THE STRATEGIC MANAGEMENT COLLECTION
Mason A. Carpenter, Editor

Top Management Teams

How to Be Effective Inside and Outside the Boardroom

Annaloes M.L. Raes

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How top management team behavioural integration can impact employee work outcomes: Theory development and first empirical tests

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Abstract

This article explores whether a top management team's (TMT) behavioural integration relates to the work outcomes of employees. We first discuss likely theoretical mechanisms for such a relationship by integrating the literature on top management team behavioural integration with the literature on organizational climate, productive [energy and employee work outcomes. Subsequently, we test our hypotheses in a dataset]
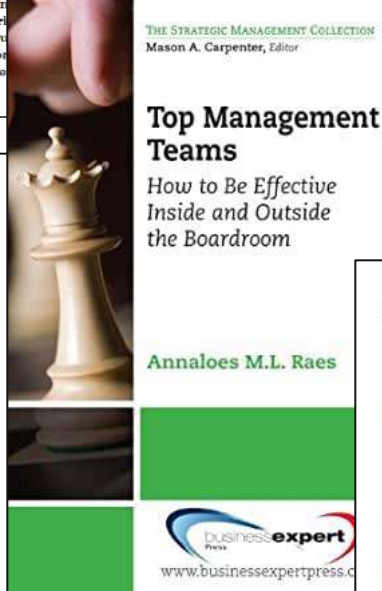
Setting the tone at the top: How the interface processes of organizational climate and non-TMT Managers' leadership transmit TMT cohesion to employees

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[b] Maastricht University, School of Business & Economics, P.O. Box 616, 6200 MD, Maastricht, the Netherlands
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The "Teamness" of Top Teams

Joint decision making
1. Team members usually let each other know when their actions affect another member's work.
2. Team members have a clear understanding of the joint problems and needs of other team members.
3. Team members usually discuss their expectations of each other.

Information exchange
1. Quantity of ideas.
2. Quality of solutions.
3. Level of creativity and innovation.

Collaborative behavior
1. When a team member is busy, other members often volunteer to help manage the workload.
2. Team members are flexible about switching responsibilities to make things easier for each other.
3. Team members are willing to help each other complete jobs and meet deadlines.

On a 1-5 scale, please indicate your agreement with the following items

1 = completely disagree / very bad
5 = completely agree / very good

Based on: Hambrick, 1994; 1995; Simsek et al.,2005; Raes et al., 2013

➢ Better decision making
➢ Idea generation and implementation
➢ Creativity and improvisation
➢ Effective balance of innovation & execution
➢ Positive and collaborative culture
➢ Organizational performance

Based on: Hambrick, 1994; 1995; Simsek et a.,2005; Based on: Lubatkin, M.H., Simsek Z., Ling, Y. & Veiga J.F., 2006, Luo, B., Zheng, S., Ji, H., Liang, L., 2018; Magni, M., Proserpio, L., Hoegl, M., & Provera, B., 2009; Raes, Bruch & De Jong, 2013; Xi, C., Qu, X., & Liu, Q., 2024

"Many leaders, however, are ambivalent about teams. They fear overt and covert conflict, uneven participation, tunnel vision, lack of accountability and indifference to the interests of the organisation as a whole. Also, more than a few have no idea how to put together well functioning teams. Their fear of delegating – losing control – reinforces the stereotype of the heroic leader who handles it all".

MANFRED KETS DE VRIES, 2020

RIJK ZWAAN

Worldwide 4th biggest vegetable breeding company; 4,000 people, 30 countries

Grown average of 10% in past 25 years

Leadership structure: team-based

"I think that a single leader is better than a management team when three conditions can be fulfilled"

BEN TAX, RIJK ZWAAN MANAGING DIRECTOR, IESE CASE, 2022

01 This person is **perfect in every way**, oversees everything in the market, is on top of all research developments and techniques, does not make any mistakes, is a well-balanced person etc.

02 This person should be **100% loyal** and not all of a sudden quit, get a heart attack, or die in a car accident.

03 This person should give a **guaranteed two-year notice** before leaving to ensure flawless succession with no loss of expertise and oversight.

"We always discuss information and arguments and **only take a decision when all of us are on board with that decision**. (...) Some might say that this slows down our decision making. That is true, but what it also does, is **improve the quality of decisions**. For us, the quality is more important than speed".

RIJK ZWAAN

MARCO VAN LEEUWEN, RIJK ZWAAN
MANAGING DIRECTOR, IESE CASE, 2022

Conflict balancing

➢ Not too much
➢ Not too little
➢ Keep it task-focused

Based on: Amason, 1996; Greeg et al., 2018; Jehn, 1995; Raes et al., 2013; Rink et al; 2013; Veltrop et all., 2021

Teamness

HIGH

Tough 'guys'

Real team

LOW

Fight club

Fragmented

Personal conflict

HIGH

LOW
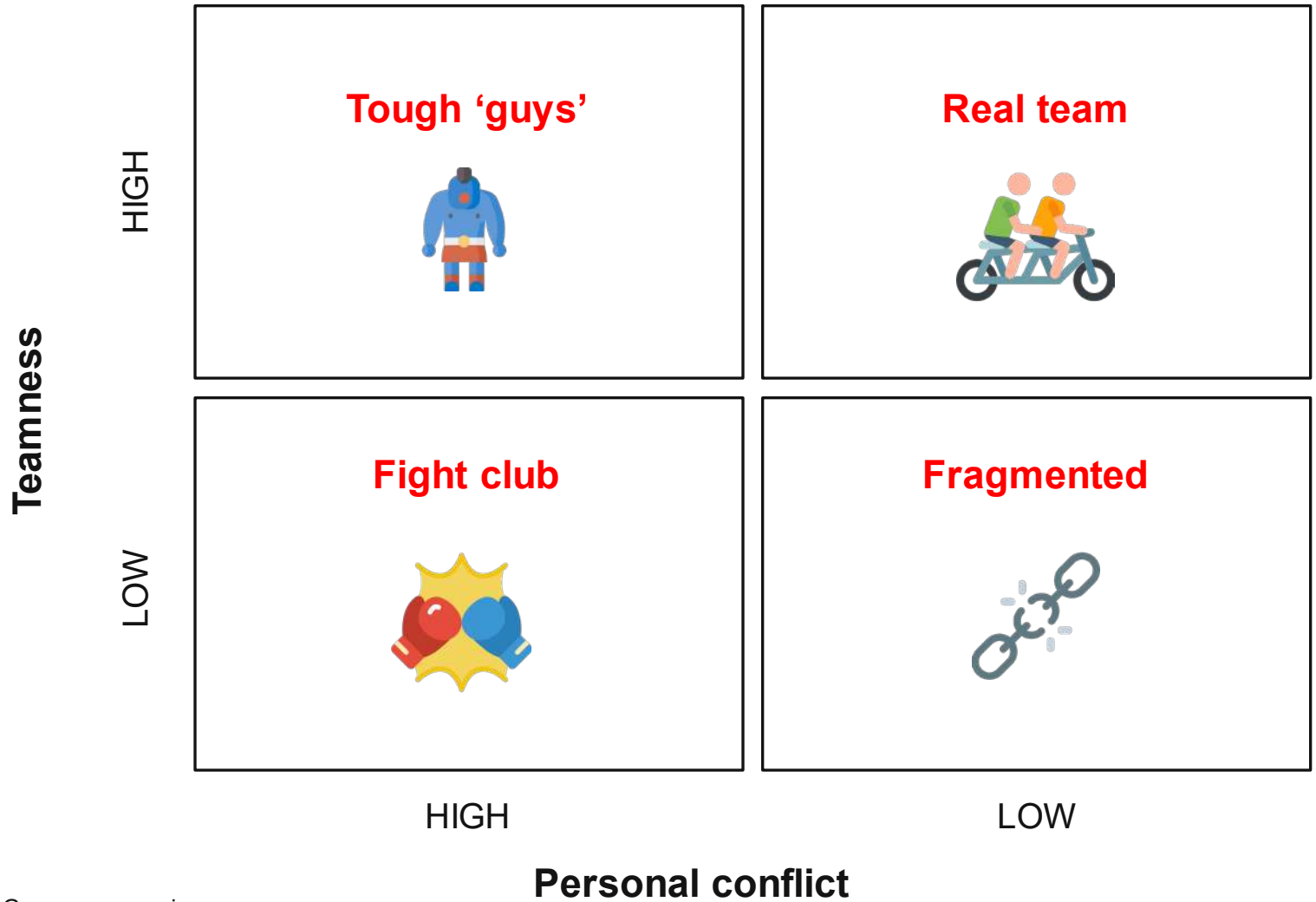
Based on 74 TMTs of German companies;
see also Raes et al., 2013

As compared to
real teams...

Perceived team unity	**-16%**	**-10%**	**-9%**
Effective leadership	**-8%**	**-6%**	**-7%**
Innovation	**-15%**	**-14%**	**-11%**

Findings based on 74 TMTs of German companies; see also Raes et al, 2013

What type of behavioral dynamics should we focus on?

Teamness
Conflict balancing
Psychological Safety

De machtigste commissaris van Nederland

Map Oberndorff

Na een lange carrière met ups en downs in de financiële sector is Petri Hofsté nu de machtigste bedrijfscommissaris van Nederland. Toch is ze haar onzekerheid nooit helemaal kwijtgeraakt en dat vindt ze ook niet erg. 'Er is juist nu veel behoefte aan leiders met een gezonde dosis zelfreflectie.'

"Petri [Hosté] takes the role of ´bad cop´ without any effort. She dares to ask the questions that the rest of us only think..."

What type of behavioral dynamics should we focus on?

Teamness
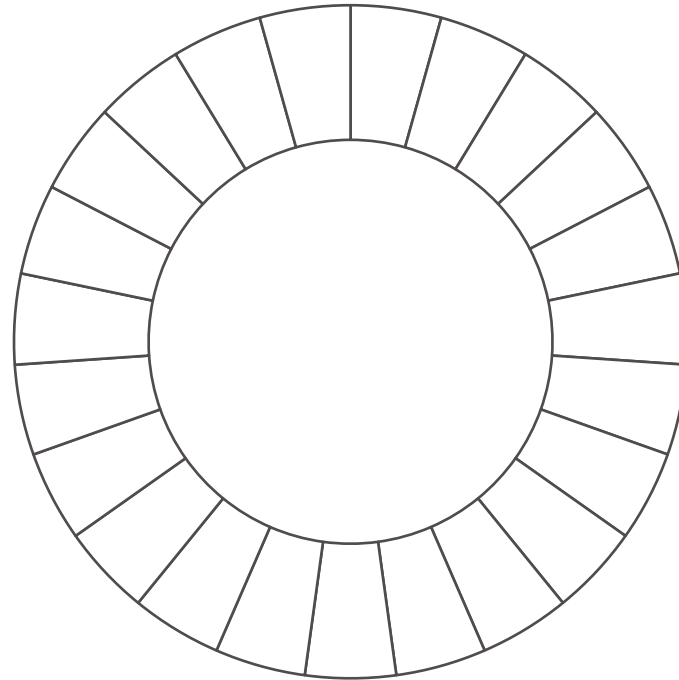Conflict balancing
Psychological Safety
Common purpose

Align strategic priorities

5 executives of a top team were asked to list the company´s 10 highest priorities
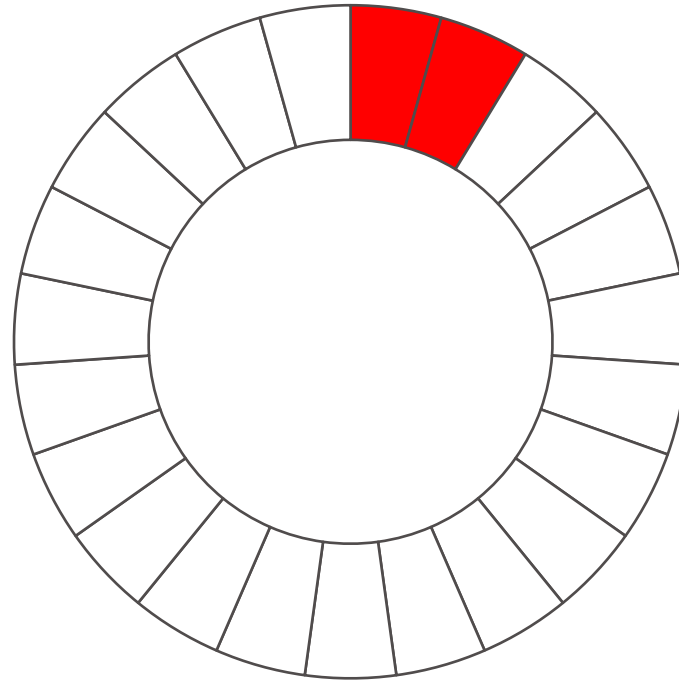
23 priorities in total were listed

Align strategic priorities

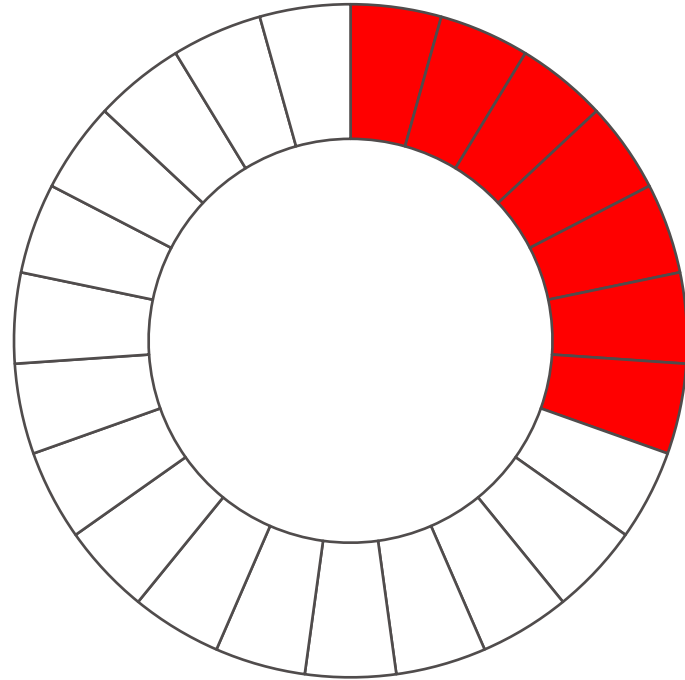5 executives of a top team were asked to list the company´s 10 highest priorities

2 appeared on every list

A Way to Learn. A Mark to Make. A World to Change.

Align strategic **priorities**

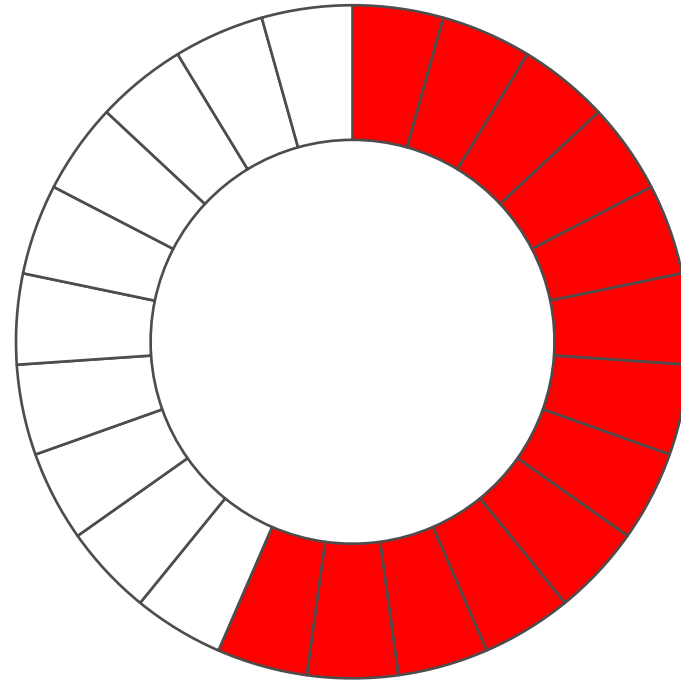5 executives of a top team were asked to list the company´s 10 highest priorities

7 appeared on the list of more than 3 executives

Align strategic priorities

5 executives of a top team were asked to list the company´s 10 highest priorities

13 of the 23 priorities appeared on only one list

What type of behavioral dynamics should we focus on?

Teamness
Conflict balancing
Psychological Safety
Common purpose

How to study board behavioral dynamics?

➢ Observation and analysis of board meetings
(cf. Raes et al., 2006; Veltrop et al., 2021)

➢ Survey research (cf. Boivie et al., 2020; Chen, Groysberg, Healy, & Vijayaraghavan, 2021; Raes et al., 2023; 2022)

➢ Combine data collection with board self-assessment process and feedback (Rink et al., 2022; Veltrop et al., 2021)

Future research

➢ Start looking at board as part of interfaces of board – TMT – culture - employees

➢ Get primary data about board dynamics

➢ Synergy between behavioral and economic/accounting perspectives

➢ Better insight, help in board member selection, onboarding and, ultimately, better organizations

Thank you!

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