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Diverse Leadership and Firm Success: The Role of Top Management Socialisation

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Abstract: Although executive teams play a significant role in organisational performance, it is necessary to conduct a comprehensive exploration of the distinct effects of the characteristics of different team members on firm outcomes. Drawing upon multiple theories applied in top management team (TMT) research, the objective of this article is to determine the effects of factors such as age, gender, and cultural background on firm performance. Moreover, our research reinforces the connection between diversity and corporate outcomes by incorporating TMT socialisation as a moderator shaping the interplay between team traits and performance. We use the quantitative method, compiling a dataset of 661 publicly listed IT-related corporations in the U.S. that were operational in 2016. Following an initial assessment of the dataset, we excluded 153 companies with fewer than three members on the board of directors or a cultural diversity score of zero and a further 66 that reported a return on assets below our lower limit. A regression analysis was then conducted on the remaining 442 companies via performance data from the OSIRIS global database. Initially, TMT gender division emerges as the primary factor that positively impacts firm performance, closely followed by age and cultural diversity. This study extends the literature on the relationship between top management and organisational outcomes. We further find that socialisation plays a crucial moderating role in the associations between TMT gender diversity, age diversity, and firm performance. The study offers actionable guidance for managers and policymakers in identifying key priorities related to executive characteristics by addressing varying perspectives stemming from diverse age groups, genders, and nationalities within a team. While most studies concentrate on identifying key drivers and their impacts, our current research reinforces the connection between diversity and firm performance by incorporating team socialisation, and we find that the benefits of diversity could be maximised through effective collaboration among managers, with minimal conflict, thereby suggesting how organisations can better shape the roles of board members' characteristics.

Keywords: top management team; cultural diversity; gender diversity; age diversity; socialisation.

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1. Introduction. Recently, the role of foundational and executive teams has attracted strong interest from both researchers and practitioners (Cerqueti et al., 2020); in particular, the number of studies concerning the connotation between the top management team (TMT) and firm performance (FP) has risen drastically. Indeed, a TMT contributes to improving business effectiveness and operations (Oketch & Kilika, 2017), and the decision-making abilities of top managers are influenced by their distinct capabilities and psychological traits, particularly when confronted with complex, unclear, and ambiguous information (Schmid & Dauth, 2014). Prior studies have shown that TMT characteristics lead to different organisational performance outcomes, which has led to the assertion that TMT diversity in criteria such as age, gender, and cultural background (Aboramadan, 2021) is a reliable predictor of cognitive diversity (Bromiley & Rau, 2016) and leads to greater breadth in terms of strategic decisions, innovations, and creativity to improve FP.

Age is a crucial demographic factor in TMTs that is related to business success (Hambrick et al., 1984). Bantel and Jackson (1989) reported that TMT members' age is a crucial determinant of the success of corporations since it is seen as a marker of their attitudes, values, and opinions, and according to Syakhroza et al. (2021), the age variety of TMT members affects their collective level of expertise. While younger team members are more likely to take chances and utilise cutting-edge management approaches that are often associated with business success (Hambrick et al., 1984), more senior team members are perceived as having greater knowledge and caring more about work ethics and quality (Robbins et al., 2015). Such a TMT can therefore develop strategies and tactics using the group's collective experiences (Tanikawa et al., 2017).

The gender of team members is often found to significantly affect organisational performance. Tang et al. (2021) noted that when a TMT is made up of both males and females, there tend to be complementary perspectives that provide value and expand the knowledge of the team, thereby improving the quality of their decisions. According to Post and Byron (2015), the participation of female members in managerial roles is correlated favourably with several organisational performance indicators, such as earnings. Studies on gender diversity over the years have yielded positive results (Abdullah et al., 2016; Fernando et al., 2020), negative results (Adams & Ferreira, 2009; Darmadi, 2013), and no significant differences (Ali & Konrad, 2017), but most recent studies have shown that TMT gender diversity (GD) positively influences FP (Jeong & Harrison, 2017; Russen et al., 2021). These results show that politicians, corporate leaders, and academics are increasingly supporting the premise that TMT GD promotes FP. Cultural diversity stands out as one of the most crucial attributes of TMT diversity, referring to cultural differences such as race, ethnicity, and nationality (Cox, 1993), yet it is also among the least understood aspects of diversity. Today, cultural variety is increasing in social value, so organisations are prioritising diversification in their TMTs. The cultural diversity of a TMT is of symbolic importance to workers and external stakeholders since it indicates that an individual's race or national origin has no bearing on their career opportunities in the firm (Shore et al., 2011). Directors of various cultural origins contribute a range of beliefs and views that aid in the elaboration of information and present creative methods and solutions. Although TMT cultural diversity plays a crucial role in businesses, as yet, no comprehensive research has analysed the evidence on this specific and complicated aspect of TMT diversity. The socialisation has the potential to influence the attributes of a TMT (Sidle, 2007) and to improve the interpersonal dynamics among team members, fostering smoother collaboration, the exchange of ideas, and other integral elements for effective team-based decision-making. Consequently, critical consideration is warranted regarding TMT socialisation as a determinant shaping the interplay between TMT traits and FP. This investigation specifically considers the role of TMT socialisation as a moderator, elucidating its impact on the relationships among cultural background, age, GD, and their subsequent effects on FP. Previous studies suggest that characteristics of the TMT, such as age, gender, and culture, play important roles in enhancing innovation. However, there is conflicting evidence on these relationships, with some researchers arguing that diversity can lead to challenges in reaching a consensus within the board, making it difficult to monitor managerial behaviour effectively (Harjoto et al., 2015). Thus, it is crucial to examine how TMT characteristics relate to various contexts. This study aims to offer new insights into the relationship between TMT characteristics and FP. Specifically, it examines how TMT diversity in terms of cultural background, age, and gender influences FP while also considering the moderating function of TMT socialisation in this context. The study aims to address the following research questions.

1. What is the relationship between TMT cultural diversity, age diversity, gender diversity, and firm performance?
2. How do TMT cultural diversity, age diversity, and gender diversity influence firm performance?
3. How does TMT socialisation moderate the relationships among cultural diversity, age diversity, gender diversity, and firm performance?

This study is composed of six key parts. Part 1 introduces the research, covering the study's background, objectives, and research questions. Part 2 offers an in-depth assessment of the relevant literature. Part 3 explains the methodology and describes the research approach, procedures, and data collection methods. Part 4 presents the results, which are analysed and discussed in Part 5. Finally, Part 6 concludes the paper by summarising the findings, pointing out limitations, and recommending directions for future study.

2. Literature Review. Since demographic traits such as age, gender, and culture are plainly apparent, they have been conceptualised at the surface level (Brixy et al., 2020). Most demographic diversity studies investigate the connection between TMT diversity and the FP, expecting favourable benefits on the basis of resource dependence theory (RDT) and the cognitive diversity perspective (Díaz-Fernández et al., 2020). Demographic diversity refers to differences in knowledge, skills, and attitudes and has a significant effect on business performance (Li et al., 2024).

From the perspective of gender, both biological and societal, there are leadership styles that are specific to each gender and that have a distinct impact on, and offer contributions to, TMTs (Shen & Joseph, 2020). These variances in gender identification and behaviour result in a variety of strategic assessments and decisions, as well as increased TMT knowledge, expertise, and team effectiveness (Fernando et al., 2020). According to upper echelons theory (UET), women may increase the cognitive variety of TMTs by providing evaluations tailored to their values, sociocognitive views, and skill sets (Hemmert et al., 2022). One popular approach to this type of research is to base a TMT analysis on the assumption that every member holds an equal amount of power (Dalton et al., 2005). Xie et al. (2020) reported a direct correlation between GD in research and development (R&D) teams and their success in innovation, which the authors attributed to informational and social advantages. Moreover, Martínez-León et al. (2020) reported that even though there is no major variation in leadership styles between the two genders, the composition of management teams results in significant leadership style variance. Gender is therefore an important indicator of TMT diversity, and increasing the number of female members is one way to broaden the range of accessible cognitive views.

The extent to which managerial members represent different age groups is referred to as age diversity. According to Forbes (2005), younger people are more likely to be overly optimistic than older people are; however, a team of people of various ages might be able to mitigate the exuberance of young people while also improving business performance (Mohamed et al., 2020). On the other hand, age variety can be the source of interpersonal disputes in TMTs, causing worry and stress and compromising people's cognitive functioning (Tshetshema & Chan, 2020). The experiential data on the impact of age diversity on FP are equivocal. Various age groups within a TMT have been found to have favourable business outcomes (Sutarti et al., 2021) as well as damaging outcomes (Jukka, 2020), whereas other studies report that the impact of having a broad age range within a team on business success has yet to be determined (Bengtsson et al., 2020).

Frijns et al. (2016) reported that corporate boards that have a relatively high level of cultural diversification tend to produce worse business results, whereas Hooghiemstra et al. (2019) reported that having a board of directors from multiple countries diminishes board monitoring efficacy while increasing the risk of revenue fabrication. In simpler terms, as cultural diversification increases, so does the difficulty in obtaining an agreement within the TMT, which in turn reduces the efficacy of management behaviour and decision-making (Harjoto et al., 2015). On the other hand, foreign board directors improve business performance according to Fernández-Temprano et al. (2020), implying that companies that have a TMT composed of members from different cultures can benefit their stakeholders. In other studies, multicultural TMTs are found to drive product improvement and innovation while also delivering business success (Nielsen & Nielsen, 2013). However, the correlation between the diversification within a TMT, which encompasses the diversification of the organisational culture as well as the business results, is equivocal and necessitates further investigation (Díaz-Fernández et al. 2020).

According to studies on TMT dynamics, the impacts of TMTs are dependent on the length of a team's collaboration (Xu et al., 2019), and TMT socialisation improves group interaction and communication while reducing conflict, thereby helping to increase efficiency and effectiveness. However, there is no research on the role of socialisation in FP.

The unique traits within a TMT in terms of age, tenure, and gender could be used to explain FP (Bengtsson et al., 2020). Hambrick (2007) stated that the demographics of a TMT may be used as proxies to explain internal and external decision-making. Values, experience, age, and education may all have a noteworthy influence on how managers understand events and make strategic decisions, eventually affecting business performance (Attah-Boakye et al., 2021; Belenzon et al., 2019; Firk et al., 2021). Therefore, UET provides the groundwork for studying the impact of TMTs on FP (Biga-Diambeidou et al., 2021).

According to Galbreath (2018), the association between TMT diversity and business results may also be explained via the resource-based view (RBV), which states that companies have access to both tangible and intangible resources (Wernerfelt, 1984). Intangible resources refer to knowledge, skills, experiences, international exposure, and demographic diversity (Ying et al., 2019). When analysing the benefits of TMT diversity for business performance, the RBV provides a better understanding because TMTs have qualities that businesses find valuable (García-Lillo et al., 2018). The human resources in a company provide value, are difficult to imitate, and are unique, thereby contributing to a corporation's long-term competitive advantage (Barney et al., 1998). This study therefore uses the RBV to explain how corporate resources can positively impact competitive advantages and improve results (Hamadamin & Atan, 2019).

Human capital theory (HCT) contends that the contributions of skills, competencies, education, and work experience constitute human capital and may increase productive capacity (Winterton & Cafferkey, 2019). Therefore, human capital and financial development make major contributions to economic progress, with human capital having a positive and strong moderating influence on the path linking financial development and economic growth (Saroj et al., 2023). According to HCT, the diversity of a TMT enhances decision-making activity as a result of the diverse views around the table (Kanchanabha & Badir, 2021).

2.1. Hypothesis development

Globalisation has led businesses to become more multicultural, causing multiple perceptions and management styles to emerge in TMTs (Varrone et al., 2020). Cultural diversity, especially the gender mix, impacts group dynamics and decision-making, which can influence organisational-level performance (Ozdemir & Erkmen, 2022). Disparities in TMT members' cultural backgrounds, according to the RBV, provide a rich source of information and a foundation for competitive advantage (Mitchell et al., 2020) because top directors from varied cultural heritages can offer TMTs intangible resources such as distinct expertise and various viewpoints (Liu & Zhang, 2024). The concepts and values that emerge from a culturally diverse board are more likely to create greater understanding and address the requirements of a wider range of stakeholders, leading to a corporate culture that is more open-minded (Martínez-Ferrero et al., 2021). Cultural differences are crucial for TMTs in large organisations to effectively handle the complicated business problems that they frequently confront (Lakshman & Gonzalez, 2023). Cultural diversity can prove to be an abundant reservoir of ideas, plans, and natural skills that may be used to develop business policies that meet the needs of all parties involved (Frijns et al., 2016).

H1: Culturally diverse TMTs positively influence FP.

Age diversity positively affects organisational performance by increasing human and social capital, with operational diversity and age-inclusive management amplifying these effects (Li et al., 2020). Variations in the age distributions of members are characterised by different ages (Pytlovany & Truxillo, 2015). Diversity in age is an intangible asset that enhances the performance of the board (Katsiampa et al., 2023) and potentially signifies a wealth of experience and healthy variation in risk appetites (Darmadi, 2011). Yeoh and Hooy (2020) assert that age diversity within a company can serve as an indicator of both risk-taking behaviour and depth of experience. To achieve robust growth in business performance, younger managers and board members are more inclined to take strategic risks and embrace change (Campbell et al., 2019). According to Su et al. (2019), young individuals in an organisation are also more inclined to think creatively, to be less concerned with the stability of their careers, and to be less willing to accept the way things are than their older colleagues are. In contrast, older members often have a richer work history, greater managerial knowledge, and better comprehension of a wide variety of market situations than younger members do, which can lead to more decision-making and initiative (Xue et al., 2020). Age diversity gives a team access to more knowledge and varied viewpoints, which ultimately improves decision-making (O'Reilly et al., 1998). Thus, a blend of board members spanning different age groups can generate synergistic effects as they actively collaborate, offsetting each other's weaknesses (Song et al., 2020). High levels of age diversity, as noted by Goergen et al. (2015), contribute to the heightened performance and effectiveness of a board. The work of Ali et al. (2014) supports a robust correlation between organisational profitability and age diversity.

H2: TMT age diversity positively influences FP.

Numerous studies have linked the leadership gender mix of an organisation to its success (Croson & Gneezy, 2009). According to the RBV, one element of an organisation's resources that enhances its performance is GD. According to Jeong and Harrison (2017), the distinct characteristics of individual team members, as well as linked experiences and backgrounds, eventually enhance decision-making processes and enable TMTs to avoid groupthink. GD enhances the collective ability to integrate information and expand knowledge generation (Post et al., 2022). Foss et al. (2022) identified increased issue-detection and problem-

solving abilities as methods through which TMT GD influences business creativity. The extent to which every gender group assists in managerial activities with unique and complementary abilities suggests that women are a beneficial resource (Gaio et al., 2024). According to Post et al. (2022), female members of a TMT enhance the overall cognition of the team; indeed, several studies have indicated that the greater the GD in a TMT is, the higher the level of corporate profitability (Fernando et al., 2020). We therefore expect businesses with greater GD to have stronger management abilities and to use resources more efficiently for better outcomes.

H3: TMT gender diversity positively influences FP.

TMT socialisation refers to how much time team members spend on shared work involvement, connection, and cohesiveness (Marlow et al., 2018). According to workgroup research by O'Reilly et al. (1989), the idea refers to the degree to which workers within a group feel psychologically connected or drawn to cooperate with one another to achieve a common objective. According to the RBV, team members with a variety of traits tend to bring complementary knowledge and opinions to the table, which can improve business outcomes. To share their specialised knowledge and maximise this potential, TMT members must exchange trustworthy data. Leroy et al. (2021) argue that for a team to engage in creative and diverse thinking, its members need to acknowledge and value the unique experiences that each individual brings. In the context of decision-making by a TMT, fostering social interaction among team members can promote the exchange of information that shapes their perspectives (Zhang et al., 2020). This then reinforces interpersonal bonds within the team, promoting collaboration and the exchange of ideas, both of which are pivotal for sound decision-making. Moreover, robust socialisation among TMT members can cultivate a shared comprehension of information, mitigating internal barriers to knowledge sharing that may arise as a result of their diverse backgrounds. Accordingly, this study claims that businesses that encourage TMT socialisation may then experience the efficient exchange of various knowledge resources, thereby improving company performance.

H4: TMT socialisation enhances the influence of TMT cultural diversity on FP.

H5: TMT socialisation enhances the influence of TMT age diversity on FP.

H6: TMT socialisation enhances the influence of TMT gender diversity on FP.

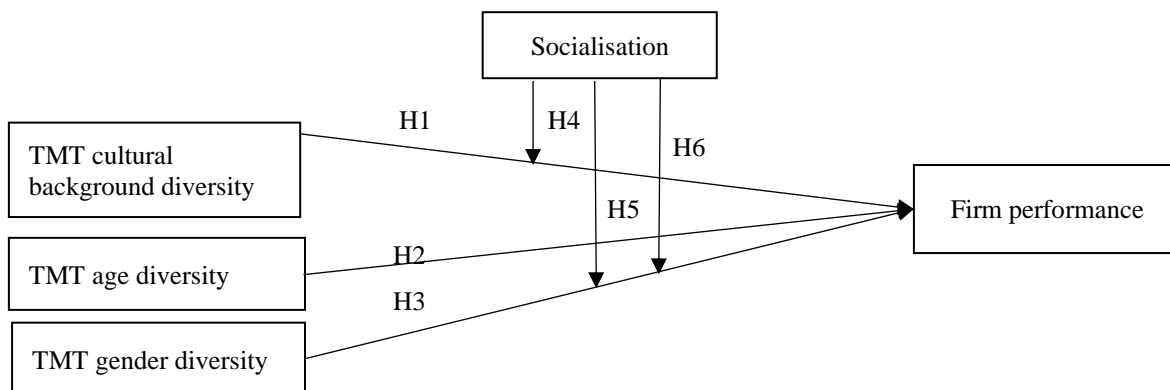


Figure 1. Conceptual framework

Sources: developed by the authors.

3. Methodology and research methods. We created a dataset of 661 public IT-related corporations listed in the U.S. that were operational in 2016. We chose the IT sector in the U.S. because of the growing trend of American technology companies experiencing an increase in the number of senior executives with diverse cultural backgrounds. These individuals are now occupying top-level positions within the executive teams of these companies. After an initial review of the dataset, we removed 153 companies with fewer than three executives on the board of directors or where the cultural diversity score (as explained in Section 3.1) was zero. In a second review, we deleted an additional 66 companies that did not provide return on assets (ROA) data, which we use as a measure of FP. The study is therefore conducted on a remaining dataset of 442 companies with a total of 5,450 TMT members. FP data were collected from the comprehensive and accessible OSIRIS global database, which is widely used by international business and management researchers (Banalieva & Dhanaraj, 2013).

Various definitions have been put forth in previous studies regarding the TMT. TMTs encompass roles such as the chairperson, CEO, president, COO, and other executives in the next management tier down

(Wiersema et al., 1992). Carpenter and Fredrickson (2001) define the TMT as individuals in the highest two tiers of a company's hierarchy, whereas Athanassiou and Nigh (2000) define it as executives selected by the CEO. In this study, we define a TMT as being made up of the chairperson, CEO, president, COO, and executives in the next highest tier, such as the CFO. Our final sample includes only enterprises with more than three employees. According to Crabtree and DeBusk (2008), the most commonly used methodologies for measuring FP are ROA (which we opt for), return on earnings (ROE), and return on sales (ROS).

- **TMT cultural diversity:** We adopt four national cultural dimensions to measure cultural diversity (Hofstede, 1980, 1984, 2001; Hofstede & Bond, 1984). Hofstede employed a quantitative rating system to assess each country's position on a specific value scale. We followed his method by collecting the latest version of the score set from his website and applying it to our dataset according to the nationality of each of the 5,450 TMT members from the 442 companies in our dataset. To calculate the Hofstede proposed indices, we divide the mean value by the coefficient of variation (Allison, 1978). These index scores are then used to calculate a solitary cultural diversity score for every executive included in the TMT by utilising the mean value of diversification scores. The average value for cultural diversity was then obtained for each company by dividing the mean by a standard deviation. Many previous empirical studies have used national cultural dimensions as a reasonable proxy for measuring the diversification of the organisational culture of TMTs (Barkema & Shvyrkov, 2007; Gomez-Mejia & Palich, 1997).

- **TMT age diversity:** In this study, the age of each TMT member is used to calculate the mean age, which is then used as the measurement for the TMT age (Tihanyi et al., 2000).

- **TMT gender diversity:** The inclusion of female participants on a board can be used as an indicator of TMT gender diversity. Generally, it can be measured either by using the dummy variable method (if there is a female participant in a TMT, we code it as 1 and 0 otherwise) or by using the percentage of female participation (dividing the total number of TMT members by the number of female participants and multiplying the result by 100). This research adopts the dummy variable method.

- **TMT socialisation:** To measure socialisation, we calculate the time that members of a TMT have been working together by checking which TMT members are present as TMT members in any given year. By working on the same team during the same year, we assume that they share experiences, overcome obstacles, and earn rewards, thereby developing special bonds within the team (Buyl et al., 2011). We then assume that these TMT members are members of a shared social network.

- **Control variables:** The three control variables deployed in this research are firm age, TMT size, and TMT tenure, where firm age is the number of years a company has been in operation since its foundation, and TMT size refers to the number of members of the board (Lee & Park, 2006). Employees, especially TMT members, who have been working with a company for an extensive period tend to show improved capabilities in interpreting the company's situation (Li & Lo, 2017). However, this is a double-edged sword since they are less likely to be willing to enhance their knowledge by gathering new information, and they tend to make decisions on the basis of previous information and experience without a strong motivation to improve business results. The length of service by an individual in a company is called tenure, and it is measured via the methodology developed by Tihanyi et al. (2000), whereby the average tenure (in years) of a TMT member in the TMT at the end of 2016 is logarithmically transformed.

4. Results. Table 1 provides a summary of the descriptive statistics for the variables in our study, showing their means and standard deviations (SDs).

Table 1. Means and standard deviations

Variables	Mean	SD	Variables	Mean	SD
Firm Performance	-1.0976	19.31252	TMT age	59.4487	5.18703
TMT size	8.9257	2.8857	TMT gender	0.69	0.464
Firm Age	18.991	8.85112	Interaction CD and Socialisation	200.213	265.8295
TMT tenure	6.8007	3.5023	Interaction age and Socialisation	617.376	337.1972
Cultural Distance	17.72	19.33777	Interaction gender and Socialisation	7.4378	6.92563

Sources: developed by the authors.

Table 2 presents the correlations among the variables. The results show that FP is significantly correlated with TMT size ($p < 0.01$), TMT cultural diversity ($p < 0.01$), and TMT gender diversity ($p < 0.01$). There is no correlation between TMT age diversity and FP.

Table 2. Results of correlations analysis

	1	2	3	4	5	6	7	8	9	10
Firm Performance	1.000									
TMT size	0.217**	1.000								
Firm Age	0.059	0.076	1.000							
TMT tenure	-0.056	0.06	0.037	1.000						
Cultural Distance	0.175**	0.273**	-0.006	-0.037	1.000					
TMT age	0.042	-0.001	-0.076	0.508**	0.041	1.000				
TMT gender	0.246**	0.375**	0.140**	0.006	0.179**	-0.03	1.000			
Interaction CD and Socialisation	0.192**	0.235**	0.018	-0.063	0.822**	0.014	0.138**	1.000		
Interaction age and Socialisation	0.202**	0.185**	0.001	-0.011	0.151**	0.082*	0.095*	0.518**	1.000	
Interaction gender and Socialisation	0.267**	0.394**	0.085*	-0.029	0.171**	-0.077	0.725**	0.383**	0.640**	1.000

Note: * $p < 0.05$; ** $p < 0.01$

Sources: developed by the authors.

Table 3 presents the results of three regression models predicting FP as the dependent variable. Model I incorporates only the control variables. Model II assesses Hypotheses 1, 2, and 3 and displays the positive effects of all three variables on FP, specifically, TMT cultural diversity ($\beta = 0.10$; $p < 0.05$), TMT age diversity ($\beta = 0.11$; $p < 0.05$), and TMT gender diversity ($\beta = 0.18$, $p < 0.01$). As a result, H1, H2 and H3 are supported. Model III examines H4, H5 and H6, the moderating effects of TMT socialisation on the relationships among TMT cultural diversity, TMT age diversity, TMT gender diversity, and FP. The results show that socialisation strengthens the impact of TMT age diversity ($\beta = 0.79$; $p < 0.01$) as well as TMT gender diversity ($\beta = 0.19$; $p < 0.01$) on FP. Thus, H5 and H6 are supported. Conversely, TMT socialisation has no significant effect on the relationship between TMT cultural diversity and FP; therefore, H4 is rejected.

Table 3. Regression model

Variable	Model I	Model II	Model III
	FP	FP	FP
Firm Performance (FP)	Estimate (<i>t</i> value)	Estimate (<i>t</i> value)	Estimate (<i>t</i> value)
Constant	- 13.37 (-3.6)***	- 35.96 (- 3.10)***	- 11.77 (- 2.88)***
<i>Independent variables</i>			
Cultural Distance		0.10 (2.10)**	
TMT age		0.11 (1.97) **	
TMT gender		0.18 (3.62)***	
<i>Control variables</i>			
Firm age	0.05 (0.98)	0.04 (0.82)	0.05 (1.04)
TMT tenure	-0.70 (-1.48)	-0.11 (-2.14)**	-0.11 (- 2.24)**
TMT size	0.22 (4.65)***	0.13 (2.49)**	0.13 (2.65)**
<i>Moderating variables</i>			
Interaction CD and Socialisation			0.07 (1.37)
Interaction Age and Socialisation			0.79 (2.78)***
Interaction Gender and Socialisation			0.19 (2.90)***
<i>Model indices</i>			
F value	8.27	8.24	7.92
R ²	0.05	0.1	0.11
R ² Adjusted	0.04	0.09	0.10

Note: $p < 0.1$; ** $p < 0.05$; *** $p < 0.001$

Sources: developed by the authors.

5. Discussion. The findings demonstrate that the diversification of cultural backgrounds within a TMT positively impacts FP, which implies that the greater the level of cultural diversity is, the better the FP. This result is in line with previous studies that revealed the important role of cultural diversity within TMTs (Nielsen et al., 2013; Erhardt et al., 2003).

An older TMT age profile has a detrimental effect on FP, as predicted. Some researchers find that TMT age diversity promotes collaboration and improves team performance (van Knippenberg et al., 2004), whereas others, such as Bell et al. (2011), find that it creates disunity and could have a negative effect on team performance. Similarly, Tanikawa et al. (2017) and Syakhroza et al. (2021) reported that TMT age diversity may have a negative effect on FP, which, according to van Knippenberg et al. (2010), may be caused by differences in experience, knowledge, or efficacy. Nielsen et al. (2013) reported that age diversity has no impact.

Our findings show that TMT gender diversity significantly influences FP, confirming the findings of Kagzi and Guha (2018) and Velte (2016). According to Kyaw et al. (2017), GD will particularly help in terms of corporate social responsibility (CSR), especially in developing markets where specific guidelines have yet to be established. Abdullah et al. (2016) assert that GD in the highest ranks improves accounting performance, whereas in this study, it was found to have the greatest impact on FP.

We find that TMT socialisation does not strengthen the relationship between TMT cultural diversity and FP, perhaps because long-term TMT members may establish shared perceptions, socialise frequently, and eventually fall into groupthink (Van Knippenberg & Schippers, 2007). Additionally, working together for a long time may lead to TMT members becoming increasingly similar in their outlook and behaviours, which contrasts with the expected impact of diversity. Therefore, increased socialisation does not strengthen the impact of cultural diversity on FP.

Our findings suggest that socialisation has a moderating role in the association between TMT age diversity and FP. With socialisation, conflicts are reduced (Nielsen et al., 2013). This finding is consistent with Gillen and Cheshire (2015), who reported that socialisation is a method of fostering strong social bonds within a TMT, thereby accelerating decision-making. Similarly, the findings show that socialisation has a moderating role in the association between TMT gender diversity and FP. This finding is in line with Huckman et al. (2009), who emphasise that routine, predictable, and recurring activities are best carried out in an environment that values familiarity between members, which leads to heightened team performance, thereby decreasing the conflict between genders and maximising the benefits of diversity.

6. Conclusions. These findings provide valuable insights into the factors that impact business performance in relation to TMT diversity. Initially, GD emerges as the primary factor positively impacting FP, closely followed by age diversity. The cultural diversity of a TMT is identified as another substantial positive determinant of FP. Moreover, socialisation plays a crucial moderating role in the associations between TMT gender diversity, TMT age diversity, and FP. Notably, socialisation is observed to enhance the influence of age diversity on business outcomes more profoundly than is GD.

The attention given to the role of top executives remains constant among both academics and practitioners in organisations. This study makes some noteworthy contributions to both business and TMT diversity studies. Primarily, this study enhances the understanding of demographic fault lines in TMT diversity by examining various characteristics and their interactions with business outcomes, drawing upon multiple theories applied in TMT research, and, in doing so, it extends the literature on the relationship between the TMT and organisational outcomes. While most studies concentrate on identifying key drivers and their impacts, our current research reinforces the connection between diversity and FP by incorporating TMT socialisation, thereby suggesting how organisations can better shape the roles of board members' characteristics. The incorporation of demographic traits and shared values among TMT members contributes to a more comprehensive explanation of attributes and broadens the scope of the study.

In terms of practical implications, the findings underscore the importance of fostering TMT diversity, offering actionable guidance to managers and policymakers. Addressing varying perspectives stemming from diverse age groups, genders, and nationalities within the team is highlighted as a means to generate more comprehensive insights into organisational performance, and identifying key priorities related to executives' characteristics is essential for steering bold changes in strategy and achieving enhanced performance. While this study has demonstrated the impact of certain TMT diversity attributes on FP, it also contributes to existing research on TMT diversity and FP by examining the moderating role of TMT socialisation. To promote shared values and interpersonal interactions among top management, organisations should aim to reduce conflicts arising from gender and age differences, thereby maximising the benefits of diversity.

While the present study proposes theories on the underlying mechanisms by which demographic diversity influences FP, it is crucial to acknowledge certain limitations. The study did not measure other factors associated with TMT diversity that could predict outcomes, such as education, tenure, and experience. Future research, ideally utilising surveys and interviews with diverse boards, should gather data on these observable characteristics to provide a more comprehensive understanding. Another potential limitation lies in the study's focus on American public companies in the IT sector; it would be beneficial for future research to explore whether TMT diversity has similar effects across various industries and different types of firms, including private or family-owned enterprises. Additionally, this research is constrained by considering TMT socialisation as the sole moderating variable influencing the relationships between TMT diversity and firm outcomes. Subsequent research efforts could enhance this work by incorporating other moderating variables to gain a more nuanced understanding of these relationships.

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Диверсифікація менеджменту компанії та її успіх: роль соціалізації ТОП-менеджменту

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Хоча виконавчі команди відіграють значну роль у результативності організацій, важливо детально дослідити унікальний вплив характеристик окремих членів команди на результати діяльності компаній. Спираючись на численні теорії, що застосовуються у дослідженнях вищого управлінського складу (ТМТ), метою цієї статті є визначення впливу таких факторів, як вік, гендер та культурне походження, на результати компаній. Крім того, наше дослідження підсилює зв'язок між різноманітністю та корпоративними результатами, включаючи соціалізацію ТМТ як модератор, що впливає на взаємозв'язок між характеристиками команди та ефективністю компаній. У статті використано кількісний метод, що базується на аналізі даних 661 публічно зареєстрованої ІТ-компанії

в США, які діяли у 2016 році. Після початкової обробки даних виключено 153 компанії, які мали менше трьох членів у раді директорів або нульовий показник культурного різноманіття, а також 66 компаній із рентабельністю активів, нижчою за встановлений мінімум. Регресійний аналіз було проведено для решти 442 компаній, використовуючи дані про ефективність із глобальної бази даних OSIRIS. Результати дослідження показують, що гендерний поділ у ТМТ є основним фактором, що позитивно впливає на результати компанії, за ним слідує вік та культурне різноманіття. Це дослідження розширює літературу про зв'язок між вищим управлінським складом і результативністю організацій. Крім того, виявлено, що соціалізація відіграє ключову модераторську роль у взаємозв'язках між гендерною різноманітністю ТМТ, віковою різноманітністю та результативністю компаній. За результатами дослідження сформовано практичні рекомендації для менеджерів та політиків щодо визначення пріоритетів, пов'язаних із характеристиками керівників, враховуючи різні перспективи, зумовлені віком, статтю та національним походженням членів команди. У той час як більшість досліджень зосереджуються на визначенні основних чинників та їхнього впливу, ця стаття підтверджує зв'язок між різноманітністю та ефективністю функціонування компаній, включаючи соціалізацію команди. Встановлено, що переваги різноманітності можуть бути максимізовані через ефективну співпрацю між керівниками, мінімізуючи конфлікти, що свідчить про те, як організації можуть краще формувати ролі членів ради директорів.

Ключові слова: ТОП-менеджмент; культурне різноманіття; гендерна різноманітність; вікова різноманітність; соціалізація.