

Role of CEO's Self-Confidence, Slack and Top management team (TMT) Posture on his/her Conflict Response Strategies and Post-Performance Feedback Escalation/De-Escalation

ABSTRACT

Conflict in organizations especially at the top management level has major repercussions for the organization's future well-being and strategic direction. It therefore becomes necessary to manage them in an appropriate manner. One of the major sources of conflict within the top management could be difference in viewpoints between CEO and TMT on innovation implementation. Innovation is necessary for any organization to survive in the long run. However, during hard times (e.g. entry of a new competitor etc.) it might be a wise option to lower the priority of innovation and direct the resources (slack) towards other crucial activities. This leads to a conflict situation for the CEO as he is the one who is ultimately responsible for such decisions. How does the CEO respond to such conflict is the main agenda of this thesis. CEO's preference for a particular conflict response strategy is dependent on both internal and external factors. Internal factors here imply CEO personality and external factors refer to his contextual environment. This thesis investigates the role of CEO's self-confidence, slack and TMT posture on his/her conflict response strategies namely dominating, collaborating and avoiding. In addition to that in the second stage we also consider the role of post-performance feedback alongwith CEO's self-confidence, slack and TMT posture on the escalation/de-escalation of conflict response strategies. Further, we have also investigated how the attribution (both internal and external) interacts with post-performance feedback in determining the escalation of conflict response strategies.

This thesis comprised of three studies out of which two studies were conducted on both students and managers and third study was conducted only on managers. The students' data comprised of 357 (out of which 316 students participated in the second study) first year students attending a two year fully residential MBA program in one of the premier MBA institutes of India. The managers' data comprised of 268 senior managers (out of which 235 managers participated in the second study and 229 in the third study) possessing considerable work experience and attending executive education and short duration management development programmes (MDPs) on the campus.

The first study involved quantitative research through an experimental vignette based survey. The objective was to examine the relationship of participant's self-confidence and conflict response strategies adopted by the respondent by manipulating the conditions of financial slack resources and TMT posture. The second study too involved quantitative research through the experimental vignette survey as was used in study 1 with additional information on performance feedback. The objective was to primarily examine the role played by performance feedback alongwith CEO's self-confidence, slack and TMT posture on escalation of his/her conflict response strategies. The third study was essentially done along with second study with additional items on attribution that could have contributed to the performance feedback received. The objective was to examine the role played by the interaction of CEO's attribution (internal and external) and performance feedback on escalation of his/her conflict strategies. The quantitative studies made use of hierarchical regression using SPSS.

These findings make important contributions to both Conflict and TMT literature. Self-confidence plays a major role in influencing conflict strategy. As self-confidence increased participants use of both dominating and collaborating strategy increased while use of avoiding

strategy decreased. It plays a major role in the absence of slack such that highly confident participants become more dominating in the absence of slack condition than in presence of slack condition. The findings thus allude to distinctive frame of decision biases due to personality traits i.e. self-confidence of the decision maker. Absence of slack leads to usage of avoiding strategy in case of students and collaborating in case of managers. Slack plays a major role in determining the exercise of collaborating strategy by participants under different posture of TMT. This suggests an important contribution of the study towards the consideration of slack as an instrument of fostering innovation performance. Discouraging TMT posture as opposed to encouraging TMT posture leads to a reduction in dominating strategy. The rationale for this finding can be attributed to the mature judgment of reasonableness versus unreasonableness of the strategy to deal with both task and relationship conflict by choosing not to exercise dominating approach at discouraging TMT posture. Positive performance feedback leads to an escalation of dominating strategy as opposed to negative feedback which leads to de-escalation of dominating strategy. Findings on performance feedback are in accordance with behavioral theory by Cyert and March which suggests that both managers and students in organizations learn from feedback given their initial goals and their aspirations. However, under negative conditions of feedback participants escalate their dominating strategy with increase in self-confidence. This is true for managers' data only. This supports Staw's escalation to commitment theory whereby under negative condition of feedback highly confident participant escalated their dominating strategy to justify their prior course of action. We also got interesting findings related to role of attribution on escalation/de-escalation of conflict strategies.

The thesis has practical suggestions for young MBA students and managers who can benefit by conflict management training grounded in cognitive and behavioral perspective.