

Research on the Improvement of TMT Innovation Capability from the Perspective of Knowledge Integration

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Abstract: TMT (Top Management Team) is an important research topic in the development of business operations after the emergence of Upper Echelons Theory. The development and innovation of enterprises rely on the power of talents, and TMT, as the core force influencing the decision of enterprises, will directly influence the direction of innovation development and strategic goal decision of enterprises, which in turn will affect the business efficiency of enterprises. Under current market situation, enhancing the innovation capability of TMT has become a pressing issue for industry players to address. Taking TMT-related knowledge concepts and innovation capability aspects as the entry point, this paper analyzed the elements affecting TMT innovation capability from the perspectives of knowledge integration and team diversity, and tried to suggest corresponding optimization of its team structure on the basis of knowledge integration.

Keywords: Knowledge Integration; Top Management Team; Diversity

Introduction:

The study of Upper Echelons Theory focuses on Top Management Team of enterprise rather than just individual business managers. Organizational leadership is a joint activity. Although the top managers have a very important influence on the decision-making activities in enterprise development, and even be the decision maker, from the overall perspective, the top managers and the other members of the organization need to assume the corresponding authority and responsibility. So, the basic idea of Upper Echelons Theory is that the internal characteristics of Top Management Team can bring about important effects on organizational performance and strategic choices, while the process of acting on the values, cognitive base and other competencies of different members of the team can affect the competitive and developmental behavior of enterprise. Therefore, in modern companies, it is necessary to study the experience and background of Top Management Team.

I. Relevant connotations of TMT and its diversification characteristics

Innovation and practice in business can involve multiple areas such as technological innovation, management innovation, and strategic decision innovation, and important decision factors often affect the future direction and upside of enterprise. Such decisions are usually made by Top Management Team, while the innovative ideas and activities of TMT, the most central team in the company, are often not taken seriously and promoted in modern companies.

Members associated with TMT are often senior corporate personnel who can be involved in strategic planning, decision making, and implementation, such as top managers, CEO, general managers, etc. It is an important responsibility of such groups to participate in the enterprise strategic decision-making, so from this perspective, the innovation capability of TMT is the innovation capability that is directly expressed to decision-making. Simon has pointed out that due to the incompleteness and limitations of information, human decision making also tends to operate only within the limited rationality; Yu Laiwen and Chen Ming (2006) also suggested that the competitive advantage and strategic capability of company are closely related to the manager's perception of external environment and the company's internal culture and the comprehensive capabilities developed^[1]. Therefore, combined with the common investigation of related scholars, this paper believed that TMT innovation capability can be referred to its ability to identify and control market opportunities, identify and control risks, use and deploy resources, and create value innovation in the process of corporate strategic decision-making and execution. The combination of these capabilities can promote the company to have far more upward momentum and innovation, and maintain good core competitiveness in the market environment.

II. Analysis of the influences between TMT diversity and enterprise innovation

Upper Echelons Theory study has also explored the impact of its characteristic factors of TMT on the strategic decision making and innovation aspects of enterprise. The findings of relevant studies indicated that TMT's cognitive analysis of internal and external environment and factors is influenced by self-interest and self-perception bias, while strategic decision planning is influenced by value factors. TMT's values and cognitive concepts are often in turn shaped by their past education and experience, and these various factors form the indirect knowledge unique to individual members, including the explicit and tacit knowledge among them, which eventually constitute a knowledge network in TMT and influence the strategic decision planning of the company. As the largest holder of enterprise information and knowledge, the knowledge structure of TMT comes from the overall characteristics of TMT structure, that is, the overall characteristics of the team, and the influence brought by the various knowledge cognitive characteristics of team members creates the diversity of TMT. Figure shows the management structure of upper echelon.

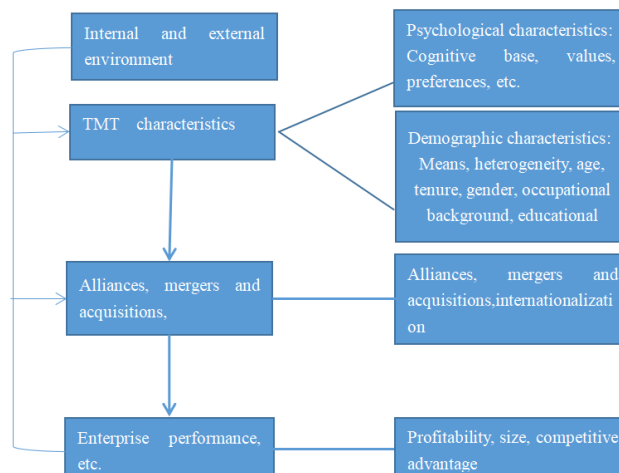


Table1: the management structure of upper echelon

It is undeniable that the diversity of TMT is conducive to improving the quality of corporate decision making, because the different indirection from different members allows the whole team to see the problem from multiple different perspectives, and through the integration of different perspectives various types of idea combinations can be formed, and this diversity feature is also conducive to the innovative practice of the company. In addition, it involves the coordination of communication between teams, covering meetings, discussions and the exchange of interests outside of work, etc., while the frequency and depth of communication between members will directly affect the quality of information interaction ^[2]. A harmonious and good team atmosphere can lead to the positive progress of the whole team and allow the members to play their own motivation. When the team as a whole and shows high emotional intelligence and high execution, it can promote the sharing of knowledge and indirect communication among the team, which in turn will also affect the development of enterprise decision-making and innovation. Of course, enterprise strategic decision-making is not a fixed goal or process, due to the continuous development of internal and external environment, enterprise strategic decisions will also change, in order to adapt to environmental changes and development, to ensure the stability of the enterprise. New knowledge and information will emerge simultaneously in the process of redefining decisions. For this new information, TMT needs to re-analyze it, explore the rewarding and risky factors, optimize it, control the risk, and carefully deploy resources and create value by taking into account future and practical factors. TMT needs to re-analyze this new information, explore the rewarding and risky factors, optimize it, control the risk, and carefully deploy resources and create value by combining future and practical factors. Therefore, the factors that affect the innovation capability of TMT can cover the team characteristics, team integration process and the effect produced by the final decision.

III. Measures to enhance TMT innovation capabilities under enterprise behavioral integration

We have already mentioned above about the factors affecting the innovation capability of TMT, and in the following we will explore the optimization of team structure, team combination process and the results.

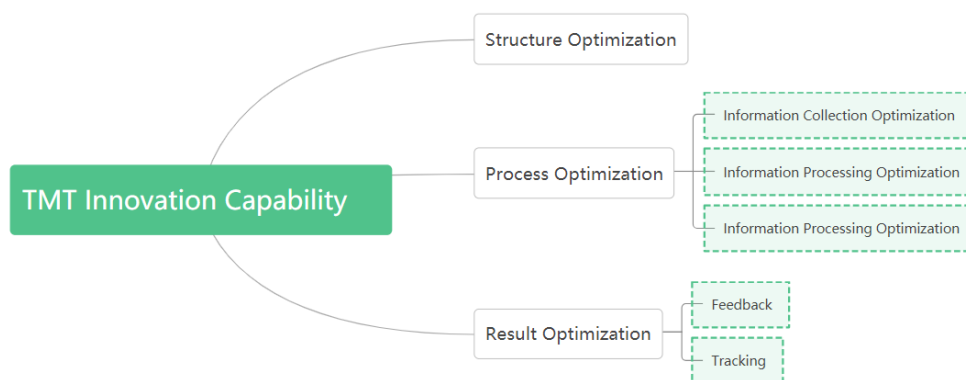


Table 2: team combination

(I) Optimization of TMT team structure

Optimizing TMT team structure requires the use of effective screening and selection

mechanisms to appoint and screen personnel, and to constitute a more efficient and rational team through the characteristic factors among different members. And depending on the characteristic factors and degree of heterogeneity of TMT, it is also necessary to combine the team members with the innovation needs of the company at the same time. For example, for the age factor in the team, when the older the members are, their way of thinking will be more conservative and more risk-averse in decision-making, so it will also lead to a lack of innovation in decision-making. Of course, the older the members are, the more experience they will have and the more rational and wiser they will be about innovation and risk control ^[3]. Therefore, the differentiation of personnel characteristics is the source of cognitive and other behavioral psychological differences, and the optimization of TMT structure should take into account both demographic characteristics and psychological characteristics. Companies should use these two points to improve the competency model of team members, develop corresponding selection criteria for selection, and expand the selection path of talents to attract talents in the market if necessary. It is also necessary to provide relevant training to the team members to improve the knowledge structure from production, sales, finance, human resources, leadership and other aspects.

(II) Optimization of TMT team integration process

The company may consider optimizing the information collection, information processing, and getting along atmosphere. The main purpose of optimizing the information collection of the team is to help members to acquire more knowledge efficiently, to facilitate the integration and contact of team contents, to deepen the understanding of the internal and external environment in terms of cognition and learning, and to jointly provide the basis and methods for strategic decision-making and to provide a solid foundation for innovation. First, since there are differences in the perceptions, experiences, etc. of members in TMT, companies can use surveys, interviews, meetings, etc. to gather relevant and innovative ideas and information; second, team leaders in TMT should actively encourage their members, who in turn support and encourage their lower departments to search for a wider range of information, to understand various products, technologies and production services and other information, and to open up the feedback channels for upward and downward communication; third, information network technology can be actively used to build a more efficient and fast channel, which allows TMT to communicate with each other through network channels and can reduce the problem of distortion in information transmission; fourth, guide the team to keep learning open among themselves, for enterprise learning behavior and personnel knowledge improvement, should encourage the integration of local and national advanced and diversified culture, fully understand and control customer need, compare the strengths and weaknesses with the market and competitors in detail, strengthen the foresight of production and sales and market changes^[4]. By continuously optimizing information collection, the company can expand knowledge source channels, optimize structure and content, and reduce decision errors caused by information asymmetry, which in turn also improves TMT's overall opportunity identification and risk prediction capabilities.

(III) Optimization of decision structure

Enterprise decisions are influenced by a combination of internal and external information and individual's self-perception and judgment, and these factors are often presented as dynamic processes, so decisions are often time-sensitive. Therefore, TMT needs to ensure timely decisions to prevent delayed actions and lost opportunities. However, due to various internal and external

uncertainties, there are different degrees of loopholes in the early stages of decision making. For example, some companies can initially tend to develop innovative technologies on their own, but as internal and external environmental factors change, they eventually have to choose to acquire certain technologies. Therefore, in the optimization of the results, TMT is also required to control them dynamically, to collect and explore information from the market, customers, competitors, etc., and to compare the planned solutions with the actual ones through trial and error, evaluation and forecast, so as to comprehensively evaluate the benefits and risks and make necessary adjustments.

Conclusion

This paper explored the innovation capability of TMT in the context of Upper Echelons Theory, and explored the factors affecting the innovation capability of TMT based on the analysis of defining the concept of TMT innovation capability. In addition, we tried to propose measures to enhance the innovation capability of TMT from the perspective of enterprise behavior integration, i.e., to select talents through team structure optimization, to improve management measures through process optimization, and to promote the complementation, integration and practical application of knowledge among TMT through the integration of knowledge among members. The behavioral integration of enterprises and the knowledge integration of TMT are important control variables for the innovation capability of enterprises, and they need to make a focused inquiry in the future development.

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