

How to Build Effective Top Management Teams in Chinese Family Businesses through Coaching?

With the rapid development of Chinese economy, Chinese family businesses are facing an increasingly competitive environment. Many family businesses hire external professional managers in their top management teams (TMT) to cope with such a changing environment (Bailey & Helfat, 2003). First, family members in the TMT may not have the experience or expertise in certain areas (e.g., R&D, marketing, etc.) that they need to either train their family members or to hire external help. When businesses grow bigger, hiring external professionals can be a faster solution (Liu, 2003). Second, when facing strategic change, family businesses hire external talents to diversify their TMT and to present a more professional image (Zhang, 2006). Third, given regional differences, hiring talents from outside the company may be more feasible compared to internal promotion (Cao, 2012). However, external hires (in Chinese terminology, parachuting member) often face challenges when they join the TMT since they are perceived as outsiders and may encounter conflicts with family members (Zhang & Rajagopalan, 2010). In a worst-case scenario, they may leave the family businesses causing economic losses of the company, devastating the TMT building processes, and imposing risks in their own future career developments (Wiersema, 2002; Zhang, 2008). Consequently, how to facilitate team processes and build a more effective TMT becomes an important question for Chinese family businesses. In this study, we explore

the relationship between coaching and TMT building to answer this question.

Coaching and Team Building

Coaching, an important and effective managerial activity for individual learning and development, has attracted increasing attention and endorsement from human resources scholars and practitioners (Bartlett & Ghoshal, 2002), and as a means of mentoring new economic entrepreneurs (St. Jean & Audet, 2012). Global companies such as Motorola increasingly expect their managers to coach their subordinates to enhance talent growth and development (Latham, Almost, Mann, & Moore, 2005). Traditionally, a coach has been perceived as typically working in an organizational setting and is the individual “who works with others to develop and implement strategies to improve their performance” (Sue-Chan & Latham, 2004, p. 261). Despite its efficacy in increasing the performance of individuals within an organizational setting, coaching as a management practice to enhance performance in other domains is relatively unexamined. Especially in family businesses, coaching TMT members can be essential to facilitate members’ learning and development among team members within the team. Then we naturally ask who should play the role of a coach?

Who coaches the TMT: External experts or organizational peers?

Given the continuous rise of family business in China, “who is the most effective coach” for TMT members is a managerial concern since past research has demonstrated the relative

effectiveness of different coaching agents in different settings. Sue-Chan and Latham (2004), for example, examined the differential effects of three types of coaching agents including *external* and *peer* coaches on coachee outcomes cross-culturally. Consistent across two samples from two cultures (Canadian MBA students vs. Australian EMBA managers), their results showed that an external coach, relative to a peer coach, significantly enhanced team-playing behavior and academic performance. In both studies, the participants perceived an external coach, relative to a peer coach, to have higher credibility. An external coach was someone who was not an individual to whom the recipient of coaching had a formal reporting relationship and had subject matter expertise while a peer was a member of the same program of study.

Given the contrasting effectiveness of coaching agents and different recipients' perceptions of a coach's credibility, we propose that different types of coaching agents may lead to different outcomes for members in the TMT. When interacting with others, individuals are making cognitive and affective assessments of their interaction partners (cf. Cuddy, Glick, & Beninger, 2011; Fiske, Cuddy, & Glick, 2006). Such appraisals may subsequently be associated with different trajectories for the aspirations of TMT members. In addition to his/her credibility, an external coach may also be perceived as a neutral person for both family members and external hires that with no conflict of interests in the family business, he/she may be able to play a bridging role between the both parties. An external

coach, an individual with prior experience needed for team building, would also be able to advise TMT members regarding current team dynamics and factors affecting team processes. Thus, we expect that external coaching, relative to peer coaching, will lead to significantly positive team processes. In contrast, a peer coach, an individual who is member of the TMT may not generate such images through the eyes of other team members, especially when conflicts already present among team members.

How to coach: Guidance vs. facilitation

Even if effective coaches have been identified and deployed for coaching TMT members, different coaching styles, namely, “*how to coach*,” is another issue that should be of managerial concern since different coaching styles may have different implications on effective team building. As a developmental practice requiring the coach to engage in ongoing forms of goal-focused actions towards performance improvement on given tasks, coaching can be either *directive* or *facilitative*. Guidance and facilitation are two distinct coaching styles (Hui, Sue-Chan, & Wood, 2013). Briefly, while guidance coaching involves the coach acting as a role model to deliver clear expectations and feedback pertaining to task improvement, facilitation coaching requires the coach to help recipients to self-explore and develop effective ways for task improvement.

Past research has shown the differential effects of guidance and facilitation coach on task performance. Hui et al. (2013), for example, showed that guidance coaching is more

beneficial for increasing performance on a familiar, coached task, whereas facilitation coaching is more effective for an unfamiliar, transfer task. Further, they found that two important cognitive mechanisms—perceptions of task complexity and levels of self-set goals—underlie the effects of coaching styles on the performance of coached and transfer tasks. Overall, guidance coaching can be characterized as more instrumental and directive that primes performance or outcome goals, whereas facilitation coaching more developmental and empowering with the implicit goal of enabling the recipient to learn (cf. Chen & Latham, 2014).

Applied to the context of coaching TMT members, family members and professional hires, from the perspective of *how* to coach, we suggest that different coaching styles, during different *developmental stages* may lead to different performance outcomes. We assume that different developmental stages are innately associated with different obstacles and challenges facing TMT. Thus, different coaching styles, given their differential effect on coached vs. transfer tasks (familiar vs. unfamiliar/novel), may lead to different task outcomes. Thus, for example, in the early stage of TMT building, guidance coaching may be more effective than facilitation coaching for that to learn from the coach about the specifics, such as the team goals, the conflicts among team members, and how to deal with such conflicts. Once externally hired members are able to fit in with other family members, facilitative coaching may be more effective than guidance coaching because changes in environment conditions

will require each TMT member to devise his/her own responses in order to ensure the development of the family business.

An interactionist perspective

To address practical concerns that arise during the team building process, we propose to examine the unique as well as interactive effects of different coaching agents and their coaching styles on effective team building. Ultimately, we aspire to answer a dynamic question: *who* and *how* to coach team members from different backgrounds (e.g., family, external hire, internal promotion) to facilitate TMT building?

In particular, we propose the following framework.

Insert Figure 1 About here

To achieve this end, we plan to build on extant coaching and TMT literature examining the *interactive effect* of coaching agents (i.e., external and peer) and coaching styles (i.e., guidance vs. facilitation) on team building.

Figure 1. Coaching and Team Building

External	I	II
Internal	III	IV
	Guidance	Facilitation

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