

# The diversity of the top management team and the survival and success of international companies: The case of Spanish companies with foreign direct investment in China

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*Abstract: There is an important stream of research in internationalisation studies about the influence of governing bodies on organisational expansion strategies. Using Upper Echelon Theory, this paper aims to analyse how the diversity of the top management team affects the success and survival of the company abroad. Data were collected from Spanish companies with foreign direct investment in China during the period 2012-2013. China was chosen as the host country because it is the world's largest recipient of FDI and because of the considerable cultural and geographical differences between China and Spain, which make the investments especially risky and uncertain. Therefore, it deserves additional research. The results indicate that a top management team with members of very different ages has a negative impact on the success of the company abroad because the generational differences introduce different opinions into decision-making process. However, gender diversity increases the survival of the company. Survival is also greater if the company is smaller because it is more flexible and has a greater ability to adapt to market contingencies.*

*Keywords: Upper-Echelon Theory, business strategy, internationalisation, top management team, Spanish companies, China.*

# 1. Introduction

In the current economic environment, many companies seek to expand their domestic market in search of new customers and profits. In this respect, internationalisation is recognised as a valuable strategy for growing organisations (Graves and Thomas 2008). But it is also a strategic decision that involves high risks and uncertainty for companies (Contractor *et alii* 2007; Musteen *et alii* 2009). This dichotomy of internationalisation, the effects of which are contradictory, is what makes this corporate strategy an important area of study in business research.

There is a stream of internationalisation research on the influence of governing bodies on the expansion strategy of companies because of their responsibility as the agents of decision-making (Wiersema and Bantel 1992; Westphal and Fredrickson 2001; Hsu *et alii* 2013).

In this respect, the Upper-Echelon Theory, developed by Hambrick and Mason (1984), studies the implications of the demographic characteristics of managers on organisational results (Kilduff *et alii* 2000; Pegels *et alii* 2000; Auden *et alii* 2006). These demographics can influence, and are used as a proxy for, the values and beliefs of members of the governing bodies and, therefore, as determinants of their decisions (Finkelstein and Hambrick 1996). Previous research has highlighted objective and easily measurable demographic characteristics such as age, tenure, function or training (Hambrick and Mason 1984; Tihanyi *et alii* 2000). However, considering that those responsible for decision-making do not normally act alone or independently (indeed they usually constitute working groups) previous research has also searched for measures of these demographic variables that cover the whole group, focusing mainly on the impact that the demographic diversity of these variables has (Kilduff *et alii* 2000; Díaz-Fernández *et alii* 2014). Many studies have used this theory to explain the impact on various measures of organisational performance and strategic outcomes, such as internationalisation strategies, but most of these have used North American samples and not drawn any conclusive results. Therefore, more studies are needed to shed light on these inconclusive results and to provide evidence from other geographical contexts (Nielsen 2010)

The main aim of this paper is to find out how the diversity of top management teams (TMT), understood as variety (Harrison and Klein 2007) affects the international success and survival of companies in an emerging country. The study focuses on Spanish foreign direct investments (FDI) in China for several reasons. Firstly, because China is the largest recipient of FDI (The WorldBank 2013) and it offers great business opportunities (Sakarya *et alii* 2007; Enderwick

2009;); secondly because it is not a common destination for Spanish companies, which have always preferred to invest in physically or culturally close countries (Johanson and Vahlne 1977) such as Europe or Latin-America; and thirdly because the cultural differences between China and Spain mean that more empirical evidence is needed on this type of Spanish FDI due to the notable differences in the institutional contexts of both countries and the risks and uncertainties involved in these Spanish FDI (Schmid and Wurster 2015). These difficulties justify the success and survival of Spanish companies investing in China as an interesting case study, and the analysis of the potential impact of the diversity of Spanish TMT on these variables related to internationalisation.

In order to answer the research questions, this article has been structured as follows: in the second section the previous literature on TMT and internationalisation is reviewed. In the third, the sample and methodology used in the study is justified. In the fourth, the results are reported and in the fifth discussed. Finally, the main conclusions are outlined in the last section.

## 2. Theoretical framework and hypotheses

Internationalisation is a business growth strategy influenced, like other strategic decisions, by decision-making bodies. The theoretical perspective adopted in this study to link the TMT with internationalisation is the Upper-Echelon Theory (Hambrick and Mason 1984) because the TMT's backgrounds and psychological characteristics influence the decisions they make, so their influence on internationalisation is unquestionable.

Previous literature has pointed out the observable demographic characteristics defined by this theory in order to show that they influence the internationalisation of the company in two ways. On the one hand, previous research has studied the influence of each demographic trait on the expansion process and has made some interesting findings. For example, internationalisation has been shown to have a negative relationship with TMT age, measured as the percentage of assets attributed to a global market (Tihanyi *et alii* 2000; Herrmann and Datta 2005; Hsu *et alii* 2013) and a positive relationship with TMT education (Moreira *et alii* 2013) and international experience (Tihanyi *et alii* 2000; Hutzschenreuter and Horstkotte 2013; Piaskowska and Trojanowski 2014). On the other hand, it is not only the individual characteristics of the TMT members that influence the strategic outcome of the internationalisation process of a company; the diversity of these characteristics within the TMT also has an effect, and in this regard, previous research has not reached a generalised consensus.

Some authors argue that TMT diversity makes companies perform better because top managers come from different backgrounds and this increases the quality of decisions due to the differences in knowledge and perspectives (Pegels *et alii* 2000; Carpenter and Sanders 2004), especially in uncertain environments (Cannella Jr *et alii* 2008). Others, however, warn of the risks of conflict to which this diversity leads (Pelled *et alii* 1999; Carson *et alii* 2004). The heterogeneity of the TMT improves decision-making in some aspects but not in others because it makes the process slower (Hambrick *et alii* 1996).

Below we explain the relationship that certain demographic variables (age, gender, function, tenure and education) have on internationalisation according to the literature.

## 2.1 Age diversity

Age is one of the demographics that influence strategic decision-making (Wiersema and Bantel 1992). It is often related to previous experience and affects the propensity for internationalisation in several ways.

Young managers are more likely to make risky decisions so this may be beneficial for the internationalisation outcomes of the company (Herrmann and Datta 2005). In the same way, older managers are usually more risk averse and they prefer less uncertain strategies (Child 1974); this is because, on the one hand, they need to maintain their status and, on the other, they do not have the capacity to analyse and process the information they need to adapt to environmental changes, as young managers have (Herrmann and Datta 2005; Chen 2011). In this respect, age is negatively associated with internationalisation outcomes (Hsu *et alii* 2013).

However, previous experience, which is the other aspect related to age, may be associated with the propensity to internationalise and its success in just the opposite way (Hutzschenreuter and Horstkotte 2013). Therefore, a balanced TMT in terms of age could be one way of generating optimal results (Tihanyi *et alii* 2000), despite the fact that other authors suggest that age homogeneity leads to better performance. Whatever the case may be, we believe that the combination of youth and experience can generate the best partnership to leverage the strengths of each age group. In accordance with the above, we have formulated the following hypotheses:

- H1a. Age diversity of the TMT positively affects success abroad.
- H1b. Age diversity of the TMT positively affects the survival of the company abroad.

## 2.2 Gender diversity

The economic literature contains numerous gender studies because of the differences between the social preferences, risk and competitiveness of men and women, characteristics that condition their strategic decisions (Croson and Gneezy 2009).

Some results of previous studies indicate that female participation in the upper echelons increases the value of a company (Hassan *et alii* 2016) but others say just the opposite, that female directors report lower total shareholder return (Lückerath-Rovers 2013) and do not improve company performance (Darmadi 2013). Gender diversity can also cause conflicts (Richard *et alii* 2004) but some studies show the presence of women in government bodies and their effect on a company's results in a positive light (Liu *et alii* 2014). They bring other qualities or skills, which can favour, for example, innovation (Torchia *et alii* 2011; Reguera-Alvarado *et alii* 2015) or RSC initiatives that generate greater organisational efficiency (Ben-Amar *et alii* 2015).

The number of women is also important since more than two generate better results (Liu *et alii* 2014; Nguyen *et alii* 2015). However, even if they have the same qualities or requirements as men, they are rarely hired despite the benefits discussed above (Nekhili and Gatfaoui 2013). The arguments in favour of gender diversity bring up the following hypotheses:

- H2a. Gender diversity in the TMT positively affects success abroad.
- H2b. Gender diversity in the TMT positively affects the survival of the company abroad.

## 2.3 Functional diversity

The functional background of managers influences their strategic decisions (Hambrick and Mason 1984). According to previous literature, different functional backgrounds have positive effects on internationalisation (Auden *et alii* 2006; Rivas 2012). This could be because managers from different functional areas also collaborate by increasing organizational creativity, which has a positive effect on the company's flexibility (Yoon *et alii* 2015). In this respect, Gevers *et alii* (2015) conclude that rather than homogenizing team structures, managers should stimulate good teamwork behaviour in an attempt to integrate interests and insights from different functional areas. So, a diversity of approaches can be necessary for companies because it provides an overview of the complexity of the internationalisation process, especially in new destinations. Therefore:

- H3a. Functional diversity of the TMT positively affects success abroad.

- H3b. Functional diversity of the TMT positively affects the survival of the company abroad.

## 2.4 Tenure diversity

When a TMT works together for a long period of time it develops similar attitudes. Therefore, tenure affects the decisions they make (Katz 1982). In this respect, studies have been made of whether long tenure, both in a job or inside the organisation, favours strategic changes and the company internationalisation or not. Results have not been conclusive.

Some authors argue that long term TMTs are more resistant to change so they are less likely to undertake complex and risky processes such as those involved in internationalisation strategies (Finkelstein and Hambrick 1996). They may also have a skewed vision of the environment because having experience in other companies, in other contexts or other functions enriches knowledge. So, shorter tenures may have a positive relationship with international diversity (Herrmann and Datta 2005).

On the other hand, long tenures have some positive aspects. They are associated with stability, less conflict and efficiency (Katz 1982; Pelled *et alii* 1999) and this is good for internationalisation because it fosters consensus on strategy (Barkema and Shvyrkoc 2007). Authors like Chen (2011) found a positive relationship between tenure and internationalisation, measured in this case, as the ratio of foreign sales to total sales, due to the richness of long experience within a particular company.

Just like age diversity, tenure diversity is positive for company results (Auden *et alii* 2006; Tihanyi *et alii* 2000) because it allows for the creativity and freshness needed in foreign markets while maintaining stability and cooperation (Jaw and Lin 2009). Thus:

- H4a. Tenure diversity of the TMT positively affects success abroad.
- H4b. Tenure diversity of the TMT positively affects the survival of the company abroad.

## 2.5 Diversity of educational background

The educational background of the TMT brings together different factors, skills, knowledge and capacities that enable companies to improve their strategic decisions and perform better in complex situations (Carpenter 2002).

Higher educational levels have been linked to innovation (Camelo-Ordaz *et alii* 2005), openness to change (Wiersema and Bantel 1992; Díaz-Fernández *et*

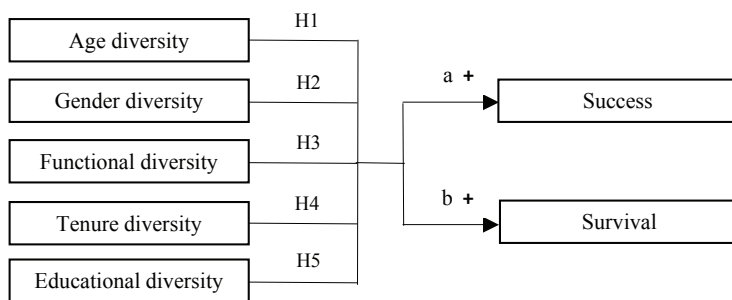
alii 2015) and also more international diversity (Tihanyi *et alii* 2000; Barroso *et alii* 2011; Hsu *et alii* 2013). The uncertainties associated with internationalisation makes it essential to have well-prepared managers with greater information-processing abilities if companies are to be successful in the international context (Herrmann and Datta 2005; Latukha and Panibratov 2015).

The literature has shown that a high level of heterogeneity in education positively affects internationalisation (Carpenter 2002., So:

- H5a. Diversity of educational background in the TMT positively affects success abroad.
- H5b. Diversity of educational background in the TMT positively affects the survival of the company abroad.

Figure 1 shows the relationships that this study will try to prove between the demographics of the TMT and its influence on the process of internationalisation.

**Figure 1. The influence of TMT characteristics on internationalisation: hypothesis**



### 3. Methodology

#### 3.1 Data gathering

The sample for the study was selected from the ICEX directory (Spanish Institute of Foreign Trade) and from the SABI database (Sistema de Análisis de Balances Ibéricos). We took into consideration Spanish companies with direct investment in China in 2012 regardless of their legal form. In total, 377 companies were identified. We contacted them first by phone to explain the nature of the study, before sending them the questionnaire in 2012.

The questionnaire was addressed to the Chief Executive Officer or to the person responsible for business development via email with a link so that it could be answered online. The questions refer to seven different aspects

of the company and its internationalisation process: the company’s general information, the company’s international experience, TMT data, the company’s internationalisation process in general, the company’s process of expansion (specifically in China), the company’s human resource practices in the host country and the company’s results abroad. Finally 82 responses were collected during the period 2012-2013, which represents a response rate of the 21.75%. This ratio is better than other studies using questionnaires as a tool for data collection (Torchia *et alii* 2011; Moreira *et alii* 2013; Tolstoy 2014). We conducted a Student’s t-test to determine if there was a significant difference in terms of size (measured as employees and total assets) and ROA (return on assets) between the respondents and the non-respondents and there was not (with a confidence level of 95%). We compared the three control variables used in the model. For size, considering the number of employees, the t-statistic was 0.362 and its p-value 0.717. Taking the total assets the Student’s t-test returned a value of 0.847 and a p-value 0.847. And, considering the ROA, the t-statistic was -1.366 and the p-value 0.175. Table 1 shows some descriptive data of the respondents.

**Table 1. Characteristics of the sample**

Industry	Manufacturing and construction	45.1%
	Wholesale and retail trade	23.2%
	Services	30.5%
	NA	1.2%
Family business	Yes	40%
	No	60%
Company size	Small	11.0%
	Medium	13.4%
	Large	73.2%
	NA	2.4%
Years of experience in China	≤5	34.1%
	5<X≤10	25.6%
	10<X≤15	13.4%
	15<X	15.9%
	NA	11.0%

According to these data, the activities of the Spanish companies in China are mostly manufacturing, retail and professional services. They are basically large companies, because it is difficult for a small company to undertake a process of this nature largely due to lack of resources (Fernández and Nieto 2005; Harvey



and Abor 2009; Lin 2010) using the Regional Project on Enterprise Development (RPED). And as can be seen by their experience in China, most of the companies in our sample settled in the country less than ten years ago so it is a relatively new destination.

## 3.2 Measurement of the variables

### 3.2.1 *Dependent variables*

Many parameters can be used to measure success and survival abroad: economic performance, financial ratios, market share, brand value, customer satisfaction, corporate image, etc. However, by asking the managers responsible for the internationalisation process, we seek in this paper to bring all these aspects together and determine whether the company believes that the result of its investment in China is being positive. Even if the investment is positive for the company, this does not necessarily mean that the associated ROA is positive as can be seen in the economic information of the sampled companies. This may be because China is a relatively new investment destination and companies still have to absorb the high initial costs (of investment and adaptation to the market). Also the current economic situation has affected company profits.

The last part of the questionnaire was about the company's results in China, and attempted to determine the internationalisation performance of the companies. There were six questions which had to be answered on a 5-point Likert scale (where 1 means "strongly disagree" and 5 means "strongly agree"). We conducted a factor analysis of these questions with principal component analysis as the extraction method and Varimax Kaiser Normalisation as the rotation method. The result was consistent according to the Kaiser-Meyer-Olkin measure of sampling adequacy (0.549) and Bartlett's test of sphericity was significant. Thus, the results support two factors of internationalisation performance with an eigenvalue greater than 1. We identified two factors that explain 65.73% of the variance, clearly labelled as success and survival of the company in the host country (table 2). Therefore, we used these factors as dependent variables in our model.

**Table 2. Results of the factor analysis (Table of rotated component matrix)**

	factor	
	success	survival
Investing in China has been successful.	.646	.241
Success in China is saving the company.	.071	.892
The company is successful if it is compared with its competitors.	.797	.107
The company will still be successful in 5 years' time.	.871	-.041
The success of the investment will continue saving the company in 5 years' time	.091	.886
The company will be successful if it is compared with its competitors in 5 years' time	.683	.022
Eigenvalue	2.46	1.49
Percentage of variance	65.734	

### 3.2.2 Independent variables

The independent variables of the study are the diversity of the demographic characteristics of the TMT. The CEO and four other members of the company's TMT were asked for their demographic information. Specifically, the variables that we considered were: age, gender, educational background, experience, organisation tenure and functional tenure. To analyse the diversity of the TMT we made some transformations. For qualitative variables we used the Blau Heterogeneity Index (Blau 1977) the formula of which is  $1 - \sum p_k^2$ , where  $p$  is the proportion of unit members in the  $k$ th category. A high score on this index indicates greater diversity, while a low score represents greater homogeneity. To calculate the diversity of the quantitative variables we used the variation coefficient (typical deviation divided by the average). After that, we used the z-score of the diversity variables.

### 3.2.3 Control variables

We introduced two control variables commonly used in internationalisation research: size and profitability. We determined the company's size through its assets (A) and the total number of employees (E). Profitability was measured in terms of the ROA. We used the logarithm transformation of the size variables, and then standardised all control variables (z-score).

Table 3 shows some descriptive data of the variables and their correlations. It can be observed that the companies in the sample do not have a great deal of

age and gender diversity in their TMTs according to their mean values. Diversity is greatest in both tenures, organisational and functional. As far as the control variables are concerned, it is noted that the average ROA is negative, which means that the year 2012 was not a profitable year, in general, for companies investing in China due to the global crisis.

Some variables have significant correlations between one another (see Table 3). The strongest relationship was found between variables LogSize(E) and LogSize(A), which is because both are related to company size although they are measured differently. To determine whether these correlations could create collinearity problems FIV values were also calculated. In all cases the values were below 10 which means that there are no serious problems in this regard (Kleinbaum *et alii* 1988).

**Table 3. Descriptive statistics and matrix of correlation of the independent variables**

Variable	mean	SD	1	2	3	4	5	6	7	8	9	FIV values
1. AgeDiv	.1584148	.09085785	1									1.465
2. GenderDiv	.1960784	.25236940	-.008	1								1.438
3. OrgTenureDiv	.4924818	.36846165	-.008	.115	1							1.303
4. FunTenureDiv	.5737100	.38342423	.345*	.241	.144	1						1.886
5. EducDiv	.3459764	.25354579	.299	.117	.152	.773**	1					1.929
6. ExpDiv	.4782385	.28477742	.277	-.008	.760**	.144	.063	1				1.384
7. ROA	-4.4213	35.07461	-.414**	-.081	-.053	-.126	-.149	-.024	1			1.553
8. LogSize (E)	1.9916	.84596	-.335*	.060	.350*	-.059	.013	.233	.239*	1		4.055
9. LogSize (A)	.5063	.60926	-.370*	.025	.399**	-.180	-.117	.323*	.369**	.815**	1	3.543

Correlation significant to the level of \*0.05 (bilateral) and \*\*0.01 (bilateral)

### 3.3 Data analysis

Data were analysed using linear regression, following the Backward Stepwise Regression procedure. This method makes it possible to enter all the explanatory variables at an early stage. The variable with the smallest partial correlation with the dependent variable is then excluded. Once the first variable has been excluded, the process is repeated with the following variable with the smallest partial correlation. The procedure ends when there are no more variables in the equation that satisfy the exclusion criterion (F probability to be excluded P0.1) (Fitó-Bertran *et alii* 2015).

The results of the linear regression analysis carried out are reported below.

## 4. Results

Taking the success factor as the dependent variable (Model 1 shown in Table 4), the final model after the Backward Stepwise Regression method has been applied has an adjusted  $R^2$  of 17.4%. In the end, just one characteristic of TMT diversity is significant to determining the company's success in China: the age diversity of the TMT. This variable is significantly linked to success in a negative way: the greater the age diversity in the TMT, the less likely it is for internationalisation to be a success. So, H1a is rejected because age diversity in the TMT does not have a positive effect on success abroad. Hypotheses H2a, H3a, H4a and H5a – which attempt to relate the variables of gender, functional, tenure and educational diversity to success abroad – are not significant in Model 1, so we cannot reject or accept them.

**Table 4. Linear regression of the success factor according to TMT diversity characteristics**

Model 1	Unstandardized coefficients		Standardised coefficients	t	Sig.
	B	Standard error	Beta		
(Constant)	.128	.158		.814	.423
ROA	-.492	.192	-.457	-2.562	.016
Age diversity	-.349	.173	-.359	-2.011	.054

Dependent variable: Success

In addition, the return on assets (ROA) is significant in Model 1, and shows a negative relationship with the company's success. This means that the companies that are most successful in their attempts at internationalisation in China are also less profitable.

When the survival factor is taken as the dependent variable (Model 2 shown in Table 5), the same statistical method gives an adjusted  $R^2$  of 27%. In this case, the diversity that affects survival abroad is gender diversity. Model 2 explains a positive relationship between gender diversity within the TMT and the company's survival in China, so H2b is accepted. The other hypotheses, related to diversity and survival (H1b, H3b, H4b and H5b), cannot be accepted or rejected, as they appear to be statistically non-significant in Model 2.

**Table 5. Linear regression of the survival factor according to TMT diversity characteristics**

Model 2	Unstandardized coefficients		Standardised coefficients	t	Sig.
	B	Standard error	Beta		
(Constant)	.041	.156		.264	.794
Size (Assets log)	-.672	.207	-.522	-3.247	.003
Gender diversity	.400	.201	.320	1.991	.057

Dependent variable: Survival

The control variable size, which is also significant, indicates that smaller companies have greater survival.

## 5. Discussions

In this study we focused on the internationalisation outcomes of Spanish companies in China, a culturally distant country that makes the process more complex and risky (Hutzschenreuter and Horstkotte 2013). In this environment, the results show that the diversity of some TMT demographic characteristics affect the success and the survival of the company.

Although it has been shown in the literature that different types of diversities of the members of the TMT positively or negatively affect the internationalisation of a company, in our sample of Spanish companies with FDI in China only age diversity appears to have a significant effect on success. The other characteristics of diversity do not seem to affect the process. So, according to the data analysis, age diversity has a negative effect on international success in China. This could be explained by emotional conflicts related to this kind of diversity. People of a similar age are likely to have the same values and beliefs because their life experiences are similar (Ireland *et alii* 1987), thereby increasing the propensity to agree (Knight *et alii* 1999). In this regard, different generations have different perspectives on corporate strategy (Chen *et alii*, 2015) especially in a country that is so different culturally and so uncertain. Another reason may be because of the characteristics of our data. In our sample, a large number of companies are family owned (40%), which may influence the relationship between age diversity and the internationalisation process negatively because of the potential conflict between the different generations of managers (Sciascia *et alii* 2013). So, we can conclude that an international company with a homogeneous TMT in terms of age obtains better results in China, because it may avoid conflicts between TMT members who are relatives.

This result is in line with those of previous research. For example, although Tihanyi *et alii* (2000) argue that age diversity generates a wide variety of viewpoints that can lead to changes, especially in complex environments, and therefore has a positive effect on internationalisation, they could not support these arguments with data. Also, Auden *et alii* (2006) concluded that the homogeneity of ages generates best performance in the international context.

The other analysis related to Model 1 shows a negative relationship between ROA and international success. This is not an unusual result because foreign investment generates high costs, especially at the beginning of the internationalisation process and making a profit takes time (Contractor 2007). Of the countries in our sample, 34% had been in China for less than 5 years, and more than 50% less than 10 years. Companies frequently need more time to achieve good levels of profitability. Previous research has also found smaller profitability ratios in companies with higher levels of international success (Lu and Beamish 2001).

Model 2, in which the dependent variable was survival abroad, is influenced by gender diversity and the size of the company. The fact that company size has a negative impact on business survival makes sense since small companies are associated with flexibility (Narula 2004) and adapting more easily to the ever-changing and complex environment (Tolstoy 2014). In our study of an emerging country, the large number of changes in a short period of time in the market and legislation show the importance of flexibility. Therefore, small companies, which are normally more flexible, are those with the highest survival rates.

According to our data, gender diversity also has a positive effect on the survival of companies in China. This effect was also found by other authors, especially in companies seeking growth (Dwyer *et alii* 2003) and with geographically dispersed teams (Post 2015) this study examines how team leader gender relates to team cohesion, cooperative learning, and participative communication. Furthermore, the study argues that advantages derived from female leadership may be contingent on teams' coordination requirements. I propose that as teams' coordination requirements increase (i.e., with functional diversity, size, and geographic dispersion, as is the case of internationalisation).

The fact that women are more risk averse than men (Croson and Gneezy 2009) is consistent with our findings that gender diversity has a positive influence on the survival of international companies. There are several reasons for this. Firstly, internationalisation is a complex strategy with a high degree of uncertainty, so if women are less likely to make risky investments it is plausible that the ones they do make will be more successful and that companies with greater gender

diversity will have greater survival rates. And secondly, because they take fewer risks, they also prefer to invest in lower-risk countries where the company has a greater chance of survival, so they do not choose an emerging country unless the investment opportunity is very favourable. Therefore, a balance between men and women in the TMT makes the company strategy less risky, which improves its chances of survival in an emerging market such as China. They can also bring qualities and skills that better suit Chinese culture such as patience and caution (Graham and Mark Lam 2003).

## **6. Conclusions, limitations and future research**

In the context of this article, in which investment is made in an emerging market with considerable cultural differences, complexity and uncertainty, the role of the TMT can be even more important because it is more difficult for managers to effectively interact with local authorities, employees or clients.

On the basis of the results, we conclude that teams with a diversity of ages negatively affect the success of companies abroad. Instead, gender diversity increases company survival. In this respect, smaller companies tend to be more flexible and therefore have a greater ability to adapt to market contingencies.

These findings are relevant for companies because internationalization is a complex and risky process that is influenced by many variables, some internal and others external to the company. One of the factors that a company can control is the composition of the TMT. So, the contribution that this study makes to the international business literature in the field of emerging markets is that it determines what traits of TMT as a group favour the success of the internationalization process. TMT heterogeneity can be positive or negative for company results as it can hamper decision-making or generate better strategies because it takes more points of views into account. According to this study, age diversity means that companies are less successful in the context of investment in China. On the other hand, gender diversity generates greater survival in the same context.

These conclusions indicate that if companies want to invest successfully in China they need to have homogeneous teams in terms of age and to include women in their TMT.

This study also has its limitations. Firstly, it has a regional focus as it only covers Spanish companies that decide to internationalise in China, so it would be interesting to compare our results with those obtained from other Western countries, and to analyse whether they give the same importance to age and gender diversity in success and survival in the international context. Secondly, it

would be interesting to collect more information to find if in the case of China there are other diversity variables of the TMT that can affect company results.

It would also be interesting to investigate if conflict within the TMT can have a positive effect on performance because different viewpoints about company strategy does not necessarily need to be negative. These research lines may be interesting for the future.

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