UPPER ECHELONS HETEROGENEITY – A REVIEW OF THE TOP MANAGEMENT TEAMS AND BOARD FAULTLINE LITERATURE

ABSTRACT

While most upper echelons research traditionally defines diversity through demographic variety, recent advancements in group diversity literature highlight faultlines as a critical predictor of team dynamics and performance. Despite nearly 30 years of research on faultlines in organizational teams, their integration into upper echelons studies began slowly in the early 2000s and has gained significant momentum in the past five years. Given the unique characteristics and strategic importance of top management teams (TMTs) and boards, a deeper understanding of how faultlines emerge and influence outcomes in these contexts is essential. Decisions made by upper-echelon teams profoundly shape organizational performance and strategic direction, often under high-pressure conditions. However, empirical studies on faultlines in upper-echelon teams reveal a complex and inconsistent body of findings.

This systematic review, the first to focus exclusively on faultlines in upper echelon teams, aims to synthesize and clarify this evolving research area. An analysis of 35 articles published in leading international journals between 2005 and 2024 reveals that faultline studies in upper echelons are predominantly quantitative, relying heavily on archival data that often fail to capture the nuanced complexity of diversity as a theoretical construct. Furthermore, variations in national governance models frequently blur the distinctions between TMTs and board directors, despite their divergent roles, tasks, and responsibilities within upper-echelon teams.

Keywords: Upper-echelons, TMT, board of directors, faultlines, systematic review

Since Hambrick and Mason's (1984) seminal article on upper echelon theorizing, significant attention has been given to understanding how the personal characteristics of top management teams (TMT) and boards of directorsshape their decision-making. They theorised that when making complex strategic decisions, top managers interpret their environments selectively, guided by their personal experiences and cognitive frameworks. Thus, each manager perceives and prioritises aspects that resonate with their background and mental patterns. They posited that diverse perspectives within a heterogeneous top management team could be beneficial, as they collectively address different facets of intricate situations. By integrating their unique insights, top managers could contribute to a more holistic understanding of strategic contexts, fostering well-informed decisions and enhanced performance.

However, despite the breadth of studies on upper echelon heterogeneity, findings remain inconsistent, leaving open the question of whether diversity in managerial backgrounds benefits organisations (e.g., Samba, Van Knippenberg, & Miller, 2018) or not (e.g., Ma, Lv, & Zhao, 2022). Scholars argue that the link between TMT heterogeneity and firm performance is more nuanced than initially posited, revealing critical gaps in the research. Many authors suggest that the relationship between upper echelon group composition and organisational outcomes is mediated or moderated by team dynamics (e.g., Eriksson, Robertson, & Näppä, 2020; Mihalache, Jansen, Van den Bosch, & Volberda, 2014). While most upper echelons research defines diversity in terms of variety (S. Nielsen, 2010), focusing on team heterogeneity across demographic characteristics, more recent developments in group diversity literature highlight the significance of faultlines as a strong predictor of team dynamics and performance (Lau & Murnighan, 1998; Miller et al., 2022). Unlike traditional approaches that examine differences along a single attribute, faultlines, defined as "hypothetical dividing lines that may split a group into subgroups based on one or more attributes" (Lau & Murnighan,

1998: 328), consider multiple attributes simultaneously. This approach assesses the likelihood of subgroup formation within teams, driven by similarities across several characteristics, offering a more nuanced understanding of intra-team divisions and their impact.

While the concept of faultlines in organisational teams was introduced by Lau and Murnighan in 1998, its application to upper echelons research began only in the early 2000s (e.g. Barkema & Shvyrkov, 2007; Li & Hambrick, 2005 - see Figure 1). Several comprehensive reviews have explored faultlines in organisational teams more broadly (including regular teams and TMTs) (e.g. Liu, Park, Hymer, & Thatcher, 2019; Meyer, Glenz, Antino, Rico, & González-Romá, 2014; Thatcher, Meyer, Kim, & Patel, 2024; Thatcher & Patel, 2012). Additionally, Miller et al. (2022) offer an extensive review on cognitive diversity in TMTs, although without a specific focus on faultlines. Despite this distinction, existing reviews have not examined faultlines in TMTs and boards in particular detail, with the exception of coding those studies separately (see Thatcher et al., 2024). To the best of my knowledge, no review to date has focused specifically on faultlines within TMTs and boards of directors despite the soaring number of publications in in the last decade (see Figure 1). 43% (i.e., 15 out of 35) of the studies included in this review were published since 2020. The heightened interest is also reflected in broader reviews. For instance, 27% of the studies included by Thatcher and colleagues (2024) in their meta-analytic review refer to TMTs or board teams. This oversight is notable as the manifestation of faultlines and their impact in TMTs and boards warrant specific attention due to these groups' unique characteristics and strategic importance. These upper echelon teams operate under distinctive pressures, with their decisions having far-reaching implications for organisational performance and strategic direction (Miller et al., 2022).

<Insert Figure 1 about here>

This key distinction between upper echelon management teams and other organisational teams highlights the need for a comprehensive literature review on faultlines in TMTs and boards of directors, offering more nuanced insights into upper echelon research. This review synthesises and contrasts the current state of knowledge regarding faultlines in TMTs and boards, examining their effects on various organisational outcomes and the conditions under which these effects might be amplified or attenuated. By systematically comparing findings from 35 articles across these two contexts, I aim to uncover patterns in how different types of faultlines - demographic, informational, and resource-based - manifest differently in TMTs and boards, and how various moderating factors influence their impact. Furthermore, this review intends to outline the possibilities for future research, specifically by examining how the studies in the TMT and board context have not yet integrated certain concepts that have been examined in the faultlines literature at large.

Given the strategic importance of TMTs and boards, the surge in pertinent research, and the distinct evolution of faultline research at this level of analysis, a critical review focused specifically on faultlines in TMTs and boards is both timely and necessary. By comprehensively examining the current state of knowledge, comparing findings across studies, and identifying key gaps and opportunities, this review tries to provide guidance for advancing this line of inquiry.

THEORETICAL BACKGROUND

Theoretical foundations: Faultlines and their different types

Within the context of an increasingly diverse workforce, organisations face the challenge of harnessing the benefits of diversity while minimizing potential disruptions within diverse teams. As companies seek to leverage teams composed of members with varied backgrounds and perspectives (Mathieu et al., 2019; Roberson et al., 2017), the question of whether diversity enhances or hinders effectiveness becomes critical for both managers and researchers (c.f.

Jackson, Joshi, & Erhardt, 2003; Mannix & Neale, 2005; Mathieu et al., 2019). Despite extensive research in this area, efforts to capitalise on diversity have produced mixed results, highlighting the need for a more holistic approach to studying group diversity. In this regard, Lau and Murnighan (1998) introduced the faultlines perspective in their seminal work. Unlike earlier diversity research that mostly examined single attributes (e.g., gender or racial diversity), faultline theory considers individuals as multidimensional, reflecting a combination of attributes. Faultlines are defined as "hypothetical dividing lines that may split a group into subgroups based on one or more attributes" (Lau & Murnighan, 1998: 328). Faultlines can be either *dormant* (i.e., *theoretical or objective* lines that divide groups alongside certain attributes), or *activated (i.e., perceived or salient)*, meaning that team members perceive the differences that separate them along certain attributes (Jehn & Bezrukova, 2010; Lau & Murnighan, 1998). The transition from dormant to active status is referred to as faultline activation, while events triggering this shift are known as faultline triggers (Chrobot-Mason et al., 2009). Subgroups only emerge when faultlines are activated (Carton & Cummings, 2012), which can potentially lead to the formation of competing subgroups within the larger team. For instance, when demographic attributes align clearly, coalitions may form, reinforcing distinct subgroup identities (Bezrukova et al., 2009). This division may impact group processes and outcomes in ways beyond aggregates of team members' individual characteristics (Thatcher & Patel, 2012). The faultline perspective provides deeper insights into the dynamics of diverse teams, recognizing that overlapping demographic attributes can shape interactions, influence subgroup formation, and ultimately affect group performance (Bezrukova et al., 2009).

Types of faultlines. Faultlines can be based on various types of attributes, including demographic characteristics, resources, informational backgrounds, and deep-level traits. *Demographic faultlines* are formed by the alignment of demographic attributes such as age, gender, race, and ethnicity (Bezrukova et al., 2009; Thatcher & Patel, 2012). The theoretical

foundation for demographic faultlines lies in the social identity and self-categorisation theories (Leary & Tangney, 2011), which suggest that individuals categorise themselves and others based on visible demographic attributes (Lau & Murnighan, 1998). While differences in these characteristics may not be directly relevant to the task at hand, they influence perceptions and behaviours through processes such as categorisation, stereotyping, and prejudice (Messick & Mackie, 1989). *Informational faultlines*, on the other hand, are based on the alignment of attributes such as education, functional background, and tenure (Thatcher & Patel, 2012). The information-processing approach provides the theoretical foundation for informational faultlines, suggesting that team members possess different knowledge bases and information-processing styles. Differences among members in these characteristics are typically linked to task-relevant skills that members contribute to the team (Jehn et al., 1997, 1999; Liu et al., 2019; Tsui et al., 1992). *Deep-level faultlines* are formed by the alignment of attributes such as personality, values, and attitudes (Thatcher & Patel, 2012). Deep-level diversity can introduce a range of viewpoints and approaches, fostering richer insights and more well-rounded decisions. However, it also carries the risk of generating conflict and straining relationships among team members, which can ultimately undermine team cohesion and performance (Triana et al., 2021). In their meta-analysis of 168 faultline studies, Thatcher et al. (2024) found that 28% of the included studies investigated demographic faultlines, 22% informational faultlines, 12% deep-level faultlines while 38% referred to mixed faultline measures (including demographic, informational or other characteristics in the same faultline measure). The concept of factional faultlines, introduced by Li and Hambrick (2005), describes divisions that emerge between pre-existing subgroups, or factions, within organisations. These factions form based on contextual factors - for example, in corporate mergers where employees from different original companies create natural groupings (Li & Hambrick, 2005), or in corporate boards

where directors may be divided between insiders and outsiders (Xue et al., 2024). Factional faultlines usually employ the same proxies used for demographic and informational faultlines.

Faultline measurement. Since Lau and Murnighan's (1998) introduction of the faultline concept, faultline measurements are either empirically inferred (Meyer et al., 2014) or created in laboratory settings (Meyer et al., 2011; Rico et al., 2007, 2012). In laboratory settings, groups are constructed with aligned attributes based on individual characteristics, and the presence of faultlines is typically inferred through manipulation checks. In field settings, however, researchers cannot assign subjects to groups, so faultline measurement is empirically derived, and the study results may be influenced by how faultlines are operationalized. Thus, field studies have primarily examined the dormant nature of faultlines, whereas experimental research has focused on active faultlines (Thatcher & Patel, 2012). The measurement in field settings rely on faultline strength and faultline distance (Thatcher et al., 2003). *Faultline strength* reflects the degree of alignment among group members across multiple attributes, while faultline distance captures the extent of divergence between subgroups driven by accumulated differences (Meyer et al., 2014; Meyer & Glenz, 2013). Meyer and Glenz (2013) identified and analysed ten faultline measures used in extant research (for an overview see also: Meyer et al., 2014). They categorised these into two main types. The first set includes measures that either directly or indirectly decompose the variance of (nominal and numeric) attributes. The second set consists of measures based on the dyadic overlap of diversity categories, which require diversity attributes with a nominal scale. It was found that both factors were strongly correlated suggesting that they operationalize the same underlying construct (Meyer & Glenz, 2013). The first category, based on variance, comprised measurements such as 'Fau' (Thatcher et al., 2003), 'Subgroup Strength' (Gibson & Vermeulen, 2003), 'Faultline Distance' (Bezrukova et al., 2009), 'F_k' (van Knippenberg et al., 2011), and 'ASW' (Meyer & Glenz, 2013). Thatcher's et al. (2003) 'Fau' measure is grounded in self-categorisation theory, which

distinguishes between in-group and out-group members, explaining why the measure is limited to identifying only two subgroups. In contrast, 'faultline distance' (Bezrukova et al., 2009), seeks to quantify the distance between these two subgroups, effectively operationalizing the psychological distance experienced by members of these subgroups. The 'F_k measure' (van Knippenberg et al., 2011) and the 'Subgroup Strength' measure (Gibson & Vermeulen, 2003) assess faultline strength by first identifying all team members who share a categorical attribute. They then quantify the degree to which these members are also similar in terms of other categorical attributes. Additionally, these measures use numeric variables and adopt a variance-focused approach. However, both measures do not reveal any information about subgroup membership and size (Meyer et al., 2014). In contrast, the 'ASW' measure is able to detect multiple subgroups and their characteristics. It identifies which team members belong to each subgroup (and thus subgroup sizes) which makes it a quite versatile measure. The second category, which requires categorical diversity attributes, includes the 'FLS' measure (Shaw, 2004) and the 'PMD_{cat}' measure (Trezzini, 2008). 'FLS' and 'PMD_{cat}' (Trezzini, 2008) follow a similar strategy than F_k' and 'Subgroup Strength' measures however, without using numeric variables.

Type of subgroups and their impact on overall team performance. Diversity can be conceptualized as variety, separation, or disparity. Depending on which type of diversity faultlines arise from, they lead to distinct forms of subgroups that can be based on the homogeneity of their members in terms of identity, resources, or task-relevant knowledge (Carton & Cummings, 2012). Subgroups form around shared identities when team diversity is characterized by separation (Harrison & Klein, 2007). The presence of other *identity-based subgroups* can lead to identity threat and intergroup bias, driven by social comparison processes between subgroups, aligning with the social categorisation approach to team diversity (van Knippenberg et al., 2004). Interdependence within identity-based subgroups can

result in stronger identification with the subgroup rather than the broader team, weakening overall team cohesion and fostering fragmentation. Empirical evidence supports this, showing that members of identity-based subgroups are less likely to perceive the team as a unified entity (Bezrukova et al., 2009). However, the number of subgroups may moderate this effect, as a higher number of subgroups can dilute intergroup comparisons and lessen potential negative impacts (Carton & Cummings, 2012). Faultlines based on variety (Harrison & Klein, 2007) are most likely to give rise to *knowledge-based subgroups*, which form around differences in technical backgrounds (Carton & Cummings, 2012). Extending the information-processing perspective on team diversity (van Knippenberg et al., 2004; van Knippenberg & Schippers, 2007) to the subgroup level, diverse knowledge bases across subgroups can enhance team performance (Bezrukova et al., 2009) and promote creativity (Nishii & Goncalo, 2008). As the number of subgroups increases, the team gains access to a broader pool of task-relevant knowledge. However, a growing number of knowledge-based subgroups might challenge the integration of distinct mental models due to the absence of a shared interpretative framework. This difficulty in integration can hinder overall team performance (Carton & Cummings, 2012). *Resource-based subgroups* emerge when team members have access to finite resources such as power, authority, status, or materials (Carton & Cummings, 2012). These subgroups are more likely to form in the presence of faultlines driven by attributes reflecting disparity diversity (Harrison & Klein, 2007), and they impact the perception of fairness in the broader team. Perceptions of fairness are shaped by the number of subgroups, their relative sizes, and the concentration of resources within them. For example, members of lower-status groups are less likely to view resource asymmetry as fair, particularly if the high-status subgroup is smaller. As the number of subgroups increases and size differences balance out, perceptions of unfairness diminish (Carton & Cummings, 2012). On the other hand, when multiple subgroups operate under the guidance of a central, resource-rich subgroup, this structure can facilitate

collaboration and benefit all members by streamlining power and decision-making (Meyer et al., 2014). This aligns with findings that team structures characterized by specialization, hierarchy, and formalization promote psychological safety and reduce conflict (Bunderson & Boumgarden, 2010). While extant research points to these three subgroup types resulting from faultlines stemming from variety, separation, and disparity, it should be cautioned, that the classification of, for instance, demographic diversity attributes (e.g. gender, age, ethnicity) into these categories depends on the specific organisational context (Harrison & Klein, 2007). As a result, the same attribute can potentially relate to all three types of subgroups (Carton & Cummings, 2012), depending on how it is interpreted within the given context.

Faultline outcomes. The interplay between faultlines and group dynamics is complex, with both negative and potentially positive outcomes depending on the context and the nature of interactions within the group. Although past reviews on the effects of faultlines (Liu et al., 2019; Meyer et al., 2014; Thatcher & Patel, 2012) consistently highlight their negative impact on team processes and outcomes, more recent reviews (e.g. Thatcher et al., 2024) reveal a more nuanced picture. For instance, many studies emphasize the importance of distinguishing between faultline types, such as demographic or informational faultlines, and the resulting distinct subgroups that may lead to varying team dynamics and outcomes (Bezrukova et al., 2009; Carton & Cummings, 2012). Other researchers highlight the need to differentiate between dormant and activated faultlines (Antino et al., 2019; Jehn & Bezrukova, 2010). Some argue that both activated and dormant faultlines exert effects on teams which are stronger for activated ones (Thatcher & Patel, 2012). Others contend that faultlines must first be activated to produce negative consequences (Antino et al., 2019; Shemla et al., 2016).

The growing theoretical complexity in faultline research is also reflected in the increasing variety of methods (as illustrated earlier) used to detect or measure faultlines and subgroups. While these measures tend to be correlated, it remains unclear how strongly certain

findings may be influenced by the specific measures employed (Meyer et al., 2014). Past reviews (e.g., Liu et al., 2019; Meyer et al., 2014; Thatcher & Patel, 2012) indicate that early empirical studies consistently found that faultlines negatively affect group processes and outcomes, in particular team cohesion and performance. Other studies found a negative main effect of faultline strength on relationship conflict, task conflict, and process conflict within teams (Lim et al., 2013), while reducing team cohesion, trust, and satisfaction (Schölmerich et al., 2016; Thatcher & Patel, 2012). Faultlines can also impact information elaboration within teams. While some studies suggest that faultlines hinder information sharing and integration (Meyer & Glenz, 2013), others propose that informational faultlines can enhance information elaboration by preserving diverse knowledge within subgroups (Carton & Cummings, 2012; Lim et al., 2013). In their meta-analysis, Thatcher et al. (2024) refined these findings by distinguishing dormant and activated faultlines. They found that faultline effects are moderated by the perceived salience of subgroup divisions. When team members recognize these divisions, faultlines become more influential. Specifically, when dormant faultlines are activated, they undermine team performance by increasing conflict and reducing information elaboration (Thatcher et al. 2024). Maltarich et al. (2021) posit that already expectations for relationship conflict, held prior to group formation, can influence individual satisfaction with the group and are mediated by perceptions of faultlines that evolve over time. While dormant faultlines exhibit a positive and significant correlation with both conflict and activated faultlines, they do not directly influence team performance or satisfaction. Rather, the detrimental effects of dormant faultlines are contingent upon their activation; activated faultlines serve as mediators in the relationships between dormant faultlines and conflict, information elaboration, team performance, and team satisfaction. The findings also reveal that the relationship between dormant and activated faultlines is more pronounced when dormant faultlines are based on demographic characteristics (Thatcher et al., 2024). This overview

reveals that faultlines are not a catch-all explanation for the complexities of diverse team dynamics as the cumulative findings from faultline research are intricate and multifaceted.

Faultlines in TMTs and boards

In the upper echelon literature, the definition of top management varies significantly across studies. Hambrick and Mason (1984: 193) characterize top management as the "dominant coalition" or "powerful actors" within an organisation. Finkelstein & Hambrick(1996, p. 8) further narrow this definition, describing top management as “the relatively small group of most influential executives at the apex of an organisation (…) the top three to ten executives”. Pettigrew, p. (1992, p. 163) uses the term ‘managerial elites’ to describe a group, encompassing “those who occupy formally defined positions of authority, those at the head of, or who could be said to be in strategic positions”, such as board members, executive committees, or TMTs.

The upper echelons literature provides a division between research on top management teams (TMTs) and boards of directors. Although both groups operate at the highest level of the organisation and influence its structure, strategy, and future direction, studies on TMTs and boards typically proceed along separate lines (Nielsen, 2010). TMTs typically consist of the highest-ranking executives within a firm, including the CEO and other key managers who are directly involved in the day-to-day operations and strategic decision-making processes (H.-L. Chen, 2011). Conversely, boards of directors (designated as boards in this review) are governing bodies elected by shareholders to oversee management, provide strategic guidance to the TMT, and ensure stakeholder interests are protected through monitoring and decision-making functions (Fama & Jensen, 1983). The board's composition, particularly the presence of independent directors, can moderate the relationship between TMT characteristics and strategic outcomes. For instance, independent directors may enhance the strategic capabilities of TMTs by offering better advice and resources (Chen, 2011). This suggests that while TMTs are primarily responsible for executing strategies (Finkelstein & Hambrick, 1996), boards play

a critical role in shaping the strategic direction and governance of the firm (Goodstein et al., 1994; Hillman et al., 2000; Judge & Zeithaml, 1992).

Upper echelons theory is based on the premise that a firm reflects the characteristics of its top managers (Finkelstein et al., 2009; Hambrick & Mason, 1984). A core principle of this theory is that examining the attributes of the top management team offers deeper insights into firm actions and performance than focusing solely on individual leaders (Hambrick, 2007). Compared to traditional teams, upper echelon groups are responsible for high-stake strategic decisions such as acquisitions, divestitures, market entry, new product launches, and other major initiatives that shape company performance. These decisions are complex and demand thorough deliberation, careful evaluation of alternatives, and the integration of diverse ideas from key participants (Bartkus et al., 2022; Georgakakis et al., 2022). A key tension in strategic decision-making lies in the pressure to make decisions both quickly and comprehensively (Miller & McKee, 2021). While the literature largely assumed that greater comprehensiveness slows decision-making, that limited participation and centralized power accelerate decisions, and that minimal conflict leads to faster outcomes, Eisenhardt (1989) demonstrated that some teams can engage in extensive debate, effectively integrate multiple perspectives, and still make faster decisions than others. Therefore, it is important for companies to be aware of the specific faultlines that may negatively or positively impede their upper echelon group's decision-making processes.

Whereas research on team faultlines typically emphasizes demographic attributes like age, gender, and race (Thatcher et al., 2024), upper echelons present a distinct context where non-demographic factors also play a critical role (Shin & You, 2023). For instance, more recent literature on upper echelon group faultlines has given particular attention to the CEO-TMT interface, defined as "the linkage and interaction between the CEO and other top managers" (Georgakakis et al., 2022: 1), eventually pointing to a prevalence of resource-based and

knowledge-based subgroups. Another difference with regards to traditional group faultline research lies in the group size and the number of subgroups. Thatcher and Patel (2012) suggest, based on their meta-analysis, that team size predicts the strength of demographic faultlines. As team size increases, demographic faultlines may become stronger. However, if the team grows too large, the likelihood of maintaining homogeneous subgroups decreases. Their findings indicate that teams with more than six members, on average, exhibit weaker faultlines compared to smaller teams with fewer than six members. This is notable within upper echelon group research as TMTs and boards are reported to be rather small groups with an average of 5 TMT members (Rovelli, 2020) and 9 to11 board members. While these group sizes are low, there is nevertheless a significant difference between TMT and board size, justifying a separate look at both upper echelon groups. Furthermore, Thatcher et al. (2024) identified a negative relationship between dormant faultlines and team performance in studies amongst traditional teams in a laboratory setting. Importantly, these findings did not apply to TMTs which suggests that dormant faultlines are more likely to impact team performance when team members lack positions of power or when a clear status hierarchy is absent.

These insights from extant upper echelon literature and faultline research highlight that investigating the impact of upper echelon group heterogeneity along group faultlines is an important topic to understand organisational choices and performance. Although faultline theory emerged over 25 years ago, its application to upper echelon groups remains in its early stages but is steadily growing. While several comprehensive reviews of faultline research exist, they have yet not made a distinction between traditional teams and upper echelon groups. This distinction is critical, as upper echelon groups occupy unique organisational positions and exert distinct influences. Understanding whether faultline dynamics operate differently in these groups is essential. Additionally, upper echelon groups can be further categorised into TMTs and boards of directors, which differ in functions, sizes, and roles within the organisation.

METHOD

Literature search and inclusion criteria

To define the scope for this literature review, a search for relevant articles was conducted on the *Scopus* and *Web of Science* databases. Abstracts, titles, and keywords of published articles were examined, using specific keywords related to TMTs and faultlines: "faultline", "subgroup", "senior leader", "top management team", "upper echelons", "senior management", "leaders", "executives", "board", "strategic leader". The identifying keywords for TMTs are based on Miller and colleagues' (2022) keyword list. I compiled the results of both databases using the MySLR platform, which automatically excluded duplicates. MySLR is an online platform created by academics, that lends supports in performing Systematic Literature Reviews (SLRs) by facilitating the compilation of database searches, the screening of titles and abstract and keeping track of the different exclusion steps (Ammirato et al., 2023). In a second step, I screened the titles and abstracts and excluded all conference papers, theoretical papers and articles to that did not fit the topic and scope. This process also took place on the MySLR platform. I decided to include only papers from the following leading management, strategy and psychology journals, based on previous literature reviews on faultlines or TMTs (Miller et al., 2022; Thatcher et al., 2024): *Academy of Management Journal, Administrative Science Quarterly, Entrepreneurship Theory and Practice, Human Relations, Journal of Applied Psychology, Journal of Business Venturing, Journal of International Business Studies, Journal of Management, Journal of Management Studies, Journal of Occupational and factional Psychology, Journal of Organizational Behavior, Leadership Quarterly, Organizational Behavior and Human Decision Processes, Organization Science, Personnel Psychology, Strategic Management Journal.* In an effort to bring together exhaustive information of studies on the topic, I later decided to also include articles published in specialist journals with a five-year impact factor of 5 or above (e.g. *Long Range Planning,*

Corporate Governance: An International Review, Accounting Review, Journal of Small Business Management). The impact factor was checked using Clarivate's Journal Citation Reports. Thirdly, I manually cross-referenced Thatcher and colleagues' (2024) meta-analysis review of the faultlines literature at large (not TMT and board specific), which includes articles up to 2022, and You et al.'s (2023) article, and added further articles I had not identified through my initial database search. In a fourth step, I read through the full articles to assess whether they should be included in this review. I included papers that fit the following criteria: (a) measure faultlines in TMTs or boards, (b) are empirical studies, (c) are published in a journal with a five-year impact factor of 5 or higher. Following the literature search, I identified 47 articles but excluded 18 articles. The steps towards identification and reasoning for exclusion of studies are detailed in Figure 2.

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Coding, analysis and synthesis of results

The studies were all coded with the following categories: type of team, type of faultline measurement, type of faultline examined, proxies used to measure faultlines, type of company sample, method of data collection, country of sample, databases used, methods of data analysis, independent variables, moderators, mediators, dependent variables, finding. When available, I compared my coding of faultline measurement and type with the coding undertaken by Thatcher and colleagues (2024).

Regarding faultline types, faultlines were coded according to how they were described in the studies (demographic, informational, factional). When faultlines were described as task-related, cognitive, information-related, information-based and knowledge-based, they were coded as informational and will be designated as such throughout this review. The scholars used the same proxies typically used for informational faultlines in these cases, which is why I have coded them as such for simplicity reasons. When faultlines were designated as social

category, identity-based or relationship-related faultlines, they were coded as demographic faultlines, as the researchers used the same proxies typically used to operationalize demographic faultlines. Measurements that included proxies that can be attributed both to demographic and informational faultlines were coded as mixed, when the different categories of proxies were included in the same variable. Studies that employ their own faultline types (e.g. family membership-based proxies) will be explicitly mentioned in the findings section.

When analysing the studies, I paid particular attention to the differences between studies focusing on TMTs and studies focusing on board, how faultlines were operationalised, where faultlines were included in the theoretical model of the study, the differences between comparable research designs and how research designs compared to faultlines literature at large on other team types.

FINDINGS

Unclear Definition of the Research Unit Between TMT and Board

While my initial aim was to examine differences in faultline dynamics between TMTs and boards, the present studies reveal inconsistencies in how the upper echelon faultline literature defines these groups. This represents a critical oversight, as TMTs and boards have distinct roles. TMTs are actively engaged in day-to-day operations and strategic decision-making (H.-L. Chen, 2011),whereas boards of directors' function as governing bodies that oversee management (including TMTs), provide strategic guidance, and safeguard stakeholder interests (Fama & Jensen, 1983). Of the 35 papers reviewed, 18 focused on TMTs, as indicated in their titles, and 17 on boards. However, a consistent distinction between TMTs (executives) and boards of directors (governance bodies) is not evident in the literature, often depending on the country and its governance model. For example, countries like Germany and the Netherlands, which use a two-tier governance system, maintain a clear separation between TMTs and boards. Conversely, in countries such as Spain, China, the USA, the UK, and Australia, where

a one-tier system is prevalent, this distinction is blurred. Belgium and Italy offer a flexible governance model, allowing organisations to choose between one-tier and two-tier systems. This lack of clarity is significant because, in 16 of the 17 board-focused studies, no differentiation is made between independent board members and executive board members. As a result, these studies tend to examine faultlines across upper echelons broadly, without isolating TMT-specific or board-specific dynamics. Consequently, the upper echelon faultline literature fails to provide deeper insights into faultline distinctions between boards and TMTs. Moreover, studies that explore faultlines within one-tier boards, which include both TMT and board members, do not address the interdependencies between these groups concerning faultline dynamics, beyond including director independence in the faultline measurement or as a control variable. With regards to the TMT-labeled articles, less inconsistencies can be found with TMTs predominantly defined as 'CEO and direct reports', or 'C-level-executives'. A few studies integrate the "members of the board" (Zhang et al., 2021) or the 'chairman of the board' or the 'board secretary' (Cooper et al., 2014; Xie et al., 2022).

The importance of context

The research setting for the present studies varies considerably with data from Fortune 500 organisations (e.g. Ormiston & Wong, 2012), S&P 500 firms (e.g. Tuggle, Schnatterly, & Johnson, 2010), specific sectors (telecommunication – (Heidl et al., 2014); manufacturing – Cooper et al., 2014; pension funds – Veltrop, Hermes, Postma, & de Haan, 2015), listed and unlisted companies, large and small companies as well as family businesses (Basco et al., 2019; Kerai et al., 2023; Minichilli et al., 2010; Vandebeek et al., 2016) and social businesses (Crucke & Knockaert, 2016). Depending on the type of investigated companies, different faultlines can potentially emerge. For instance, in family-owned firms, the presence of family members within the TMT can create distinct subgroups, leading to potential faultlines between family and non-family managers. Minichilli et al. (2010) found a U-shaped relationship between the

proportion of family members in the TMT and firm performance, suggesting that both low and high levels of family involvement are beneficial, while intermediate levels may lead to conflicts and reduced performance.

Thatcher et al. (2024) also suggested that team size matters, with teams of more than six members typically exhibiting weaker faultlines compared to smaller teams. Furthermore, TMT size and board sizes differ with board generally being larger. However, the distinction between boards and TMTs is often blurred in the literature, and there is a lack of information regarding the specific team sizes investigated which does not allow any further statement about team size impact on upper echelons faultline dynamics.

Moreover, the national context of the studies varies (see table 1). The geographical distribution of upper echelons faultline research reveals concentrated activity in three primary regions. The United States maintains a strong presence with 11 studies across board and TMT contexts, while China demonstrates comparable influence, particularly in TMT research (8 studies). European contributions form the third major cluster, with notable representation from Belgium, the Netherlands, and the United Kingdom, collectively accounting for 10 studies. While most research remains anchored in single-country contexts, limited studies have adopted broader geographical perspectives. The geographical distribution of faultline studies has remained relatively stable over time, with no discernible shift toward concentration in any particular region in recent years. This temporal consistency suggests that research interest in upper echelons faultlines maintains its global character, with sustained contributions from established research communities across North America, Europe, and Asia. However, no study has yet made a cross-border comparison.

While two studies utilize international datasets (Georgakakis & Ruigrok, 2017; Heidl et al., 2014), only Georgakis et al. (2017) consider differences in upper echelon group dynamics through a cultural or institutional lens. They examine country-level CEO managerial discretion

to consider the degree to which the CEO has the latitude to act as TMT group leader and therefore influences TMT faultline creation. Although the upper echelon faultline literature is expanding globally, little attention has yet been directed towards examining whether faultline dynamics are influenced by cultural factors. However, as previously noted, the institutional context significantly influences how studies should be interpreted. Our analysis shows that the national context of the research setting shapes the prevailing governance model, often leading to confusion – particularly regarding the definition of boards.

< Insert Table 1 about here >

Types of faultline examined

The studies reviewed explore a variety of faultline types, including demographic, informational, resource-based, mixed and factional faultlines (see table 2 for a comprehensive overview). Mixed faultlines, which combine demographic attribute and functional background within the same faultline measurement, appear most frequently, followed by informational faultlines, demographic faultline and factional faultlines. Some papers examine multiple types of faultlines simultaneously, with a majority focusing on one type (mixed: 11 studies; demographic: 2 studies; informational: 6 studies; factional: 4 studies; other: 3 studies) but others examining two (8 studies) or three types (1 study). However, conceptually, studies focusing on only mixed faultlines or factional faultlines cannot be considered as focusing only on one type of faultlines. Indeed, mixed faultlines combine proxies that are typically used to calculate demographic and informational faultlines. Factional faultlines is a concept developed by Li and Hambrick (2005), that refers to the faultlines between pre-existing subgroups, known as factions. Considering these two distinctions, it is interesting that de facto only nine out of the 35 examined studies consider the differing impact of different types of faultline in the same study.

< Insert Table 2 about here >

Faultline related outcomes

The studies reviewed primarily examine the impact of upper echelon faultlines on company performance, often measured by profitability metrics such as return on assets (ROA) or Tobin's Q (see table 2 for a full list of outcomes). In the board-focused literature, additional areas of investigation include governance-related issues (e.g., fraud), shareholder interests (e.g., dividends), and stakeholder concerns (e.g., diversity, environmental initiatives, dismissals), reflecting the board's oversight and advisory roles.

Conversely, the TMT-focused literature emphasizes strategic initiatives, exploring how faultlines influence activities like internationalization, mergers and acquisitions (M&A), joint ventures, innovation, and diversification – key drivers of overall company performance. This distinction highlights the differing but complementary priorities of boards and TMTs in shaping organisational outcomes.

<Insert Table 3 about here>

While faultlines mainly impacted organisational and board-level outcomes through a direct effect by being an independent variable there is a diverse mix of research designs in the reviewed papers, including faultlines as a moderator, mediator, a dependent variable and even a control variable in one case resulting in a complex picture of negative and positive faultline outcomes.

Faultlines as independent variables

Articles focused on TMTs. Research examining faultlines as independent variables in TMTs reveals a complex pattern of effects. The direct impact of informational (Cooper et al., 2014; Georgakakis et al., 2017; van Knippenberg et al., 2011) and mixed (Ndofor et al., 2015) faultlines on financial organisational performance is predominantly negative. This negative influence extends to strategic non-financial outcomes, with demographic faultlines adversely affecting strategic change (Richard et al., 2019), informational faultlines leading to alliance

dissolution (Heidl et al., 2014), and mixed faultlines reducing foreign expansion novelty (Barkema & Shvyrkov, 2007) and the degree of internationalization (Kerai et al., 2023). However, some studies report more nuanced relationships, including curvilinear effects of family member ratios on financial performance (Minichilli et al., 2010) and an inverted-U relationship between informational faultlines and over-investment (Xie et al., 2022). Li and Hambrick (2005) report an even more complex relationship, through a negative mediated effect on joint venture performance through conflict and behavioural disintegration.

The relationship between faultlines and outcomes is influenced by four types of moderators: environmental (e.g., dynamism, complexity, and munificence; Cooper et al., 2014; Kerai et al., 2023; Richard et al., 2019), organisational (e.g., positional embeddedness; Heidl et al., 2014), team-level (e.g., shared objectives; van Knippenberg et al., 2011), and individual-level factors (e.g., CEO-TMT similarity; Georgakakis et al., 2017). While organisational and individual-level moderators consistently attenuate negative faultline effects, environmental and team-level moderators show varied impacts. Notably, some studies identify positive effects, particularly in non-financial domains, such as informal faultlines enhancing corporate social performance (Ormiston & Wong, 2012) and informational faultlines facilitating strategic change (Richard et al., 2019).

Articles focused on boards. At the board level, research demonstrates similarly complex but distinct patterns. Studies consistently show negative direct relationships between informational (Kaczmarek et al., 2012b), mixed (Crucke & Knockaert, 2016; Mendiratta & Tasheva, 2024; Peteghem et al., 2018; Vandebeek et al., 2016), and demographic (Veltrop et al., 2015) faultlines on firm performance and strategic outcomes, including proactive environmental strategies (Arena et al., 2024). Family firms present a unique context, exhibiting inverted U-shaped relationships between faultlines and both firm performance and dividend payout (Basco et al., 2019; García-Meca et al., 2022). Board-specific dynamics emerge in CEO-board

relationships, where faultlines weaken CEO dismissal risk, particularly when CEOs hold power relative to the board (Vandebeek et al., 2021; You et al., 2023). Tuggle et al. (2010) find that weak informational faultlines are positively related to board discussion of entrepreneurial issues as opposed to no faultlines, strong faultlines are negatively related to board discussion of entrepreneurial issues. The moderating effects follow a hierarchical pattern: organisational moderators show bidirectional effects, either exacerbating (e.g., board busyness; Kaczmarek et al., 2012a; performance decline; You et al., 2023) or mitigating (e.g., shared goals; Crucke & Knockaert, 2016) faultline impacts. Team-level moderators (e.g., board evaluation, Vandebeek et al., 2021; CEO-board overlap, Arena et al., 2024; Mendiratta & Tasheva, 2024; board reflexivity, Veltrop et al., 2015) generally attenuate negative effects, while individual-level moderators (e.g., family member achievement gaps, Basco et al., 2019; multiple directorships, Xue et al., 2024) tend to intensify them. Xue and colleagues (2024) found that the positive effect of faultlines, namely that a larger factional faultline between inside and outside directors reduces likelihood of corporate financial fraud. However, the outside directors' other directorships negatively moderate the relationship.

Faultlines as moderators

Articles focused on TMTs. Studies investigating faultlines as moderating variables in TMTs highlight varied effects depending on the type of faultline and the context. Informational faultlines demonstrate positive moderating effects on the relationship between expanded product scope and performance, while demographic faultlines consistently show negative performance impacts (Hutzschenreuter & Horstkotte, 2013). These effects become more complex in multi-factor interactions, as evidenced by Ndofor et al.'s (2015) findings of a negative three-way moderation between faultline strength, TMT heterogeneity, and technology resource breadth, affecting deviant competitive actions, though notably this effect remains uninfluenced by tenure heterogeneity. The moderating role of faultlines extends to leadership

dynamics, with TMT faultlines weakening both the positive influence of humble executives on middle managers' job satisfaction and buffering this satisfaction's negative effect on voluntary turnover (Ou et al., 2017). In the context of product-service transitions, informational faultlines enhance positive impacts and mitigate negative ones, while demographic faultlines produce opposite effects, diminishing benefits and intensifying performance drawbacks (M. Chen & Wang, 2021). Strategic change scenarios further illuminate this complexity: demographic faultlines consistently impede strategic changes regardless of CEO background, while informational and resource-based faultlines' impacts vary with CEO characteristics (Zhang et al., 2021). In acquisition contexts, Kavuşan et al. (2022) find that moderate faultline strength within acquirer TMTs creates U-shaped effects on the relationship between technological complementarity and acquisition compatibility, while Xie, Li, and Zhang (2022) document an inverted U-shaped relationship between informational faultlines and over-investment, reinforced by demographic faultlines and industrial environment.

Articles focused on boards. At the board level, research on faultlines as moderators, though less extensive, reveals equally complex patterns. Mixed faultlines weaken the negative relationship between firm performance and CEO dismissal, with this effect intensifying in boards lacking formal evaluation processes and having multiple committees, suggesting faultlines contribute to subgroup formation that undermines collective decision-making (Vandebeek et al., 2021). The moderating role of faultlines extends to strategic initiatives, with informational faultlines negatively moderating the positive relationship between board resource variety and international activity, thus diminishing the potential benefits of diverse resources (Barroso-Castro et al., 2022). The impact varies by faultline type: demographic faultlines weaken the relationship between firm performance and CEO dismissal, while informational faultlines strengthen this relationship (Shin & You, 2023), highlighting how

different faultline types distinctly shape board effectiveness under varying contextual conditions.

Faultlines as mediator or outcome variable

Articles focused on TMTs. Nadolska & Barkema (2014) found that a strong faultline dummy negatively moderates the impact of TMT acquisition experience on acquisition frequency and on the hazard of acquisition divestment

Articles focused on boards. Research examining active faultlines in board contexts reveals a crucial mediating mechanism through a singular study by Veltrop and colleagues (2015). Their research demonstrates that factional demographic faultlines, based on interest group membership, negatively impact both perceived board effectiveness and financial performance through faultline activation – defined as perceived board subgroup divisions. This relationship is moderated by board reflexivity, where boards engaging in active process reflection can mitigate these negative effects by reducing subgroup salience, with the indirect effect of demographic faultlines becoming less pronounced under high reflexivity conditions. Two studies have explored the faultlines as outcome variables within boards, focusing on their relationship with various governance mechanisms and compositional factors. Kaczmarek, Kimino and Pye (2012b) investigate how nomination committee composition affects board faultlines, finding that CEO presence on the committee strengthens board faultlines, though this effect is mitigated by committee independence. Ali & Ayoko (2020) establish a curvilinear relationship between board size and faultline strength, demonstrating that both small and large boards exhibit stronger faultlines compared to medium-sized boards. Collectively, these studies underscore the complex dynamics of faultlines as influenced by board composition and structural attributes.

Findings related to research methods

Operationalisation of faultlines. A variety of faultline measurement methods were employed, with Thatcher et al.'s (2003) Fau method being the most prevalent, used in nine TMT studies and five board studies. Nine studies applied alternative approaches, including Shaw's (2004) FLS method, Barkema & Shvyrkov (2007) latent class-clustering technique, Li and Hambrick's (2005) factional faultline measure or multiple linear regressions. It should be noted that Thatcher's et al. (2003) 'Fau' measure is grounded in self-categorisation theory, which distinguishes between in-group and out-group members, therefore limited to the identification of only two subgroups. This bears the risk of oversimplifying heterogeneity issues in upper echelons by excluding the presence of additional subgroups from analysis.

Notably, six recent board faultline studies have adopted the average silhouette width (ASW) measure developed by Meyer & Glenz (2013). The 'ASW' measure can detect multiple subgroups and their characteristics, identifying which team members belong to each subgroup and determining subgroup sizes.. Given that boards are typically larger than TMTs, examining the possibility of more than two subgroups is both relevant and insightful. All studies that used the ASW measure (Arena et al., 2024; Barroso-Castro et al., 2022; Mendiratta & Tasheva, 2024; Shin & You, 2023; Vandebeek et al., 2021; You et al., 2023) emphasized this advantages, especially in the context of boards typically being larger teams.

In contrast to conventional faultline measurement approaches (see Meyer, Glenz, Antino, Rico, & González-Romá, 2014), studies examining family firms have developed distinct methodological adaptations for assessing faultlines. These approaches primarily center on two fundamental dimensions: the familial status of directors within the governance structure and the distribution of decision-making power among family members. Rather than applying traditional demographic clustering methods, these studies evaluate faultlines through the lens of family involvement in executive positions, thereby capturing the unique dynamics that characterize family-owned enterprises.

This review reveals no discernible temporal or systematic patterns in the methodological choices for faultline measurement across studies, with one notable exception: the ASW method has gained increasing prominence, though this trend may be attributed to its relatively recent development in the field. The distinctive characteristic that emerges from our analysis is the frequent adoption of alternative measurement approaches within family business research.

Data type and source. Quantitative studies continue to dominate research methods in the upper echelons faultline literature (S. Nielsen, 2010). Among the 35 studies analysed, archival research methods account for 27 studies, while the remaining 8 employed quantitative surveys, evenly split between TMT and board studies. The field remains largely driven by quantitative approaches, with no noticeable shift towards greater use of survey methods over time. Remarkably, all studies conducted since 2021 have relied exclusively on archival data. A granular examination of data sources indicates that the majority of studies (28) draw from comprehensive databases, including country-specific financial and stock exchange repositories, as well as Compustat. Annual reports serve as primary data sources in five studies, while BoardEx data features prominently in four board-focused investigations.

Quantitative surveys were employed in research contexts where archival data was not publicly available (e.g., SMEs, family businesses, social enterprises), with the exception Veltrop et al. (2015), who combined archival data with surveys in the context of pension funds. A key limitation of archival data is that it does not allow for the investigation of *activated* faultlines, resulting in most upper echelon faultline research focusing on potential dormant faultlines. Of particular methodological interest is the study by Veltrop et al. (2015), which introduced a hybrid approach by integrating traditional dormant faultline measurements with survey-based assessments. This combination provided a more comprehensive analysis of faultline dynamics, offering valuable insights into their activation and impact. This

methodological innovation marks a significant step toward capturing the complex nature of faultlines. Upon request, I can provide details the faultline measurement methods used across all included studies.

Statistical analysis. The methodological landscape of the analysed studies reveals a predominant reliance on various regression techniques, which can be systematically categorised into several core approaches. Regression analyses (including hierarchical and standard variations, fixed effects variations and specialized binary outcome models such as logistic and probit regression) were employed in 16 instances, representing the most frequent analytical choices. Generalized Linear Models, including (Maximum likelihood estimation of generalized estimating equations (GEE), generalized method of moments (GMM), generalized least squares regression (GLS)), appeared nine times. Event history and survival analysis techniques (Cox regression, Weibull regression, and continuous-time event history analysis), were utilized in six studies. The remaining analytical approaches included specialized techniques such ordinal probit analysis, path analysis; the two-stage Heckman procedure and Firth's penalized maximum likelihood estimation each appear once in the reviewed studies. Some studies employed multiple types of statistical methods to analyse their results. Upon request, I can provide details the statistical methods used across all studies.

DISCUSSION AND OUTLOOK FOR FUTURE RESEARCH

Building on this systematic review of faultlines in upper echelons, several conceptual and methodological challenges warrant attention. A fundamental issue lies in the ambiguous unit of analysis between TMTs and boards, particularly in one-tier board systems where executive roles overlap. This ambiguity becomes especially problematic when examining faultline dynamics, as the dual responsibilities and power differentials of executive board members significantly influence subgroup formation.

The literature's current focus on demographic and informational faultlines overlooks the critical role of resource-based characteristics, notably in TMTs where resource distribution is inherently asymmetric, with CEOs typically commanding disproportionate resources compared to other members (Zhang et al., 2021). Furthermore, when considering the board perspective, a director's status (executive vs. outsider), might have an important impact not only on the power distribution within the board, but also on the resources attributed from the firm. By exploring this research direction, future research would enhance faultline theory by incorporating resource-based perspectives alongside existing demographic and informational dimensions, thereby advancing our understanding of how resource distribution patterns influence team interactions and strategic outcomes.

Moreover, the field's reliance on archival data has led to potentially misleading conceptualisations of faultline types, as researchers cannot definitively classify subgroups as identity-based, resource-based, or knowledge-based without understanding team members' perceptions of faultline divides (Carton & Cummings, 2012). This methodological limitation has contributed to an incomplete understanding of faultline processes within the upper echelon context, with researchers often treating faultlines as instrumental variables rather than examining their underlying mechanisms. It is recommended that upper echelons research continues to shift away from reliance on secondary sources and move closer to capturing the realities of executive lives. Scholars are encouraged to leverage innovative secondary data sources to enrich their analyses such as utilizing published manager career histories (e.g. Cohen & Dean, 2005; Higgins & Gulati, 2006) or examining upper-echelons' personality traits, (Peterson et al., 2003) using a range of sources, including biographies, interviews, memoirs, business histories, and books about corporate leaders. This trend toward more nuanced and comprehensive investigations of upper-echelons through diverse data sources should be further

advanced to deepen our understanding of faultlines and consequently upper-echelons behaviour and decision-making.

While the broader faultlines literature has evolved to embrace multilevel analyses and activation theory, research at the upper echelon level has not kept pace, largely due to the challenges of accessing primary data from upper echelons. Despite ongoing calls for methodological diversification (e.g., Miller et al., 2022; Nielsen, 2010), upper echelons research continues to be dominated by traditional quantitative approaches grounded in archival data. Studies employing alternative methodologies remain rare, with only a few notable exceptions involving surveys (Basco et al., 2019; Crucke & Knockaert, 2016; Li & Hambrick, 2005; Minichilli et al., 2010; Ou et al., 2017; van Knippenberg et al., 2011; Vandebeek et al., 2016; Veltrop et al., 2015) but none providing qualitative fieldwork. It is striking that even recent studies exploring upper echelon faultlines completely rely on quantitative methods, with minimal efforts to triangulate using non-quantitative data sources. However, when all studies addressing a particular problem rely on the same methods, the resulting body of knowledge is inherently shaped and constrained by the limitations and biases of those methods (Nielsen, 2010). Future research would benefit from qualitative approaches focusing on select cases to illuminate faultline perception and subgroup dynamics, particularly considering the cultural context that has been inadequately addressed in current international samples. Such methodological diversification could help explain the seemingly contradictory findings regarding faultline effects on organisational outcomes, where both negative and positive impacts have been observed, particularly in relation to non-financial outcomes and informational faultlines.

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FIGURE 1
Number of Studies in the *Upper Echelon Faultlines* by Time Periods

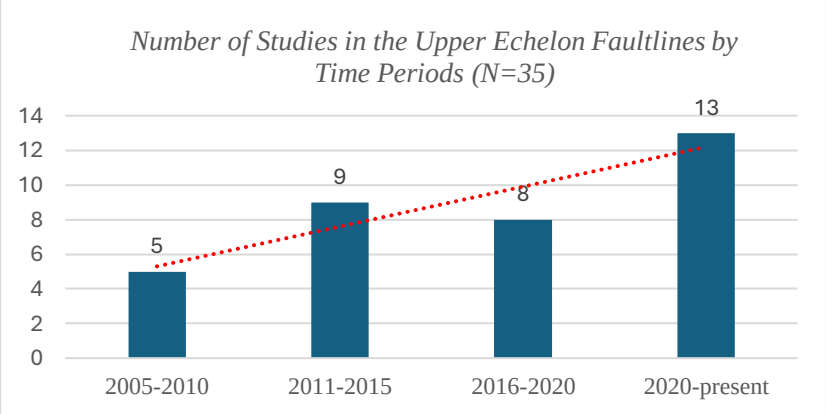
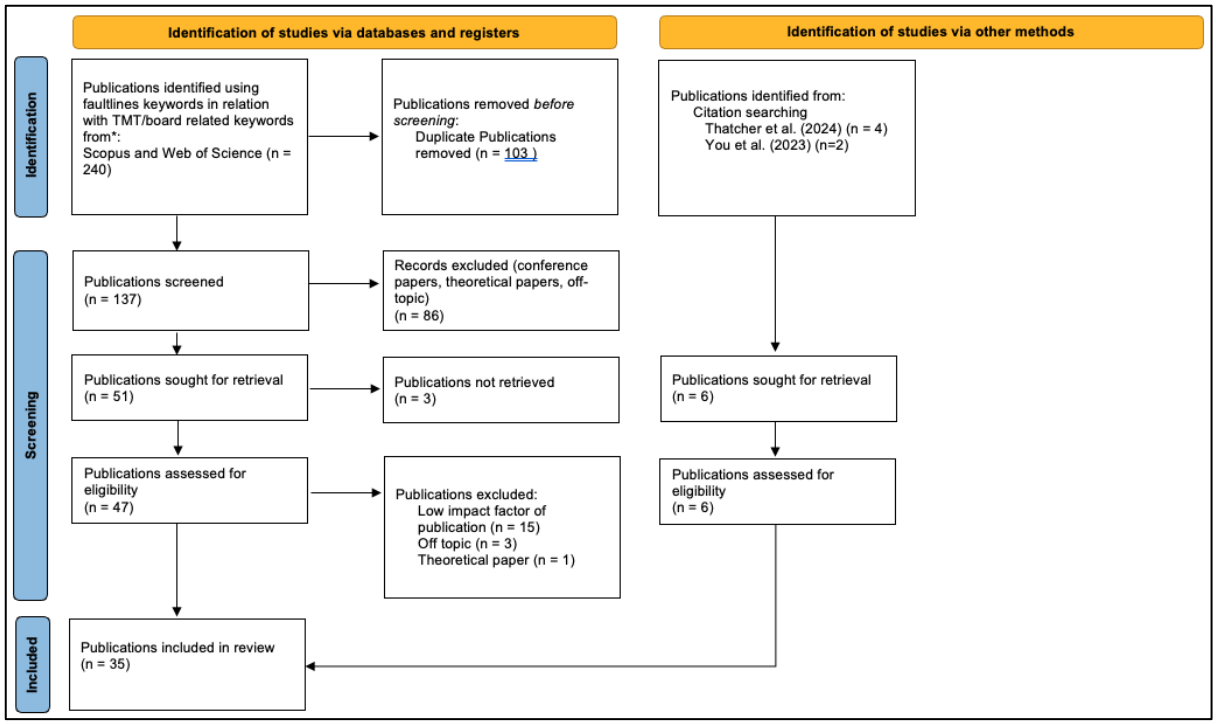


Figure 2
Procedure for literature search



Source: Representation based on the PRISMA 2020 flow diagram developed by Page et al. (2021)

TABLE 1
Countries of all studies by type of team

Board	Country	TMT
Tuggle et al., 2010 ; Van Peteghem et al., 2018 ; Shin & You, 2023 ; You et al., 2023; Mendiratta & Tasheva, 2024	USA	Ormiston & Wong, 2011; Nodfor et al., 2015; Cooper et al., 2014; Kavusan et al., 2022
Ali & Ayoki, 2020	Australia	
Kaczmarek et al., 2012a Kaczmarek et al. 2012b Arena et al., 2024	UK	Van Knippenberg et al. 2010
Veltrop et al., 2015;	Netherlands	Barkema & Svhirkow, 2007; Nadolska & Barkema, 2015
Crucke & Knockaert, 2016; Vandebeek et al., 2016; Vandebeek et al., 2021	Belgium	
	Italy	Minichilli et al., 2010
Basco et al, 2020; Barroso-Castro et al., 2022; Garcia-Meca et al., 2022	Spain	
	Germany	Hutzschenreuter & Horstekotte, 2013
	Europe	Georgakakis et al., 2017
	India	Kerai et al., 2023
Yue et al., 2022 ;	China	Li & Hambrick, 2005 ; Ou et al., 2017; Richard et al., 2019 ; Chen & Wang, 2021 ; Zhang et al., 2021 ; Xie et al., 2022
	Global	Heidl et al., 2014

TABLE 2
Faultline types examined in each article by type of team

Board	Type of faultline	TMT
Ali & Ayoki, 2020 ; Arena et al., 2024 ; Shin & You, 2023 ; Vandebeek et al., 2021 ; Vandebeek et al., 2021	Demographic *2x as single faultline measured (2x board)*	Chen & Wang, 2021; Georgakakis et al., 2017 ; Hutzschenreuter & Horstekotte, 2013; Richard et al., 2019 ; Xie et al., 2022 ; Zhang et al., 2021
Barroso-Castro et al., 2022 ; Shin & You, 2023 ; Tuggle et al., 2010 ; Vandebeek et al., 2021	Informational 5x as single faultline measured (3x board ; 2x TMT)	Chen & Wang, 2021 ; Cooper et al., 2014 ; Georgakakis et al., 2017 ; Heidl et al., 2014 ; Hutzschenreuter & Horstekotte, 2013 ; Kaczmarek et al., 2012a ; Ormiston & Wong, 2011 ; Richard et al., 2019 ; Van Knippenberg et al. 2010 ; Xie et al., 2022 ; Zhang et al., 2021
	Resource-based	Zhang et al., 2021
Crucke & Knockaert, 2016 ; Garcia-Meca et al., 2022 ; Mendiratta & Tasheva, 2024 ; Vandebeek et al., 2016 ; Van Peteghem et al., 2018 ; Wu et al., 2021 ; You et al., 2023	Mixed	Barkema & Shvyrkov, 2007 ; Kaczmarek et al. 2012b ; Kavusan et al., 2022; Ndofor et al., 2015 ; Ou et al., 2017
Veltrop et al., 2015 ; Xue et al., 2022	Factional	Li & Hambrick, 2005 ; Minichilli et al., 2010
Basco et al., 2020	Other	Kerai et al., 2023 ; Nadolska & Barkema, 2015

TABLE 3
Studies per dependent variables by type of team

	Dependent variable (Number of studies)
TMT	Firm performance (ROA; Tobin's Q) (9) JV-performance (1) Unplanned alliance partner dissolution (1) Acquisition success / Acquisition match (2) Over-investment (1) Foreign expansion (2) Corporate social performance (1) Middle manager turnover (1) Strategic changes (2) Innovation activities (1) Technological exploration (1) Industrial diversification (1)
Board	Firm performance (ROA; Tobin's Q) (5) Board service performance (2) Board control role performance (1) Dividend pay (1) International activity (1) Environmental strategies (1) Discussion of entrepreneurial issues (1) Strategic change/ decisions (3) CEO dismissal (3) Diversity issues (1) Corporate financial fraud (1)