

COMMENTARY ON “DECISION DIVERSION IN DIVERSE TEAMS”

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In the article “Decision diversion in diverse teams: Findings from inside a corporate boardroom” the authors provide evidence from a qualitative study of the board of directors of a very troubled company. It is important to begin our commentary with a specific statement of what the authors have achieved. The concept of decision diversion is an important contribution to knowledge and particularly relevant to decision-making teams. The authors define the concept very clearly and provide multiple illustrations of its existence and the processes surrounding it. As commentators we are convinced of the veracity of the concept itself and hope to see it extended to other settings and circumstances. This is an important contribution to knowledge. Where we disagree with the authors is in the conclusion that decision diversion is the direct result of team composition, though that clearly plays a key role. However, there are many other factors at work, leaving open concerns about the extent to which the causal linkages the authors describe might generalize to other contexts.

As we each read the manuscript, one of the authors of this commentary was surprised to realize that, in the early 1980s, he was living in the city adjacent to the home city of the focal organization when the described events were unfolding. An MBA student at the time, he watched the downward spiral of the packing company to its ultimate (and seemingly inexorable) ending of bankruptcy and liquidation. This is important, not because he knows more about the case than the authors, which is certainly not correct, but rather because it sparked recall of some details about the context we believe are important to understanding the underlying evidence.

The company itself, at one time the largest meat packing operation in the United States, had been reasonably profitable from the late 19th century through the 1950s with some occasional losses. However, labor strife and sharp tensions between labor and management

seemed endemic to the company at least since the 1940s. By the time of the study, the company's operations and capital equipment were outdated, it had a significant pension burden, and it faced sharp rivalry from other packers with newer and more efficient operations. Other than an established brand name, the company had very few resources to build on as it strived to bring about a turnaround. In addition, during this time period, the farm economy was in a freefall, sparking the creation of the Farm Aid benefit concert for farmers in 1985. The local city's very large manufacturing employer had undergone several rounds of layoffs as demand for its ag-related products plummeted. The atmosphere for union employees across the "rust belt" was dire, and the specter of permanent job loss and its corresponding sharp decline in standard of living was very real.

These contextual factors are important because decision diversion seems much more likely to emerge in situations where there is great fear surrounding the decision-making process. In a setting like this, the tendency is for each subgroup to prize self-interest because the feared alternative is to be the one 'thrown under the bus'. In this setting, doing something seems preferable to doing nothing even when the something is, in a broader sense, nothing.

An additional contextual factor, which the authors describe in some detail, is the lack of leadership. There are two aspects here. First, the chairman of the board is loath to push a decision or discussion along if there is any visible dissent, and the fractured board with subgroups always has reason to dissent. He accepts blame for things he isn't responsible for and deflects blame away from three different CEOs. Effective group leaders must be able to integrate the various arguments that are emerging from the group and lead the group to informed strategic decisions (Arendt, Priem, & Ndofo, 2005; Buyl, Boone, Hendriks, & Matthyssens, 2011; Hambrick, 1994). Effective leadership includes "an ability to conciliate and soothe the

aftermath of intense exchanges among team members” and take the necessary steps “for avoiding group fragmentation and disruptive rivalries” (Hambrick, 1995: 123).

The leadership vacuum extends well beyond the board chairman. The executive leadership of the company, well described by the authors, is weak and ineffective. There are hard decisions to be made and no one is willing to make them. The fired CEO stays in place as a figurehead for some 9 months. His replacement doesn't seem to have a basic understanding of finance. None of the three CEOs described seem capable of accepting responsibility for any decision and each is shielded by the outside chairman. In one of the succession situations, all directors seem to know that one candidate has a clear plan for bringing about a turnaround, but because they fear that the candidate's ideas would meet with resistance, they pass on him (bringing threat rigidity to mind - Staw, Sandelands, & Dutton, 1981). None of the three CEOs described appear up to the task at hand and none has anything close to unity of command (Finkelstein & D'Aveni, 1994). With a reasonable leadership structure, decision diversion might well have been avoided entirely. Of course, a company facing the difficulties described here is not in a good position to attract a capable outside leader. It seems unlikely that the company's ultimate failure could have been avoided even with a well-functioning board. As we noted before, this company had few resources to build on, the economy around it was collapsing, and the directors seem aware that they are simply rearranging deck chairs on the Titanic.

We suspect that an important contextual factor in the emergence of decision diversion is the presence of subgroups with conflicting interests, coupled with a context in which survival ultimately involves significant (but unequal) sacrifices from subgroups. The situation is like an overloaded life boat, in which some must be thrown overboard in order for the remainder to survive – a situation that is not rare in turnaround settings. Each subgroup strives to be sure it's

members aren't among the ones that are sacrificed. The setting also brings to mind the 'downward spiral' of dysfunctional decision-making described by Hambrick and D'Aveni (1988). Finally, we note that the authors' description of decision diversion makes it seem as if it is self-reinforcing. That is, once a decision-making team starts diverting decisions, each subsequent decision becomes easier to divert. An interesting question for future research is the extent to which the members of the decision-making team are aware of what they are doing, and have a clear set of expectations regarding the ultimate outcomes of their decisions. In this way, decision diversion is a behavioral theory concept that further research should build on.

A Critical Reflection

To reiterate, we liked the Harvey, Currall, and Hammer (2017) study a lot, learned a lot from reading it and had our thinking changed in important ways by reading it. We know of no higher praise for a research publication. Still, there are several aspects that researchers should consider when interpreting its findings. First, the authors focus on a firm that faced serious financial struggles, sharp conflicts of interest among subgroups, and a context in which all were aware that some of the parties to the situation would likely to be sacrificed if the remainder were to survive. This is an important context, but also not the typical situation that most corporate boards face. Thus, the generalizability and explanatory power of the decision diversion process described should be considered together with the specific situational context of the study.

Second, the study focuses only on one dimension of team-level change – i.e., the exits and entries of members. What would be worth considering, though, is whether exits and entries of directors affected the demographic or attitudinal profile of the board. As Priem, Lyon, and Dess (1999: 941) convincingly argued, replacing one or more team members is unlikely to “affect all demographic variables uniformly; a new member may increase tenure heterogeneity,

decrease age heterogeneity, leave functional heterogeneity unchanged, and so on...” It may be that the decision diversion processes observed in the study are not just a result of the exits and entries of board members, but rather an outcome of the unobserved changes in the demographics, experiences, and personality traits of directors.

Concluding Remarks

Harvey et al. (2017) builds an enticing story on how board changes unfold over time to affect decision making processes. Overall, we believe that the study provides an important first step toward addressing some micro-level processes through which directors come together to interactively impact firm outcomes. Future research is encouraged to continue addressing this important topic.

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