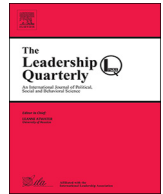




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The effects of leadership change on team escalation of commitment

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ABSTRACT

Although teams benefit from developing plans and processes that boost efficiency and reduce uncertainty, they may become too attached to these plans and escalate commitment when an alternative response is needed. Drawing on theories of team leadership, team processes and escalation of commitment, we propose that a change in leadership can help the team reduce commitment to outdated plans and avoid further escalation over time. Across two studies, we tested and found support for our hypotheses and provide evidence that leadership change can break the cycle of escalation by enhancing leader-driven team reflection and refocusing the team on error correction instead of additional investment. We discuss how the results of these studies extend existing theory and add to our understanding of the important role leaders play in enhancing team adaptation and preventing team escalation.

Over the last three decades, research has associated teams with improved workplace productivity (Kirkman & Rosen, 1999), customer satisfaction (Mathieu, Gilson, & Ruddy, 2006) and product/service quality (Cohen & Ledford, 1994). It is therefore not surprising that organizations have shown a steady increase in the use of team based structures (Hollenbeck, Beersma, & Schouten, 2012; Zaccaro & Bader, 2003), given that they allow organizations to improve decision making, reduce inefficiencies, and continually improve work processes (Hunt, 1995). However, given the unpredictability and complexity of organizational and economic environments (Cummings & Worley, 2015), teams must also be able to quickly change their plans and processes in response to feedback and challenges in their environment in order to thrive (Kozlowski & Bell, 2003; Kozlowski, Gully, Nason, & Smith, 1999; Rosen et al., 2011). Therefore, team adaptation has emerged as a critical factor in dynamic situations (Christian, Christian, Pearsall, & Long, 2017), and an important challenge for leaders, because failure to adapt in a timely manner may have severe consequences for performance (Weick, 1993).

Unfortunately, teams and their leaders frequently struggle to recognize the need for change, hindering adaptation (Burke, Stagl, Salas, Pierce, & Kendall, 2006; Johnson, Hollenbeck, DeRue, Barnes, & Jundt, 2013). Once teams develop performance plans, they tend to become attached to them and often take actions “without consciously considering alternatives” (Gersick & Hackman, 1990, p. 68). Therefore, although plans can yield functional benefits, such as saving time and reducing uncertainty in the short term (Zellmer-Bruhn, 2003), they tend to persist even if an alternative response is needed. If left

unchecked, such attachment can result in escalation of commitment, where decision-makers “throw good money after bad” (Staw & Ross, 1987), pursuing a course of action even in light of negative feedback (Keil & Robey, 2001; Staw, 1976).

An excessive commitment to an initial plan therefore reflects a team's failure to adapt and can start the cycle of further escalation by the team. Gersick and Hackman (1990) suggest that a potential solution for breaking teams out of these patterns, without harming their internal cohesion or trust, is a disruptive structural change. Given the critical role that leaders play in team decision making, we suggest that *leadership change* represents a particularly salient event that is disruptive to team plans and may trigger active cognitive processing that breaks a team's existing habits and cognitive biases (Kahneman, Lovallo, & Sibony, 2011). Drawing on Kozlowski, Gully, McHugh, Salas, and Cannon-Bowers's (1996) dynamic theory of team leadership we argue that a new leader joining a team should be particularly motivated to develop an understanding of the team's current situation and to take time to diagnose and reflect on the team's existing plans and performance. Therefore, we focus on the impact of leadership change on leader-driven plan reflection, a team's commitment to a prior plan of action, and escalation behaviors.

We frame our hypotheses through the lens of Marks, Mathieu, and Zaccaro's (2001) recurring phase model of team performance, which suggests that action phases (characterized by goal-oriented behavior) are coupled with transition phases (where assessment, diagnostic and planning behaviors occur) to form complete performance episodes. We argue that during transition phases, new leaders can help the team to

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reevaluate the situation more objectively by creating opportunities for reflection on prior performance and decision making. Because the new leader is not responsible for an initial course of action, he or she is more likely to be able to help the team to reduce initial commitment to their plan when the situation requires adaptation, and also prevent escalation of commitment for subsequent performance episodes (Morgeson, DeRue, & Karam, 2010). Further, we suggest that a new leader will allow the team to objectively evaluate feedback during transition periods to make course corrections in subsequent action phases (Kozlowski et al., 1996). Contrarily, we expect that teams with ongoing leaders will be more likely to remain committed to the team's initial plan, reacting slowly to new information and demonstrating greater escalation behavior in future performance episodes.

We test these hypotheses in two studies. In Study 1, we examine leadership change in teams participating in a computer-based management simulation. For that study, we focus on the tendency of new leaders to assess and diagnose the new situation and drive reflection within the team, and to help the team reduce commitment to its initial course of action. Study 2 replicates the benefits of leader change in reducing initial plan commitment in student teams, and then extends these findings by examining the effects of leadership change on reducing escalation of the initial commitment and increasing focus on error reduction.

By examining the effect of leadership change on team escalation, we aim to advance the existing literature in several important ways. First, we extend the team escalation literature to highlight the critical role of leadership and leadership change. Little research has examined the effects of change in leadership on team performance in adaptive situations, which is surprising given the high frequency of leadership change in organizations (Manderscheid & Ardichvili, 2008) and the ubiquity of teams in dynamic situations. Second, we integrate escalation and adaptation by examining how leaders can stimulate team adaptation through inducing team reflection and helping the team reduce initial plan commitment, and prevent further escalation of commitment over time. Third, we address how leader change can allow teams to better use feedback and to focus on error reduction and performance improvement in future performance episodes.

Theory and hypotheses

Leadership change

Leadership is an important element that often determines a team's success or failure (Zaccaro, Rittman, & Marks, 2001). According to McGrath (1962), "... the primary purpose of leadership is to ensure that the group fulfills all critical functions necessary to its own maintenance and the accomplishment of its task" (p. 5). The leader helps the team develop strategic direction, promotes effective teamwork, and supports the coordination of collective actions (Mehra, Smith, Dixon, & Robertson, 2006). When team members are able to work together effectively, the team can devote its resources to its tasks rather than to internal team functioning. As a result, effective team leaders take on different role functions that are required for team's performance and goal attainment. For example, by encouraging team participation in decision making, leaders induce the feelings of empowerment (Ahearne, Mathieu, & Rapp, 2005; Leach, Wall, & Jackson, 2003). A sense of ownership and responsibility for work outcomes facilitates goal commitment, even when encountering setbacks (Chesney & Locke, 1991; Locke & Latham, 1990).

Teams, however, are not static—both the internal and external context of a team is subject to shifting events (Burke et al., 2006). One such event is a change to team composition, such as when members leave a team (Christian, Pearsall, Christian, & Ellis, 2014; DeRue, Hollenbeck, Johnson, Ilgen, & Jundt, 2008), or new members are added (Lewis, Belliveau, Herndon, & Keller, 2007; Summers, Humphrey, & Ferris, 2012). However, teams also experience leadership change, the

entry and exit of leaders in teams, which may occur due to turnover, promotion, reassignments, or changes to work design. Leaders might also be forced to leave the team due to poor performance. Regardless of its cause, such an event profoundly affects the team's social relationships, knowledge structure, and consequently, team performance (Levine, Choi, & Moreland, 2003; Lewis et al., 2007).

Given a leader's core role within a team, leadership change may be particularly detrimental to team functioning by disrupting the team's structure and processes (Rao & Argote, 2006), interfering with effective task coordination, and undermining the team's ability to effectively perform its tasks (Moreland & Levine, 1982). Likewise, it forces the team to spend time and effort adjusting to the new leader (Levine & Moreland, 1999; Moreland & Levine, 1989), while eliminating access to the knowledge of the departing leader (Argote, 1999). Nevertheless, when a situation requires adaptation, leadership change might actually facilitate effective team performance by establishing behaviors that are more appropriate to the situation at hand. In particular, new leaders may enable teams to break out of counterproductive routines and cycles of escalation of commitment (Gersick & Hackman, 1990).

Specifically, we argue that a change in leadership will enable teams to reduce their escalation of commitment by inducing leader-directed plan reflection in the team, reducing commitment to an original plan and escalation behaviors, and allowing for a greater focus on error reduction over continued investment.

Leadership change and plan reflection

Kozlowski et al.'s (1996) dynamic model of team leadership proposes that a primary function of team leadership is situational assessment and intervention. When a new leader joins a team, he or she tends to be motivated to gain an understanding of the team itself as well as its current context and prior decisions (Levine et al., 2003; Sauer, 2011). New leaders are expected to quickly capture the complexities of their environment and evaluate the effectiveness of the team's current course of action, and often feel pressure to make changes and improve upon past performance (Levine et al., 2003; O'Hara, 2014). Thus, new leaders will tend to initially set aside time to consider the consequences of their team's strategies and encourage their teams to collectively assess how they arrived at their previous choices (Zaccaro et al., 2001), since fostering collective processing is especially important following major task engagements (Kozlowski et al., 1996). Such jointly backward and forward-looking assessments are referred to as *team reflection* and are commonly identified as a means of improving processes, dealing with problems and learning from experiences (Konradt, Otte, Schippers, & Steenfatt, 2016; Schippers, Edmondson, & West, 2014). The extent to which teams reflect upon and adapt their functioning is positively related to team performance (Schippers, Den Hartog, Koopman, & van Knippenberg, 2008; Schippers, Den Hartog, Koopman, & Wienk, 2003; Schippers, Homan, & Knippenberg, 2013), team effectiveness (Widmer, Schippers, & West, 2009) and team innovation (Schippers, West, & Dawson, 2015). Reflection includes both gaining an awareness of, and challenging hidden assumptions of the team and is therefore often associated with deconstructing long-held beliefs or habitual practices (Fook & Gardner, 2007).

Unfortunately, teams rarely reflect spontaneously (Schippers, 2003; Schippers et al., 2003; Widmer et al., 2009) and tend to behave in habitual ways, even when presented with evidence that their behavior may be dysfunctional (Gersick & Hackman, 1990; Schippers et al., 2014). Careful plan reflection takes time and effort (Konradt et al., 2016; Wainwright, Shepard, Harman, & Stephens, 2010), which teams may be unwilling to expend, and instead prefer to simply follow their predetermined course of action without disrupting the team's normal behavioral patterns. Similarly, ongoing team leaders are less likely to see the need to encourage their team to reflect upon past information processing and interaction patterns, especially when their previous decisions could be thought of as successes.

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