In 2015, German car company, Volkswagen was involved in a massive corporate scandal: Volkswagen cars with “clean diesel” engines tested by laboratories in the United States and Europe contained a “defeat device” program in the engine software. Specifically, the software sensed when the car was being driven under test conditions and then activated equipment that reduced emissions. When these “clean diesel” engines ran normally during regular driving, the software turned the “defeat device” equipment off, thereby increasing toxic emissions to more than 40 times the legal limits. One such toxin, nitrogen oxide, is a pollutant that has been found to cause bronchitis, emphysema, and other respiratory diseases. Experts speculated that the “defeat device” was installed to gain a competitive advantage for VW vehicles—seemingly low exhaust emissions on a vehicle that still could save fuel and give the driver high torque and acceleration would have broad market appeal. The cheat device affected 11 million cars worldwide and pumped between 250,000 to 1 million extra tons of harmful emissions into the air each year. Thirty managers were involved in the cheating and a variety of factors, including control by a tight-knit billionaire family, demands from powerful labor unions, and pressure from the German government, all seemed to play a role. Volkswagen heavily invested in producing a clean-diesel engine and failure to meet the standards required by American emissions tests would have embarrassed and frustrated company managers and engineers. The temptation to tweak software to dodge rules and achieve success was alluring to the confident, insular design team. The 78-year old company issued several statements apologizing for how it “totally screwed up” and vowed to fix their mistake. Volkswagen offered $1,000 to U.S. car owners and halted sales of affected cars. Volkswagen’s stock value plummeted, the chief executive, Martin Winterkorn, resigned and a number of high-ranking executives were suspended.1

The debacle at Volkswagen was particularly stunning because the company had a near-perfect reputation. When the consequences of decision making are disastrous, we try to find the root of the problem, which may be due to a faulty decision-making process or deliberate wrongdoing. As we will see in this chapter, teams can follow a vigilant process and still reach bad decisions; in some cases, teams that seem to do all the wrong things still manage to succeed.

TEAM DECISION MAKING

Decision making is an integrated sequence of activities that includes gathering, interpreting, and exchanging information; creating and identifying alternative courses of action; choosing among alternatives by integrating differing perspectives and opinions of team members; and implementing a choice and monitoring its consequences. For a schematic diagram of an idealized set of activities involved in a decision-making process, see Exhibit 7-1.

We begin by discussing how a variety of well-documented decision-making biases affect individual decision making and how these biases are ameliorated or exacerbated in groups. We identify several decision-making pitfalls that teams often encounter, including: groupthink, conformity pressure, escalation of commitment, the Abilene paradox, group polarization, and unethical decision making.

INDIVIDUAL DECISION-MAKING BIASES

A variety of decision-making biases plague individual decision making. (For a comprehensive review, see Bazerman and Moore’s Judgment in Managerial Decision Making.)

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In this section, we briefly review four of the well-documented individual decision-making biases and discuss their implications for teams.

**FRAMING BIAS**

Consider the following problem:\(^4\)

Imagine that the United States is preparing for the outbreak of an unusual disease, which is expected to kill 600 people in the United States alone. Two alternative programs to combat the disease have been proposed. Assume that the exact scientific estimates of the consequences of the programs are as follows:

- **Plan A**: If program A is adopted, 200 people will be saved.
- **Plan B**: If program B is adopted, there is a one-third probability that 600 people will be saved and a two-thirds probability that no one will be saved.

If forced to choose, which plan would you select?

When given this choice, most individual decision makers choose program A (72 percent). Now, consider the following options:

- **Plan C**: If program C is adopted, 400 people will die.
- **Plan D**: If program D is adopted, there is a one-third probability that nobody will die and a two-thirds probability that 600 people will die.

When given the identical problem with the same options worded in terms of “deaths,” the majority of respondents choose the risky course of action (Plan D, 78 percent).\(^5\) This inconsistency is a preference reversal and reveals the **framing bias**. Almost any decision can be reframed as a gain or a loss relative to something.\(^6\) This is because decision makers’ reference points for defining gain and loss are often arbitrary. Several investigations have compared individuals’ versus groups’ susceptibility to the framing effect. The results are mixed: Sometimes, groups are less susceptible to framing, but in some investigations, they are just as fallible as individuals.\(^7\)

**OVERCONFIDENCE**

The **overconfidence bias** is the tendency for people to place unwarranted confidence in their judgments. Ninety-four percent of college professors believe that they are above-average teachers; 90 percent of drivers believe that they are above average; and when


computer executives were given quizzes about their industry, they estimated they got only 5 percent of the answers wrong—in fact, they had gotten 80 percent wrong. Consider the questions in Exhibit 7-2. Even though the instructions in Exhibit 7-2 ask decision makers to choose an upper and lower bound such that they are 98 percent sure that the actual answer falls within their bounds, most decision makers only have four answers that fall within their lower and upper confidence bounds. In a study of 100 people, 42 percent fell outside the 90 percent confidence range. In a team, overconfidence leads people to myopically focus on their teammates’ strengths, as opposed to their weaknesses, and neglect the strengths and weaknesses of members of competitor teams.

### Exhibit 7-2 Overconfidence in Judgment

<table>
<thead>
<tr>
<th>Question</th>
<th>Your best estimate</th>
<th>Lower bound</th>
<th>Upper bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The median age for the total U.S. population in 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Percentage of the U.S. population under 5 years old in 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Percentage of the U.S. population less than 25 years of age holding at least a Bachelor’s degree in 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Percentage of Americans in 2016 who believe the U.S. will become a cashless society in our lifetime.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Number of all endangered and/or threatened animals and plants in the United States in 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Number of Global 500 companies in the U.S. as of 2015.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Walmart 2015 revenue, which is one of the highest amongst Global 500 companies in the United States.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Answers:** 1. 378, 2. $53,657, 3. 6.2%, 4. $4,301, 5. 32.5%, 6. 62%, 7. 1604, 8. 134, 9. $482,130,000, 10. $94.6 million

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The confirmation bias is the tendency for people to consider evidence that supports their position, hypothesis, or desires and disregard or discount (equally valid) evidence that refutes their beliefs. Even upon the receipt of unsupportive data, people who have fallen prey to the confirmation bias will maintain, and in some cases increase, their resolve. Further, both decided and undecided individuals show a strong tendency to selectively expose themselves to confirmatory information.

Tunnel vision can often augment confirmation bias. For example, in studies of new product development, prototypes that have become focal tend to be judged overly favorably and are chosen for launch with unwarranted enthusiasm, even among experienced executives. (As a demonstration of the confirmation bias, take the test in Exhibit 7-3.)

Regulatory focus affects the incidence of the confirmation bias in groups. A prevention focus, such as security, leads to greater bias (e.g., discounting contradictory information) when pursuing an individual goal than does adopting a promotion focus.

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**Exhibit 7-3 Card Test**


**CONFIRMATION BIAS**

The confirmation bias is the tendency for people to consider evidence that supports their position, hypothesis, or desires and disregard or discount (equally valid) evidence that refutes their beliefs. Even upon the receipt of unsupportive data, people who have fallen prey to the confirmation bias will maintain, and in some cases increase, their resolve. Further, both decided and undecided individuals show a strong tendency to selectively expose themselves to confirmatory information.

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Making decisions, especially complex organizational decisions, requires a great deal of mental resources. Not surprisingly, the mere act of making decisions produces fatigue. However, unlike physical exertion, most decision makers are not consciously aware that they are depleted after making several decisions. Consequently, they become organizationally dangerous in terms of spending more money, refusing to make trade-offs, making harsh decisions, or avoiding decisions altogether. For example, one investigation examined how judges made more than 1,000 parole decisions and found that after controlling for ethnic background, crime, length of current sentence, and so on, those parole decisions were related to the time of day that the judge heard the case. While 70 percent of cases were granted parole in the morning before the judges were mentally fatigued, only 10 percent were granted parole later in the day. The interpretation was that judges are more fatigued later in the day and make harsher decisions.

INDIVIDUAL VERSUS GROUP DECISION MAKING

DEMONSTRABLE VERSUS NON-DEMONSTRABLE TASKS

A demonstrable task is a task that has an obvious, correct answer. Many management and executive education courses challenge businesspeople with simulations in which they find themselves stranded in inhospitable environments—arctic tundra, scorched desert, and treacherous jungles—and together they must plan and enact strategies to ensure their survival. Some organizations actually place people in such situations. Popular television shows are based on “survival,” and some teams excel at adventure sports—but in the management laboratory and classroom, teammates are simply asked to rank (in order of importance) the usefulness of several objects (e.g., flashlight, canteen of water, and knives). The team’s rank order can be benchmarked against that of an expert and against the individual rankings made by each member of the team.

GROUPS OUT-PERFORM INDIVIDUALS

In demonstrable tasks, the performance of teams is inevitably better than the simple, arithmetic average of the group. Recall the team performance equation, wherein actual productivity (AP) of a team = potential productivity (PP) + synergy (S) − performance threats (T). In this case, the arithmetic average of the team represents the potential productivity of the group. If the actual productivity of the team exceeds this, it suggests that the group has experienced a synergistic process (i.e., working together has allowed the group to outperform how they could have performed by simply aggregating their own decisions). If the actual productivity of the team is worse, it suggests that the group process is flawed. However, the team leader is justified in asking whether the team’s performance exceeds that of the best member of the team. Perhaps team decision making is best served by putting the trust of the group into one knowledgeable and


14One such simulation is Desert Survival, available from Human Synergistics International, 39819 Plymouth Road, C8020, Plymouth, MI 48170–8020, USA.
competent group member. One investigation studied individual versus group decision making in 222 project teams, ranging in size from three to eight members.\textsuperscript{15} In most instances, groups outperformed their most proficient group member 97 percent of the time.

Groups perform better than individuals on a wide range of demonstrable problems. For example, groups of three, four, or five people perform better than the best individual in letters-to-numbers problems (e.g., “A + D = ?”)\textsuperscript{16} and groups outperform individuals on estimation problems.\textsuperscript{17} Groups perform at the level of the second-best individual or group member on world knowledge problems, such as vocabulary, analogies, and ranking items for usefulness. Groups who use a structured approach for making decisions perform better than those without structure.\textsuperscript{18}

**Group to Individual Transfer**

People who have experience solving demonstrable problems in a group are able to transfer their performance to individual tasks,\textsuperscript{19} and people who anticipate group discussion are more accurate.\textsuperscript{20} Groups outperform individuals because of a process known as **group-to-individual transfer**, in which group members become more accurate during the group interaction.\textsuperscript{21}

However, groups are much more overconfident than are individuals, regardless of their actual accuracy. For example, in one investigation, groups were asked to make stock price predictions. The actual accuracy of the group was 47 percent, but their confidence level was 65 percent.\textsuperscript{22} Three days before the disintegration of the space shuttle *Columbia* in 2003, NASA officials met to discuss ways to monitor and minimize the amount of


falling debris during liftoff (one probable cause of Columbia’s breakdown) but concluded that repair work in flight—a possible solution—would be too costly, creating “more damage than what [they] were trying to repair.”

Groups also are more likely to exacerbate some of the shortcomings displayed by individuals, namely, groups are more likely than individuals to (faultily) neglect case-specific information and ignore base-rate information. However, when group members search for information relevant to a problem, the accurate group members are more influential and performance improves.

**MINORITIES versus MAJORITIES**

With respect to demonstrable problem solving, minorities and majorities refer to how many people in the group are initially aware of the correct solution. Initially correct minorities are more likely than initially correct majorities to demonstrate correct solutions to the rest of the group, particularly when the group goal is focused on learning.

**GROUP DECISION RULES**

Given the pervasiveness of group decision making, teams need a method by which to combine individuals’ decisions to yield a group decision. The objective of decision rules may differ, such as finding the alternative the greatest number of team members prefers, the alternative the fewest members object to, or the choice that maximizes team welfare. In an extensive test of the success of several types of decision rules, majority and plurality rules did quite well, performing at levels comparable to much more resource-demanding rules, such as individual judgment averaging rule (see Exhibit 7-4). Thus, groups are well served in using majority or plurality voting in truth-seeking group decisions. Yet, they often avoid majority rule when given a choice. For example, groups tend to choose the alternative that is acceptable to all group members, even when a majority of members prefer a different alternative. The most common decision rule is majority rule, which teams might use often as a decision heuristic because of its ease and familiarity. However, despite its democratic appeal, majority rule presents several problems in the attainment of consensus. First,

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27 For a review, see Laughlin, P. R. (2011). Social choice theory, social decision scheme theory, and group decision-making. *Group Processes & Intergroup Relations, 14*(1), 63–79.


### Group Decision Rules

<table>
<thead>
<tr>
<th>Group Decision Rule</th>
<th>Description</th>
<th>Individual Cognitive Effort</th>
<th>Social (Group) Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average winner</td>
<td>Each member estimates the value of each alternative, and the group computes each alternative’s mean estimated value and chooses the alternative with the highest mean.</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Median winner</td>
<td>Each member estimates the value of each alternative, and the group computes each alternative’s median estimated value and chooses the alternative with the highest median.</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Davis’ weighted average winner</td>
<td>Each member estimates the value of each alternative, and the group assigns a weighted average value to each alternative and chooses the alternative with the highest weighted average rule.</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Borda rank winner</td>
<td>Each member ranks all alternatives by estimated value, and the group assigns a Borda rank score to each location (the sum of individual ranks for each alternative) and chooses the alternative with the lowest (most favorable) score.</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Condorcet majority rule</td>
<td>All pairwise elections are held (e.g., 45 for 10 candidates), and the alternative that wins all elections is the Condorcet winner (it is possible for there to be no unique, overall winner).</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Majority/plurality rule</td>
<td>Each member assigns one vote to the alternative with the highest estimated value, and the alternative receiving the most votes is chosen.</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Best member rule</td>
<td>Member who has achieved the highest individual accuracy in estimating alternative values is selected, and this member’s first choice becomes the group’s choice.</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Random member rule</td>
<td>On each trial, one member is selected at random, and this member’s first choice becomes the group’s choice.</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Group satisficing rule</td>
<td>On each trial, alternatives are considered one at a time in a random order; the first alternative for which all members’ value estimates exceed aspiration thresholds is chosen by the group.</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Exhibit 7-4 Group Decision Rules**

majority rule ignores members’ strength of preference for alternatives. The vote of a person who feels strongly about an issue counts only as much as the vote of a person who is virtually indifferent. Consequently, majority rule may not promote creative trade-offs among issues.\(^{31}\) Majority rule also might encourage the formation of coalitions or subgroups within a team. Although unanimous decision making is time consuming, it encourages team members to consider creative alternatives to satisfy the interests of all members. Teams required to reach consensus have greater accuracy than those that are not.\(^{32}\)

**Refusal to Make Decisions**

Sometimes, people refuse to make decisions and reject all options and delay choice. According to the motivated information processing in groups model, epistemic motivation and social motivation both affect the likelihood that groups will refuse to make decisions.\(^{33}\) When epistemic motivation is low, groups make decisions quickly; when epistemic motivation is high, they often refuse to make decisions. When groups have a proself (as opposed to prosocial) motivation, they have longer discussions and engage in more forcing behavior.\(^{34}\)

**Groupthink**

**Groupthink** occurs when team members place consensus above all other priorities—including using good judgment—when the consensus reflects poor judgment or improper or immoral actions. For examples of groupthink fiascos in the corporate world, see Exhibit 7-5. The desire to agree can become so dominant that it can override the realistic appraisal of alternative courses of action.\(^{35}\) The causes of groupthink might stem from group pressures to conform or a sincere desire to incorporate and reflect the views of all team members. Such pressure may also come from management if the directive is to reach a decision that all can agree to.\(^{36}\) Conformity pressures can lead decision makers to censor their misgivings, ignore outside information, feel too confident, and adopt an attitude of invulnerability.

Three key symptoms of groupthink take root and blossom in groups that succumb to pressures of reaching unanimity:

- **Overestimation of the group:** Members of the group regard themselves as invulnerable and at the same time, morally correct. This can lead decision makers to believe they are exempt from standards.


\(^{32}\) Roch, “Why convene rater teams.”


\(^{36}\) Ibid.
Enron’s board of directors was well informed about (and could therefore have prevented) the risky accounting practices, conflicts of interest, and hiding of debt that led to the company’s downfall; likewise, Arthur Andersen (Enron’s accounting firm) did nothing to halt the company’s high-risk practices.a, b

The BP oil spill. Employees at BP knew about the dangers and admitted that there were many warning signs. Additionally, bonuses were calculated on the amount of “downtime” for repairs.c

The Volkswagen scandal. The company installed technology that was not sufficient to comply with emissions standards for smog-forming pollutants, particularly in the United States. The decision to do this goes back a decade when the company’s supervisory board decided to push diesel in the United States.d

General Motors waiting more than a decade to recall 2.6 million cars because of defective ignition switches. The company decided that saving 57 cents per switch was more important than the safety of customers.e

The anti-poaching suits where in 2013, tech giants Lucasfilm, Pixar and Intuit paid $20 million, and in 2015, Google, Apple, Intel and Adobe paid $415 million for depressing employees’ mobility and therefore their salaries.f

Johnson & Johnson. J & J knew that talcum powder was associated with ovarian cancer, but suppressed evidence.g

Exhibit 7-5 Instances of Groupthink in the Corporate World

Sources:
cCorrigan, T (2010, August 27). So many warnings, so little action ahead of BP’s Deepwater disaster. The Telegraph. telegraph.co.uk
eFielkow, B. (2014, April 22). With GM’s massive recall, is corporate culture to blame? NBC News. nbc-news.com

• Closed-mindedness: Members of the group engage in collective rationalization, often accompanied by stereotyping out-group members.

• Pressures toward uniformity: There is a strong intolerance in a groupthink situation for diversity of opinion. Dissenters are subject to enormous social pressure, which often leads group members to suppress their reservations.

Deficits arising from groupthink can lead to many shortcomings in the decision-making process. Consider, for example, the following lapses that often accompany groupthink:

• Incomplete survey of alternatives
• Incomplete survey of objectives
• Failure to reexamine alternatives
• Failure to examine preferred choices
• Selection bias
Part 2 • Team Performance

- Poor information search
- Failure to create contingency plans

Each of these behaviors thwarts rational decision making.

**Learning from History**

Consider two decisions made by the same U.S. presidential cabinet—the Kennedy administration. President John F. Kennedy's cabinet was responsible for the Bay of Pigs operation in 1961 and the Cuban Missile Crisis in 1962. The Bay of Pigs was a military operation concocted by the United States in an attempt to overthrow Fidel Castro, the leader of Cuba. The Bay of Pigs is often seen as one of the worst foreign policy mistakes in U.S. history. The operation was regarded as a disaster of epic proportions, resulting in the loss of lives and the disruption of foreign policy. It also is puzzling because the invasion in retrospect, seemed to have been poorly planned and poorly implemented, yet it was led by people whose individual talents seemed to make them eminently qualified to carry out an operation of that magnitude. In contrast, Kennedy’s response to the Cuban Missile Crisis was regarded as a great international policy success. These examples from the same organizational context and team make an important point: Even smart and highly motivated people can make disastrous decisions under certain conditions. Kennedy’s cabinet fell prey to groupthink in the Bay of Pigs decision but not in the Cuban Missile Crisis.

A number of detailed historical analyses have been performed comparing these two historical examples, as well as several others. Some sharp differences distinguish groupthink from vigilant decision making.

Exhibit 7-6 summarizes three kinds of critical evidence: (1) factors that might lead to groupthink; (2) factors that might promote sound decision making; and (3) factors that do not seem to induce groupthink. Leader behavior that is associated with too much concern for political ramifications or the analysis of alternatives in terms of their political repercussions is a key determinant of groupthink. Similarly, when groups are overly concerned with their political image, they might not make sound decisions.

In terms of preventive conditions, the behavior of the team has a greater impact on the development of groupthink than does leader behavior. Effective group decision making can be achieved through task orientation, flexibility, less centralization, norms of openness, encouraging dissent, focusing on shared goals, and realizing that trade-offs are necessary.

**Reducing Groupthink**

Most of the groupthink phenomena (e.g., closed-mindedness) occur in a far wider range of settings than originally believed, and empirical evidence is mixed. In this section,


Chapter 7 • Team Decision Making: Pitfalls and Solutions

Exhibit 7-6 Precipitating and Preventative Conditions for the Development of Groupthink

<table>
<thead>
<tr>
<th>Conditions</th>
<th>Leader Behavior and Cognition</th>
<th>Team Behavior and Cognition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Precipitous conditions</strong></td>
<td>• Narrow, defective appraisal of options</td>
<td>• Rigidity</td>
</tr>
<tr>
<td>(likely to lead to groupthink)</td>
<td>• Analysis of options in terms of political repercussions</td>
<td>• Conformity</td>
</tr>
<tr>
<td></td>
<td>• Concern about image and reputation</td>
<td>• View roles in political terms (protecting political capital and status)</td>
</tr>
<tr>
<td></td>
<td>• Loss-avoidance strategy</td>
<td>• Large team size</td>
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<td></td>
<td></td>
<td>• Team members feel sense of social identification with team</td>
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<td></td>
<td></td>
<td>• Group interaction and discussion must produce or reveal an emerging or dominant group norm</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Low self-efficacy, in which group members lack confidence in their ability to reach a satisfactory resolution</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Perceived threat to social identity</td>
</tr>
<tr>
<td><strong>Preventative conditions</strong></td>
<td>• Being explicit and direct about policy preferences allows the team to know immediately where the leader stands</td>
<td>• Task orientation</td>
</tr>
<tr>
<td>(likely to engender effective decision making)</td>
<td></td>
<td>• Intellectual flexibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Less consciousness of crisis</td>
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<tr>
<td></td>
<td></td>
<td>• Less pessimism</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Less corruption (i.e., more concerned with observing correct rules and procedures)</td>
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<tr>
<td></td>
<td></td>
<td>• Less centralization</td>
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<tr>
<td></td>
<td></td>
<td>• Openness and candidness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Adjustment to failing policies in timely fashion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Genuine commitment to solving problems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Encouraging dissent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Acting decisively in emergencies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Attuned to changes in environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Focus on shared goals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Realization that trade-offs are necessary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ability to improvise solutions to unexpected events</td>
</tr>
<tr>
<td><strong>Inconclusive conditions</strong></td>
<td>• Strong, opinionated leadership</td>
<td>• Risk taking</td>
</tr>
<tr>
<td>(unlikely to make much of a difference)</td>
<td></td>
<td>• Cohesion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Internal debate</td>
</tr>
</tbody>
</table>

we identify some specific steps leaders can take to prevent groupthink. Prevention is predicated on two broad goals: the stimulation of constructive, intellectual conflict, and the reduction of concerns about how the group is viewed by others—a type of conformity pressure.

**TEAM SIZE** Larger teams are more likely to fall prey to groupthink. People grow more intimidated and hesitant as team size increases. Teams with more than 10 members may feel less personal responsibility for team outcomes.

**FACE-SAVING MECHANISM FOR TEAMS** A small team that has the respect and support of their organization would seem to be in an ideal position to make effective decisions. Yet often, they fail to do so. Many teams are afraid of being blamed for poor decisions—even decisions for which it would have been impossible to predict the outcome. Often, face-saving concerns prevent people from changing course, even when the current course is clearly doubtful. Teams that are given an excuse for poor performance before knowing the outcome of their decision are less likely to succumb to groupthink than teams that do not have an excuse.

**THE RISK TECHNIQUE** The risk technique is a structured discussion situation designed to reduce group members’ fears about making decisions. The discussion is structured so that team members talk about the dangers or risks involved in a decision and delay discussion about potential gains. Members then discuss controls or mechanisms for dealing with the risks or dangers. The goal is to create an atmosphere in which team members can express doubts and raise criticisms without fear of rejection or hostility from the team. One way is to have a facilitator play the role of devil’s advocate for a particular decision. The mere expression of doubt by one person might liberate others to raise doubts and concerns. A second method might be to have members privately convey their concerns or doubts and then post this information in an unidentifiable manner.

**DIFFERENT PERSPECTIVES** In this technique, team members assume the perspective of other constituencies with a stake in the decision. In 1986, the space shuttle Challenger exploded after liftoff due to a major malfunction regarding the booster rockets and in particular, O-ring failure. Roger Boisjoly, an engineer who tried to halt the flight in 1986 because he was aware of the likely trouble, said later, “I received cold stares . . . with looks as if to say, ‘Go away and don’t bother us with the facts.’ No one in management wanted to discuss the facts; they just would not respond verbally to . . . me. I felt totally.

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helpless and that further argument was fruitless, so I, too, stopped pressing my case."

Although the Challenger disaster happened in large part because of poor understanding about how to interpret statistical data, the key point of adopting different perspectives is to create a mechanism that will instigate thinking more carefully about problems, which could prompt these groups to reconsider evidence.

**DEVIL’S ADVOCATE** By the time upper management is wedded to a particular plan or point of view, they are often impervious to evidence that is questionable or even downright contradictory. To make matters worse, subordinates often don’t want to challenge management’s beliefs. Accordingly, some teams institute a *devil’s advocate* to disagree with the dominant proposal and ask questions. Teams that anticipate having to refute counterarguments are less likely to engage in confirmatory information processing as compared to teams that anticipate having to give reasons for their decision.44 Winston Churchill knew how to combat groupthink and yes-men. Worried that his larger-than-life image would deter subordinates from bringing him the truth, he instituted a unit outside his chain of command, called the “statistical office,” whose key job was to bring him the bleakest, most gut-wrenching facts. Similarly, authors of the book *How Companies Lie* suggest that teams have “counterpointers,” whose chief function is to ask the rudest possible questions.45

**Genuine dissent** is superior to *contrived dissent* or no dissent at all in terms of stimulating original ideas, considering opposing positions, and changing attitudes.46 A *deviant* is a person in a group who expresses a different opinion. The presence of a deviant in a group reduces group confidence, increases elaboration, and improves decision quality; however it also decreases group cohesion and task satisfaction.47

**STRUCTURED DISCUSSION** The goal of structured discussion principles is to delay solution selection and to increase the problem-solving phase. This prevents premature closure on a solution and extends problem analysis and evaluation. For example, teams might be given guidelines that emphasize continued solicitations of solutions, protection from criticism, keeping the discussion problem centered, and listing all solutions before

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During such discussion, decision makers should be concrete and direct because psychological distance and abstraction increase conformity.\textsuperscript{49}

**PROTECT ALTERNATIVE VIEWPOINTS** Although teams can generate high-quality decision alternatives, they frequently fail to adopt them as preferred solutions.\textsuperscript{50} Most problems that teams face are not simple, eureka-type decisions in which the correct answer is obvious when it is put on the table. Rather, team members must convince others about the correctness of their views. This is difficult when conformity pressure exists and when team members have committed publicly to a particular course of action. For these reasons, it can be useful to instruct members to record all alternatives suggested during each meeting.

**SECOND SOLUTION** This technique requires teams to identify a second solution or decision recommendation as an alternative to their first choice. This enhances the problem-solving and idea-generation phases, as well as performance quality.\textsuperscript{51}

**TIME PRESSURE** Time pressure leads to more risky decision making.\textsuperscript{52} Time pressure acts as a stressor on teams, and stress impairs the effectiveness of team decision making.\textsuperscript{53} Moral principles are more likely to guide decisions for the distant future than for the immediate future, whereas difficulty, cost, and situational pressures are more likely to be important in near-future decisions. Managers are more likely to compromise their principles in decisions regarding near-future actions compared with distant-future actions.\textsuperscript{54}

**ESCALATION OF COMMITMENT**

Coca-Cola’s decision to introduce New Coke in 1985 was eventually recognized as a mistake and reversed. Do such clear failures prompt teams to revisit their decision-making process and improve upon it? Not necessarily. In fact, under some conditions, teams persist with a losing course of action, even in the face of clear evidence to the contrary. This is known as the **escalation of commitment** phenomenon.

\textsuperscript{48}Maier, *Principles of human relations, applications to management.*


Consider the following decision situations.

- Despite the fact that Apple and Android dominated the handheld smartphone business, Microsoft decided to test the waters and joined forces with Nokia, developing a Windows phone on Nokia’s Lumia handsets. After underwhelming reviews, Microsoft could have ended the relationship, but instead it bought Nokia outright.55

- Although the greeting card market declined to $5.4 billion in 2012 and is expected to drop to $4.3 billion by 2018, Hallmark continued to build products that were not profitable.56

- Google Glass, developed in Google’s secretive Google X laboratory, offered the wearable computer prototype for $1500 to only several thousand “explorers” through an application process. Yet, the product’s imperfections were widely acknowledged within the company even before its launch with users reporting software bugs and privacy concerns. Nearly four years after its launch, Google discontinued the product.57

In each of these situations, individuals and teams committed additional resources to what eventually proved to be a failing course of action. Usually, the situation does not initially appear to be unattractive. The situation becomes an escalation dilemma when the people involved would make a different decision if they had not been involved up until that point or when other objective people would not choose that course of action. In escalation situations, a decision is made to commit additional resources to “turn the situation around.” The bigger the investment and the more severe the possible loss, the more prone people are to try to turn things around.

The escalation of commitment process is illustrated in Exhibit 7-7. In the first stage of the escalation of commitment, a decision-making team is confronted with questionable or negative outcomes (e.g., a price drop, decreasing market share, poor performance evaluations, or a malfunction). This external event prompts a reexamination of the team’s current course of action, in which the utility of continuing is weighed against the utility of withdrawing or changing course. This decision determines the team’s commitment to its current course of action. If commitment is low, the team may withdraw from the project and assume its losses. If commitment is high, however, the team will continue commitment and continue to cycle through the decision stages. Four key processes are involved in the escalation of commitment cycle: project-related determinants, psychological determinants, social determinants, and structural determinants.58

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55Klingebiel, R. (2013, September 3). The right deal for Nokia, but the wrong deal for Microsoft? What the $7.1bn deal really means. The Drum. thedrum.com

56Morris, F. (2015, July 8). To survive, the greeting card industry will have to get creative. National Public Radio. npr.org; Franzen, C. (2013, September 4). Sorry for your loss: Hallmark struggles to update its card empire. The Verge. theverge.com


Project Determinants

Project determinants are the objective features of the situation. Upon receiving negative feedback, team members ask whether the perceived setback is permanent or temporary (e.g., is reduced market share a meaningful trend or a simple perturbation in a noisy system?). If it is perceived to be temporary, there may appear to be little reason to reverse course. Then, when considering whether to increase investment in the project or commit more time and energy, the team is essentially asking whether it wishes to escalate its commitment. Of course, this may often be the right choice, but it should be clear that such decisions also make it harder for the team to terminate that course of action if results continue to be poor.

Psychological Determinants

Psychological determinants refer to the cognitive and motivational factors that propel people to continue with a chosen course of action. When managers or teams learn that the outcome of a project may be negative, they should ask themselves the following questions regarding their own involvement in the process:

What are the personal rewards for me in this project? In many cases, the process of the project itself, rather than the outcome of the project, becomes the reason for continuing the project. This leads to a self-perpetuating reinforcement trap, wherein the rewards for continuing are not aligned with organizational objectives. Ironically, people who have high, rather than low, self-esteem are more likely to become victimized by psychological forces—people with high self-esteem have much more invested in their ego than those with low self-esteem.
ARE MY EGO AND THE TEAM’S REPUTATION ON THE LINE?  “If I pull out of this project, would I feel stupid? Do I worry that other people would judge me to be stupid?” Ego protection often becomes a higher priority than the success of the project. When managers feel personally responsible for a decision, monetary allocations to the project increase at a much higher rate than when managers do not feel responsible for the initial decision.59

When managers personally oversee a project, they attempt to ensure that the project has every chance of success (e.g., by allocating more resources to it). After all, that is their job. A manager who works on a project from beginning to end is going to know more about it and may be in a better position to judge it. Furthermore, personal commitment is essential for the success of many projects. While it is certainly good to nurture projects so that they have their best chance of survival, it is nearly impossible for most managers to be completely objective. It is important to have clear, unbiased criteria by which to evaluate the success of a project.

SOCIAL DETERMINANTS

Most people want others to approve of them, accept them, and respect them. Consequently, they engage in actions and behaviors that they think will please most of the people most of the time, perhaps at the expense of doing the right thing, which may not be popular.

The need for approval and liking may be heightened especially among groups composed of friends. Indeed, groups of longtime friends are more likely to continue to invest in a losing course of action (41 percent) than groups composed of unacquainted persons (16 percent) when groups do not have buy-in from relevant organizational authorities. In contrast, when they are respected by their organization, groups of friends are extremely deft at extracting themselves from failing courses of action.60 The greater the group’s sense of social identity, the more likely the group is to escalate commitment to an unreasonable course of action. For example, teams in a city council simulation, faced with an important budget allocation decision regarding a playground project, wore either team name tags (high social identity), or personal name tags (low social identity).61 Groups that were stronger in social identity showed greater escalation of commitment to the ill-fated playground project.

STRUCTURAL DETERMINANTS

A project can itself become institutionalized, removing it from critical evaluation. It becomes impossible for teams to consider removal or extinction of the project. Political support can also keep alive a project that should be terminated.

Minimizing Escalation of Commitment to a Losing Course of Action

Most teams do not realize that they are in an escalation dilemma until it is too late. How can a team best exit an escalation dilemma?62

**Set Limits**  Ideally, a team should determine at the outset what criteria and performance standards justify continued investment in the project or program in question.

**Avoid the Bystander Effect**  In many situations, especially ambiguous ones, people are not sure how to behave and do nothing because they don’t want to appear foolish. This dynamic explains the bystander effect, or the tendency to not take action when others are around.63

**Avoid Tunnel Vision**  Get several perspectives on the problem.

**Recognize Sunk Costs**  Sunk costs are previously invested resources, such as money and time that cannot be recovered. If making the initial decision today, would you make the investment currently under consideration (as a continuing investment), or would you choose another course of action? If the decision is not one that you would choose anew, you might want to start thinking about how to terminate the project and move to the next one. In 2012, the Washington Redskins paid the highest price in NFL history to draft a player, trading several years-worth of first-round draft picks to be able to select Robert Griffin III, the Heisman Trophy winning quarterback from Baylor University. To justify the investment, Griffin would have needed to perform at the level of three-time Super Bowl champion, Tom Brady of the New England Patriots. A stellar first season ended because of a knee injury and the next two seasons resulted in lackluster field performance.64

**Avoid Bad Mood**  Unpleasant emotional states are often implicated in poor decision making.65 Negative affect (such as bad mood, anger, and embarrassment) leads to nonoptimal courses of action—holding out the hope for some highly positive but risky outcome. When people are upset, they tend to choose high-risk, high-payoff options.66

**External Review**  In some cases, it is necessary to remove or replace the original decision makers from deliberations precisely because they are biased.

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ABILENE PARADOX

The Abilene Paradox results from group members’ desire to avoid conflict and reach consensus at all costs. The Abilene Paradox is a form of pluralistic ignorance: Group members adopt a position because they feel other members desire it; team members don’t challenge one another because they want to avoid conflict or achieve consensus.

Jerry Harvey’s story of the Road to Abilene illustrates the dilemma faced by an extended family who pile into a steamy car on a 104-degree West Texas afternoon, in search of ice cream at the other end of a long 50 sun-baked miles across a flat and dust-blown landscape. Initially, the family appears enthusiastic, as they willingly leave the fans, cold drinks, and games behind in their home. But after the sunbaked trip to the ice cream shoppe, the flavors on hand are bland – vanilla, a weak chocolate – and neither as good as remembered. Silence descends as the ice cream is eaten. Hours later, after the arduous return trip across the desert, they arrive back home. No one says anything until someone breaks the silence. “Great trip, right?” “Honestly, no,” barks an annoyed family member, adding that she felt pressured into the trip. “What?!” says somebody else. “I went along with it because it seemed like everyone else wanted to go. Who’d want to go 50 miles for ice cream in that heat?” In other words, the family had voluntarily taken a 100-mile round trip for ice cream on a 104-degree day, though no one actually wanted to go, because they thought that’s what the other people in the group wanted to do.

It may seem strange to think that intelligent people who are in private agreement might somehow fail to realize the commonality of their beliefs and end up in Abilene. However, it is easy to see how this can happen if members fail to communicate their beliefs to each other. Quandaries like the Abilene Paradox are easy to fall into. Strategies to avoid the situation include: playing devil’s advocate, careful questioning, and a commitment on the part of all team members to voice their opinions as well as respectfully listen to others.

What factors lead to problems like the Abilene Paradox? In general, if individual team members are intimidated or feel that their efforts will not be worthwhile, then they are less likely to voice or defend their viewpoints. This is called self-limiting behavior. According to a survey of 569 managers, there are six key causes of self-limiting behavior in teams:

- **The presence of an expert:** If the group perceives that one of their members holds exceptional expertise or experience in the topic under discussion, individuals will self-limit their input.
- **A strong argument:** If the group has spent a lot of time in circular discussions and idea fatigue has taken hold, a group member who presents a compelling and reasonable solution, even if it is not the optimal resolution, may find that their argument is met with agreement because it allows the group to move on with business.
- **Lack of self-confidence:** When team members are unsure or uncertain about their contributions, they will self-limit.
- **Trivial decision:** When group members don’t see how the decision impacts themselves or something important, they will self-limit.

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Part 2 • Team Performance

- Conformity: Roger Boisjoly, chief engineer on the tragic 1986 Challenger space shuttle accident, felt incredible pressure from the NASA management team to conform to their desire to launch.
- A faulty decision-making climate: When team members are easily frustrated and believe that others are dispassionate, involved, or apathetic, they are likely to self-limit.

How to Avoid the Abilene Paradox

Confront the Issue in a Team Setting The most straightforward approach for avoiding an ill-fated decision is to meet with organization members who are in positions of power with regard to the decision and to discuss options to continue as well as options to opt out. For example:

I asked to convene this meeting in order to share some of my thoughts regarding our work on project X. At the start of the project I did not feel this way, but with more thought, I have come to think that our current course of action is not working. My anxiety about this situation has grown, and I felt it necessary to share these thoughts with the group in order that we not mislead one another into a false sense of mutual agreement. Without an honest discussion, we might continue to work on a solution that none of us really believes in. That is a poor use of our company time and resources. I would venture to say that others on the team may feel the same way about the current solution, but I don’t want to speak for them. Could we discuss where we all stand on this issue?

Conduct a Private Vote Dissenting opinions are easier to express privately—distribute blank cards and ask team members to privately write their opinions. Guarantee them anonymity and then share the overall outcomes with the team.

Minimize Status Differences High-status members are often at the center of communication, and lower status members are likely to feel pressures to conform more quickly. Although this situation can be difficult to avoid, reassurances by senior members about the importance of frank and honest discussion reinforced by the elimination of status symbols, such as dress, meeting place, and title, may be helpful. Former chairmen of the Federal Reserve Bank, Ben Bernanke and Alan Greenspan understood how minimizing status differences would lessen the group’s pressure to conform to their opinions. When meeting with their advisory committee, they would poll the committee members first, asking their opinions before revealing their own opinions and preferred action. Similarly, Franklin Delano Roosevelt refused to offer his viewpoint at the outset of a meeting with his staff; instead, he gave them the impression that he agreed with their opinion, even if his view did not match theirs. And, at the security software company Cloudflare, Matthew Prince and his cofounders decided that no employee gets a hierarchical job title, such as “manager,” “executive,” or “VP.” Instead everyone is called by what they do: “engineer,” “designer,” and so on.

70Based on Harvey, “Abilene paradox,” p. 186; Mulvey, Veiga, & Elsass, “When teammates raise a white flag,” p. 188.
Chapter 7 • Team Decision Making: Pitfalls and Solutions

Utilize the Scientific Method

When team members use the scientific method, they let the evidence make the decision, not their own beliefs.

Provide a Formal Forum for Controversial Views

This may be achieved by segmenting the discussion into pros and cons. Debate must be legitimized. Members should not have to worry about whether it is appropriate to bring up contrary views; it should be expected and encouraged.

Take Responsibility for Failure

It is important to create a climate in which teams can make mistakes, own up to them, and then move on without fear of recrimination. At Etsy, not only do engineers send email messages to other colleagues telling them the mistakes they made, so that others don’t make the same mistake, they also give an annual three-armed sweater award to the employee who’s made the most significant error that others can learn from.72 Similarly, at Grey Advertising Global, the “Heroic Failure Award” is given to an employee whose idea was considered a monumental failure.73

Group Polarization

Consider the case of an engineer deciding whether or not to change jobs.74 This employee is currently earning a good salary at a solid electronics company. The employee has a great pension with the company and the job is assured for life, however, the salary will not increase much before the employee retires. While attending a conference, the employee was offered another job with a startup company with an uncertain future. The new job would pay more and has the possibility of partnership if the company can thrive and beat out competitors. If you were advising this engineer, what is the lowest probability of success that the startup would need for you to advise the employee to leave their current job for the new opportunity?

Most people independently evaluating the problem state that the new company would need to have nearly a two-thirds probability of success before advising the engineer to leave their current job and accept a new position.75 What do you think happens when the same people discuss the engineer’s situation and are instructed to reach consensus?

The group advises the engineer to take the new job, even if it only has slightly better than a 50–50 chance of success. In other words, groups show a risky shift. After a group discussion, people with a slight preference for one job candidate will advocate for that person more strongly.76 In a field investigation that analyzed the decisions by federal district court judges, in the 1,500 cases where judges sat alone, they took an extreme

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course of action only 30 percent of the time, but when sitting in groups of three, extreme
decision making doubled to 65 percent.77

Now consider a situation in which a company is deciding the highest odds of a
drug contraindication that could be tolerated on the release of a new medicine. In this
case, individual advisers are cautious, but when the same people are in a group, they
collectively insist on even lower odds. Thus, they exhibit a cautious shift. In 2015, after
listening to a day of emotional testimony from dozens of patients, a Food and Drug
Administration advisory panel insisted on adding stronger label warnings on a popular
type of antibiotics called fluoroquinolones because of mounting evidence of very nega-
tive side effects. Even though this class of powerful antibiotics has been available for
nearly three decades, the panel voted 21-0 for stronger label warnings on all types of
fluoroquinolones.78

How can teams be more risky and more cautious than individuals? Teams are not
inherently more risky or cautious than individuals; rather they are more extreme
than individuals. Group polarization is the tendency for group discussion to intensify group
opinion, producing more extreme judgments than might be obtained by pooling the
individuals’ views separately (see Exhibit 7-8).

Group polarization is not simply a case of social compliance or a bandwagon
effect. The same individuals display the polarization effect when queried privately after
group discussion. This means that people really believe the group’s decision; they have
conformed inwardly. The polarization effect does not happen in nominal groups. The
polarization effect grows stronger with time, meaning that the same person who was in
a group discussion two weeks earlier will be even more extreme in his or her judgment.

Suppose Group 1 includes 5 people: Person 1 (P1) (who chose 1), P2 (who chose 2), P3 (who chose 3),
and P4 and P5 (who both chose 5). The average of choices would be \( \frac{1 + 2 + 3 + 5 + 5}{5} \), or 3.2.
The most likely outcome for Group 1 would be a Risky Shift due to its mean being less than 5.

If Group 2 has 5 people: P4, P5, P6, P7, and P8, their average would be \( \frac{5 + 5 + 7 + 8 + 9}{5} \) or 6.8. The most likely outcome for Group 2 would be a Cautious Shift since its mean is higher
than 5.

Exhibit 7-8 Group Polarization

Research, 18(1), 108–118.

77Ibid.
There are two psychological explanations for group polarization: the need to be right and the need to be liked.

**THE NEED TO BE RIGHT**

People are information dependent—that is, they often lack information that another member has. Consequently, individuals look to the team to provide information that they do not know. However, it can lead to problems when people treat others’ opinions as facts and fail to question their validity. The need to be right, therefore, is the tendency to look to the group to define what reality is—and the more people who hold a particular opinion, the more right an answer appears to be. While this information-seeking tendency would seem to contradict the common information effect that we discussed in the previous chapter, the two processes are not inconsistent. The common information effect (and all of its undesirable consequences) is driven by a biased search for information. Conformity, or the adoption of group-level beliefs, is strongest when individuals feel unsure about their own position. Informational influence is likely to be stronger when people make private responses and communicate with the majority indirectly.79

**THE NEED TO BE LIKED**

Most people have a fundamental need to be accepted and approved by others. One of the most straightforward ways to gain immediate acceptance in a group is to express attitudes consistent with those of the group members. Stated another way, most people like others who conform to their own beliefs. This means that people in groups will become more extreme in the direction of the group’s general opinion because attitudes that are sympathetic toward the group are most likely to be positively rewarded. The need to be liked refers to the tendency for people to agree with a group so that they can feel more like a part of that group. Statistical minority group members are much more preoccupied with their group membership and less happy than majority members.80 Normative influence, or the need to be liked, is stronger when people make public responses and are face-to-face with a majority.81

Simply stated, people want to make the right decision and they want to be approved by their team. Take the case concerning the engineer. Most people are positively inclined when they agree to recommend that she seriously consider a job change. However, they have different reasons for why she should change jobs. Someone in the group may feel that the engineer should leave the secure job because it does not represent a sufficient challenge; others might think that she should leave the company because she should increase her standard of living. Thus, people believe that the engineer should consider a move, but they have different (yet complementary) reasons supporting their beliefs. This is the rational type of conformity we discussed earlier. At the same time, members of the team want to be accepted—part of the need-to-be-liked process.

81Bond, “Group size and conformity.”
CONFORMITY PRESSURE

The group polarization effect is related to conformity pressure. **Conformity** occurs when people bring their behavior into alignment with a group’s expectations and beliefs. For a clear and surprising demonstration of the power of conformity pressure, see Exhibit 7-9.

Conformity is greater when the judgment or opinion issue is difficult and when people are uncertain. People are especially likely to conform if they face an otherwise unanimous group consensus.\(^{82}\) Conformity is greater when people value and

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Suppose that you are meeting with your team. The question facing your team is a simple one: Which of the three lines in the right panel of the figures given below is equal in length to the line in the left panel? The team leader seeks a group consensus. She begins by asking the colleague sitting to your left for his opinion. To your shock, your colleague chooses line 1; then, each of the other four team members selects line 1, even though line 2 is clearly correct. You begin to wonder whether you are losing your mind. Finally, it’s your turn to decide. What do you do?

Most people who read this example find it nearly impossible to imagine that they would choose line 1, even if everyone else had. Yet 76 percent make an erroneous, conforming judgment (e.g., choose line 1) on at least one question; on average, people conform one-third of the time when others give the obviously incorrect answer.

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**Exhibit 7-9 Conformity Pressure**


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admire their team—rejection from a desirable group is very threatening. When people are aware that another member of their team advocated an inferior solution to a problem, they are less likely to intervene if they are motivated to be compatible than if they are motivated to be accurate. People are more willing to take a stand when they feel confident about their expertise, have high social status, are strongly committed to their initial view, and do not like or respect the people trying to influence them.

Coupled with the need to be liked is fear of being ostracized from one’s team. There is good reason for concern because individuals who deviate from their team’s opinion are more harshly evaluated than are those who conform. A group may reject a deviant person even when they are not under pressure to reach complete consensus. Apparently, holding a different opinion is enough to trigger dislike even when it does not directly block the group’s goals. For this reason, people are more likely to conform to the majority when they respond publicly, anticipate future interaction with other group members, are less confident, find the question under consideration to be ambiguous or difficult, and are interdependent concerning rewards. Ostracized team members experience a variety of deleterious effects; they don’t like or trust their team, and this might ultimately harm group functioning. Most managers dramatically underestimate the conformity pressures that operate in groups. Therefore, managers should anticipate conformity pressures in groups, understand what drives them (i.e., the need to be liked and the desire to be right), and then put into place group structures that will not allow conformity pressures to endanger the quality of group decision making.

90Main & Walker, “Choice shifts and extreme behavior.”
94Deutsch & Gerard, “A study of normative and informational social influence upon individual judgment.”
UNETHICAL DECISION MAKING

Financier Bernie Madoff defrauded thousands of people by committing fraud, theft, and money laundering in a huge Ponzi scheme. At the time of his arrest, he claimed to manage $65 billion of investors’ money, but in reality, there was just $1 billion.96 Thousands of people were affected and lost their entire life savings.

Unethical decision making shares many of the same dynamics involved in the other concepts we have discussed in this chapter, such as groupthink. Groupthink can lead to a culture of unethical behavior within a company.97 Groups lie more than individuals when deception is guaranteed to result in financial profit.98 And, groups are more strategic than individuals in that they will adopt whatever course of action—deception or honesty—serves their financial interests.99 Teams, however, are concerned about ethics and value group morality more than competence or sociability.100 And, dishonesty is punished more often by groups than by individuals.101 Certain conditions may act as enabling conditions for unethical behavior.

RATIONAL EXPECTATIONS MODEL

Undergirding virtually all economic theory and practice is the rational expectations model. According to this model, people are fundamentally motivated to maximize their own utility, which has become equivalent to maximizing self-interest. So entrenched is this model in modern business analysis that to make any other assumption about human behavior is irrational, illogical, and flawed. A study of 126 teams revealed that teams that held a utilitarian orientation were more likely to make unethical decisions and engage in unethical behaviors, particularly when the team members had a high degree of psychological safety.102 A poll of 500 financial workers in the United States and the United Kingdom revealed that 24 percent would engage in unethical and illegal behavior if it could help people be more successful in their industry; 16 percent even said that they would commit insider trading if they knew they could get away with it.103

99Ibid.
The norm of self-interest is so pervasive that people often “invent” self-interested explanations about why they perform non-self-serving (or altruistic) acts, such as giving money to charity. Even more disconcerting, people who take business courses are significantly more likely to engage in questionable and potentially unethical behaviors—for example, failing to return money that they find in the street, behaving competitively in a prisoner’s dilemma game, and so on—than people who don’t take business courses.

False Consensus

The false consensus effect is the tendency for people to believe that others share their own views, when, in fact, they do not. For example, people overestimate the degree to which others share their own views about ethical matters. This is particularly true for people who occupy central positions in their organizational network. For this reason, a major driver of unethical behavior is the belief that “everyone else is doing it.”

Vicarious Licensing

Paradoxically, people are more likely to express prejudiced and immoral attitudes when their group members’ past behavior has established nonprejudiced credentials. For example, participants who had the opportunity to view a group’s nonprejudiced hiring decision were more likely to reject an African American man for a job, presumably because they believed that they had established an initial foundation of morality.

Desensitization

Another problem concerns desensitization of behavior. When someone first crosses the line of appropriate behavior, that person may experience a range of negative feelings and emotions. After the line is crossed however, the individual is desensitized, and the normal system of internal checks and balances is turned off. See exhibit 7-10 for an example of desensitization of behavior.

The question, of course, is how to remedy or, ideally, prevent this situation. Consider the five strategies below:

Accountability

Accountability is the implicit or explicit expectation that one may be called on to justify one’s beliefs, feelings, and actions to others. Accountability implies that people who do not provide a satisfactory justification for their actions will suffer negative consequences. To the extent that groups feel accountable for their behavior, they are more likely to behave ethically. For example, group members are more likely
In the spring of 2014, the city of Flint, Michigan changed the source of its water from Detroit's system, which draws from Lake Huron, to the Flint River. Originally done at the request of a state-appointed emergency financial manager, the change was done to save the city of Flint $12 million annually. By the fall of 2014, the local General Motors plant stopped using the river water due to concerns that the chemicals found in the water were 19 times more corrosive than Lake Huron and would corrode car engines. Over the next year, the people of Flint began noticing skin rashes, hives, and a burning sensation on their skin after they showered. Many residents complained of the smell and taste of the water and how it often made them have nausea and diarrhea. The city heard of the complaints and issued several boil orders and increased the amount of chlorine in the water supply. Even after researchers tested the Flint River water supply and found lead levels in the city water exceeded 100 parts per billion, well above the EPA's allowed levels of 15 parts per billion, the city's emergency manager and mayor still didn't take any action to change the water back to Detroit's supply. Despite mounting evidence of poisons in the water supply, Flint Mayor Dayne Walling dismissed ideas of upgrading the city water treatment plant facilities or installing an industrial grade carbon water filter saying the changes ‘probably weren’t necessary’ due to future plans to put in a pipeline to source water directly from Lake Huron. The city emergency manager Jerry Ambrose regularly cited the savings the city got from using the Flint River supply, but didn’t mention why that windfall had not been passed along to the city’s residents, many living below the poverty line and barely able to pay for their bills for the city's unusable water and unable to afford bottled water or tap filters. In Flint, Mr. Ambrose’s and Mayor Walling's lack of concern for the citizens and unethical decision-making show their desensitization to the health issues raised by citizens, researchers, and healthcare professionals and unnecessarily exposed thousands of people to the irreversible negative effects of lead poisoning.

Exhibit 7-10 Desensitization of Behavior


to compensate for the ethical transgression of an in-group member when they are observed by others. In contrast, an absence of accountability can lead to unethical decision making. For example, the World Bank is not subject to auditing reviews by any one country. Without such agency oversight, the internal workings and policies of the World Bank have become increasingly corrupt. Individual accountability at the World Bank is loosely monitored, and the only real insights about the bank’s finances and decision ethics often come from internal whistleblowers.109

The following are considerations regarding accountability in organizational decision making.110

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110 Lerner & Tetlock (1999). “Accounting for the effects of accountability.”
Chapter 7 • Team Decision Making: Pitfalls and Solutions

• **Accountability to an audience with known versus unknown views:** People who know what conclusion the ultimate audience wants to hear often conform. For example, financial-aid agents who do not know their audience’s preferences match awards to needs effectively; agents who know their audience’s preferences tell them what they want to hear (not what will actually meet their needs).111

• **Pre-decision versus post-decision accountability:** After people irrevocably commit themselves to a decision, they attempt to justify their decisions. For example, people form less complex thoughts and hold more rigid and defensive views when they are accountable and express their attitudes.112

• **Outcome accountability versus process accountability:** Accountability for outcomes leads to greater escalation behavior, whereas accountability for process increases decision-making effectiveness.113

• **Legitimate versus illegitimate accountability:** If accountability is perceived as illegitimate—for example, intrusive and insulting—any beneficial effects of accountability may fail or backfire.114

**CONTEMPLATION** Contemplation is morally-oriented conversation in the face of decision making. In one study, people were tempted to lie. Those who engaged in contemplation, or morally-oriented conversation, told the truth, but those who engaged in self-interested conversation or simply made an immediate choice, lied.115

**ELIMINATE CONFLICTS OF INTEREST** Conflicts of interest occur when a person is not incentivized to act in accordance with the best interests of the organization. Consider how compensation committees make CEO pay decisions. People adjust for known conflicts of interest, but they are not able to adjust for lavish versus modest advice given to them.116

**CREATE CULTURES OF INTEGRITY** The culture of a team emerges as a result of design factors in the organization and the team. Even in the most tightly controlled, bureaucratic organizations, it is impossible to monitor the actions of every employee. This is where the cultural code is supposed to guide every team member to make the right decisions without supervision. For example, group members comply with group norms of morality because they anticipate gaining respect when enacting the group’s moral


114 Lerner & Tetlock, “Accounting for the effects of accountability.”


values. In some cases however, employees may engage in unethical behaviors because they believe that it will benefit their organization. Field studies of employees who identify strongly with their organization indicate that they are more likely to engage in unethical behavior that benefits their organization when they believe that the benefit will be reciprocated.

According to the trickle-down model of ethical decision making, leaders play a prominent role in influencing employees’ propensity to be ethical and helpful. Indeed, there is a direct, negative relationship between leadership and ethical behavior: The more ethical the leadership, the less unethical and less deviant the teams’ behavior. Failure to discipline transgressions in teams can be just as damaging as the failure to reward excellent behavior. Business cultures that lack the ability to take swift and decisive action run the risk of unethical behavior by default.

Hypocrisy occurs when people fail to act in accordance with their stated values. The hypocrisy-by-association effect occurs when an employee fails to practice what an organization preaches. Employees of an organization are seen as morally obligated to uphold the values their organization promotes. Since 2013, Wells Fargo Bank has surveyed employees to decipher their confidence in the firm and to measure employee satisfaction through what is known as the “happy to grumpy ratio.” The belief is that if employees refer the bank’s products to friends and family and rate higher on the happiness scale, they are likely to act more ethically.

**FUTURE SELF-ORIENTATION** People who feel continuity with their future selves are more likely to behave in ethically responsible ways as compared to people who lack continuity with their future selves. For example, people who did not feel a connection to themselves in the future were more likely to lie, make false promises, and cheat.

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Chapter Capstone

Teams make important decisions and some of them will not be good ones, despite the very best of intentions. It is unrealistic to suggest that poor decision making, or for that matter even disastrous decision making, is avoidable. The key message harkens back to a point we made early in Chapter 1, which is to create an organization that can optimally learn from failure. Learning from failure is difficult when people suffer—especially innocent ones. The key for decision-making teams within organizations is to develop and use decision-making procedures, such as veto policies and preestablished criteria to guide decision making. All these decisions involve a certain level of risk but that risk can be minimized. There is a clear difference between principled risk taking and unethical risk taking. Creating cultures of integrity involves ethical leadership from the top down and making sure that incentives for behavior do not encourage or reward unethical behavior.