Group Decision Making

“Ten smart people in a group add up to one dummy”
Carl Jung (paraphrased)

15.301 Managerial Psychology
John S. Carroll
New Venture Problem

A successful manager has decided to invest $40,000 of his own money in one of two business ventures. Investment X will either return a profit of $20,000 in one year or it will return no profit (the capital is safe). Investment Y is certain to return a profit of $10,000 in one year. If you were advising this manager, please circle the lowest probability of success for X that you would consider acceptable to invest in X rather than in Y?

10%    20%    30%    40%    50%    60%    70%    80%    90%    Always Y

• Solve the problem individually
• Form groups of 3-4 and agree on a group answer
Group Polarization

• On pure opinion problems such as New Venture, there is no demonstrable right answer
• Roughly equal factions tend to compromise, i.e., they exchange information and influence
• Dominant views become more extreme. This was called the “risky shift” until it was recognized that shifts occur in both directions
• What accounts for polarization?
Group Polarization Results

Equal factions compromise

Choose X  \[\rightarrow\] \[\leftrightarrow\] \[\rightarrow\]  Choose X

Choose Y

Dominant views become more extreme

Choose X  \[\rightarrow\] \[\leftrightarrow\] \[\rightarrow\]  Choose Y

Choose Y
Informational Effects

• Selective Interpretation: even if equal numbers of arguments for each position are exchanged, arguments favoring our side are seen as more persuasive
• Selective Presentation - arguments favoring the majority side are presented more frequently. 8 A arguments vs. 2 B arguments are seen as stronger than 4 A arguments vs. 1 B argument
• Hidden Profiles - there are well-known and rare arguments; if rare arguments favor the majority, then group discussion will shift that way
Hidden Profiles

• Imagine you are in a group deciding between A and B. Each member has three pieces of information about the alternatives, with some pieces favoring A (A1, A2) and some favoring B (B1, B2, B3).

• Person 1 has A1, A2, B1
  Person 2 has A1, A2, B2
  Person 3 has A1, A2, B3

• When will the group choose A? B?
Normative Effects

• Just being told the group average or distribution is enough to produce polarization
• Self-image: people want to be distinctive in the approved direction
• Extremity on our side of an issue is valued more than neutrality
• Majority members make more extreme and forceful arguments and speak more freely
• People are conservative in predicting others’ opinions, and later find out that others are a bit more extreme than they thought
# Groupthink: The Bay of Pigs

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1960</td>
<td>Eisenhower assigns CIA to organize Cuban exiles. CIA begins to plan an invasion</td>
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<tr>
<td>Jan, '61</td>
<td>Kennedy briefed by Dulles (CIA) and Lemnitzer (Joint Chiefs of Staff)</td>
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<td>Jan-Apr</td>
<td>Advisory group meetings eventually approve CIA’s plan</td>
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<tr>
<td>Apr 17</td>
<td>Invasion and disaster</td>
</tr>
<tr>
<td>JFK</td>
<td>“How could we have been so stupid?”</td>
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<tr>
<td>Sorenson</td>
<td>“A shocking number of blunders in the whole decision making process.”</td>
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Major Miscalculations

- No one will know, but press covered training, Fulbright gave warning
- Exiles have high morale, but CIA lied to them, put down a mutiny
- Castro’s army is weak, but CIA ignores evidence from State and British Intel
- Invasion will touch off uprisings, but ignore State Cuban desk and Cuba poll
- Can retreat to the mountains, but no one looked at a map
Groupthink Theory (Janis)

• Encouraged by: high cohesiveness, insulation, directive leader, stress, lack of systematic search and appraisal

• Symptoms: illusion of invulnerability, collective group morality, out-group stereotypes, pressure on dissenters, self-censorship, mindguards, illusion of unanimity

• Defective decision process: too few alternatives and objectives, poor search, selective processing, ignore risks, weak contingency plans
Group Decision Process

**Ideal:**
- Problem
  - Search
  - Divergence
  - Disagreement
  - Analysis
  - Convergence
  - Concurrence
  - Action

**Groupthink:**
- Problem
  - Rapid convergence
  - Action

**Academia:**
- Problem
  - Creative divergence
  - No action
Evaluating The Bay of Pigs

- Decision quality
- Motivation and mobilization
- Develop individual competence
- Develop group competence
Evaluating The Bay of Pigs

- Cohesive group held together
- New decision procedures
  - everyone a skeptical generalist
  - norm of frank, open discussion
  - use of outside experts
  - break into subgroups
  - leaderless sessions
  - critical roles for RFK and Sorenson
A Test: The Cuban Missile Crisis

1962  • Soviet Union sends 20,000 troops with 1/3 of their warheads to Cuba
10/16  • U-2 photos identify missiles
10/16-22  • Executive Committee of the National Security Council meets and decides on a blockade and follow-up actions
10/22  • Blockade
10/28  • Khrushchev agrees to remove missiles
What Happened?

• Dissent and vigorous debate
• No illusion of invulnerability
• Active search: “Surely there was some course in between bombing and doing nothing” RFK Day 1
• Reversals of judgment: “Each of us changed his mind more than once that week on the best course of action to take” Sorenson
• Many outsiders consulted
• Concern over moral questions
• Non-stereotyped view of Soviets
Remedies For Groupthink

• Cohesiveness through task motivation and standards of group process rather than social affiliation
• Avoiding premature consensus
  process planning, norm of critical evaluation
  impartial leader, subgroups, precommitment
  generate >1 alternative, devil’s advocate
  outside experts, critique past decisions
  second-chance meeting: “Give ourselves time to develop disagreement and perhaps gain some understanding of what the decision is all about”
• Comfort with disagreement; mutual respect