

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?

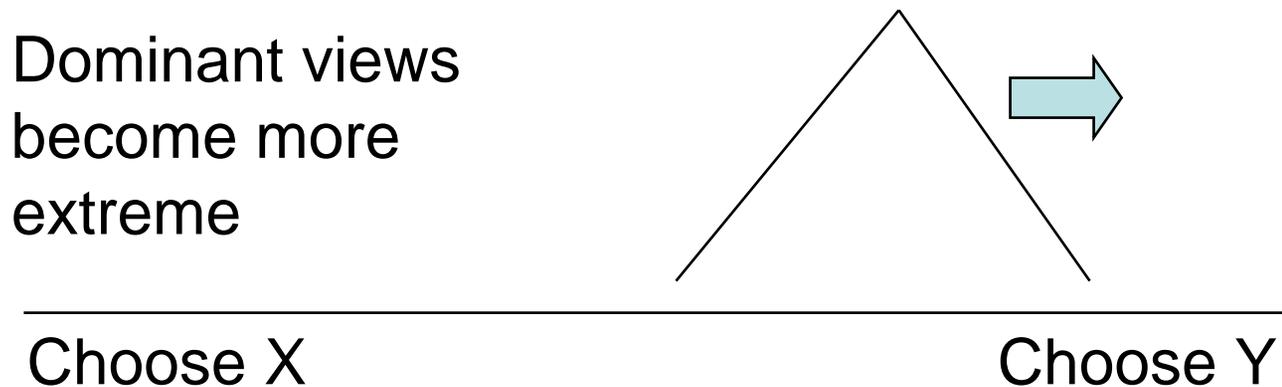
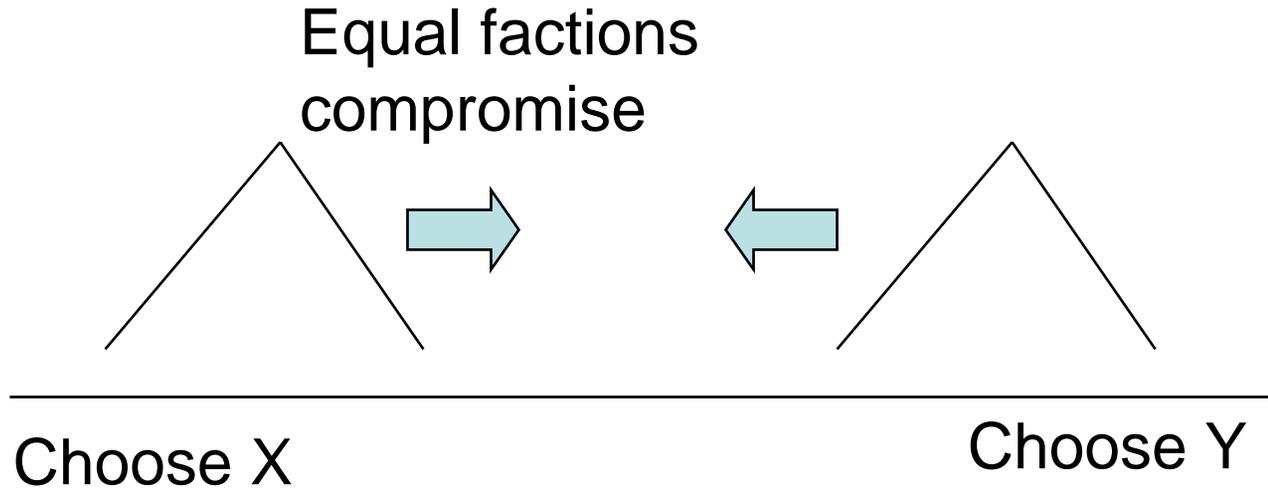
10% 20% 30% 40% 50% 60% 70% 80% 90% Always Y

- 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, ie., 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



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

- 1960 Eisenhower assigns CIA to organize Cuban exiles. CIA begins to plan an invasion
- Jan, '61 Kennedy briefed by Dulles (CIA) and Lemnitzer (Joint Chiefs of Staff)
- Jan-Apr Advisory group meetings eventually approve CIA's plan
- Apr 17 Invasion and disaster
- JFK "How could we have been so stupid?"
- Sorenson "A shocking number of blunders in the whole decision making process."

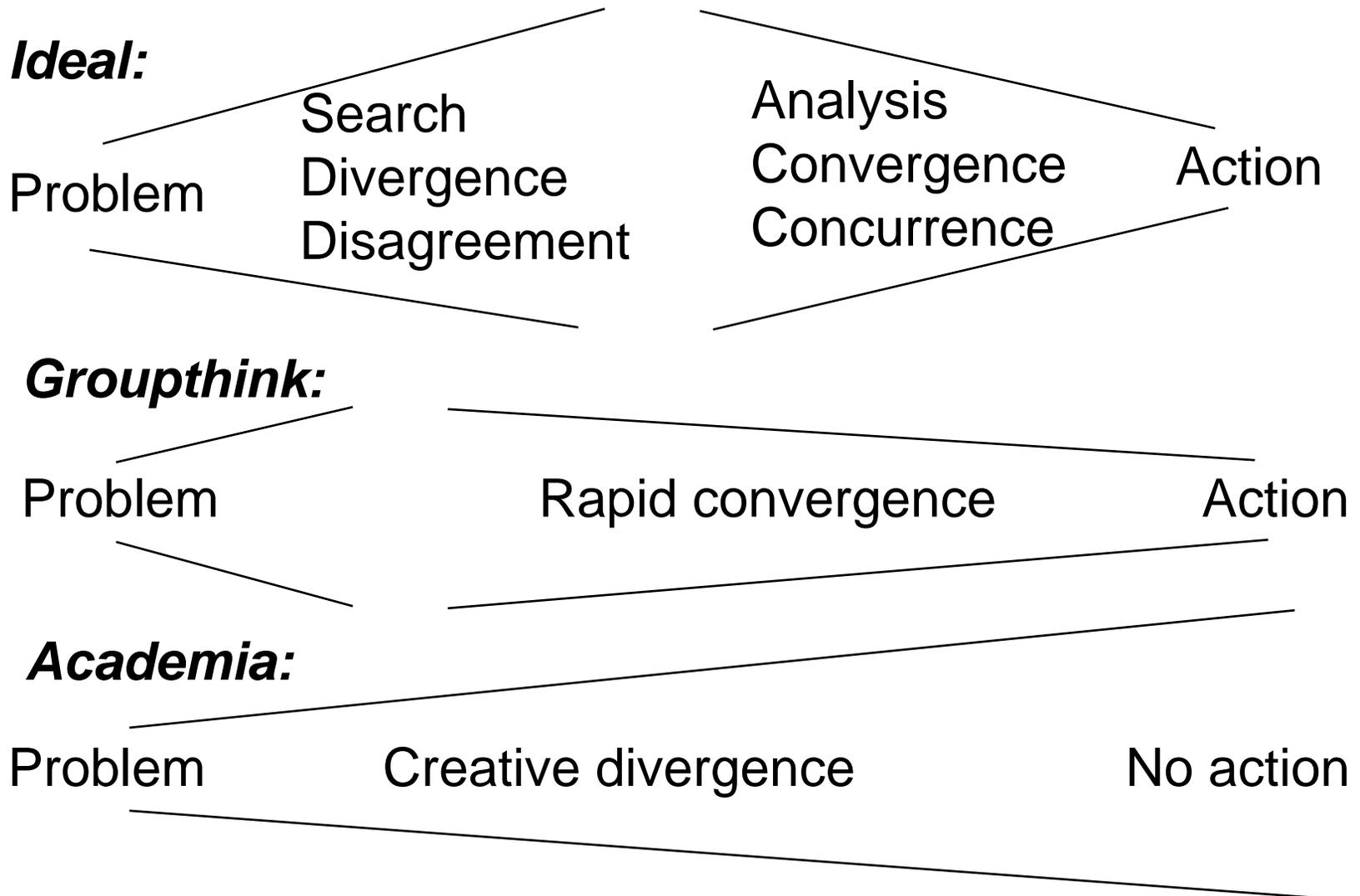
Major Miscalculations

- 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



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
- 10/16-10/22 • 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