

TRAINING TOOL


“ DECISION MAKING





NAME OF THE TOOL

 *The Risk of Groupthink*

DESCRIPTION OF THE TOOL

 Usually, we think that employing more brains is always better than one and that making decisions as a group is better than making them individually. The research conducted by Stoner clearly showed that decisions made in groups tended to be far riskier than those made by individuals.

 People often have secret views about a given topic that they tend to keep to themselves, thinking that it may be socially unacceptable to express it. However, in the presence of those who seem to have similar ideas, people become bolder and tend to express their secret views more freely. Upon hearing, this in turn makes others feel more comfortable to express their own extreme views leading to a chain reaction that makes the group become more exaggerated and polarized. This can then easily lead to 'groupthink'. All you need to kick start such a chain reaction in a group discussion is a strong-willed person (or just a loud one) who is leading the group and expresses some exaggerated option. Others may then feel they need to conform to remain part of the group and so voice their own warped beliefs.




 To illustrate the phenomenon in its most basic form, you can carry out the following exercise which is based on the studies carried out by James Stoner. The aim is to show that a group can make exaggerated decisions in respect to risk and that two brains is not always better than one. The general structure of the exercise is that you give a scenario to some delegates and you expect them to decide on behalf of a given character who is experiencing a dilemma. You then want to see how much risk the group or the individual take if they were in the position of the character.

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OBJECTIVES OF THE TOOL

-  to make decisions individually and in groups and compare results in respect to the amount of risk taken.
-  to make participants aware that decisions made in groups could be exaggerated in one direction or another.
-  to show that a group can make exaggerated decisions in respect to risk and that two brains is not always better than one.

CONNECTION THE TOOL WITH THE SKILL

-  Decision-making is one of the most important aspects of a business, but the process of arriving at a decision must be precise, so that it will yield the best results. It's also important to remember that besides major decisions that managers make, there are several smaller decisions that staff members will make, sometimes without the manager's input. To ensure that decision-making is uniform throughout the organization, one should implement a process that everyone can follow.
-  It is also important to be aware of the factors that influence decision making such as groupthink. This tool wishes to show the difference between people making decisions in groups and individually in respect to the amount of risk they take. The aim is to make them aware that decisions made in groups could be exaggerated in one direction or another.

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RESOURCES AND MATERIALS

Scenario 1

“Mr. A, an electrical engineer who is married and has one child, has been working for a large electronics corporation since graduating from college five years ago. He is assured of a lifetime job with a modest, though adequate, salary, and liberal pension benefits upon retirement. On the other hand, it is very unlikely that his salary will increase 'much before he retires. While attending a convention, Mr. A is offered a job with a small newly founded company with a highly uncertain future. The new job would pay more to start and would offer the possibility of a share in the ownership if the company survived the competition of the larger firms.

Imagine that you are advising Mr. A. Listed below are several probabilities or odds of the new company's proving financially sound.”

*Please check the **lowest** probability that you would consider acceptable to make it worthwhile for Mr A. to take the new job.*

___The chances are 1 in 10 that the company will prove financially sound.

___The chances are 3 in 10 that the company will prove financially sound.

___The chances are 5 in 10 that the company will prove financially sound.

___The chances are 7 in 10 that the company will prove financially sound.

___The chances are 9 in 10 that the company will prove financially sound.

___Place a check here if you think Mr. A should take on the new job.



Scenario 2

“Mr. M is contemplating marriage to Miss T, a girl whom he has known for a little more than a year. Recently, however a number of arguments have occurred between them, suggesting some sharp differences of opinion in the way each views certain matters. Indeed, they decide to seek professional advice from a marriage counsellor as to whether it would be wise for them to marry. On the basis of these meetings with a marriage counsellor, they realize that a happy marriage, while possible, would not be assured.

Imagine that you are advising Mr. M and Miss T. Listed below are several probabilities or odds that their marriage would prove to be a happy and successful one.”

*Please check the **lowest** probability that you would consider acceptable for Mr. M and Miss T to get married.*

___The chances are 9 in 10 that the marriage would be happy and successful.

___The chances are 7 in 10 that the marriage would be happy and successful.

___The chances are 5 in 10 that the marriage would be happy and successful.

___The chances are 3 in 10 that the marriage would be happy and successful.

___The chances are 1 in 10 that the marriage would be happy and successful.

___Place a check here if you think Mr. M and Miss T should not marry no matter what the probabilities.

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IMPLEMENTATION OF THE TOOL

What You Need

Two prepared scenarios. Print these so you can provide them to delegates as handouts. You can find more scenarios in his thesis (Stones 1961).

<https://dspace.mit.edu/bitstream/handle/1721.1/11330/33120544-MIT.pdf?sequence=2>

- For best results, use this exercise with a large group.

Setup

- Do not explain anything about the nature of this exercise or even the title so that you can get quality results. You must explain everything explained above afterwards during discussions.
- Divide the delegates into two halves. It's best if each half is in a different room so they cannot hear each other.
- Divide one half to groups of 5. This group size is considered fairly optimum by many management experts. An ideal group size ranges between 4 and 10. It is best if you conduct the exercise with common group sizes, so you will get a realistic setting.
- Get the groups to work on Scenario 1. The other half, who is potentially in a different room, should work individually on Scenario 2.
- Those who are working individually should write their answers on paper.
- Allocate up to 10 minutes for this. Individuals probably don't need as much time, but you want to make sure groups have enough time so that a decent discussion can take place. They must talk enough with each so that it can be different from individual decision making.
- Swap scenarios and groups. Get the half that worked in groups to work individually on Scenario 2 while the half that worked individually should work in groups of 5 on Scenario 1.
- Allocate another 10 minutes.

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- Bring everyone back and compare the decisions made by groups and those made by individuals for each scenario one by one.
- Allocate 10 minutes for comparison and sharing thoughts. You should expect to see that groups have taken more risk or have been more conservative than individuals.

Timing

Explaining the Exercise: 5 minutes



Activity: 10 min Scenario 1 + 10 min Scenario 2 + 10 min compare results = 30 minutes

Group Feedback: 10 minutes

Discussion

What was discussed in your groups? Did you have a thought leader? Did everyone voice their views? Were you surprised at the final results the group came up with or did you feel comfortable to go with it? Were the group and individual opinions different for each scenario? Why do you think there is a difference? What does this lead to? What should you be aware of when making decisions in groups?

WHAT YOU LEARN

-  The exercises should demonstrate that a group seems to exaggerate the opinions of its members leading them to make extreme decisions—either being too risky or too conservative.
-  The exercise presented here aims to illustrate this point to delegates in an elegant and memorable way. The aim is to make them aware that decisions made in groups could be exaggerated in one direction or another.

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🔗 REFERENCE

- <https://www.skillsconverged.com/FreeTrainingMaterials/tabid/258/articleType/ArticleView/articleId/1174/categoryId/114/Teach-Why-Groups-Can-Take-Too-Much-Risk-While-Making-Decisions.aspx>
- Stones, J.A.F. (1961) *“A comparison of individual and group decisions involving risk”*, master’s thesis, Massachusetts Institute of Technology
- Whyte, G. (1993) *“Escalating Commitment in Individual and Group Decision-Making: A Prospect Theory Approach”*, Organisational Behaviours and Human Decision Process, 54, pages 430-55.