



## LEARNING OBJECTIVES

*After studying this chapter, you should be able to:*

- 1 Define *group* and distinguish the different types of groups.
- 2 Identify the five stages of group development.
- 3 Show how role requirements change in different situations.
- 4 Demonstrate how norms and status exert influence on an individual's behavior.
- 5 Show how group size affects group performance.
- 6 Contrast the benefits and disadvantages of cohesive groups.
- 7 Understand the implications of diversity for group effectiveness.
- 8 Contrast the strengths and weaknesses of group decision making.
- 9 Compare the effectiveness of interacting, brainstorming, nominal, and electronic meeting groups.

### MyManagementLab

Access a host of interactive learning aids at to help strengthen your understanding of the chapter concepts at [www.mymanagementlab.com](http://www.mymanagementlab.com).

## TO THE CLICKERS GO THE SPOILS

**"A**bility to function well in groups" is often near the top of employer lists of desired skills in new hires. New evidence suggests that being popular or able to "click" with colleagues is more important than we have realized.

Take Heather Moseley. When Heather started her job as an accounting associate, her cubicle was right outside the office of one of her organization's top managers, Kelly McVickers. McVickers mostly kept to herself, but that didn't deter Heather. Over the next few months, Heather struck up a friendship with Kelly and found out they both admired Stevie Wonder.

"I do an accountant's job, which is really administrative," said Heather. "Because of my relationship with Kelly, I now get invited to events, meetings, and conferences that I'd have no business going to as an accountant." Even though she is above Heather in the organization, Kelly finds her friendship with Heather pays benefits, too. "Knowing Heather, I find out what's on people's minds," Kelly said. "As supervisor this is crucial information."

What Heather did was find a way to click with Kelly. Research has emerged that shows other "clickers" have experiences similar to Heather's: they advance further and more quickly in their careers. That is the nature of groups—some people seem to have a natural ability to do well in groups, and they benefit as a result.

One study of health care administrators had employees list co-workers in terms of how popular they thought their co-workers were. Popularity of each worker was measured by summing how often each person was mentioned. Interestingly, not only did popular employees receive more help from their co-workers, they were also subject to less uncivil behaviors at work.

What do you have to do to be a "clicker" and be popular with others in a group? To some degree, it's personality. Those who are agreeable, have high core self-evaluations, and are self-monitors just click more readily in groups. Geographically, clickers also tend to be centrally located. One study of dorm locations found that each dorm room down from the center of the hall decreased popularity by 50 percent.

If you can't change your personality or your office, you might be able to do something else. Harvard researchers found that when someone asks others questions requiring more intimate self-revelation, respondents later feel closer to the person who asked the question. So, without becoming too personal, try to deepen conversations with others. Move beyond, "What did you do this weekend?"

# Foundations of Group Behavior

# 9

*Madness is the exception in individuals  
but the rule in groups.*

—Friedrich Nietzsche



Being popular in groups and “clicking” with others seems to be as important at work as in school. The more things change, the more they stay the same.

Sources: O. Brafman and R. Brafman, “To the Vulnerable Go the Spoils,” *Bloomberg Businessweek* (June 20, 2010), pp. 71–73; and B. A. Scott and T. A. Judge, “The Popularity Contest at Work: Who Wins, Why, and What Do They Receive?” *Journal of Applied Psychology* 94, no. 1 (2009), pp. 20–33.

**G**roups have their place—and their pitfalls. Before we discuss them, examine your own attitude toward working in groups. Take the following self-assessment and answer the accompanying questions.

The objectives of this chapter and Chapter 10 are to introduce you to basic group concepts, provide you with a foundation for understanding how groups work, and show you how to create effective teams. Let’s begin by defining *group* and explaining why people join groups.



### Do I Have a Negative Attitude Toward Working in Groups?

In the Self-Assessment Library (available on CD or online), take assessment IV.E.1 (Do I Have a Negative Attitude Toward Working in Groups?) and answer the following questions.

1. Are you surprised by your results? If yes, why? If not, why not?
2. Do you think it is important to always have a positive attitude toward working in groups? Why or why not?

## Defining and Classifying Groups

- 1 Define *group* and distinguish the different types of groups.

We define a **group** as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives. Groups can be either formal or informal. By a **formal group**, we mean one defined by the organization’s structure, with designated work assignments establishing tasks. In formal groups, the behaviors team members should engage in are stipulated by and directed toward organizational goals. The six members of an airline flight crew are a formal group. In contrast, an **informal group** is neither formally structured nor organizationally determined. Informal groups are natural formations in the work environment that appear in response to the need for social contact. Three employees from different departments who regularly have lunch or coffee together are an informal group. These types of interactions among individuals, though informal, deeply affect their behavior and performance.

### Why Do People Form Groups?

Why do people form groups, and why do they feel so strongly about them? Consider the celebrations that follow a sports team’s winning a national championship. Fans have staked their own self-image on the performance of someone else. The winner’s supporters are elated, and sales of team-related shirts, jackets, and hats declaring support for the team skyrocket. Fans of the losing team feel dejected, even embarrassed. Our tendency to take personal pride or offense for the accomplishments of a group is the territory of **social identity theory**.



The employees of the Swedish transportation company Scania shown here exercising at a sports complex comprise an informal group. At different company locations, Scania offers employees free access to sports facilities during working hours. The company puts a high priority on employee health and offers employees many opportunities to reinforce an active lifestyle. The informal groups that participate in sports and exercise activities are neither formally structured nor organizationally determined. However, informal groups like these can fulfill employee desires for social interaction at work.



Source: Soren andersson / Alp/Getty/Newscom.

Social identity theory proposes that people have emotional reactions to the failure or success of their group because their self-esteem gets tied into the group's performance.<sup>1</sup> When your group does well, you bask in reflected glory, and your own self-esteem rises. When your group does poorly, you might feel bad about yourself, or you might even reject that part of your identity, like "fair weather fans." Social identities also help people reduce uncertainty about who they are and what they should do.<sup>2</sup>

People develop a lot of identities through the course of their lives. You might define yourself in terms of the organization you work for, the city you live in, your profession, your religious background, your ethnicity, or your gender. A U.S. expatriate working in Rome might be very aware of being from the United States but won't give this national identity a second thought when transferring from Tulsa to Tucson.<sup>3</sup>

Social identities help us understand who we are and where we fit in with other people, but they can have a negative side as well. **Ingroup favoritism** means we see members of our ingroup as better than other people, and people not in our group as all the same. This obviously paves the way for stereotyping.

When do people develop a social identity? Several characteristics make a social identity important to a person:

- **Similarity.** Not surprisingly, people who have the same values or characteristics as other members of their organization have higher levels of group identification.<sup>4</sup> Demographic similarity can also lead to stronger

**group** Two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.

**formal group** A designated work group defined by an organization's structure.

**informal group** A group that is neither formally structured nor organizationally determined; such a group appears in response to the need for social contact.

**social identity theory** Perspective that considers when and why individuals consider themselves members of groups.

**ingroup favoritism** Perspective in which we see members of our ingroup as better than other people, and people not in our group as all the same.

Social identities help Bal Seal Engineering employees interact with co-workers. The company's Spanish-speaking employees gather at the home of a co-worker to participate in an English-as-a-second-language program. Bal Seal, which buys the training materials for the program, reports that it has improved the company's communications, cooperation among fellow workers, and customer service. As social identity theory proposes, program graduates identify with the high performance of a winning team. As a result, graduates who ruled out the option of going back to school are motivated to continue their education by enrolling in GED, community college, and citizenship classes.



Source: O44/Zuma Press/Newscom.

identification for new hires, while those who are demographically different may have a hard time identifying with the group as a whole.<sup>5</sup>

- **Distinctiveness.** People are more likely to notice identities that show how they are different from other groups. Respondents in one study identified more strongly with those in their work group with whom they shared uncommon or rare demographic characteristics.<sup>6</sup> For example, veterinarians who work in veterinary medicine (where everyone is a veterinarian) identify with their organization, and veterinarians in nonveterinary medicine fields such as animal research or food inspection (where being a veterinarian is a more distinctive characteristic) identify with their profession.<sup>7</sup>
- **Status.** Because people use identities to define themselves and increase self-esteem, it makes sense that they are most interested in linking themselves to high-status groups. Graduates of prestigious universities will go out of their way to emphasize their links to their alma maters and are also more likely to make donations.<sup>8</sup> People are likely to not identify with a low-status organization and will be more likely to quit in order to leave that identity behind.<sup>9</sup>
- **Uncertainty reduction.** Membership in a group also helps some people understand who they are and how they fit into the world.<sup>10</sup> One study showed how the creation of a spin-off company created questions about how employees should develop a unique identity that corresponded more closely to what the division was becoming.<sup>11</sup> Managers worked to define and communicate an idealized identity for the new organization when it became clear employees were confused.

## Stages of Group Development

### 2 Identify the five stages of group development.

Groups generally pass through a predictable sequence in their evolution. Although not all groups follow this five-stage model,<sup>12</sup> it is a useful framework for understanding group development. In this section, we describe the five-stage model and an alternative for temporary groups with deadlines.

## The Five-Stage Model

As shown in Exhibit 9-1, the **five-stage group-development model** characterizes groups as proceeding through the distinct stages of forming, storming, norming, performing, and adjourning.<sup>13</sup>

The first stage, **forming stage**, is characterized by a great deal of uncertainty about the group's purpose, structure, and leadership. Members "test the waters" to determine what types of behaviors are acceptable. This stage is complete when members have begun to think of themselves as part of a group.

The **storming stage** is one of intragroup conflict. Members accept the existence of the group but resist the constraints it imposes on individuality. There is conflict over who will control the group. When this stage is complete, there will be a relatively clear hierarchy of leadership within the group.

In the third stage, close relationships develop and the group demonstrates cohesiveness. There is now a strong sense of group identity and camaraderie. This **norming stage** is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.

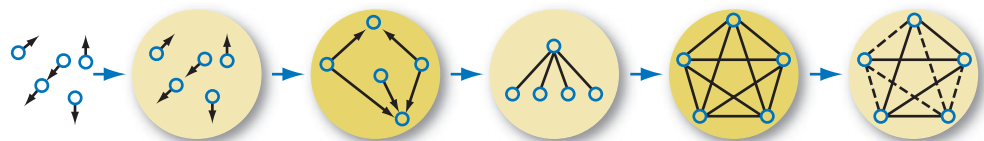
The fourth stage is **performing**. The structure at this point is fully functional and accepted. Group energy has moved from getting to know and understand each other to performing the task at hand.

For permanent work groups, performing is the last stage in development. However, for temporary committees, teams, task forces, and similar groups that have a limited task to perform, the **adjourning stage** is for wrapping up activities and preparing to disband. Some group members are upbeat, basking in the group's accomplishments. Others may be depressed over the loss of camaraderie and friendships gained during the work group's life.

Many interpreters of the five-stage model have assumed a group becomes more effective as it progresses through the first four stages. Although this may be generally true, what makes a group effective is actually more complex.<sup>14</sup> First, groups proceed through the stages of group development at different rates. Those with a strong sense of purpose and strategy rapidly achieve high performance and improve over time, whereas those with less sense of purpose actually see their performance worsen over time. Similarly, groups that begin with a positive social focus appear to achieve the "performing" stage more

Exhibit 9-1

Stages of Group Development



**five-stage group-development model** The five distinct stages groups go through: forming, storming, norming, performing, and adjourning.

**forming stage** The first stage in group development, characterized by much uncertainty.

**storming stage** The second stage in group development, characterized by intragroup conflict.

**norming stage** The third stage in group development, characterized by close relationships and cohesiveness.

**performing stage** The fourth stage in group development, during which the group is fully functional.

**adjourning stage** The final stage in group development for temporary groups, characterized by concern with wrapping up activities rather than task performance.

rapidly. Nor do groups always proceed clearly from one stage to the next. Storming and performing can occur simultaneously, and groups can even regress to previous stages.

### An Alternative Model for Temporary Groups with Deadlines

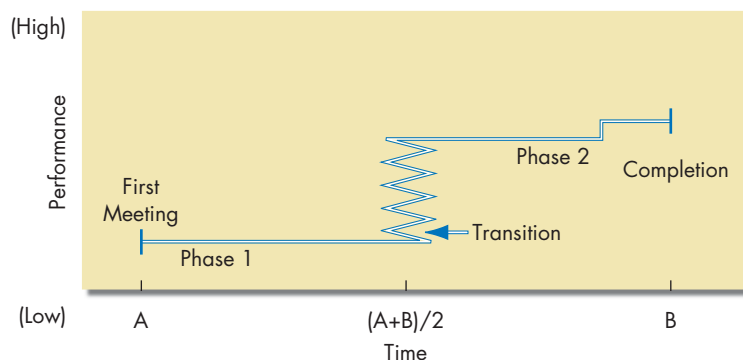
Temporary groups with deadlines don't seem to follow the usual five-stage model. Studies indicate they have their own unique sequencing of actions (or inaction): (1) their first meeting sets the group's direction, (2) this first phase of group activity is one of inertia, (3) a transition takes place exactly when the group has used up half its allotted time, (4) this transition initiates major changes, (5) a second phase of inertia follows the transition, and (6) the group's last meeting is characterized by markedly accelerated activity.<sup>15</sup> This pattern, called the **punctuated-equilibrium model**, is shown in Exhibit 9-2.

The first meeting sets the group's direction, and then a framework of behavioral patterns and assumptions through which the group will approach its project emerges, sometimes in the first few seconds of the group's existence. Once set, the group's direction is solidified and is unlikely to be reexamined throughout the first half of its life. This is a period of inertia—the group tends to stand still or become locked into a fixed course of action even if it gains new insights that challenge initial patterns and assumptions.

One of the most interesting discoveries<sup>16</sup> was that each group experienced its transition precisely halfway between its first meeting and its official deadline—whether members spent an hour on their project or 6 months. The midpoint appears to work like an alarm clock, heightening members' awareness that their time is limited and they need to get moving. This transition ends phase 1 and is characterized by a concentrated burst of changes, dropping of old patterns, and adoption of new perspectives. The transition sets a revised direction for phase 2, a new equilibrium or period of inertia in which the group executes plans created during the transition period.

The group's last meeting is characterized by a final burst of activity to finish its work. In summary, the punctuated-equilibrium model characterizes groups as exhibiting long periods of inertia interspersed with brief revolutionary changes triggered primarily by members' awareness of time and deadlines. Keep in mind, however, that this model doesn't apply to all groups. It's essentially limited to temporary task groups working under a time-constrained completion deadline.<sup>17</sup>

**Exhibit 9-2** The Punctuated-Equilibrium Model





## Group Properties: Roles, Norms, Status, Size, Cohesiveness, and Diversity

- 3 Show how role requirements change in different situations.

Work groups are not unorganized mobs; they have properties that shape members' behavior and help explain and predict individual behavior within the group as well as the performance of the group itself. Some of these properties are roles, norms, status, size, cohesiveness, and diversity.

### Group Property 1: Roles

Shakespeare said, "All the world's a stage, and all the men and women merely players." Using the same metaphor, all group members are actors, each playing a **role**. By this term, we mean a set of expected behavior patterns attributed to someone occupying a given position in a social unit. Our understanding of role behavior would be dramatically simplified if each of us could choose one role and play it regularly and consistently. Instead, we are required to play a number of diverse roles, both on and off our jobs. As we'll see, one of the tasks in understanding behavior is grasping the role a person is currently playing.

Bill Patterson is a plant manager with EMM Industries, a large electrical equipment manufacturer in Phoenix. He fulfills a number of roles—EMM employee, member of middle management, electrical engineer, and primary company spokesperson in the community. Off the job, Bill Patterson finds himself in still more roles: husband, father, Catholic, tennis player, member of the Thunderbird Country Club, and president of his homeowners' association. Many of these roles are compatible; some create conflicts. How does Bill's religious commitment influence his managerial decisions regarding layoffs, expense account padding, and provision of accurate information to government agencies? A recent offer of promotion requires Bill to relocate, yet his family wants to stay in Phoenix. Can the role demands of his job be reconciled with the demands of his husband and father roles?

Like Bill Patterson, we are all required to play a number of roles, and our behavior varies with each. So different groups impose different role requirements on individuals.

**Role Perception** Our view of how we're supposed to act in a given situation is a **role perception**. We get role perceptions from stimuli all around us—for example, friends, books, films, television, as when we form an impression of the work of doctors from watching *Grey's Anatomy*. Of course, the primary reason apprenticeship programs exist in many trades and professions is to allow beginners to watch an expert so they can learn to act as they should.

**punctuated-equilibrium model** A set of phases that temporary groups go through that involves transitions between inertia and activity.

**role** A set of expected behavior patterns attributed to someone occupying a given position in a social unit.

**role perception** An individual's view of how he or she is supposed to act in a given situation.



Green Bay Packers football player Donald Driver plays a variety of roles. As a wide receiver for the Packers, his principal role is to catch passes from the quarterback and then run the ball downfield. Driver is also a husband, father, author of a children's books series, the host of a statewide TV show in Wisconsin called *Inside the Huddle*, and a volunteer for Children's Hospital of Wisconsin and Goodwill Industries.

Along with his wife, he created the Donald Driver Foundation that offers assistance to ill children with unmanageable hospital bills and provides housing for the homeless.

Each of these positions imposes different role requirements on Driver. This photo shows him diving for a first down in his role as a wide receiver.



Source: David M. Maletzki/McGraw-Hill Education.

**Role Expectations** Role expectations are the way others believe you should act in a given context. The role of a U.S. federal judge is viewed as having propriety and dignity, while a football coach is seen as aggressive, dynamic, and inspiring to his players.

In the workplace, we look at role expectations through the perspective of the **psychological contract**: an unwritten agreement that exists between employees and employer. This agreement sets out mutual expectations: what management expects from workers and vice versa.<sup>18</sup> Management is expected to treat employees justly, provide acceptable working conditions, clearly communicate what is a fair day's work, and give feedback on how well an employee is doing. Employees are expected to respond by demonstrating a good attitude, following directions, and showing loyalty to the organization.

What happens if management is derelict in keeping its part of the bargain? We can expect negative effects on employee performance and satisfaction. One study among restaurant managers found that psychological contract violations were related to greater intentions to quit the job, while another study of a variety of different industries found they were associated with lower levels of productivity, higher levels of theft, and greater work withdrawal.<sup>19</sup>

**Role Conflict** When compliance with one role requirement may make it difficult to comply with another, the result is **role conflict**.<sup>20</sup> At the extreme, two or more role expectations are mutually contradictory.

Bill Patterson had to deal with role conflicts, such as his attempt to reconcile the expectations placed on him as a husband and father with those placed on him as an executive with EMM Industries. Bill's wife and children want to remain in Phoenix, while EMM expects its employees to be responsive to the company's needs and requirements. Although it might be in Bill's financial and career interests to accept a relocation, the conflict comes down to choosing

between family and career role expectations. Indeed, a great deal of research demonstrates that conflict between the work and family roles is one of the most significant sources of stress for most employees.<sup>21</sup>

Most employees are simultaneously in occupations, work groups, divisions, and demographic groups, and these different identities can come into conflict when the expectations of one clash with the expectations of another.<sup>22</sup> During mergers and acquisitions, employees can be torn between their identities as members of their original organization and of the new parent company.<sup>23</sup> Organizations structured around multinational operations also have been shown to lead to dual identification, with employees distinguishing between the local division and the international organization.<sup>24</sup>

**Zimbardo's Prison Experiment** One of the most illuminating role and identity experiments was done a number of years ago by Stanford University psychologist Philip Zimbardo and his associates.<sup>25</sup> They created a "prison" in the basement of the Stanford psychology building; hired at \$15 a day two dozen emotionally stable, physically healthy, law-abiding students who scored "normal average" on extensive personality tests; randomly assigned them the role of either "guard" or "prisoner"; and established some basic rules.

It took the "prisoners" little time to accept the authority positions of the "guards" or for the mock guards to adjust to their new authority roles. Consistent with social identity theory, the guards came to see the prisoners as a negative outgroup, and their comments to researchers showed they had developed stereotypes about the "typical" prisoner personality type. After the guards crushed a rebellion attempt on the second day, the prisoners became increasingly passive. Whatever the guards "dished out," the prisoners took. The prisoners actually began to believe and act as if they were inferior and powerless, as the guards constantly reminded them. And every guard, at some time during the simulation, engaged in abusive, authoritative behavior. One said, "I was surprised at myself. . . . I made them call each other names and clean the toilets out with their bare hands. I practically considered the prisoners cattle, and I kept thinking: 'I have to watch out for them in case they try something.'" Surprisingly, during the entire experiment—even after days of abuse—not one prisoner said, "Stop this. I'm a student like you. This is just an experiment!"

The simulation actually proved *too successful* in demonstrating how quickly individuals learn new roles. The researchers had to stop it after only 6 days because of the participants' pathological reactions. And remember, these were individuals chosen precisely for their normalcy and emotional stability.

What can we conclude from this prison simulation? Like the rest of us, the participants had learned stereotyped conceptions of guard and prisoner roles from the mass media and their own personal experiences in power and powerlessness relationships gained at home (parent-child), in school (teacher-student), and in other situations. This background allowed them easily and rapidly to assume roles very different from their inherent personalities and, with no prior personality pathology or training in the parts they were playing, execute extreme forms of behavior consistent with those roles.

A follow-up reality television show conducted by the BBC that used a lower-fidelity simulated prison setting provides some insights into these results.<sup>26</sup> The

**role expectations** How others believe a person should act in a given situation.

**psychological contract** An unwritten agreement that sets out what management expects from an employee and vice versa.

**role conflict** A situation in which an individual is confronted by divergent role expectations.

results were dramatically different from those of the Stanford experiment. The “guards” were far more careful in their behavior and limited the aggressive treatment of “prisoners.” They often described their concerns about how their actions might be perceived. In short, they did not fully take on their roles, possibly because they knew their behavior was being observed by millions of viewers. As shared identity increased among “prisoners,” they provided higher levels of social support to one another, and an egalitarian system developed between them and the guards. Philip Zimbardo has contended that the BBC study is not a replication of his study for several reasons, but he acknowledges the results demonstrate how both guards and prisoners act differently when closely monitored. These results suggest abuse of roles can be limited when people are made conscious of their behavior.



### Do I Trust Others?

In the Self-Assessment Library (available on CD or online), take assessment II.B.3 (Do I Trust Others?). You can also check out assessment II.B.4 (Do Others See Me as Trusting?).

- 4** Demonstrate how norms and status exert influence on an individual's behavior.

## Group Property 2: Norms

Did you ever notice that golfers don't speak while their partners are putting on the green or that employees don't criticize their bosses in public? Why not? The answer is norms.

All groups have established **norms**—acceptable standards of behavior shared by their members that express what they ought and ought not to do under certain circumstances. When agreed to and accepted by the group, norms influence members' behavior with a minimum of external controls. Different groups, communities, and societies have different norms, but they all have them.<sup>27</sup>

Norms can cover virtually any aspect of group behavior.<sup>28</sup> Probably the most common is a *performance norm*, providing explicit cues about how hard members should work, what the level of output should be, how to get the job done, what level of tardiness is appropriate, and the like. These norms are extremely powerful and are capable of significantly modifying a performance prediction based solely on ability and level of personal motivation. Other norms include *appearance norms* (dress codes, unspoken rules about when to look busy), *social arrangement norms* (with whom to eat lunch, whether to form friendships on and off the job), and *resource allocation norms* (assignment of difficult jobs, distribution of resources like pay or equipment).

**The Hawthorne Studies** Full-scale appreciation of the influence of norms on worker behavior did not occur until the early 1930s, following studies undertaken between 1924 and 1932 at the Western Electric Company's Hawthorne Works in Chicago.<sup>29</sup>

The Hawthorne researchers began by examining the relationship between the physical environment and productivity. As they increased the light level for the experimental group of workers, output rose for that unit and the control group. But to their surprise, as they dropped the light level in the experimental group, productivity continued to increase in both groups. In fact, productivity in the experimental group decreased only when the light intensity had been reduced to that of moonlight.

As a follow-up, the researchers began a second set of experiments at Western Electric. A small group of women assembling telephone relays was isolated from the main work group so their behavior could be more carefully observed. Observations covering a multiyear period found this small group's

From the Hawthorne Studies, researchers gained valuable insights into how individual behavior is influenced by group norms. They observed that a group of workers determined the level of fair output and established norms for individual work rates that conformed to the output. To enforce the group norms, workers used sarcasm, ridicule, and even physical force to influence individual behaviors that were not acceptable to the group. Researchers also learned that money was less a factor in determining worker output than were group standards, sentiments, and security.



Source: Hawthorne Works Factory of Morton College.

output increased steadily. The number of personal and out-sick absences was approximately one-third that recorded by women in the regular production department. It became evident this group's performance was significantly influenced by its status as "special." The members thought being in the experimental group was fun, that they were in an elite group, and that management showed concern about their interests by engaging in such experimentation. In essence, workers in both the illumination and assembly-test-room experiments were really reacting to the increased attention they received.

A third study, in the bank wiring observation room, was introduced to study the effect of a sophisticated wage incentive plan. The most important finding was that employees did not individually maximize their outputs. Rather, their output became controlled by a group norm that determined what was a proper day's work. Interviews determined the group was operating well below its capability and was leveling output to protect itself. Members were afraid that if they significantly increased their output, the unit incentive rate would be cut, the expected daily output would be increased, layoffs might occur, or slower workers would be reprimanded. So the group established its idea of a fair output—neither too much nor too little. Members helped each other ensure their reports were nearly level.

The norms the group established included a number of "don'ts." *Don't* be a rate-buster, turning out too much work. *Don't* be a chiseler, turning out too little work. *Don't* squeal on any of your peers. How did the group enforce these norms? The methods included sarcasm, name-calling, ridicule, and even punches to the upper arm of any member who violated the group's norms. Members also ostracized individuals whose behavior was against the group's interest.

**norms** Acceptable standards of behavior within a group that are shared by the group's members.



**Conformity** As a member of a group, you desire acceptance by the group. Thus you are susceptible to conforming to the group's norms. Considerable evidence suggests that groups can place strong pressures on individual members to change their attitudes and behaviors to conform to the group's standard.<sup>30</sup> There are numerous reasons for conformity, with recent research highlighting the importance of a desire to form accurate perceptions of reality based on group consensus, to develop meaningful social relationships with others, and to maintain a favorable self-concept.

The impact that group pressures for **conformity** can have on an individual member's judgment was demonstrated in now-classic studies by Solomon Asch.<sup>31</sup> Asch made up groups of seven or eight people who were asked to compare two cards held by the experimenter. One card had one line, and the other had three lines of varying length, one of which was identical to the line on the one-line card, as Exhibit 9-3 shows. The difference in line length was quite obvious; in fact, under ordinary conditions, subjects made fewer than 1 percent errors in announcing aloud which of the three lines matched the single line. But what happens if members of the group begin giving incorrect answers? Will pressure to conform cause an unsuspecting subject (USS) to alter an answer? Asch arranged the group so only the USS was unaware the experiment was rigged. The seating was prearranged so the USS was one of the last to announce a decision.

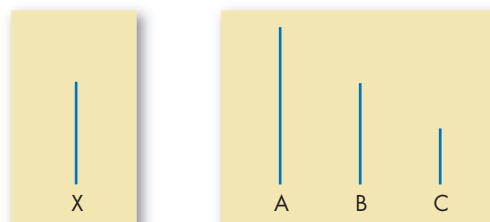
The experiment began with several sets of matching exercises. All the subjects gave the right answers. On the third set, however, the first subject gave an obviously wrong answer—for example, saying “C” in Exhibit 9-3. The next subject gave the same wrong answer, and so did the others. Now the dilemma confronting the USS was this: publicly state a perception that differs from the announced position of the others in the group, or give an incorrect answer in order to agree with the others.

The results over many experiments and trials showed 75 percent of subjects gave at least one answer that conformed—that they knew was wrong but was consistent with the replies of other group members—and the average conformer gave wrong answers 37 percent of the time. What meaning can we draw from these results? They suggest group norms press us toward conformity. We desire to be one of the group and therefore avoid being visibly different.

This research was conducted more than 50 years ago. Has time altered the conclusions' validity? And should we consider them generalizable across cultures? Evidence indicates levels of conformity have steadily declined since Asch's studies in the early 1950s, and his findings are culture-bound.<sup>32</sup> Conformity to social norms is higher in collectivist cultures, but it is still a powerful force in groups in individualistic countries.

### Exhibit 9-3

#### Examples of Cards Used in Asch's Study



Do individuals conform to the pressures of all the groups to which they belong? Obviously not, because people belong to many groups, and their norms vary and sometimes are contradictory. So what do people do? They conform to the important groups to which they belong or hope to belong. These important groups are **reference groups**, in which a person is aware of other members, defines himself or herself as a member or would like to be a member, and feels group members are significant to him or her. The implication, then, is that all groups do not impose equal conformity pressures on their members.

**Deviant Workplace Behavior** LeBron Hunt is frustrated by a co-worker who constantly spreads malicious and unsubstantiated rumors about him. Debra Hundley is tired of a member of her work team who, when confronted with a problem, takes out his frustration by yelling and screaming at her and other members. And Mi-Cha Kim recently quit her job as a dental hygienist after being constantly sexually harassed by her employer.

What do these three episodes have in common? They represent employees exposed to acts of deviant workplace behavior.<sup>33</sup> **Deviant workplace behavior** (also called *antisocial behavior* or *workplace incivility*) is voluntary behavior that violates significant organizational norms and, in doing so, threatens the well-being of the organization or its members. Exhibit 9-4 provides a typology of deviant workplace behaviors, with examples of each.

Few organizations will admit to creating or condoning conditions that encourage and maintain deviant norms. Yet they exist. Employees report an increase in rudeness and disregard toward others by bosses and co-workers in recent years. And nearly half of employees who have suffered this incivility say

#### Exhibit 9-4

#### Typology of Deviant Workplace Behavior

Category	Examples
Production	Leaving early Intentionally working slowly Wasting resources
Property	Sabotage Lying about hours worked Stealing from the organization
Political	Showing favoritism Gossiping and spreading rumors Blaming co-workers
Personal aggression	Sexual harassment Verbal abuse Stealing from co-workers

Source: Based on S. L. Robinson and R. J. Bennett, "A Typology of Deviant Workplace Behaviors: A Multidimensional Scaling Study," *Academy of Management Journal*, April 1995, p. 565. Copyright 1995 by Academy of Management (NY); S. H. Appelbaum, G. D. Iaconi and A. Matousek, "Positive and Negative Deviant Workplace Behaviors: Causes, Impacts, and Solutions," *Corporate Governance* 7, no. 5 (2007), pp. 586–598; and R. W. Griffin, and A. O'Leary-Kelly, *The Dark Side of Organizational Behavior*. (Wiley, New York: 2004).

**conformity** The adjustment of one's behavior to align with the norms of the group.

**reference groups** Important groups to which individuals belong or hope to belong and with whose norms individuals are likely to conform.

**deviant workplace behavior** Voluntary behavior that violates significant organizational norms and, in so doing, threatens the well-being of the organization or its members. Also called *antisocial behavior* or *workplace incivility*.

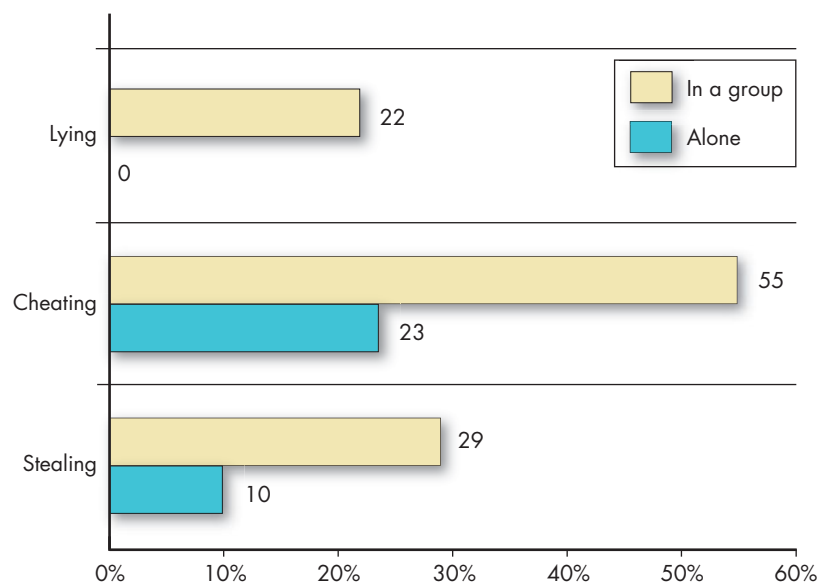
it has led them to think about changing jobs; 12 percent actually quit because of it.<sup>34</sup> A study of nearly 1,500 respondents found that in addition to increasing turnover intentions, incivility at work increased reports of psychological stress and physical illness.<sup>35</sup>

Like norms in general, individual employees' antisocial actions are shaped by the group context within which they work. Evidence demonstrates deviant workplace behavior is likely to flourish where it's supported by group norms.<sup>36</sup> Workers who socialize either at or outside work with people who are frequently absent from work are more likely to be absent themselves.<sup>37</sup> What this means for managers is that when deviant workplace norms surface, employee cooperation, commitment, and motivation are likely to suffer.

What are the consequences of workplace deviance for teams? Some research suggests a chain reaction occurs in a group with high levels of dysfunctional behavior.<sup>38</sup> The process begins with negative behaviors like shirking, undermining co-workers, or being generally uncooperative. As a result of these behaviors, the team collectively starts to have negative moods. These negative moods then result in poor coordination of effort and lower levels of group performance, especially when there is a lot of nonverbal negative communication between members.

One study suggests those working in a group are more likely to lie, cheat, and steal than individuals working alone. As shown in Exhibit 9-5, in this study, no individual working alone lied, but 22 percent of those working in groups did. They also were more likely to cheat on a task (55 percent versus 23 percent of individuals working alone) and steal (29 percent compared to 10 percent working alone).<sup>39</sup> Groups provide a shield of anonymity, so someone who might ordinarily be afraid of getting caught can rely on the fact that other group members had the same opportunity, creating a false sense of confidence that may result in more aggressive behavior. Thus, deviant behavior depends on the accepted norms of the group—or even whether an individual is part of a group.<sup>40</sup>

**Exhibit 9-5** Groups and Deviant Behavior



Source: From "Lying, Cheating, Stealing: It Happens More in Groups" by A. Erez, H. Elms and E. Fong, paper presented at the European Business Ethics Network Annual Conference, Budapest, August 30, 2003. Reprinted by permission of the author.

### Group Property 3: Status

**Status** **Status**—a socially defined position or rank given to groups or group members by others—permeates every society. Even the smallest group will develop roles, rights, and rituals to differentiate its members. Status is a significant motivator and has major behavioral consequences when individuals perceive a disparity between what they believe their status is and what others perceive it to be.

**What Determines Status?** According to **status characteristics theory**, status tends to derive from one of three sources:<sup>41</sup>

1. **The power a person wields over others.** Because they likely control the group's resources, people who control the outcomes tend to be perceived as high status.
2. **A person's ability to contribute to a group's goals.** People whose contributions are critical to the group's success tend to have high status. Some thought NBA star Kobe Bryant had more say over player decisions than his coaches (though not as much as Bryant wanted!).
3. **An individual's personal characteristics.** Someone whose personal characteristics are positively valued by the group (good looks, intelligence, money, or a friendly personality) typically has higher status than someone with fewer valued attributes.

**Status and Norms** Status has some interesting effects on the power of norms and pressures to conform. High-status individuals are often given more freedom to deviate from norms than are other group members.<sup>42</sup> Physicians actively resist administrative decisions made by lower-ranking insurance company

Earning a brown apron as a winner in Starbucks' Ambassador Cup competitions is a symbol of high status.

The company holds Ambassador Cup contests throughout the world, with some contests regional and others countrywide, to determine which employees are the best coffee experts, or "ambassadors."

The competitions involve making coffee drinks, identifying coffees in blind taste tests, and testing contestants' knowledge about Starbucks and different aspects of the coffee industry such as growing regions, roasting, purchasing, and fair trade practices. Winning a brown apron signifies achieving the highest level of coffee knowledge. This photo shows coffee ambassadors who won brown aprons during a competition at Starbucks' headquarters.



Source: Erika Schultz/MCT/Newscom.

**status** A socially defined position or rank given to groups or group members by others.

**status characteristics theory** A theory that states that differences in status characteristics create status hierarchies within groups.



employees.<sup>43</sup> High-status people are also better able to resist conformity pressures than their lower-status peers. An individual who is highly valued by a group but doesn't need or care about the group's social rewards is particularly able to disregard conformity norms.<sup>44</sup>

These findings explain why many star athletes, celebrities, top-performing salespeople, and outstanding academics seem oblivious to appearance and social norms that constrain their peers. As high-status individuals, they're given a wider range of discretion as long as their activities aren't severely detrimental to group goal achievement.<sup>45</sup>

**Status and Group Interaction** High-status people tend to be more assertive group members.<sup>46</sup> They speak out more often, criticize more, state more commands, and interrupt others more often. But status differences actually inhibit diversity of ideas and creativity in groups, because lower-status members tend to participate less actively in group discussions. When they possess expertise and insights that could aid the group, failure to fully utilize them reduces the group's overall performance.

**Status Inequity** It is important for group members to believe the status hierarchy is equitable. Perceived inequity creates disequilibrium, which inspires various types of corrective behavior. Hierarchical groups can lead to resentment among those at the lower end of the status continuum. Large differences in status within groups are also associated with poorer individual performance, lower health, and higher intentions to leave the group.<sup>47</sup>

The concept of equity we presented in Chapter 6 applies to status. People expect rewards to be proportionate to costs incurred. If Dana and Anne are the two finalists for the head nurse position in a hospital, and Dana clearly has more seniority and better preparation, Anne will view the selection of Dana as equitable. However, if Anne is chosen because she is the daughter-in-law of the hospital director, Dana will believe an injustice has been committed.

Groups generally agree within themselves on status criteria; hence, there is usually high concurrence in group rankings of individuals. Managers who occupy central positions in their social networks are typically seen as higher in status by their subordinates, and this position translates into greater influence over the group's functioning.<sup>48</sup> However, individuals can find themselves in conflicts when they move between groups whose status criteria are different, or when they join groups whose members have heterogeneous backgrounds. Business executives may use personal income or the growth rate of their companies as determinants of status. Government bureaucrats may use the size of their budgets, and blue-collar workers years of seniority. When groups are heterogeneous or when heterogeneous groups must be interdependent, status differences may initiate conflict as the group attempts to reconcile the differing hierarchies. As we'll see in Chapter 10, this can be a problem when management creates teams of employees from varied functions.

Do cultural differences affect status and the criteria that create it? The answer is a resounding "yes."<sup>49</sup> The French are highly status conscious. Latin Americans and Asians derive status from family position and formal roles in organizations. In the United States and Australia, status is more often conferred for accomplishments.<sup>50</sup>

### Group Property 4: Size

**5** Show how group size affects group performance.

Does the size of a group affect the group's overall behavior? Yes, but the effect depends on what dependent variables we look at. Smaller groups are faster at completing tasks than larger ones, and individuals perform better in smaller

groups.<sup>51</sup> However, in problem solving, large groups consistently get better marks than their smaller counterparts.<sup>52</sup> Translating these results into specific numbers is a bit more hazardous, but groups with a dozen or more members are good for gaining diverse input. So if the goal is fact-finding, larger groups should be more effective. Smaller groups of about seven members are better at doing something productive with that input.

One of the most important findings about the size of a group concerns **social loafing**, the tendency for individuals to expend less effort when working collectively than alone.<sup>53</sup> It directly challenges the assumption that the productivity of the group as a whole should at least equal the sum of the productivity of the individuals in it.

Does team spirit spur individual effort and enhance the group's overall productivity? In the late 1920s, German psychologist Max Ringelmann compared the results of individual and group performance on a rope-pulling task.<sup>54</sup> He expected that three people pulling together should exert three times as much pull on the rope as one person, and eight people eight times as much. But one person pulling on a rope alone exerted an average of 63 kilograms of force. In groups of three, the per-person force dropped to 53 kilograms. And in groups of eight, it fell to only 31 kilograms per person.

Replications of Ringelmann's research with similar tasks have generally supported his findings.<sup>55</sup> Group performance increases with group size, but the addition of new members has diminishing returns on productivity. So more may be better in that total productivity of a group of four is greater than that of three, but the individual productivity of each member declines.

What causes social loafing? It may be a belief that others in the group are not carrying their fair share. If you see others as lazy or inept, you can reestablish equity by reducing your effort. Another explanation is the dispersion of responsibility. Because group results cannot be attributed to any single person, the relationship between an individual's input and the group's output is clouded. Individuals may then be tempted to become free riders and coast on the group's efforts. The implications for OB are significant. When managers use collective work situations to enhance morale and teamwork, they must also be able to identify individual efforts. Otherwise, they must weigh the potential losses in productivity from using groups against the possible gains in worker satisfaction.<sup>56</sup>

Social loafing appears to have a Western bias. It's consistent with individualistic cultures, such as the United States and Canada, that are dominated by self-interest. It is *not* consistent with collective societies, in which individuals are motivated by in-group goals. In studies comparing U.S. employees with employees from the People's Republic of China and Israel (both collectivist societies), the Chinese and Israelis showed no propensity to engage in social loafing and actually performed better in a group than alone.

There are several ways to prevent social loafing: (1) Set group goals, so the group has a common purpose to strive toward; (2) increase intergroup competition, which again focuses on the shared outcome; (3) engage in peer evaluation so each person evaluates each other person's contribution; (4) select members who have high motivation and prefer to work in groups, and (5) if possible, base group rewards in part on each member's unique contributions.<sup>57</sup> Although no magic bullet will prevent social loafing in all cases, these steps should help minimize its effect.

**social loafing** The tendency for individuals to expend less effort when working collectively than when working individually.

Social loafing is the tendency for individuals to put forth less of an effort when working in a group than when working alone. Studies indicate that the employees shown here producing Spice handsets at a factory in China do not show any propensity to engage in social loafing. In collectivist societies such as China and Israel, employees actually prefer working in a group and are motivated by in-group goals. But in individualistic societies such as the United States and Canada that are dominated by self-interest, social loafing is more likely.



Source: Sir/ Stringer/ Getty Images.

- 6 Contrast the benefits and disadvantages of cohesive groups.

### Group Property 5: Cohesiveness

Groups differ in their **cohesiveness**—the degree to which members are attracted to each other and motivated to stay in the group. Some work groups are cohesive because the members have spent a great deal of time together, or the group's small size facilitates high interaction, or external threats have brought members close together.

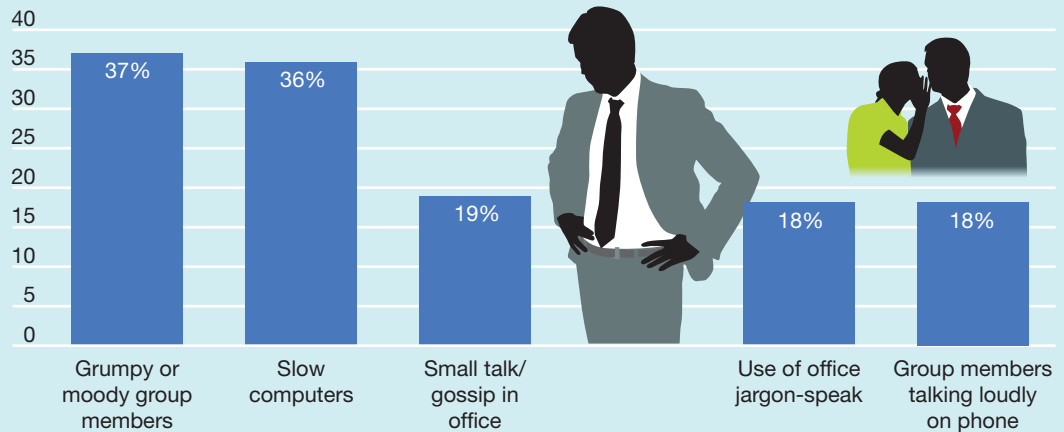
Cohesiveness affects group productivity.<sup>58</sup> Studies consistently show that the relationship between cohesiveness and productivity depends on the group's performance-related norms.<sup>59</sup> If norms for quality, output, and cooperation with outsiders, for instance, are high, a cohesive group will be more productive than will a less cohesive group. But if cohesiveness is high and performance norms are low, productivity will be low. If cohesiveness is low and performance norms are high, productivity increases, but less than in the high-cohesiveness/high-norms situation. When cohesiveness and performance-related norms are both low, productivity tends to fall into the low-to-moderate range. These conclusions are summarized in Exhibit 9-6.

**What can you do to encourage group cohesiveness?** (1) Make the group smaller, (2) encourage agreement with group goals, (3) increase the time members spend together, (4) increase the group's status and the perceived difficulty of attaining membership, (5) stimulate competition with other groups, (6) give rewards to the group rather than to individual members, and (7) physically isolate the group.<sup>60</sup>

### Group Property 6: Diversity

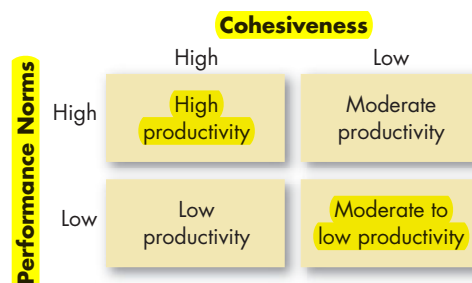
The final property of groups we consider is **diversity** in the group's membership, the degree to which members of the group are similar to, or different from, one another. A great deal of research is being done on how diversity influences group performance. Some looks at cultural diversity and some at racial, gender, and other differences. Overall, studies identify both benefits and costs from group diversity.

Diversity appears to increase group conflict, especially in the early stages of a group's tenure, which often lowers group morale and raises dropout rates. One study compared groups that were culturally diverse (composed of people from different countries) and homogeneous (composed of people from the

**OB Poll****Working with Others Is Often Irritating****What causes annoyance and stress when working in groups?**

National sample of 1,836 adults working in an office in the United Kingdom.

Source: "The Office--An Annoying Workplace," Opinium Research LLP (February 24, 2010), downloaded May 26, 2011 from <http://news.opinium.co.uk>. Reprinted with permission from The Gallup Organization.

**Exhibit 9-6****Relationship Between Group Cohesiveness, Performance Norms, and Productivity**

same country). On a wilderness survival exercise (not unlike the Experiential Exercise at the end of this chapter), the groups performed equally well, but the diverse groups were less satisfied with their groups, were less cohesive, and had more conflict.<sup>61</sup> Another study examined the effect of differences in tenure on the performance of 67 engineering research and development groups.<sup>62</sup> When most people had roughly the same level of tenure, performance was high, but as tenure diversity increased, performance dropped off. There was an important qualifier: higher levels of tenure diversity were not related to lower performance for groups when there were effective team-oriented human resources practices. Teams in which members' values or opinions differ tend

**cohesiveness** The degree to which group members are attracted to each other and are motivated to stay in the group.

**diversity** The extent to which members of a group are similar to, or different from, one another.



to experience more conflict, but leaders who can get the group to focus on the task at hand and encourage group learning are able to reduce these conflicts and enhance discussion of group issues.<sup>63</sup> It seems diversity can be bad for performance even in creative teams, but appropriate organizational support and leadership might offset these problems.

However, culturally and demographically diverse groups may perform better over time—if they can get over their initial conflicts. Why might this be so?

Surface-level diversity—in observable characteristics such as national origin, race, and gender—alerts people to possible deep-level diversity—in underlying attitudes, values, and opinions. One researcher argues, “The mere presence of diversity you can see, such as a person’s race or gender, actually cues a team that there’s likely to be differences of opinion.”<sup>64</sup> Although those differences can lead to conflict, they also provide an opportunity to solve problems in unique ways.

One study of jury behavior found diverse juries more likely to deliberate longer, share more information, and make fewer factual errors when discussing evidence. Two studies of MBA student groups found surface-level diversity led to greater openness even without deep-level diversity. Here, surface-level diversity may subconsciously cue team members to be more open-minded in their views.<sup>65</sup>

The impact of diversity on groups is mixed. It is difficult to be in a diverse group in the short term. However, if members can weather their differences, over time diversity may help them be more open-minded and creative and to do better. But even positive effects are unlikely to be especially strong. As one review stated, “The business case (in terms of demonstrable financial results) for diversity remains hard to support based on the extant research.”<sup>66</sup>

## Group Decision Making

### 7 Understand the implications of diversity for group effectiveness.

The belief—characterized by juries—that two heads are better than one has long been accepted as a basic component of the U.S. legal system and those of many other countries. Today, many decisions in organizations are made by groups, teams, or committees.<sup>67</sup>

### Groups versus the Individual

Decision-making groups may be widely used in organizations, but are group decisions preferable to those made by an individual alone? The answer depends on a number of factors. Let’s begin by looking at the strengths and weaknesses of group decision making.<sup>68</sup>

**Strengths of Group Decision Making** Groups generate *more complete information and knowledge*. By aggregating the resources of several individuals, groups bring more input as well as heterogeneity into the decision process. They offer *increased diversity of views*. This opens up the opportunity to consider more approaches and alternatives. Finally, groups lead to increased *acceptance of a solution*. Group members who participated in making a decision are more likely to enthusiastically support and encourage others to accept it.

**Weaknesses of Group Decision Making** Group decisions are time consuming because groups typically take more time to reach a solution. There are *conformity pressures*. The desire by group members to be accepted and considered an asset to the group can squash any overt disagreement. Group discussion can be *dominated*

## Forming International Teams in a Virtual World

As more organizations become global entities, the need for work groups that can collaborate across national boundaries grows. Advances in technology that have accompanied globalization lead us to a new type of working relationship: *global virtual teams*. These are groups of individuals working together across national boundaries through electronic communication media. Engineers in Germany might communicate with production teams in China to produce components for assembly and marketing by team members in Canada. Although some global teams occasionally meet in person, geographically dispersed managers often must collaborate virtually.

Virtual global teams have certain liabilities. Traditional teams offer multiple opportunities to work closely with

colleagues and develop close personal relationships that can facilitate performance. To be effective, virtual teams need to facilitate these relationships despite numerous barriers. It's easy to misinterpret messages without cues like facial expression and tone of voice. These problems can be even more pronounced among individuals with different cultural backgrounds.

So how can virtual global teams be more effective? Alcoa found it was important to develop regular meeting routines to facilitate collaboration. Groups were also encouraged to review the progress of their own and other teams to identify "best practices" that worked in a variety of situations. Not surprisingly, higher levels of communication and cohesion among members of global virtual teams are associated with shared performance goals, which

in turn lead to higher performance. More surprisingly, leaders' efforts to build personal, inspirational relationships can help even teams that don't meet face to face.

Although global virtual teams face many challenges, companies that implement them effectively can realize tremendous rewards through the diverse knowledge they gain.

*Sources:* Based on A. Joshi, M. B. Lazarova, and H. Liao, "Getting Everyone on Board: The Role of Inspirational Leadership in Geographically Dispersed Teams," *Organization Science* 20, no. 1 (2009), pp. 240–252; J. Cordery, C. Soo, B. Kirkman, B. Rosen, and J. Mathieu, "Leading Parallel Global Virtual Teams: Lessons from Alcoa," *Organizational Dynamics* 38, no. 3 (2009), pp. 204–216; and R. L. Algesheimer, U. M. Dholakia, and C. Gurau, "Virtual Team Performance in a Highly Competitive Environment," *Group and Organization Management* 36, no. 2 (2011), pp. 161–190.

by one or a few members. If they're low- and medium-ability members, the group's overall effectiveness will suffer. Finally, group decisions suffer from *ambiguous responsibility*. In an individual decision, it's clear who is accountable for the final outcome. In a group decision, the responsibility of any single member is diluted.

**Effectiveness and Efficiency** Whether groups are more effective than individuals depends on how you define effectiveness. Group decisions are generally more *accurate* than the decisions of the average individual in a group, but less accurate than the judgments of the most accurate.<sup>69</sup> In terms of *speed*, individuals are superior. If *creativity* is important, groups tend to be more effective. And if effectiveness means the degree of *acceptance* the final solution achieves, the nod again goes to the group.<sup>70</sup>

But we cannot consider effectiveness without also assessing efficiency. With few exceptions, group decision making consumes more work hours than an individual tackling the same problem alone. The exceptions tend to be the instances in which, to achieve comparable quantities of diverse input, the single decision maker must spend a great deal of time reviewing files and talking to other people. In deciding whether to use groups, then, managers must assess whether increases in effectiveness are more than enough to offset the reductions in efficiency.

**Summary** In summary, groups are an excellent vehicle for performing many steps in the decision-making process and offer both breadth and depth of input for information gathering. If group members have diverse backgrounds, the alternatives generated should be more extensive and the analysis more critical.

## “Asians Have Less Ingroup Bias Than Americans”

This statement is true. But first let’s review what in-group bias means.

When they form groups, members characteristically exhibit an *ingroup bias*—they tend to favor members of their group regardless of whether they deserve it. Race, gender, and nationality are commonly investigated causes of ingroup bias. However, nearly any identity can activate ingroup bias, even when individuals are randomly assigned to groups and given a group identity (“lions,” “bears,” and so on).

Ingroup bias happens because when group identity is salient to people—which it often is—they tend to simplify; they see themselves as more similar to other group members, and less similar to outgroup members, than is really the case.

Recent research suggests that Asians exhibit less ingroup bias than

Americans. One study asked Chinese students at Peking University and U.S. students at University of California–Berkeley to describe the degree to which a set of 16 favorable–unfavorable characteristics (intelligent/foolish, loyal/undependable) described the family member they were closest to. Chinese students described their closest family members significantly less favorably than did the U.S. students. In another study, when Chinese and Americans were asked to evaluate cultural stereotypes of Chinese and Americans in general (intelligent, hard-working, leaderlike, and so on), Americans were more likely to favor their group than were the Chinese.

Why do Asians appear to demonstrate less ingroup bias? One likely explanation is that Asians score higher on *dialecticism*—the tendency to be more comfortable with contradiction

(yin and yang), change (nothing is permanent), and holism (everything has both good and bad). As one Chinese student noted, “If you ask me about Chinese politics, the culture, the people, I can go on for hours talking about everything that’s negative. But I still love that place.” This tendency may help Asians see both the good and bad sides of their own ingroups.

*Sources:* C. Ma-Kellams, J. Spencer-Rodgers, and K. Peng, “I Am Against Us? Unpacking Cultural Differences in Ingroup Favoritism Via Dialecticism,” *Personality and Social Psychology Bulletin* 37, no. 1 (2011), pp. 15–27; A. E. Giannakakis and I. Fritzsche, “Social Identities, Group Norms, and Threat: On the Malleability of Ingroup Bias,” *Personality and Social Psychology Bulletin* 37, no. 1 (2011), pp. 82–93; and T. E. DiDonato, J. Ullrich, and J. I. Krueger, “Social Perception as Induction and Inference: An Integrative Model of Intergroup Differentiation, Ingroup Favoritism, and Differential Accuracy,” *Journal of Personality and Social Psychology* 100, no. 1 (2011), pp. 66–83.

When the final solution is agreed on, there are more people in a group decision to support and implement it. These pluses, however, can be more than offset by the time consumed by group decisions, the internal conflicts they create, and the pressures they generate toward conformity. In some cases, therefore, we can expect individuals to make better decisions than groups.

## Groupthink and Groupshift

Two by-products of group decision making have the potential to affect a group’s ability to appraise alternatives objectively and arrive at high-quality solutions.

The first, called **groupthink**, relates to norms. It describes situations in which group pressures for conformity deter the group from critically appraising unusual, minority, or unpopular views. Groupthink is a disease that attacks many groups and can dramatically hinder their performance. The second phenomenon is **groupshift**, which describes the way group members tend to exaggerate the initial positions they hold when discussing a given set of alternatives and arriving at a solution. In some situations, caution dominates and there is a conservative shift, while in other situations groups tend toward a risky shift. Let’s look at each phenomenon in detail.

**Groupthink** Have you ever felt like speaking up in a meeting, a classroom, or an informal group but decided against it? One reason may have been shyness. Or you may have been a victim of groupthink, which occurs when the norm for

consensus overrides the realistic appraisal of alternative courses and the full expression of deviant, minority, or unpopular views. The individual's mental efficiency, reality testing, and moral judgment deteriorate as a result of group pressures.<sup>71</sup>

We have all seen the symptoms of groupthink:

1. Group members rationalize any resistance to the assumptions they've made. No matter how strongly the evidence may contradict their basic assumptions, they behave so as to reinforce them.
2. Members apply direct pressures on those who momentarily express doubts about any of the group's shared views, or who question the validity of arguments supporting the alternative favored by the majority.
3. Members who have doubts or differing points of view seek to avoid deviating from what appears to be group consensus by keeping silent about misgivings and even minimizing to themselves the importance of their doubts.
4. There is an illusion of unanimity. If someone doesn't speak, it's assumed he or she is in full accord. Abstention becomes a "yes" vote.<sup>72</sup>

Groupthink appears closely aligned with the conclusions Solomon Asch drew in his experiments with a lone dissenter. Individuals who hold a position different from that of the dominant majority are under pressure to suppress, withhold, or modify their true feelings and beliefs. As members of a group, we find it more pleasant to be in agreement—to be a positive part of the group—than to be a disruptive force, even if disruption is necessary to improve the effectiveness of the group's decisions. Groups that are more focused on performance than on learning are especially likely to fall victim to groupthink and to suppress the opinions of those who do not agree with the majority.<sup>73</sup>

Does groupthink attack all groups? No. It seems to occur most often when there is a clear group identity, when members hold a positive image of their group that they want to protect, and when the group perceives a collective threat to this positive image.<sup>74</sup> So groupthink is not a dissenter-suppression mechanism as much as it's a means for a group to protect its positive image. One study also showed that those influenced by groupthink were more confident about their course of action early on.<sup>75</sup> Groups that believe too strongly in the correctness of their course of action are more likely to suppress dissent and encourage conformity than are groups that are more skeptical about their course of action.

What can managers do to minimize groupthink?<sup>76</sup> First, they can monitor group size. People grow more intimidated and hesitant as group size increases, and although there is no magic number that will eliminate groupthink, individuals are likely to feel less personal responsibility when groups get larger than about 10 members. Managers should also encourage group leaders to play an impartial role. Leaders should actively seek input from all members and avoid expressing their own opinions, especially in the early stages of deliberation. In addition, managers should appoint one group member to play the role of devil's advocate, overtly challenging the majority position and offering divergent perspectives. Still another suggestion is to use exercises that stimulate active discussion of diverse alternatives without threatening the group or intensifying identity protection. Have group members delay discussion of possible gains so they can first talk about the dangers or risks inherent in a decision. Requiring

**groupthink** *A phenomenon in which the norm for consensus overrides the realistic appraisal of alternative courses of action.*

**groupshift** *A change between a group's decision and an individual decision that a member within the group would make; the shift can be toward either conservatism or greater risk but it generally is toward a more extreme version of the group's original position.*



## Should You Use Group Peer Pressure?

**W**e've all experienced peer pressure, and it can be hard to behave differently from your friends and co-workers. As more work in organizations is performed in groups and teams, the possibilities and pitfalls of such pressure have become an increasingly important ethical issue for managers.

Peer pressure can be a positive force in some ways. If one member of a group or team is not performing to full potential, pressure from co-workers can encourage better performance. A team with a norm toward behaving ethically might even use peer pressure directly to minimize negative

behavior. Peer pressure can increase all sorts of ethical behavior ranging from donating to charity to working for the Salvation Army.

However, as the chapter has shown, peer pressure can also be more destructive. It can create a feeling of exclusion in those who do not go along with group norms and can be very stressful and hurtful for those who don't see eye-to-eye with the rest of the group. Peer pressure itself might become an unethical practice that unduly influences workers' behavior and thoughts.

So should you use group peer pressure? It depends on what type and why. If you are using peer pressure to

encourage individuals to work toward team goals and behave consistently with organizational values, it can enhance ethical performance. But it should emphasize acceptance and rewarding of positive behavior, rather than rejection and exclusion, as a means of getting everyone to behave consistently in a group.

*Sources:* Based on: A. Verghese, "The Healing Power of Peer Pressure," *Newsweek* (March 14, 2011), [www.newsweek.com](http://www.newsweek.com); T. Rosenberg, *Join the Club: How Peer Pressure Can Transform the World* (New York: W. W. Norton & Company, 2011); and J. Meer, "Brother, Can You Spare a Dime? Peer Pressure in Charitable Solicitation," *Journal of Public Economics* 95, no. 7–8 (2011), pp. 926–941.

members to first focus on the negatives of an alternative makes the group less likely to stifle dissenting views and more likely to gain an objective evaluation.

**Group Shift or Group Polarization** There are differences between group decisions and the individual decisions of group members.<sup>77</sup> What appears to happen in groups is that the discussion leads members toward a more extreme view of the position they already held. Conservatives become more cautious, and more aggressive types take on more risk. The group discussion tends to exaggerate the initial position of the group.

We can view group polarization as a special case of groupthink. The group's decision reflects the dominant decision-making norm that develops during discussion. Whether the shift in the group's decision is toward greater caution or more risk depends on the dominant pre-discussion norm.

The shift toward polarization has generated several explanations.<sup>78</sup> It's been argued, for instance, that discussion makes the members more comfortable with each other and, thus, more willing to express extreme versions of their original positions. Another argument is that the group diffuses responsibility. Group decisions free any single member from accountability for the group's final choice, so a more extreme position can be taken. It's also likely that people take on extreme positions because they want to demonstrate how different they are from the outgroup.<sup>79</sup> People on the fringes of political or social movements take on ever-more extreme positions just to prove they are really committed to the cause, whereas those who are more cautious tend to take exceptionally moderate positions to demonstrate how reasonable they are.

So how should you use the findings on groupshift? Recognize that group decisions exaggerate the initial position of the individual members, that the shift has been shown more often to be toward greater risk, and that which way a group will shift is a function of the members' pre-discussion inclinations.

We now turn to the techniques by which groups make decisions. These reduce some of the dysfunctional aspects of group decision making.

## Group Decision-Making Techniques

- 8 Contrast the strengths and weaknesses of group decision making.

The most common form of group decision making takes place in **interacting groups**. Members meet face to face and rely on both verbal and nonverbal interaction to communicate. But as our discussion of groupthink demonstrated, interacting groups often censor themselves and pressure individual members toward conformity of opinion. Brainstorming, the nominal group technique, and electronic meetings can reduce problems inherent in the traditional interacting group.

**Brainstorming** can overcome the pressures for conformity that dampen creativity<sup>80</sup> by encouraging any and all alternatives while withholding criticism. In a typical brainstorming session, a half-dozen to a dozen people sit around a table. The group leader states the problem in a clear manner so all participants understand. Members then freewheel as many alternatives as they can in a given length of time. To encourage members to “think the unusual,” no criticism is allowed, even of the most bizarre suggestions, and all ideas are recorded for later discussion and analysis.

Brainstorming may indeed generate ideas—but not in a very efficient manner. Research consistently shows individuals working alone generate more ideas than a group in a brainstorming session. One reason for this is “production blocking.” When people are generating ideas in a group, many are talking at once, which blocks the thought process and eventually impedes the sharing of ideas.<sup>81</sup> The following two techniques go further than brainstorming by helping groups arrive at a preferred solution.<sup>82</sup>

The **nominal group technique** restricts discussion or interpersonal communication during the decision-making process, hence the term *nominal*. Group members are all physically present, as in a traditional committee meeting, but they operate independently. Specifically, a problem is presented and then the group takes the following steps:

1. Before any discussion takes place, each member independently writes down ideas on the problem.
2. After this silent period, each member presents one idea to the group. No discussion takes place until all ideas have been presented and recorded.
3. The group discusses the ideas for clarity and evaluates them.
4. Each group member silently and independently rank-orders the ideas. The idea with the highest aggregate ranking determines the final decision.

The chief advantage of the nominal group technique is that it permits a group to meet formally but does not restrict independent thinking, as does an interacting group. Research generally shows nominal groups outperform brainstorming groups.<sup>83</sup>

The most recent approach to group decision making blends the nominal group technique with sophisticated computer technology.<sup>84</sup> It’s called a computer-assisted group, or an **electronic meeting**. Once the required technology is in

**interacting groups** Typical groups in which members interact with each other face to face.

**brainstorming** An idea-generation process that specifically encourages any and all alternatives while withholding any criticism of those alternatives.

**nominal group technique** A group decision-making method in which individual members meet face to face to pool their judgments in a systematic but independent fashion.

**electronic meeting** A meeting in which members interact on computers, allowing for anonymity of comments and aggregation of votes.

**Exhibit 9-7** Evaluating Group Effectiveness

Effectiveness Criteria	Type of Group			
	Interacting	Brainstorming	Nominal	Electronic
Number and quality of ideas	Low	Moderate	High	High
Social pressure	High	Low	Moderate	Low
Money costs	Low	Low	Low	High
Speed	Moderate	Moderate	Moderate	Moderate
Task orientation	Low	High	High	High
Potential for interpersonal conflict	High	Low	Moderate	Low
Commitment to solution	High	Not applicable	Moderate	Moderate
Development of group cohesiveness	High	High	Moderate	Low

**9** Compare the effectiveness of interacting, brainstorming, nominal, and electronic meeting groups.

place, the concept is simple. Up to 50 people sit around a horseshoe-shaped table, empty except for a series of networked laptops. Issues are presented to them, and they type their responses into their computers. These individual but anonymous comments, as well as aggregate votes, are displayed on a projection screen. This technique also allows people to be brutally honest without penalty. And it's fast because chitchat is eliminated, discussions don't digress, and many participants can "talk" at once without stepping on one another's toes. Early evidence, however, suggests electronic meetings don't achieve most of their proposed benefits. They actually lead to *decreased* group effectiveness, require *more* time to complete tasks, and result in *reduced* member satisfaction compared with face-to-face groups.<sup>85</sup> Nevertheless, current enthusiasm for computer-mediated communications suggests this technology is here to stay and is likely to increase in popularity in the future.

Each of the four group-decision techniques has its own set of strengths and weaknesses. The choice depends on what criteria you want to emphasize and the cost-benefit trade-off. As Exhibit 9-7 indicates, an interacting group is good for achieving commitment to a solution, brainstorming develops group cohesiveness, the nominal group technique is an inexpensive means for generating a large number of ideas, and electronic meetings minimize social pressures and conflicts.

### MyManagementLab

Now that you have finished this chapter, go back to [www.mymanagementlab.com](http://www.mymanagementlab.com) to continue practicing and applying the concepts you've learned.

## Summary and Implications for Managers

Several implications can be drawn from our discussion of groups. The next chapter will explore several of these in greater depth.

- Role perception and an employee's performance evaluation are positively related.<sup>86</sup> The degree of congruence between the employee's and the boss's perception of the employee's job influences the degree to which the boss will judge that employee effective. An employee whose role perception fulfills the boss's role expectations will receive a higher performance evaluation.

- Norms control behavior by establishing standards of right and wrong. The norms of a given group can help explain members' behaviors for managers. When norms support high output, managers can expect markedly higher individual performance than when they aim to restrict output. Norms that support antisocial behavior increase the likelihood that individuals will engage in deviant workplace activities.
- Status inequities create frustration and can adversely influence productivity and willingness to remain with an organization. Incongruence is likely to reduce motivation and motivate a search for ways to bring about fairness (say, by taking another job). Because lower-status people tend to participate less in group discussions, groups with high status differences are likely to inhibit input from lower-status members and reduce their potential.
- The impact of size on a group's performance depends on the type of task. Larger groups are more effective at fact-finding activities, smaller groups at action-taking tasks. Our knowledge of social loafing suggests that managers using larger groups should also provide measures of individual performance.
- Cohesiveness can influence a group's level of productivity or not, depending on the group's performance-related norms.
- Diversity appears to have a mixed impact on group performance, with some studies suggesting that diversity can help performance and others suggesting it can hurt it. It appears the situation makes a difference in whether positive or negative results predominate.
- High congruence between a boss's and an employee's perception of the employee's job correlates strongly with high employee satisfaction.<sup>87</sup> Role conflict is associated with job-induced tension and job dissatisfaction.<sup>88</sup>
- Most people prefer to communicate with others at their own status level or a higher one rather than with those below them.<sup>89</sup> As a result, we should expect satisfaction to be greater among employees whose job minimizes interaction with individuals lower in status than themselves.
- The group size–satisfaction relationship is what we would intuitively expect: larger groups are associated with lower satisfaction.<sup>90</sup> As size increases, opportunities for participation and social interaction decrease, as does the ability of members to identify with the group's accomplishments. At the same time, having more members also prompts dissension, conflict, and the formation of subgroups, which all act to make the group a less pleasant entity of which to be a part.

## QUESTIONS FOR REVIEW

- 1 Define *group*. What are the different types of groups?
- 2 What are the five stages of group development?
- 3 Do role requirements change in different situations? If so, how?
- 4 How do group norms and status influence an individual's behavior?
- 5 How does group size affect group performance?
- 6 What are the advantages and limitations of cohesive groups?
- 7 What are the implications of diversity for group effectiveness?
- 8 What are the strengths and weaknesses of group (versus individual) decision making?
- 9 How effective are interacting, brainstorming, nominal, and electronic meeting groups?



## Affinity Groups Fuel Business Success

### POINT

**E**mployee resource groups (ERGs), also known as affinity groups, have become part of nearly all large organizations' cultures. ERGs are voluntary networking groups that provide forums for employees to gather socially and share ideas outside their particular business units. Many ERGs are organized around surface characteristics such as gender, age, disability, sexual orientation, race, and ethnic background. However, they can be formed around any issue.

The rationale for ERGs is obvious. Large organizations often are very decentralized, leading many employees to feel disconnected and isolated. That's especially true for employees who are or feel different. So large companies such as Best Buy, Ford, Intuit, Prudential, Wells Fargo, Johnson & Johnson, and Macy's have found that their ERGs lead to greater feelings of inclusiveness. When employees of a large organization realize they're hardly alone, ERGs are a great way to foster commitment by joining employees to others in the organization, often in a way that's independent of their work unit. Why not tie employees to one another in as many ways as possible?

Finally, many ERGs solve organizational problems in unique ways. Cisco's Asian Affinity Network played a key role in forging a bond between Cisco and Shui On Group, the largest publicly traded real estate company in China, by proposing that Cisco hold a business development event during a Silicon Valley visit by Shui On Group's founder and chairman.

Many thought the decline in the economy and the growth of social networking sites would spell the end for ERGs. However, it seems the opposite is true. ERGs are growing. When a company like Northrop Grumman has 125,000 employees spread across 25 countries and all 50 states, it needs a way to join them together. That's exactly what ERGs do best.

ERGs make great business sense. Ford executive Rosalind Cox says of Ford's ERGs: "At the end of the day, we want to build a diverse and inclusive culture that drives business results."

### COUNTERPOINT

**E**RGs may sound like a good idea with few drawbacks, but that's not the case. They have some real problems, few of which you'll hear about in the rah-rah press generated about them, much of it put forth by companies' PR departments.

First, there's cost. These affinity groups can cost a lot of money. One study estimated that the budget for affinity groups was \$7,203 for each 100 group members. That doesn't even include the cost of technology, facilities, and staff support (on average, about 1.5 staff employees for each group). Costlier still is the time ERG members spend on their groups, coaching, training, meeting, and planning events oriented around a very small slice of the company's workforce—on average, only 8 percent of an organization's employees. In these competitive times, that doesn't sound like the most efficient and fair use of an organization's resources.

Then there are the legal issues. Affinity groups have been subject to significant legal action, often by excluded employees. Most employers also don't realize that ERGs can be viewed as "sweetheart unions" by the National Labor Relations Board. "The National Labor Relations Act controls collective actions between employers and employees whether a union is present or not," says one employment law expert. Most companies resist unions trying to organize their employees. Why do they form them by their own hand?

Organizations should do everything they can to encourage all employees to feel they are included and heard. Networking is a wonderful way to do that. But organizations that endorse, establish, and fund segmented groups that exclude some employees are asking for trouble. The best way to fight feelings of isolation is by drawing employees in and giving them a voice. It's not by slicing the organizations into groups, including some and excluding others.

*Sources:* R. R. Hastings, "Employee Resource Groups Drive Business Results," *HR Magazine* (February 15, 2011), downloaded June 10, 2011, from [www.shrm.org/](http://www.shrm.org/); R. R. Hastings, "Employee Resource Groups Can Create Labor Issues," *HR Magazine* (June 25, 2009), downloaded June 10, 2011, from [www.shrm.org/](http://www.shrm.org/); and "Affinity and Networking Groups," *The New York Times*, downloaded June 11, 2011 from [www.nytimes.com/](http://www.nytimes.com/).

## EXPERIENTIAL EXERCISE Wilderness Survival

You are a member of a hiking party. After reaching base camp on the first day, you decide to take a quick sunset hike by yourself. After a few exhilarating miles, you decide to return to camp. On your way back, you realize you are lost. You have shouted for help, to no avail. It is now dark. And getting cold.

### Your Task

Without communicating with anyone else in your group, read the following scenarios and choose the best answer. Keep track of your answers on a sheet of paper. You have 10 minutes to answer the 10 questions.

- The first thing you decide to do is to build a fire. However, you have no matches, so you use the bow-and-drill method. What is the bow-and-drill method?
  - A dry, soft stick is rubbed between the hands against a board of supple green wood.
  - A soft green stick is rubbed between the hands against a hardwood board.
  - A straight stick of wood is quickly rubbed back and forth against a dead tree.
  - Two sticks (one being the bow, the other the drill) are struck to create a spark.
- It occurs to you that you can also use the fire as a distress signal. How do you form the international distress signal with fire?
  - 2 fires
  - 4 fires in a square
  - 4 fires in a cross
  - 3 fires in a line
- You are very thirsty. You go to a nearby stream and collect some water in the small metal cup you have in your backpack. How long should you boil the water?
  - 15 minutes
  - A few seconds
  - 1 hour
  - It depends on the altitude.
- You are very hungry, so you decide to eat what appear to be edible berries. When performing the universal edibility test, what should you do?
  - Do not eat for 2 hours before the test.
  - If the plant stings your lip, confirm the sting by holding it under your tongue for 15 minutes.
  - If nothing bad has happened 2 hours after digestion, eat half a cup of the plant and wait again.
  - Separate the plant into its basic components and eat each component, one at a time.
- Next, you decide to build a shelter for the evening. In selecting a site, what do you *not* have to consider?
  - It must contain material to make the type of shelter you need.
  - It must be free of insects, reptiles, and poisonous plants.
  - It must be large enough and level enough for you to lie down comfortably.
  - It must be on a hill so you can signal rescuers and keep an eye on your surroundings.
- In the shelter that you built, you notice a spider. You heard from a fellow hiker that black widow spiders populate the area. How do you identify a black widow spider?
  - Its head and abdomen are black; its thorax is red.
  - It is attracted to light.
  - It runs away from light.
  - It is a dark spider with a red or orange marking on the female's abdomen.
- After getting some sleep, you notice that the night sky has cleared, so you decide to try to find your way back to base camp. You believe you should travel north and can use the North Star for navigation. How do you locate the North Star?
  - Hold your right hand up as far as you can and look between your index and middle fingers.
  - Find Sirius and look 60 degrees above it and to the right.
  - Look for the Big Dipper and follow the line created by its cup end.
  - Follow the line of Orion's belt.
- You come across a fast-moving stream. What is the best way to cross it?
  - Find a spot downstream from a sandbar, where the water will be calmer.
  - Build a bridge.
  - Find a rocky area, as the water will be shallow and you will have hand- and footholds.
  - Find a level stretch where it breaks into a few channels.
- After walking for about an hour, you feel several spiders in your clothes. You don't feel any pain, but you know some spider bites are painless. Which of these spider bites is painless?
  - Black widow
  - Brown recluse
  - Wolf spider
  - Harvestman (daddy longlegs)
- You decide to eat some insects. Which insects should you avoid?
  - Adults that sting or bite
  - Caterpillars and insects that have a pungent odor
  - Hairy or brightly colored ones
  - All the above

### Group Task

Break into groups of five or six people. Now imagine that your whole group is lost. Answer each question as a group, employing a consensus approach to reach each

decision. Once the group comes to an agreement, write down the decision on the same sheet of paper that you used for your individual answers. You will have approximately 20 minutes for the group task.

### Scoring Your Answers

Your instructor will provide you with the correct answers, which are based on expert judgments in these situations. Once you have received the answers, calculate (A) your individual score; (B) your group's score; (C) the average individual score in the group; and (D) the best individual score in the group. Write these down and consult with your group to ensure that these scores are accurate.

A. Your individual score \_\_\_\_\_

B. Your group's score \_\_\_\_\_

C. Average individual score in group \_\_\_\_\_

D. Best individual score in group \_\_\_\_\_

### Discussion Questions

1. How did your group (B) perform relative to yourself (A)?
2. How did your group (B) perform relative to the average individual score in the group (C)?
3. How did your group (B) perform relative to the best individual score in the group (D)?
4. Compare your results with those of other groups. Did some groups do a better job of outperforming individuals than others?
5. What do these results tell you about the effectiveness of group decision making?
6. What can groups do to make group decision making more effective?

## ETHICAL DILEMMA Is Social Loafing Shirking?

As you now know, social loafing is one disadvantage of working in groups. Regardless of the type of task—from games of Tug of War to working on a group projects—research suggests that when working in a group, most individuals contribute less than if they were working on their own. We might call those who do social loafing “shirkers” because they are not living up to their responsibilities as group members.

Most of us have experienced social loafing, or shirking, in groups. And we may even admit to times when we shirked ourselves. We discussed earlier in this chapter some ways of discouraging social loafing, such as limiting group size, holding individuals responsible for their contributions, setting group goals, and providing “hybrid” incentives that reward both individual and group performance. While these tactics may be effective, in our experience many students simply work around shirkers. “We just did it ourselves—it was easier that way,” says one group member.

### Questions

1. If group members end up “working around” shirkers, do you think this information should be communicated to the instructor so that each individual's contribution to the project is judged more fairly? If so, does the group have an ethical responsibility to communicate this to the shirking group member?
2. Do you think social loafing is always shirking (failing to live up to one's responsibilities)? Is social loafing always unethical? Why or why not?
3. Social loafing has been found to be higher in Western, more individualist, nations than in other countries. Do you think this means we should tolerate shirking on the part of U.S. students and workers to a greater degree than if it occurred with someone from Asia?

## CASE INCIDENT 1 Negative Aspects of Collaboration?

Throughout this chapter we've discussed ways that groups can perform well or perform poorly, which leaves an overriding question: are the negative aspects of collaboration so severe that we should avoid making decisions and working in groups?

Groups and teams need more time to process multiple piece of information and coordinate what they know. Daniel Kaheman and colleagues also warn that when committees

and groups make recommendations, they've often “fallen in love” with a particular idea and are no longer thinking rationally. These problems of heuristics and biases (introduced earlier in the book) can be magnified when a group of people are making a decision collectively. Look no further than the U.S. Congress in recent years to see instances in which a group decision-making process might lead to a worse outcome than if one consistent course of action were pursued.

So what can managers do to minimize these biases? The problems of coordination and collaboration suggest that we should invoke group decision making only when it appears that pooling information will lead to better decisions than individual decision making. Experts advise that decision makers receiving advice from teams should always ask whether the team's recommendations contain any self-interested biases. It's also important to see whether the team has developed an emotional attachment to one course of action or has succumbed to groupthink. Finally, run down a checklist of the heuristics and biases we've described earlier in the book to see whether the group might be prone to making these decision errors.

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## CASE INCIDENT 2 Herd Behavior and the Housing Bubble (and Collapse)

It is sometimes easy to forget that humans are not unlike other animals. Economist John Maynard Keynes recognized this when he commented, "Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as the result of animal spirits—a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities."

Such "animal spirits" are particularly dangerous at the collective level. One animal's decision to charge over a cliff is a tragedy for the animal, but it may also lead the entire herd over the cliff.

You may be wondering how this is applicable to organizational behavior. Consider the recent housing bubble and its subsequent and enduring collapse, or the dot-com implosion of the turn of the century. As housing prices rose ever higher, people discounted risk. Homeowners and investors rushed to buy properties because everyone else was doing it. Banks rushed to provide loans with little due diligence because, well, everyone else was doing it. "Banks didn't want to get left behind. Everybody lowered their underwriting standards, no matter who they are," said Regions Bank executive Michael Menk. "As bankers that's who we are; we follow the herd." Similar problems led to a run up in prices for internet-based companies during the early twenty-first century, and some wonder

### Questions

1. Think about a time when you've been in a group that had to make a collective decision that didn't turn out well. Can you identify any specific decision-making errors the team made?
2. In the situation you encountered, can you think of any strategies that would have helped make the group decision-making process more efficient and accurate?
3. Can you think of a type of decision that is probably better made by an individual than a group? What types of decisions need to be made by groups?

whether the current valuations of social networking sites are following a similar trend of overpricing.

Yale Economist Robert Shiller called this "herd behavior" and cited research showing people often rely heavily on the behavior of groups in formulating decisions about what they should do. A recent study in behavioral finance confirmed herd behavior in investment decisions and showed that analysts were especially likely to follow other analysts' behavior when they had private information that was less accurate or reliable.

### Questions

1. Some research suggests herd behavior increases as the size of the group increases. Why do you think this might be the case?
2. One researcher argues that "pack behavior" comes about because it has benefits. What is the upside of such behavior?
3. Shiller argues that herd behavior can go both ways: It explains the housing bubble, but it also explains the bust. As he notes, "Rational individuals become excessively pessimistic as they see others bidding down home prices to abnormally low levels." Do you agree with Shiller?
4. How might organizations combat the problems resulting from herd behavior?

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Sources: Based on R. J. Shiller, "How a Bubble Stayed Under the Radar," *The New York Times* (March 2, 2008), p. BU6; W. Hobson, "Reversal of Fortune," *Panama City News Herald* (March 22, 2009), [www.newsherald.com](http://www.newsherald.com); P. Leoni, "Pack Behavior," *Journal of Mathematical Psychology* 52, no. 6 (2008), pp. 348–351; and J. Reiczigel, Z. Lang, L. Rózsa, and B. Tóthmérész, "Measures of Sociality: Two Different Views of Group Size," *Animal Behaviour* 75, no. 2 (2008), pp. 715–721.



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