

January 2015



Gallup Pakistan HR Newsletter

enhancing performance through
empirical understanding of HR issues

IN THIS EDITION

Page 3

Making Dumb Groups
Smarter

Reading Time: 8 mins



* Disclaimer: Gallup Pakistan is not related to Gallup Inc. headquartered in Washington D.C. USA. We require that our surveys be credited fully as Gallup Pakistan (not Gallup or Gallup Poll). We disclaim any responsibility for surveys pertaining to Pakistani public opinion except those carried out by Gallup Pakistan, the Pakistani affiliate of Gallup International Association. For details on Gallup International Association see website:

www.gallup-international.com

Welcome

to Gallup Pakistan's 7th edition of a series of HR Newsletters. In this series we principally aim to encourage empirical understanding of HR problems faced by organizations today. **By disseminating international and local research findings, Gallup Pakistan aspires to create a knowledge hub that HR practitioners in Pakistan can benefit from. In this regard, we would be borrowing extensive research from other member countries as well.**

In this edition we endeavor to bring to our readers an understanding of the problems associated with **Group Think**, and offer some simple solutions to help overcome these problems during group discussions and deliberations. The article that is highlighted in this edition is an essay from the **Harvard Business Review: "Making Dumb Groups Smarter"**. We have divided this comprehensive essay into two parts. The first gives an introduction to Group Think and then expands upon the problems that are often caused when important and crucial business decisions are made in groups. The second part focuses on providing six simple solutions to overcome these problems.

Don't forget, your valuable suggestions and ideas are much awaited and appreciated. Also, we are open for partnerships with other teams working in similar domain. We look forward to a successful journey.

Gallup Pakistan Team



Bilal Gilani



Umar Taj



Maham Saleem



Malika Shahbaz



Making Dumb Groups Smarter*

Since the beginning of human history, people have made decisions in groups. As the saying goes, two heads are better than one. If so, then three heads should be better than two, and four better still. The key idea behind the supposed ‘wisdom of crowds’ is information aggregation: Different people take note of different “parts,” and if those parts are properly aggregated, they will lead the group to know more (and better) than any individual. Unfortunately, groups all too often fail to live up to this potential. “Groupthink” is the term most often applied to the tendency of groups to go astray. In this essay for the Harvard Business Review, Sunstein and Reid describe the main ways in which groups go astray and offer some simple suggestions for improvement.

Groups err for two main reasons:

- **Informational Signals** - People learn from one another; the problem is that groups often go wrong when some members receive incorrect signals from other members.
- **Reputational Pressures** - These lead people to silence themselves or change their views in order to avoid some penalty—often, merely the disapproval of others.

As a result of informational signals and reputational pressures, groups run into four separate though interrelated problems. These are expanded upon in the coming pages.

Amplifying Errors

Behavioral scientists have identified some common mental shortcuts (known as heuristics) and biases that lead individuals astray. The planning fallacy, for example, leads us to underestimate how much time projects will take and how much money they'll cost. The central question is whether groups can avoid or mitigate these errors. Experimental evidence indicates that they usually do not. For example, that the planning fallacy is aggravated in groups because groups are even more optimistic than individuals when estimating the time and resources necessary to complete a task. Both informational signals and reputational pressures are at work here. If most members of a group tend to make certain errors, then most people will see others making the same errors. What they see serves as “proof” of erroneous beliefs. Reputational pressures play a complementary role: If most members of the group make errors, others may make them simply to avoid seeming disagreeable or foolish.

When it comes to group decisions and information flow, social scientists use the term “cascade” to talk about herding as a fundamental behavior of human groups. If a project, a product, a business, a politician, or a cause gets a lot of support early on, it can win over a group even if it would have failed otherwise. Many groups end up thinking that their ultimate convergence on a shared view was inevitable. Beware of that thought. The convergence may well be an artifact of who was the first to speak—and hence of what we might call the architecture of the group's discussions. Two kinds of cascades—informational and reputational—correspond to our two main sources of group error. In informational cascades, people silence themselves out of deference to the information conveyed by others. In reputational cascades, they silence themselves to avoid the opprobrium of others.

Cascading to the Wrong Answer

Polarizing Groups

Polarization is a frequent pattern with deliberating groups. There are three principal reasons: The **first** and most important involves informational signals. Arguments in any group with an initial predisposition will inevitably be skewed in the direction of that predisposition. Individuals will have thought or heard of some but not all the arguments that emerge from group deliberation. Thus deliberation will naturally lead people toward a more extreme point in line with what they initially believed. The **second** reason involves reputation again. Once people hear what others believe, they will adjust their positions at least slightly in the direction of the dominant position in order to preserve their self-presentation. The **third** reason stresses the close links among three factors: confidence, extremism, and corroboration by others. As people gain confidence, they usually become more extreme in their beliefs. The agreement of others tends to increase confidence and thus extremism.

Suppose a group has a great deal of information—enough to produce the unambiguously right outcome if that information is elicited and properly aggregated. “Hidden profiles” is the technical term for accurate understandings that groups could but do not achieve. Hidden profiles are a product of the “common knowledge effect,” whereby information held by all group members has more influence on group judgments than information held by only a few. The most obvious explanation of the effect is that common knowledge is more likely to be communicated to the group. But faulty informational signals play a big role as well. Common information has a disproportionately large impact on discussions and conclusions because executives give disproportionately little weight to valuable information held by one person or a few, and as a result make bad decisions.

Focusing on “What Everybody Knows”

Making Groups Wiser

A central goal in group decision making should be to ensure that groups aggregate the information their members actually have and don't let faulty informational signals and reputational pressures get in the way. Here are six ways to achieve that goal:

Six Solutions



Silence the Leader

Leaders often promote self-censorship by expressing their own views early, thus discouraging disagreement. Leaders and high-status members can do groups a big service by indicating a willingness and a desire to hear uniquely held information. They can also refuse to take a firm position at the outset and in that way make space for more information to emerge. Leaders who model an open mind and ask for candid opinions can reduce this problem.

“Prime” Critical Thinking

We have seen that when people silence themselves in deliberating groups, it is often out of a sense that they will be punished for disclosing information that runs counter to the group's inclination. But social norms are not set in stone. Social scientists have done a lot of work on the importance of “priming”—that is, triggering some thought or association in such a way as to affect people's choices and behavior. So if the leader of a group encourages information disclosure from the beginning, even if it goes against the grain, members will probably do less self-silencing.

Reward Group Success

People often keep silent because they receive only a fraction of the benefits of disclosure, but incentives can be restructured to reward group success. Cascades are far less likely when each individual knows that he has nothing to gain from a correct individual decision and everything to gain from a correct group decision.

Assign Roles

To understand one especially promising strategy, imagine a deliberating group consisting of people with specific roles that are known and appreciated by all members. Sensible information aggregation would be far more likely, simply because every member would know that each of the others had something to contribute.

Appoint a Devil's Advocate

If hidden profiles and self-silencing are sources of group failure, a tempting approach is to ask some group members to act as devil's advocates, urging a position that is contrary to the group's inclination. Those who assume that role can avoid the social pressure that comes from rejecting the group's dominant position, because they have been charged with doing precisely that.

Establish Contrarian Teams

Another method is "red teaming." Red teams come in two basic forms: those that try to defeat the primary team in a simulated mission, and those that construct the strongest possible case against a proposal or a plan. Red teams are an excellent idea in many contexts, especially if they sincerely try to find mistakes and exploit vulnerabilities and are given clear incentives to do so.

Copyright

The materials quoted in this newsletter have been picked from various internet sources. All possible attempt has been made to make sure that no copyrighted material is used in this document. In case if there is an issue relating to Copyright, the publishers of this newsletter will be happy to remove the content immediately.

Disclaimer

Gallup Pakistan is not related to Gallup Inc. headquartered in Washington D.C. USA. We require that our surveys be credited fully as Gallup Pakistan (not Gallup or Gallup Poll). We disclaim any responsibility for surveys pertaining to Pakistani public opinion except those carried out by Gallup Pakistan, the Pakistani affiliate of Gallup International Association. For details on Gallup International Association, see website: www.gallup-international.com

IN NO EVENT SHALL Gallup Pakistan OR ITS AGENTS OR OFFICERS BE LIABLE FOR ANY DAMAGES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS, BUSINESS INTERRUPTION) ARISING OUT OF THE USE OF OR INABILITY TO USE THE MATERIALS.

As a user of this report, you acknowledge and agree that any reliance upon, or use of any information made available through this Report shall be entirely at your own risk. Subject to any implied terms which cannot be excluded by law, Gallup Pakistan and its related entities (including any directors, officers, employees and agents) shall not be liable for any loss or damage, whether direct or indirect, and however caused, to any person arising from the use of (or reliance upon) information provided on and made available through this Report.

Please send all correspondence to

HR Newsletter Editorial Team,
Email: newsletter.hr@gallup.com.pk

Join us to stay updated



www.gallup.com.pk