

JANIS'S GROUPTHINK MODEL AND UNETHICAL BEHAVIOR IN ORGANIZATIONS

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ABSTRACT

Analyzing many political cases in which not only American presidents have been involved, Irving Lester Janis (1918–1990) demonstrated how the phenomenon which he named “groupthink” (engl. groupthink; fr. pensée de groupe; span. pensamiento grupal) comes to light. The object of his studies has not only been the way it manifests, but also how the groupthink can be struggled against, no matter the organizational culture. In what situations groupthink appears? In this article, groupthink is discussed in the context of unethical behavior in different companies taking into account the leadership and the organizational climate, these having a major impact over the decision-making processes.

KEYWORDS: *groupthink, immoral decisions, unethical behavior, code of ethics*

Groupthink and Unethical Decision Making

In the organizational background, and not the only one, terms as ethics or business ethics are often being used. The first designates, according to P. Miesing and J.L. Preble (1985, 466, *apud* Gaumntiz and Lere, 2002, 35), “frameworks for human conduct that relate to moral principles and attempt to distinguish right from wrong”. Concerning the second term, Laura Nash (1995, 5) defines it as being “the study of the means through which the personal moral standards are being applied in the activities and goals of the commercial enterprise. It is not an isolated moral standard, but the study of the way through which the business context faces the moral individual, that acts as an agent of this system, to its own specific problems” (*apud* Crăciun, 2005, 25).

In terms of M.S. Frankel (1989, 110), “a profession’s code of ethics is perhaps its most visible and explicit enunciation of its professional norms. A code embodies the collective conscience of a profession and is testimony to the group’s recognition of its moral dimension” (*apud* Gaumntiz and Lere, 2002, 35).

According to Michael Schwartz (2001, 248), the ethical codes represent “written, distinct, and formal documents which consist of moral standards used to guide employee or corporate behavior”. In the Romanian and international literature, the ethical behavior was analyzed in the context of business negotiations (Crăciun, 2003; Crăciun *et al.*, 2005), of the organizational climate and trust or decision-making and risk-taking (Armstrong *et al.* 2004), and also taking into consideration the code of professional ethics from various fields (Douglas and Wier, 2005; Ruppel and Harrington, 2000; Stoll, 2002). Concerning this last aspect, the Gallup opinion polls undertaken among the American population concerning the ethical behavior (honesty and ethical standards) from various fields (medical doctors, clergymen, engineers, lawyers, congressmen, senators, policemen, bankers, college teachers - and so forth) were placing business executives, for example in 1981, from 24 professions on the 15th place, after senators (14th place) and before building contractors (16th place), in 1990 (from 25 professions), on the 12th place after journalists (11th place) and before newspaper reporters (13th place) or in 2000 (from 32 professions), on 21st place, before

journalists (22nd place) and after auto mechanics (20th place). The question that the subjects answered was “How would you rate the honesty and ethical standards of people in these different fields?” The podium was each time taken during the fore mentioned three years by priests, pharmacists and doctors/nurses (Stevens, 2004, 165). In the same context, Sean Valentine and Anthony Johnson (2005, 45) using a *ad libitum* sample of 143 Americans who worked in different sphere of activity from public and private sectors, have analyzed the way they perceived the ethical codes. It was found that “incorruptibility is an important individual virtue”. The ethical organizational climate is based on, according to B. Victor and J.B. Cullen (1987), depending on the levels of analysis, on various criteria: selfishness, utilitarianism and the fundamental principle (personal morality, rules and procedures, as well as professional code). Other authors such as Eberhard Schnebel and Margo A. Bienert (2004, 204) considered as being important aspects as freedom of expressing personal ideas, “shared meaning of accepted values”, in another words, “moral consensus”, and also the commitment towards own company.

Irving Lester Janis (1972, 9) define groupthink as “a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members’ strivings for unanimity override their motivation to realistically appraise alternative courses of action”. The same author added that “groupthink refers to a deterioration of mental efficiency, reality testing, and moral judgment that results from in-group pressures” (*ibidem*). In some organizations this destructive thinking comes to light in certain situations. The culture and the organizational climate had a major impact over the decision-making processes. In the context of the American culture, Ronald R. Sims (1992) analyzed the situation of various organizations such as Beech-Nut (the second producer in size concerning baby food), E.F. Horton and Solomon Brothers. He showed how companies with a very high reputation on the market have come to face ethical problems.

“Since 1891, purity, high quality, and natural ingredients had served as the foundation of its corporate culture and had been a consistent marketing theme [...] Underlying the company’s ethical failure were strong financial pressures. Beech-Nut was losing money and the use of the cheap, adulterated concentrate saved million of dollars. Beech-Nut employees seemed to use two arguments to justify their actions: 1) They believed that many other companies were selling fake juice, and 2) they were convinced that their adulterated juice was perfectly safe to consume. In addition, some employees took refuge in the fact that no conclusive test existed to determine natural from artificial ingredients” (*apud* Sims, 1992, 655).

In an awful situation was also found the biggest brokerage corporation from the United States, the Hutton E.F. Group Corporation. The illegality committed by the company’s top-management consisted in the so called „*check-kiting*”. This maneuver placed worth on the following procedure:

A money manager at a Hutton branch office would write a check on an account in bank A for more money than Hutton had in that account. Because of the time lag in the check-collection system, these overdrafts sometimes went undetached, and Hutton could deposit funds to cover the overdraft in bank A’s account on the following day. Even if the bank noticed the overdraft, it was unlikely to complain, because Hutton was such an important customer and because certain kinds of overdrafts are fairly routine. In any case, the Hutton manager would deposit the check from bank A into an account in bank B, where the money would start earning interest immediately. In effect, the scheme allowed Hutton to earn a day’s interest on bank A’s account without having to pay anything for it” (*apud* Sims, 1992, 656).

The trajectory of Solomon Brothers it had showed the same problems. From December 1990 until August 1991, was involved in many suspicious actions that put under reasonable doubt the morality and ethical organizational behavior of the company’s top-management. Ronald R. Sims (1992) reasoned that the “values of the members” from the decision-making group, and not only, have been characterized by “arrogance” and an

“excessive loyalty” toward the immoral decisions, involving actions that had nothing to do with business ethics (this situation was in all of the three cases studied). From this point of view, the above quoted author underlined the fact that, very easy and without the slightest trace of a doubt, in these type of situations, arrogance has been presented as being “the illegitimate child of confidence and pride found in groups experiencing groupthink. Arrogance is the idea that not only can you never make a mistake, but no one else can ever be right” (Sims, 1992, 658). Concerning the excessive loyalty towards the group members interests, the things get a negative connotation when there is no trace of skepticism towards the way a group thinks or makes decisions. Therefore, “groupthink occurs when arrogance, overcommitment and loyalty help a group to shine above the ethical interests of an organization” (*ibidem*). Ronald R. Sims has analyzed the symptoms of groupthink¹ from the perspective of ethical behavior in organization underlining that to these can be associated various potential dangers such as assuming some extreme risks, avoiding conflict of ideas or exaggerated optimism on long term.

Also victims of groupthink have been the company executives of WorldCom. M.M. Scharff (2005) analyzed this case, noticing the lack of ethics that the company’s high staff has showed. Among the decision-making groups, aspects have been identified such as opinion discouragement that contravened the interior management ideology, on the agenda being what one of the vice-presidents had to say, “if you don’t like the policy you can leave” (Scharff, 2005, 115). However, not all the organizations apply this policy. C.W. Von Bergen and R.J. Kirk (1978) showed the fact that “98% of successful organizations that they surveyed used participative leadership methods” (Scharff, 2005, 116). For example, “to foster a participative environment where alternatives are encouraged, Honda Motor Company developed the slogan *listen, ask, and speak up*” (*ibidem*).

The decision makers of the British Airways and Marks & Spencer companies, concluded Jack Eaton (2001), have been affected by groupthink. Using the content analysis, the mentioned author underlined that the barriers arisen at the communicational level have prejudiced the reputation of the two companies and have showed how the illusion of invulnerability, the belief in the group morality, the stereotyped perceptions, the invincibility feeling or the pressure toward uniformity have marked management. On the other side, analyzing the case of the Enron company, John Alan Cohan (2002) specified that many more executive members lacked ethics and were characterized by “over-confidence” and an exaggerated optimism in the adopted policy and on which the company’s activity was based upon. Therewith, in this company the fact had become known that the ones who had different opinions from the ones who were in charge “would not be tolerated” (Tourish and Vatcha, 2005, 471). Romanian sociologist Marian Preda (2006, 176) underlined the existence of many more problems of “creativity and accountability” of the ones responsible for the company’s collapse Enron: “a) they have developed and allowed the usage of book-keeping fraudulent techniques b) they have cynically created, knowing clearly what they were doing, a power failure in California that they took advantage through financial speculations c) they have created companies who had the sole purpose of buying Enron’s company underachieved accomplishments; d) they have made unreasonable purchases (properties, airplane), even when the company was recording loses, in order to maintain the company’s successful image”. Furthermore, as Brian Cruver (2003, 176) showed, quoting an ex senior manager of the company, the climate became one hard to bare: “There was an unwritten rule... a rule of ‘no bad news’. If I came to them with bad news, it would only hurt my career”.

¹ Irving L. Janis (1972, 197-198) identified eight groupthink symptoms: “illusion of invulnerability”, collective rationalization, overconfidence in group morality “inclining the members to ignore the ethical or moral consequences of their decisions”, “stereotyped views”, “direct pressure” to conformity, “self-censorship of deviation ideas”, “illusion of unanimity”, and the appearance of “mindguards”.

Management Communication and “How to Lead”...

The company's presidents, but chiefly their subordinates, resort to many ways through which interpersonal relationships in organizations are being appreciated. For example, both parts consider integrity as being an element of great importance. In the same train of thought, chief executives and managers consider that, in addition to integrity, competence and the safety of the ones who they work with are defining in characterizing an individual, while the subordinates take into account as being of utmost importance the leader's benevolence and his democratic spirit. This kind of “spirit” does not exist in every situation. Many times, an authoritarian style is preferred to be adopted: “It is actually a predictable fact that a company's chief executives would fail by precipitating the production's growth through group decisions. In social management and in medicine, there are no universal cures and every case imposes a careful diagnose. Nevertheless, the experiments connected to group decision are sufficiently advanced in order to clarify some general aspects concerning social change” – pointed Kurt Lewin (1947/2001, 90).

Sir Winston Leonard Spencer Churchill (1874–1965), one of Lord's Randolph Churchill sons, a respected politician and Great Britain's premier, was an outright leader with a strong vision in Albion's victory chances in the battle with Nazi Germany in the Second World War. Taking into consideration that the situation was not at all in favor of his country, everybody losing any hope under the conditions in which Adolph Hitler was triumphantly marching throughout Europe and conquering North Africa, Sir Winston Leonard Spencer Churchill was downright in his adopted decision which he promoted: “We are decided to destroy Hitler and every remnant of the Nazi regime. From this nothing can detain us. Nothing! We will not make any treaties. We will not negotiate with Hitler or with any of his gang. We will fight him on land. We will fight him on the seas. We will fight him on air. Until, when with God's help, we will rid the Earth of his shadow” (Churchill, 1950, 371, *apud* Collins, 2001/2006, 103). Being conscious that in this type of situation he was among the only ones who thought in victory he took into account the possibility that vital information concerning the war, “rough data”, would not be rightfully presented (Collins, 2001/2006, 103). Therefore, he put together the Statistics Office, “a separate section” of the general commandment whose sole purpose was the gathering of objective information concerning the war's evolution. Being the adept of knowing reality and of the principle that only by interacting directly with the facts you can transform a given situation into an advantage, Sir Winston Leonard Spencer Churchill gave unconditional trust to the formed group.

There are moments in which the leader's strong personality and charisma come as a barrier in the way of “filtering” real information in the decision group. The organizational climate very much depends on this thing. More so, if it is also about a vision in which the one promoting it is the only one believing in it. What can be done in this kind of situation? We can start from the idea of “creating a climate in which truth can be heard” depending on many principles that can be put into practice (Collins, 2001/2006, 104-106). Firstly, the leader can not come forth through the answers he supplies in certain situations but, rather to be always pressuring with questions. This sort of example is also the situation in which the general chief executive of Wards Company, Alan Wurtzel and his council of administration were put in, who in the 70s had to save the company for it was close to a bankruptcy state. Not even Alan Wurtzel knew what the savior solution to come out of this deadlock would be. Once he put together his team, during board meetings, he had as sole objective to constantly ask about the positives and the negatives with which the company was confronted: “Alan was truly remarkable, said one of the board members. He had the ability to ask really remarkable questions. We had some extraordinary debates during counsel. It was never a cheap show, which you just assist and leave for dinner” (*apud* Collins, 2001/2006, 105). Thus, a climate based on trust, support and cooperation materializes. Under these conditions “even the employees with a normal or modest potential, thrilled by

the way they are treated as the firm's/institutions' employees, will succeed in giving their best or even reaching what is called work performance. This is because compensation and over compensation mechanisms intervene, this kind of employees feeling the need to become involved, to get accomplished and considering as normal the effort they put in the task for reaching organizational objectives" (Constantin and Zaharia, 2007, 45). Secondly, no constraints of any kind should exist at meetings and leaders should assist effectively in these playing aside from the moderator's role also the one of the mediator. Thirdly, more important than finding the culprits, given certain decisions, is acknowledging and "learning from mistakes" from what has happened. Fourthly, it must be taking into account, at the proper time, the warnings signals which may lead to a good decision making (Collins, 2001/2006, 107-109).

Usually, the organizational rules and norms contribute to the formation of the control exerted by decisional factors (group leaders, company presidents, shareholders) and, who often develop cohesion, attachment and efficiency in work teams. Other times, the reverse happens. Disagreements appear among team member's activity, they show evidence of low performance and become distrustful on their own strengths and on their leader (Arnold *et al.*, 2001). Generally, in the first category fit the visionary companies that act conforming to a certain ideology. According to Jim Collins and Jerry I. Parris (2002/2006, 271) these "work as a very strong liaison and as a guiding force that maintains the visionary company's integrity during mutations and their evolutions. With all the mutations, the venturesome trials and small divisions, we have discovered a remarkable cohesion at 3M. Truly, the 3M employees are connected to their company by the same devotion, almost religious, that we also came across at P&G, Disney and Nordstrom. The same thing is true for companies who compete with 3M concerning the auto mutant mechanism, but being indestructibly connected to their fundamental ideologies".

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