

Groupthink

The early ethical decision theory discussed in Chapter 6 assumed that people engage in wrongdoing when they fail to successfully negotiate the four stages believed to constitute the ethical decision process. More recent ethical decision theory, also discussed in Chapter 6, explores how bounded rationality causes people to fail in their negotiation of the four stages of the ethical decision process. But all of the decision theory and research that I have discussed so far focuses on individual decision making. And many decisions are made in groups. Trevino, Weaver, and Reynolds (2006) have noted that research on ethical decision making has for the most part ignored how groups make ethical decisions. But there is theory on group decision making more generally that has obvious implications for ethical decision making in groups, the theory on “groupthink.”

Irving Janis proposed that when groups are highly cohesive, members have a tendency to censor their own and fellow group members’ contributions to collective decisions as an act of loyalty to the group (i.e. in the interest of preserving group unity), especially when the group is under stress (Janis 1971, 1972). Pressures to censor one’s own and fellow group members’ contributions to group decisions can sometimes redound to a group’s benefit, by inhibit the rehashing of dissenting points of view that are unlikely to improve the quality of the group’s decisions. But in the extreme, such pressures can cause groups to converge too quickly on a preferred decision option. Specifically, they can cause groups to eschew the thorough and realistic examination of the preferred option and its alternatives. Further, it can cause groups to focus on information that confirms the wisdom of their initial preference, and forego the search for potentially disconfirming information. Janis asserted that groupthink causes decision-making errors in both practical matters and “moral judgments.” He maintained that cohesive groups under stress typically hold an inflated sense of members’ moral and intellectual superiority and also tend to view outsiders as inferior and to treat them harshly.

Janis identified a rather long list of symptoms that groups exhibit when they suffer from groupthink, including a belief in the group’s invulnerability and moral superiority, the characterization of outsiders in stereotypical ways, and an unusually high level of unanimity. He provided detailed analyses of several well-known group decision-making fiascos that he believed were caused by groupthink, including the Kennedy administration’s invasion of the Bay of Pigs and the Johnson administration’s pursuit of the Vietnam War, uncovering evidence of both the underlying mechanisms and symptoms of groupthink.

Normal Organizational Wrongdoing

Two management scholars have used theory about groupthink to analyze organizational wrongdoing. Sims (1992) offered a groupthink analysis of three famous cases of organizational wrongdoing: Beech-Nut's "phony" apple juice gambit, E.F. Hutton's check kiting fraud, and Salomon Brothers' Treasury auction scam. Scharff (2005) offered a groupthink analysis of Worldcom's accounting fraud. While the Sims and Scharff analyses are convincing, both focus exclusively on the presence of groupthink symptoms as opposed to the underlying groupthink mechanisms. This is understandable, given that the mechanisms that give rise to groupthink are typically hidden from view. But it is a problem, because most of the symptoms of groupthink can be symptoms of other organizational maladies.

The Dow Corning breast implant controversy illustrates how the social psychological mechanisms theorized to generate groupthink might contribute to wrongdoing. Dow Corning manufactured breast implants that many believe caused a host of severely debilitating autoimmune-related medical conditions in the women who received them. As a result, the firm was the target of substantial negative media attention, numerous civil law suits, and eventually a Justice Department criminal investigation. Critics charged that Dow Corning failed to ensure that their implants were produced to high quality standards, neglected to conduct thorough testing of the implants' performance and safety, and knew of the implants' possible defects and hazards but failed to share this information with both potential implant recipients and regulatory bodies—all at the same time that it aggressively marketed the product to the public. Ultimately, while the Justice Department dropped its criminal charges against the firm for lack of evidence, Dow Corning was ordered to remove its breast implants from the market by the FDA and forced to pay billions of dollars in compensation to recipients, developments that led to the firm's bankruptcy.

John Byrne has written one of several detailed accounts of the Dow Corning breast implant tragedy. His book, *Informed Consent* (1996), is unique in that it draws heavily from information provided by John Swanson, a Dow Corning employee who served on the firm's Business Conduct Committee, the group that was tasked with overseeing the firm's ethics program and that ultimately played a key role in the firm's defense of its breast implant business. Swanson is a crucial source of information about the crisis, not just because he occupied an unparalleled vantage point over Dow Chemical's ethics program and its handling of the breast implant controversy, but also because his wife, Colleen, was a recipient of Dow Corning implants and subsequently experienced serious autoimmune-related conditions that Swanson and his wife attributed to the implants. Thus, he was able to lend insight into both Dow Corning's decision processes and the way in which a dissenting member of Dow Corning's management was treated and comported himself.

Situational Social Influence

Byrne presents evidence suggesting that Dow Corning suffered from the type of decision-making flaws that Janis contends stem from groupthink. Dow Chemical's top executives unquestioningly held to their initial belief that silicone was biologically inert, despite mounting anecdotal evidence of the association between surgical insertion of its breast implants and the subsequent emergence of autoimmune-related diseases. In addition, the firm's executives never wavered from their initial strategy to refute critical evidence, fight or settle out of court civil suits, and continue marketing the devices, despite the overwhelming costs of pursuing this strategy. In fact, Dow Corning executives were so strong in their beliefs about silicone and were so confident in the wisdom of their strategy that Byrne reports they were "shocked" when juries and judges ruled in favor of plaintiffs. Finally, throughout the crisis and to John Swanson's dismay, Dow Corning's executives exhibited little compassion for the women who clearly suffered greatly from what they believed were implant-related autoimmune conditions, some of whom were so physically compromised that they struggled to participate in court proceedings.

Importantly, neither Byrne nor Swanson expressed the belief that the Dow Corning executives were unethical individuals. Further, throughout the breast implant crisis, Dow Corning's executives believed themselves to occupy the moral high ground. As legal fees and court judgments swelled and bad press accumulated, the firm briefly contemplated getting out of the implant business and cutting their losses. But the firm concluded that it had a moral obligation to stay in the business because there was a sizable group of women who depended on them to provide their valuable product. Indeed, the Dow Corning executives tended to view those who were attacking the firm, the contingency fee lawyers and investigative reporters, as self-interested and unethical.

Byrne also presents evidence suggesting that decision making at Dow Corning was hampered by the social mechanisms that lead to groupthink. Dow Corning executives were homogeneous and socially isolated. They were almost exclusively white, born and raised in the Midwest, and trained as engineers. Further, because Dow Corning was a private subsidiary of two large public companies (Dow Chemical and Corning Glass), its executives were not subject to the input of stockholders. And because the firm was headquartered in a remote small town that it dominated, Midland, Michigan, its executives were not subject to much public scrutiny. Such social similarity and isolation served to increase group cohesion. Perhaps for these reasons, overt conflict and even public disagreement among Dow Corning executives was frowned upon and rare.

It is possible that the outward harmony among Dow Corning executives was the product partly of the underlining alignment of corporate executives'

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individual outlooks. When Colleen Swanson began experiencing serious autoimmune related symptoms (such as pain and a rash across her chest), neither John Swanson nor his wife considered the possibility that the breast implants might be to blame, despite the fact that John was well aware of public concern and mounting law suits related to the implants. Further, when Colleen confided to John that she had become convinced that the breast implants were the cause of her health problems, John was dumbfounded. Apparently both Colleen and John were so immersed in the Dow Corning culture that they were slow to connect the dots.

But John and Colleen Swanson's other experiences suggests that self-censorship of the sort that Janis believes gives rise to groupthink also played a role. Presumably out of fear of censorship, both Colleen and John Swanson kept information about Colleen's health problems to themselves. Indeed, John did not even tell his best friends, one of whom, Dan Hayes, was the chief operating officer of the unit that manufactured the implants, about Colleen's condition. Further, when Colleen, with John's blessing, decided to pursue the option of having the implants removed, the two sought medical help outside of Midland. Both Colleen and John feared that news of Colleen's illness, assessment, and intended course of action would get back to Dow Corning's executives and leak to the closed community, making their continued association with the firm and life in the community untenable. This fear was apparently well-founded. When John Swanson eventually told his friend Dan Hayes about Colleen's health problems and the suspected cause, Hayes increasingly distanced himself from the Swansons.

In addition, in an explicit act of self-censorship, John Swanson elected not to become an active critic of Dow Corning's policy with respect to breast implants, but instead requested that he be excused from involvement in the breast implant crisis management process, even as Colleen's health deteriorated to the point of near death. Ultimately, Colleen had the implants removed and experienced some improvement. And John left Dow Corning as soon as he could retire with full benefits. His last assignment was to review the firm's ethics program, and his report did identify a number of serious weaknesses with the program. But when he presented his report to a group of senior executives on the eve of his retirement, he did not mention explicitly what by then must have been the obvious link between the ethics program's weaknesses and the company's breast implant crisis, which by that time had nearly totally consumed the firm. Amazingly, Swanson explained that he did not mention the breast implant debacle in his critique of the firm's ethics program because he feared that doing so might provoke a critical response among the managers, which he feared would distract them from his report's message.

Situational Social Influence

When dealing with human tragedy at a distance, as I am doing here, it is easy to coldly dissect human behavior, infer causes, and in the process overlook and thus implicitly undervalue the humanity of the people involved. I hope I have not done that here. I think Colleen and John Swanson's handling of their private tragedy was honorable, and in many ways heroic. But I also think there is reason to believe that it reflects the constraining effects that social pressures associated with cohesive groups can have on decision making. And if these effects were manifested in the lives of other Dow Corning executives, it seems possible that they might have given rise to groupthink that might have contributed to Dow Corning's fateful handling of the crisis. Interestingly, John Byrne concludes his book about the Dow Corning breast implant controversy by describing John Swanson's experience presenting the case to MBA students at the University of St. Thomas in Minneapolis, Minnesota. Some of the students wondered why it took so long for Swanson to act decisively and leave the company. Byrne answered this question by explaining, "John Swanson was one of the most loyal people I have ever known in terms of giving the company the benefit of the doubt" (Byrne 1996: 245).

Definition of the situation

In the previous chapter, I discussed occupational and professional roles and norms that constitute one component of an organization's administrative system. There I maintained that conformity to norms is substantially mindless and automatic. But before people can conform to norms, even if their conformity is mindless, they must recognize the roles they are being asked to play in the situations in which they find themselves, and they must recall or quickly learn the norms that are associated with those roles. People identify their roles and the norms associated with them in two ways: they observe cues in their environment that indicate the roles and norms called for in the situation, and they scrutinize others in their environment who convey expectations about the roles they should play and the norms they should exhibit. Others convey expectations by manipulating subtle rewards and punishments in response to the attitudes and behaviors a person exhibits. They also convey expectations by modeling the appropriate attitudes and behaviors. Together these cues, subtle rewards and punishments, and modeled attitudes and behaviors "define the situation." Thus, an employee who enters a room and finds a male boss dressed in a suit and tie seated at the head of the table with co-workers seated in a circle around the boss and everyone exhibiting proper posture and silently reading a document placed in front of them might reasonably conclude that the gathering is a formal business meeting. And if the