

Management communication: the threat of groupthink

Jack Eaton

The author

Jack Eaton is Lecturer at the School of Management and Business, University of Wales Aberystwyth, Penglais, Aberystwyth, Wales, UK.

Keywords

Management. Communications, Groupthink

Abstract

Reference is often made to the concept of groupthink in books on organizational behaviour intended primarily for students of management. Yet the few examples of its occurrence that are adduced are by now rather archaic or rely on the original case researched by Janis. This paper seeks to remedy this deficiency by considering two recent cases of possible groupthink in British corporate management at BA and Marks & Spencer. A notable feature of groupthink was that it tended to take place in conditions of concurrence-seeking. In conditions that might induce such behaviour, senior management of both BA and Marks & Spencer announced globalization strategies in the early 1990s. Taking its cue from a previous study of groupthink by McCauley, the main body of the paper uses content analysis of press reports on management at BA and Marks & Spencer in the 1990s to suggest that groupthink was present, causing blocked management communications and leading to the fall in reputation and stock market valuation of these two companies.

Electronic access

The research register for this journal is available at http://www.mcbsp.com/research_registers

The current issue and full text archive of this journal is available at <http://www.emerald-library.com/ft>

Corporate Communications: An International Journal
Volume 6 · Number 4 · 2001 · pp. 183-192
© MCB University Press · ISSN 1356-3289

According to Morgan (1986, p. 202), "groupthink has been reproduced in thousands of decision making situations in organizations of all kinds". The concept is attributed to Janis (1972) who suggested that as a group of decision makers becomes excessively close-knit and develops a strong sense of "one-of-us-ness", it becomes imperceptibly prone to cognitive processes that, as a result of internal group pressure, become impatient of appraising alternative strategies. However, there are few examples in the organizational behaviour texts intended for students of management. In general, the main example quoted is that of the abortive Bay of Pigs invasion of Cuba ordered by President Kennedy's administration in 1961. While this was justifiably a salient theme for Janis, it is now history of slight relevance for students of management. This is a pity because there is a danger that the orthodoxies and conventional wisdoms that afflict current management thought could become dogma. This paper attempts to fill the gap by considering two recent cases of groupthink in British corporate management at British Airways (BA) and Marks & Spencer (M & S). Discussion begins with a review of the concept of groupthink from the perspective of corporate management. The model and methodology used to test groupthink are then elaborated. Finally, content analysis is used to consider the two cases.

A review of groupthink

Janis's "Groupthink" challenged the predominant social psychological belief that group cohesion tends to result in better performance. Rather, under certain conditions when a group is embroiled in stressful decision-making processes, strong group cohesion can contribute to erroneous decisions and a policy fiasco. As a distinctive form of group dynamics, its central focus was concurrence-seeking. Obviously, this is not generally accessible to direct observation and whether or not it has been present in a group has to be inferred. For Janis, it could be inferred from recognition of its symptoms:

Observable consequences – symptoms of groupthink:

Type I – Over-estimation of the Group

1. Illusion of invulnerability.
2. Belief in inherent morality of the group.

- Type II. Closed-mindedness
3. Collective rationalizations.
 4. Stereotypes of out-groups.
- Type III. Pressures towards conformity
5. Self-censorship.
 6. Illusion of unanimity.
 7. Direct pressure on dissenters.
 8. Self-appointed mindguards.

These symptoms of groupthink had been derived from materials in Janis's case studies and because his method was to diagnose groupthink in certain decision-making situations by means of this checklist, his argument seems somewhat circular. All the same, Janis's research struck a chord among the social research community and gave rise to what might reasonably be called a research program.

Methodology

The aim in this study was to apply the idea of groupthink in business situations. Janis reckoned that concurrence-seeking was a coping device for members of a cohesive group who experience enhanced need for affiliation under severe stress. However, as t'Hart (1990) pointed out:

the idea of groupthink as an explanation for policy disasters was a beguiling one. Groupthink caught the imagination of other writers and spread quickly into public discourse, leading to vulgarization and stretching of the original concept. A particularly flagrant example was the tendency to redefine concurrence-seeking to include any and all efforts to obtain consensus and support within the group for a policy decision' (George, 1997).

Nevertheless, much has changed in managerial thought since 1972. In particular, it may be said that, under the impact of the idea of corporate culture and attempts to manage culture, there has been a greater emphasis on consensus-building.

In this context, managers seek to find a measure of certainty with a mixture of faith, ideology, over-busyness and concentration on technique and statistics. Apparently rational systems and ideologies, such as total quality management, human resource management or management by objectives provide legitimation, solidity, technique and rationale that give a sense of security and purpose in what might otherwise appear to be a shapeless world (Pattinson, 1997, p. 45).

Hence, it may be methodologically valid to stretch the original concept. "The organizational world is awash with talk of corporate culture and culture has become a powerful way to hold a company together" (Goffee and Jones, 1997, p. 133). In such a world, there is a danger of excessive consensus. Consequently, it is not necessary to stretch Janis's concept all that much. He elaborated the link between decisional stress and concurrence-seeking by calling attention to the idea that stress may produce an increased need for affiliation with other members of the group and this, in turn, leads to increased group cohesion.

Although stress as a reason for departing from standard decision procedures was integral to the original groupthink concept, the more conformist management cultures of total quality management and transformational leadership have provided alternative antecedent conditions for groupthink. Hence we would re-define groupthink as dogmatic decision-making strategy in conditions of general management stress, inducing tendencies to search for strong leaders, resulting in conformity and compliance. Furthermore, as Janis himself suggested, it is not necessary for all eight symptoms to appear for groupthink to occur. Moreover, one potentially important factor not dealt with by Janis is the degree of power held by the leader over group members (Flowers, 1977, p. 895) and "compliance with a group norm promulgated by a powerful leader" (McCauley, 1989, p. 254) can contribute to faulty decision making.

The empirical work consisted of selecting two companies that had been thought excellently managed but had suddenly fallen from grace: M&S and BA. This approach followed McCauley in his case review of Janis's work in using content analysis but used content analysis of press reports on the management and strategy of these two companies since the beginning of the 1990s until the price of their shares began to plummet. Prima facie, their corporate strategies were business policy fiascos. Once committed to their primary strategy of globalization, they disregarded all contrary evidence and, indeed, mainly omitted either to seek verification of the facts they were given or to call for new evidence. From this blinkered position, with the expression of

dissenting points of view discouraged, they embarked on ruinous decisions.

Content analysis

The method for analysing apparent causes of groupthink is problematic. For one thing, some social scientists (Fuller and Aldag, 1998) doubt its validity as a concept. It is argued that empirical support for it is weak and it rests on questionable assumptions. In reply, it may be argued that empirical evidence of such phenomena will necessarily be tenuous – people do not generally admit to the dogmatic behaviour posited by groupthink.

In particular, senior managers could be expected to strongly resist any inference that their strategic thinking and decision making is conditioned by groupthink. There have been studies suggesting strong company loyalty among managers of certain companies. “Culture is in many respects monolithic in organizations; that is, there is no single constellation of norms, beliefs and values that is shared by all members” (Johnson and Gill, 1993, p. 16). Nevertheless, there is room at the top for only a few. So the manager must climb the corporate ladder by individual effort in competition with fellow managers. This does not, of course, preclude the emergence of covert cliques and alliances, particularly to increase the status and rewards of all members and hide facts and conditions that would be frowned upon by outsiders. Moreover, among managers, “internal power struggles are largely (though speciously) denied and must be cloaked” (Dalton, 1959, p. 227).

Hence it is necessary to probe beneath the surface. Paradoxically, one way of doing this is to use the method of content analysis of overt and readily available materials, such as press reports. Colloquially, this may be thought of as “reading between the lines”. Actually, content analysis is a quite respectable method of examining documents – whether they are books, newspapers, magazines, notices, letters or whatever.

The starting point with the content analysis was the research question: can the relative (and rapid) decline in the fortunes of two great companies be partly explained by groupthink behaviour, that is to say, excessive

and premature concurrence in risky strategies, such as globalization? To consider this, press reports from *The Guardian* and *The Independent* since about 1994 (about a five year span) were examined. Both companies were – until the consequence of groupthink erupted – blue chips and darlings of the British Stock Exchange. During 1998-1999 the price of M & S shares fell from 590 to less than 300 and that of BA from 740 to 300. Both companies had already featured prominently in the UK press and media for more positive reasons, to do with national pride in their undoubted sectoral performance. M & S was the top UK retailer of quality food and clothing. BA during the first half of the 1990s was one of a handful of international airlines that made a profit.

The recording unit was to be sentences or indicative themes in the press reports that coincided with the main defining criteria for groupthink. Of course, there will be some argument about how far the coder (the author) of the content analysis can infer meanings from texts. This is sometimes expressed in terms of manifest and latent content, corresponding essentially to low-inference and high-inference items respectively. Manifest items are those that are physically present; latent content is a matter of inference or interpretation on the part of the coder. As the behaviours under examination were premature concurrence and illusions of invulnerability and unanimity, there was obviously a mixture of the two. However, the main search was for overt statements in the press reports that indicated groupthink in terms of excessive and dogmatic consensus.

The companies

There is an extensive literature on the history of M & S. Tse (1985, p. 64) argued that “Marks & Spencer’s strategy has been a differentiation strategy par excellence. The secret of success of M & S’s differentiation strategy lies in the fact that it has clearly identified a genuine need on the part of the customers and has set and achieved such high standards in satisfying this need that becomes extremely difficult for its competitors to emulate”. In the early 1990s recession hit UK retailing but Marks & Spencer continued to

grind out profits – up 9 per cent 1991-1992. The company's UK sales of clothing increased by nearly three times faster than the market as a whole in April-September 1993. It appeared solid and robust through 1995 (an 8 per cent rise in profits) and 1996, breaking the £1 billion profit barrier in 1997. Consequently, plans were announced to spend £2.1 billion on global expansion. However, 1998 was disastrous, sales and profits (down from £1.1 billion to £655 million) falling sharply and the share price plummeting.

BA was rescued from a parlous state as a nationalized concern at the beginning of the 1980s to profitability and successful privatization in 1986. There were significant job cuts and rationalization but BA also began a customer care programme. In the early 1990s it was one of few airlines to show a profit, espousing a strategy of globalization. Steps in this direction included taking over French regional airline TAT and gaining access to Paris Orly via its takeover of Dan-Air, a 25 per cent stake in the privatized Qantas and also 25 per cent of USAir. Although this venture did not pay off, senior management persisted with the global strategy to propose a transatlantic alliance with American Airlines in 1996. The proposal ran into regulatory difficulties with the European Union and US Department of Transportation who demanded that both airlines sell off landing slots at Heathrow to competitors. Such concessions looked increasingly unattractive as competition grew on the transatlantic routes and profitability fell.

The content analysis is presented under the three-fold typology of characteristics or symptoms of groupthink that Janis set out:

- (1) those producing an over-estimation of the group (illusion of invulnerability; belief in inherent morality);
- (2) those producing closed-mindedness (collective rationalizations; stereotyped images of out-groups); and
- (3) those producing pressures towards conformity (self-censorship; illusion of unanimity; direct pressures on dissenters; self-appointed mindguards).

Groupthink characteristic type (1)

In both companies the main problems stemmed from the illusion of invulnerability

allied to belief in the rectitude of the senior management group. This characteristic of groupthink was the reason for senior managers becoming over-optimistic and keen to take unjustifiable risks and also caused them to fail to respond to warning signals. They persisted with belief in their chosen course of action. Both managements over-reached themselves when globalization became a key part of corporate strategy.

It cannot be denied that globalization, in the sense of increased liberalization of international trade and intensification of international competition is a feature of corporate management today. The inescapable inference that senior managers tend to draw is that their companies have to go global. BA did so with mergers in Europe with TAT and Deutsch Air, in the Asia Pacific by a 25 per cent stake in Qantas. The management pursued the *ignis fatuus* of a transatlantic merger through an abortive and costly 25 per cent stake in the loss-making US Air and an attempted alliance with American Airlines, announced in 1996. This soon provoked cries of monopoly and unfair competition by other transatlantic carriers, including, unsurprisingly, US Air and Virgin. The EU Competition Commissioner stipulated that many landing slots at Heathrow would have to be sold to competitors to prevent dominance of the Atlantic routes. The US government demanded that the 1977 bilateral accord governing transatlantic travel between the UK and USA be replaced by the model "open skies" agreement that it had signed with 25 other nations.

Delay was inevitable when the alliance was the subject of negotiations not only between the companies but also the US government and transportation regulator and the EU Competition Commissioner. Negotiations became bogged down and preoccupied the participants. Bob Crandall, chief executive of American Airlines, threatened to pull out if they dragged on. In September 1997 the US Under Secretary of State for Commerce warned the EU Commission not to impose too strict conditions. Although by March 1998, it looked as though the Competition Commissioner was ready to approve the alliance, this was too late to help BA. The final blow fell when Robert Crandall announced his retirement. He had worked

well with Robert Ayling of BA, the duo forming an effective partnership in presenting the merits of the alliance. By now transatlantic revenues had been hit by many airlines switching their jumbo jets from the Asian market and resultant price competition made the alliance no longer attractive.

In November 1997 M & S also announced a strategy of global expansion. With additional branches opening across Europe, the Far East and Middle East, Sir Richard Greenbury, the M & S chairman, said that the company was entering a new phase:

We are entering a period of accelerated footage and product expansion in the UK and overseas, so by the year 2000 we will be well on our way to establishing a global business (Cope, 1997).

The illusion of invulnerability stemmed from seven years of high profitability with an apparently tried and tested formula:

M & S and especially its chairman do not suffer fools gladly. This is its strength. It is relentlessly professional, constantly improving systems to push up productivity and eliminate waste, whether in idle stock or excess cost. The reverse of this coin, however, is that anybody who challenges the system or the conventional wisdom is regarded as a fool. The danger, therefore, is that the group continues ploughing its traditional furrow to increasing effect without noticing that the world is changing. Hence, the failure to realise that the cost/quality mix for children's clothing should not be the same as for adults (Cowe, 1991).

Such an outlook is congruent with groupthink in that there develops an unquestioning belief in the morality or self-righteousness of the in-group. "The management culture of the organization demands the prospective manager be a company worker whose distinct traits are being practical, systematic, methodical and result-oriented" (Tse, 1985, p. 167). The trouble was that consistently high profits led to managers believing their own rhetoric and invincibility. It also made well-trained M & S managers particularly attractive to competitors who, in the new world of predatory capitalism realized that they could quickly steal a march by hiring them. In 1996, Tesco recruited a complete buying team from M & S.

It was reported in *The Guardian* that "there could be some minor cracks in the edifice. M & S, like its chairman, is getting on a bit in style and fashion stance. Traditionally, it does not do as well in more spendthrift and

fashionable times. There is the hint of a crack". Hence Sir Richard Greenbury "dismisses critics as effortlessly as M & S fends off competitors. The chairman yesterday flicked away any suggestion of weakness, blaming either the media or the City or both for getting the facts wrong. A crisis in women's outerwear? Nonsense. Trouble at t'works council? Balderdash. Too much competition in food? Rubbish" (Cowe, 1996).

Such an attitude is congruent with groupthink in that there develops an unquestionable belief in the morality or self-righteousness of the in-group. "The management culture of the organization demands the prospective manager be a company worker whose distinct traits are being practical, systematic and results-oriented" (Tse, 1985, p. 167).

The question is, however, do the senior managers learn from success? Or, rather, did consistently good results and high profits lead to managers believing in their own rhetoric and invincibility, especially since those consistently good results were achieved in the face of a sceptical financial press and City opinion. As Sir Richard Greenbury riposted when the share price was marked down 110.5 pence just as he had announced a rise in profits of 8 per cent to £924 million in 1995:

We can do anything we like. It might upset the shareholders but if we really wanted to savage the marketplace we could push up sales by 25 per cent and let profits slide to £800 million (in Cowe, 1995).

He added that keeping staff happy was more important than keeping the City happy:

We could employ fewer people and save £10 million or £20 million but I'm not interested in running just six months in advance and paying for it in worse service. We have terrific staff, probably our greatest asset. They have earned their 4.5 to 5 per cent and we can afford to give it to them (in Cowe, 1995).

In 1997, having broken through the £1 billion profit barrier for the first time, senior management announced the most aggressive global expansion in the history of the company. However, "it would be tempting to suggest M & S should have stayed at home. Canada has been a running sore. The only good thing about the venture was that it showed M & S all the mistakes that can be made in international expansion. Despite those lessons, there has been plenty to learn in

the US as well" (Cowe, 1997). At the time of its purchase of US department store Brooks Brothers in 1988, Lord Rayner (then chairman) claimed that the company was purchasing in a bold and imaginative way one of the quality names in US menswear. Three years later, his successor, Sir Richard Greenbury, admitted that the Brooks Brothers stores had not had a lick of paint for 30 years and M & S had paid too much. Contrary to thoughts of a lesson having been learned, however, the proposed accelerated global expansion of November 1997 suggested a leap in the dark. One analyst made the obvious comment that it was a "step up in the underlying physical rate of growth but people should not get carried away. This kind of overseas expansion carries with it higher risk" (Cope, 1997).

Groupthink characteristic (2): negative views of competitors

Although to say that M & S management held negative views of competitors may be putting it too strongly, it may well be that groupthink led them to underestimate the revival in the fortunes of Waitrose that bounced back in the mid-1990s to form a substantial competitor in the south-east of England. Sainsburys targeted ready meals as part of its attempted revival in 1997. More seriously, the £192 million purchase of 19 Littlewoods stores seemed to imply an assumption that moving these categories of consumer up-market would be easy. In fact, fashion seemed to be moving to the less durable, younger end of the market. M & S management underestimated the production design skills of George Davis at Next.

By May 1998 as profits collapsed, the sanctity of group consensus was under threat and it is perhaps revealing just how quickly it vanished. Sir Richard Greenbury claimed that he had been asked to stay as chairman for another four years until retirement at 65: "That is generally the retirement age of M & S chairmen and I would greatly appreciate it if you would stop conjecturing about it. No one speculated about who was going to replace Sir Ian MacLaurin at Tesco four years before he retired" (Cope, 1998a). However, this statement was contradicted when another M & S director said that the board had not yet reached a decision. Try as they might to erect a protective shield over

the succession, the public status of M & S raised the prominence of the issue for the financial press. City analysts said that a move by Sir Richard to non-executive chairman would be welcomed. "In this age of Cadbury, combining both roles is difficult to justify. He is his own worst enemy at times because he has this chip on the shoulder attitude towards the City". Sir Richard's choice of Tesco as an example of a company that also had a succession question was an example of a negative view of a competitor. Actually, the retirement of Lord MacLaurin and his successor was well handled as everyone knew who the successor was well in advance.

By contrast, institutions were concerned that Sir Richard who was known as the dominant figure on the M & S board, was using that position to manoeuvre his man into place. "Greenbury should not win just because of the force of his personality but because he has good enough arguments to support his case", one investor was reported as saying (Cope, 1998a). Despite such pleas, Peter Salisbury "gradually emerged as Sir Richard's favoured successor and also seen internally as the man behind whom most of the board can most easily rally" (Cope, 1998a).

In these circumstances, the succession battle burst forth with venom. In a death or glory move, Keith Oates, M & S deputy chairman, played a high risk game by lobbying non-executive directors. A senior fund manager commented: "Keith Oates has not so much thrown his hat in the ring as lobbed a pound of semtex into it" (Cope, 1998b). Previously suppressed conflict was now visible with one analyst saying that "the City sees Oates as more user-friendly and more of an innovator. Salisbury is seen as the grey man who has risen without trace" (Cope, 1998a). It was subsequently denied that Oates was "running a one man lobbying campaign to take over the top job against the wishes of Sir Richard. He seems to have been unjustly tarred with the disloyalty brush". Far from promoting his own candidature, supporters of Mr Oates within M & S spoke out only after being horrified at the prospect of the "Greenbury-Salisbury ticket" (Harrison, 1998). Eventually, after a highly damaging schism, Oates quit, leaving with a pay-off of £1.2 million.

BA management had long held negative views of competitors. The rivalry with Virgin Atlantic has been acrimonious at times, even if in October 1999 US courts found that there was no substance in Virgin's claims of competitive "dirty tricks". In addition, BA has taken a strong line against competitors that have remained in state ownership and were sustained by subsidies, notably Air France. This may have been justified, as indicated by the European Court ruling that the EU Commission had been wrong to approve the rescue package to Air France in 1994. However, by 1998 some of the former state pensioners were privatized and competition was intensifying and Air France had caught up BA's operating margins.

BA had needed a customer relations policy in the wake of allegations of unfair competition but Sir Colin Marshall, the architect of that policy, did not attain the executive chairman's job when Lord King retired. Instead, the post went to Lord King's protégé, Robert Ayling, who climbed the boardroom ladder rapidly. The trouble was that, into an already strong corporate culture he brought with him from his previous post at the Department of Trade and Industry perhaps an excessive amount of the broader notion of enterprise culture. There had been too great a belief in the rectitude of BA's previous corporate makeover, so "what had been missing from BA's boardroom was any sense of ethical balance" (Brummer, 1997).

Groupthink characteristic (3): the illusion of unanimity

At the height of its prosperity in the mid-1990s, BA brought in an ambitious business efficiency plan. Group consensus among senior management dictated that this plan go ahead from 1996. However, it was soon assailed by problems. The pilots' strike of May 1996 was not only about pay but also had to do with doubts and fears about the £1 billion cost-cutting program. Ayling was very keen on profit sharing and talking directly to staff, thereby circumventing the unions. He saw strong groups such as the pilots as obstructing his plans and argued privately that unions have no place in the airline business – a clear indication of the sanctity of group consensus. The strike action was called off with the help of a private mediator who

spoke of "entrenched positions" and an atmosphere of confrontation.

The management pressed on with the cost reduction program and prepared to contract out engineering, baggage handling and catering. Its bosses talked of a "virtual airline" that concentrated only on selling seats and operating flights. In June 1997, catering staff threatened to strike in opposition to contracting out. More seriously, a revised pay structure, involving consolidation of overtime and allowances and cuts in basic pay for new recruits, was announced just as senior management prepared to spend £60 million on a new corporate image. Although one union representing cabin staff accepted the deal, BASSA, the cabin crew section of the T&GWU, was able to mobilize strike action.

Far from attempting to mollify the strikers, BA communications director Kevin Murray said that the company had decided to use what it believed was a procedural flaw in the strike ballot "to recover from the union some of the losses we have incurred" (Milne and MacAskill, 1997). True enough, the first day of the strike grounded 70 per cent of flights out of Heathrow and most Gatwick services. Interestingly, Mervyn Walker, who had been BA's legal director at the time of the squabble with Virgin over dirty tricks, had now become human resources director and was quoted as saying that "there is an important principle at stake. This is an unlawful strike" (Milne and MacAskill, 1997).

However, to threaten litigation was scarcely likely to ameliorate matters. Further threats to individual staff about breach of contract led to the tactic of telephoning in as sick. Meanwhile, catering workers voted 3-1 to reject an offer aimed at making subcontracting more acceptable. Their resolve crumbled when ground staff stewards decided not to call industrial action and they decided to re-open talks. Eventually, the cabin crews' action also petered out. Nevertheless, that matters had gone this far was symptomatic of groupthink. Adverse comments from investors and shareholders, the very interest groups that Ayling had tried to please with his espoused strategy, were bound to follow:

BA executives will have to ask themselves why they failed to sell their vision to thousands of

cabin crew. Few companies spend as much time on employee communications as BA. This time their efforts fell flat – to the great cost of the company. There will also be damage to BA's customer service. The dispute had damaged morale (Skaplinker, 1998).

One outcome of the strike associated with the groupthink that provoked it was the ousting of Lowe Bell as public relations adviser. It was conceded that there had been “too many people in BA still acting as though the last government were still in power” (Milne and King, 1997). Furthermore, stock market worries about BA's confrontational approach and the cost to the company began to surface. At a stormy stockholders' meeting the board was harangued over its new corporate style, denting its image:

The timing of this dispute was ridiculous and terribly damaging. They allowed it to erupt just before the annual meeting in the middle of the holiday season and just after the £60 million image revamp had focussed all eyes on the quality of its operation (Buckingham, 1997).

The image revamp

The image revamp was perhaps the most striking indication of groupthink within BA. It sprang from the management wish to symbolize organizational change and identity change as part of its strategy of becoming a global company. Groupthink led senior management to spend £60 million and squander goodwill:

Two years ago, BA had it all. A huge route network, a modern fleet united by a very strong image that contributed powerfully to positive corporate karma. The feelgood factor was tangible. And then someone did something unbelievably stupid. They did some research. They found that 60 per cent of BA's business originated outside the UK and inferred that patriotic identity was not necessarily appropriate. The BA research was applied top to bottom. It was suggested that with increasing deregulation and new strategic alliances, the number of ethnically British passengers would inevitably drop below 40 per cent. The argument therefore developed that, since BA is a global brand, there is no need to have the union flag, or a version of it, on the tailfin of the aircraft (Bayley, 1999).

This calamitous policy reflected groupthink, particularly in the sense of belief in the rectitude of the senior management group with the illusion of unanimity. Doubts expressed by many critics were ignored or sneered at from the Olympian heights of “we

know best”, sustained by the lip servants of marketing consultancies. Worse, the decision was taken at the same time as announcing the business efficiency program. Populist indignation was expressed by John Kay in the *Sun*: “British Airways chiefs are blowing £60 million on making tiny changes to their logo, while axing 10,000 workers to save costs”.

Comparing groupthink – at M & S and BA

If we run through the list of characteristics of groupthink and review the deterioration in the fortunes of two Great British corporate institutions, there are remarkable similarities. Both companies' senior managements embarked, albeit at different stages, on ambitious global strategies. In both cases, the companies had been very successful in consistently delivering profits in a tough market environment. However, success did not breed success. Rather, it fostered the illusion of invulnerability.

Dogmatism crept into the rhetoric of quality management and entrenched unquestioned belief in the morality of the inner management group and the righteousness of its voice in the company mission. Both sets of managers held less than positive views of some of their main competitors. BA was so dismissive of Virgin that there began an acrimonious phase culminating in litigation in the US courts. BA management also launched tirades and litigation against state subsidies for Air France. M & S management tended to denigrate Tesco, yet the latter bit its biter by poaching a top buying team and starting to offer similar delicatessen goods at better value prices. Next and Debenhams intensified the battle for value in the High Street as M & S management fiddled about upgrading the Littlewoods stores that they had taken over.

Throughout the downturn in their fortunes, the senior managers steered clear of deviation from group consensus. BA managers stuck together in orchestrating the doomed industrial relations policy of anti-unionism during the 1996 and 1997 strikes. Although it is true that open warfare broke out among six or seven M & S senior executives as they vied for succession to the chairmanship of Sir

Richard Greenbury, this was an explosive reaction to the previous attempt to hold a line that had now disintegrated.

Those who had delivered their part of the M & S project approach – to salvage something from the earlier imprudent Brooks Brothers takeover and to build up the financial services arm – now felt that they had their spurs as individuals capable of leading the company and it became “every man for himself” as the ship listed. Project work may be unifying and part of coherent management philosophy – until things go wrong.

It will doubtless be countered that this story has relied on redefining groupthink somewhat away from Janis’s original formulation. Our view is that the looser meaning of groupthink has now entered the management lexicon and we have to accept this. “Very successful organizations have a sense of invulnerability called groupthink which tends to typecast competition or even customers as idiots” (Taffinder, 1998). IBM refused to recognize the potential impact of the personal computer, and because of the power of groupthink assumed Big Blue was unbeatable. Daimler-Benz management insisted there was no problem with the new A-Class car. When faced with its failure to perform the “elk test” for speedy obstacle evasion, it claimed that the problem lay in the tyres, not a basic deficiency of the A-Class chassis that gave it a tendency to flip over in certain manoeuvres. There were clear indicators of conflict suppression in Mercedes-Benz. Managers deep within the organization began to put up a front of consensus, even when unpalatable evidence of the A-Class design problem was apparent (Taffinder, 1998).

In both BA and M & S, unanimity was fostered as senior managers insulated themselves from outside views. For years before the bad results of 1998-1999, M & S senior managers were somewhat testy and resentful of even the slightest adverse press comment. BA management validated group consensus by reference to enterprise culture that eventually seemed too tainted by the Thatcherite privatization and self-help mantras. It is true that we have stretched groupthink beyond Janis’s original conception. However, he was particularly concerned to pin it down precisely because he was aware of the moral aspects of political

decisions entailing warfare. While ethical conduct should enter into business decisions, it often does not and a case can be made that a revised groupthink concept, shorn of that connotation, can inform analysis of faulty business decision making.

References

- Bayley, S. (1999), “The British flag – not waiving but drowning”, *The Independent*, 8 June.
- Brummer, A. (1997), “Golden choice for BA to take balanced view”, *The Guardian*, 27 August.
- Buckingham, L. (1997), “Investors threaten to bring Mr Ayling back to earth”, *The Guardian*, 20 July.
- Cope, N. (1997), “Marks & Spencer to spend £2.1 billion on global expansion”, *The Independent*, 10 November.
- Cope, N. (1998a), “Directors at M & S contradict Greenbury on date for retirement”, *The Independent*, 20 May.
- Cope, N. (1998b), “Unease as Oates bids for the top spot at M & S.”, *The Independent*, 10 November.
- Cope, N. (1999), “Whatever happened to good old M & S?”, *The Independent*, 15 January.
- Cowe, R. (1991), “Pressed M & S still smart”, *The Guardian*, 20 May.
- Cowe, R. (1995), “The United fan more upset by City”, *The Guardian*, 25 May.
- Cowe, R. (1996), “Marks puts on another solid show”, *The Guardian*, 22 May.
- Cowe, R. (1997), “M & S breaks £1 billion barrier”, *The Guardian*, 21 May.
- Dalton, M. (1959), *Men Who Manage*, Wiley & Sons, New York, NY.
- Flowers, M.J. (1977), “A laboratory test of some implications of Janis’s groupthink hypothesis”, *Journal of Personality and Social Psychology*, Vol. 3.
- Fuller, S.R. and Aldag, R.J. (1998), “Organizational Tonypandy: lessons from a quarter century of the groupthink phenomenon”, *Organizational Behaviour and Human Decision Processes*, Vol. 73 No. 2,3.
- George, A.L. (1997), “From groupthink to contextual analysis of policy making groups”, in ‘Hart, P., Stern, E.K. and Sundelius, B. (Eds), *Beyond Groupthink: Political Group Dynamics and Foreign Policymaking*, University of Michigan Press, Ann Arbor, MI.
- Goffee, R. and Jones, G. (1997), “What holds the modern company together?”, *Harvard Business Review*.
- Harrison, M. (1998), “Rearguard action to save Oates”, *The Independent*, 16 November.
- Janis, I. (1972), *Victims of Groupthink*, Houghton Mifflin, Boston, MA.
- Johnson, P. and Gill, J. (1993), *Management Control and Organizational Behaviour*, Paul Chapman, London.
- McCauley, C. (1989), “The nature of social influence in groupthink: compliance and internalization”, *Journal of Personality and Social Psychology*, Vol. 57 No. 2.
- Milne, S. and King, I. (1997), “BA demotes Tory spin doctor Tim Bell”, *The Guardian*, 16 July.

- Milne, S. and MacAskill, E. (1997), "BA to sue strike union", *The Guardian*, 6 July.
- Morgan, G. (1986), *Images of Organization*, Sage, Beverly Hills, CA and London.
- Pattinson, S. (1997) *The Faith of Managers*, Cassell, London.
- Skaplinter, M. (1998), "High cost of BA's summer of discontent", *Financial Times*, 2 July.
- Taffinder, P. (1998) *Big Change: A Route Map for Corporate Transformation*, John Wiley, Chichester.
- t'Hart, P. (1990), *Groupthink in Government: A Study of Small groups and Policy Failure*, Swets and Zeitlinger, Amsterdam and Rockland, MA.
- Tse, K. (1985), *Marks & Spencer*, Pergamon, Oxford.

Further reading

- Fuller, S.R. and Aldag, R.J. (1997), "Challenging the mindguards: moving small group analysis beyond groupthink", in t'Hart, P., Stern, E.K. and Sundelius, B., *Beyond Groupthink: Political Dynamics and Foreign Policymaking*, University of Michigan Press, Ann Arbor, MI.
- King, I. (1997), "Carrier resists EU call to give up Heathrow slots for US link", *The Guardian*, 16 July.
- t'Hart, P., Stern, E.K. and Sundelius, B. (Eds) (1997), *Beyond Groupthink: Political Group Dynamics and foreign policymaking*, University of Michigan Press, Ann Arbor, MI.