

## **The Dynamics of Groupthink – The Cape Coral Experience**

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### **Abstract**

*Groupthink theory originated in 1972 by Janis, and has been a continuous debate over the decades. The primary objective of this paper is to research the affects of Groupthink in terms of ethics in business. In today's business society, many environments are composed of different ethical guidelines, different forms of what is right and what is wrong, and most importantly all environments have become diversified. Groupthink can have a negative or positive effect on organizations. This research compares and contrasts the effects of Groupthink utilizing literature and a case example from the City of Cape Coral Florida.*

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Prepared for The 2012 International Academics Conference, October 15 - 17, 2012, Las Vegas, Nevada USA.

## **Introduction**

This research provides a case study and review of “Groupthink” literature in anticipation of future research in a viable organization. The concept of “Groupthink” originated in 1972 and is attributed to the Seminole work of Irving Janis. The basic definition of Groupthink is when individuals approach problems or issues as a collective group, no matter what the facts are, instead of acting and thinking as individuals. This concept can be seen in political debates, culturally diverse groups, or in the common workplace. Basically anyplace people gather for a common cause. Groupthink theory has been a continuous debate over the past four decades. The primary objective of this paper is to provide an example of the effects of Groupthink on an organization and research the dynamics of Groupthink in terms of the literature available.

There are many examples of applications of Groupthink effecting organizations. In today’s dynamic business environment, many organizations are composed of stakeholders with different ethical objectives, different standards of what is ethically right and wrong, and most importantly all environments have become diversified. To complicate issues, many companies participate in some sort of outsourcing to manage financial impacts. Groupthink theory is present in virtually all decision-making processes. This results in the direct importance of Groupthink and how it can help or hinder an organization. As noted by Irving Janis, “Groups bring out the worst as well as the best in terms of decision-making” (Rose, 2011, p. 38).

Group-think is a mindset that has been around as long as there were groups of people. Although it was not designated “Groupthink” until Irving Janis created his Seminole work, it was illustrated in a novel titled “The Ox-bow Incident” in the 1800s. In this novel, famed western writer, Walter Van Tilburg Clark, outlined mob mentality as a group of cowboys tracked down and hung alleged cattle thieves before the law could interfere. Today’s organizations are often the victim of negative Groupthink. The key and challenge for management is to create positive Groupthink.

Some common questions regarding Groupthink or a group mentality environment are:

1) Does Groupthink help or hinder results, and 2) Does Groupthink intrude on creativity, independent thinking, and/or critical thinking? Answers depend on acceptance of the decision making process. Many theories and studies indicate that group work will result in positive outcomes in terms of performance and individual learning (Meyers, 2010). In contrast, other studies indicate that Groupthink does not represent creativity, unique opportunities, encourages short cuts, and stereotyping (Sikula, 2009, p. 260; Breger, 2010, p. 58). Research supports the premise that Groupthink can have a positive or negative effect on an organization.

This paper will address Groupthink theory, with its advantages and disadvantages to organizations. In addition to addressing Groupthink theory, studies that support and/or criticize the group mentality will be discussed. This research will utilize a case study to briefly analyze the stakeholder management approach and how all components reviewed apply to the Groupthink in an organization.

## **Literature Review**

In today’s business society it is imperative to act in a manner to maximize profits for shareholders. In order to properly maximize profits, many successful business regulations have to be implemented and followed. A contributor to being profitable is ensuring your subordinates are acting in an ethical manner and upholding the values of the organization. Groupthink is seen as negative model in many organizations. However, a literature review of scholarly articles

indicates that, while Groupthink can be extremely negative, the positive aspects of Groupthink can enhance moral, goodwill, and productivity in an organization.

In the book "If you ask me", Nick Smith stated "Groupthink is responsible for countless mistakes at the management level" (Caulfield & Smith, 2009, p. 16). Research indicates that this statement is highly regarded by theorists as Groupthink theory has received much attention within the business environment and literature since origination. The theory is widely thought to be present in some of the world's worst fiascos including the Bay of Pigs, the attack on Pearl Harbor, the escalation of the Korean conflict, the escalation of our involvement in Vietnam, the Marshall Plan under Truman, and the Watergate break-in and cover-up during the Nixon administration (Rose, 2011, p. 38; Heinemann & Farrell, 1994, p. 72). The assessment of the effects of a group mentality started when Irving Janis proposed a theory in 1972 with the following definition: "a mode of thinking people engage in when they are deeply involved in a cohesive in-group, when the members striving for unanimity to override their motivation to realistically appraise alternative courses of action" (Rose, 2011, p. 38). Managers began to realize that the dynamics of the organization was affected by the culture.

Groupthink theory has many symptoms and conditions that contribute to the occurrence and whether it will have positive or negative effects. The first step is identifying the three types of antecedent conditions which include: 1) cohesion of the group, 2) organizational structural faults, and 3) situational factors (Rose, 2011, p. 38). According to research, these three conditions are likely to lead to Groupthink and have the ability to hinder overall results. Cohesion of the group considers how individuals feel about each other, and if they honor and trust one another. If a high cohesion exists, Groupthink is occurring with respect and loyalty to the group being guaranteed (Heinemann & Farrell, 1994, p. 73). Additionally, individuals are more likely to be reluctant to disagreement and the sharing of information is scarce (Heinemann & Farrell, 1994, p. 73). Organizational structural faults form into four categories: 1) the group becomes insulted from experts and information that could possibly influence a members' course of action, 2) lack of impartial leadership, a directive leader with a very specific course of action is apparent, 3) norms for methodical processing is absent, and 4) homogeneity of group members social backgrounds (Rose, 2011, p. 38; Heinemann & Farrell, 1994, p. 73).

In addition to the conditions of Groupthink, there are also several symptoms. The following symptoms contribute to negative decision-making: 1) an illusion of invulnerability, 2) belief in group's inherent morality, 3) collective rationalization of facts, 4) stereotyping of non-group members or agencies, 5) self-censorship, 6) an illusion of unanimity, 7) direct pressure, 8) demands for conformity, 9) mind guards to keep away expert information, and 10) failure to develop contingency plans (Rose, 2011, p. 38-39; Heinemann & Farrell, 1994, p. 72-73; Ahlfinger & Esser, 2001, p. 32).

Along with the basis of what the Groupthink theory entails and how it originated, the next step is to analyze how this theory affects different environments positively and negatively. To begin with, the theory was studied in a control group of middle school students. Several students were assigned to work together in a classroom environment including computer labs and library activities. In this case, researchers believed that the collaborating middle school students would form a cohesive group that would be motivated to work together in a positive manner (Meyers, 2010). Research completed on cognition and development hypothesized that group work would have positive outcomes. Results of this research indicate that individuals bring an array of knowledge and skills to an organization. Researchers found that when Groupthink is positive, employees challenge each other with alternative strategies and solutions. Additionally,

employees have the ability to verbalize their processes and encourage social motivation awareness (Meyers, 2010). Findings in this research indicate the complete opposite of what was expected, students working individually performed better on information-seeking assignment and quizzes (Meyers, 2010). Therefore, in this case, Groupthink theory displayed signs of hindering student performance (Meyers, 2010).

In another example of a negative Groupthink outcome is research conducted on geriatric health care teams. In this example, a husband with a severe medical condition required the wife to be trained to be his full-time caregiver. The couple was provided a team of doctors available for consultation. In this study, when the wife requested assistance, the team ignored her and opted to place her husband in a nursing facility (Heinemann & Farrell, 1994, p. 778). The study determined that the team ignored the caregivers need because the initial patient had no interest in leaving home. It was not until the wife left that the team took action to care for the patient and forced him into proper care (Heinemann & Farrell, 1994, p. 79).

Another example possessing both positive and negative effects of Groupthink theory deals with the family court system. The study reviews policies and procedures step by step in regards to court appearances. A study determined that the court is hindered by Groupthink theory because it discourages intelligent discourse, innovation, zealous advocacy, client-centeredness, and loyalty in the court culture (Breger, 2010, p. 82). Further, attorneys tend to go with the flow and not work against the opposing side to obtain better resolution for future proceedings (Breger, 2010, p. 82). On the other hand, Groupthink has also helped the court culture as it enables those practicing the same type of law to exchange ideas. The study indicated that this action relieves daily stresses, encourages specialization, provides an opportunity for judges and attorneys to bond, and it promotes work harmony, efficiency, and economies of scale (Breger, 2010, p. 83-84).

The above examples demonstrate advantages and disadvantages of the theory. However, the advantages and disadvantages are important and need to be clarified. To begin with, the advantages of the theory include improved reasoning and what can be accomplished by two or more individuals versus working alone (Solomon, 2006, p. 28). It also gives individuals the ability to correct errors, uncover presuppositions, and new ideas can be revealed and discussed (Solomon, 2006, p. 29). Research indicates that empirical results demonstrate that by using Groupthink in a positive manner, a group of individuals who are not experts can, at times, produce better decisions on a topic versus a group of experts (Solomon, 2006 p. 31).

The collapse of Enron and the Challenger tragedy are widely believed to be the result of Groupthink. In both cases, individuals ignored warnings because group members could not or would not see the big picture (Caulfield & Smith, 2009, p.16). In addition, it is believed that the major reason the US military has faced difficulties in adapting to non-state warfare is the culture of Groupthink within military personnel (Corum, 2009, p. 22). Studies have suggested that a group mentality encourages short cuts and stereotyping (Breger, 2010, p. 58). Peer pressure, forcing people to change their mind, keeping important information to oneself, and inaccurate decisions are all direct results of Groupthink (Solomon, 2006, p. 31-34).

The two examples above dealing with the family court system and health care for an elderly gentleman indicate the group mentality is properly responding to situations in the best interests of the society and individuals at risk. Therefore, Groupthink theory is posing unethical challenges and members of the group are not responding in an ethical manner. In addition, studies have supported that diversity contributes to positive attributes with the Groupthink mentality because it enables individuals to bring different scenarios and solutions forth and

communicate amongst one another with different skills and uniqueness (Solomon, 2006, p. 32). The overall result of many studies show that social responsibility, ethical attitudes, diversity, and the Groupthink theory are correlated both positively and negatively (Ntayi, Byabashaija, Eyaa, Ngoma, & Muliira, 2010, p. 84).

Effective leaders need to be involved in each group to ensure the following happens in order for Groupthink to have a positive affect: 1) an open climate of giving and accepting criticism, 2) leaders should be impartial, 3) personal preferences should not be discussed during a group discussion, 4) have multiple groups, 5) split groups to assess feasibility and effectiveness, 6) have experts contribute to views and challenges the solutions, 7) devil's advocates need to be apparent at all discussion, 8) encourage open, honest, and direct communication, 9) evaluate long and short-term goal, have guidelines on operating, and 10) review and assign roles of each member (Rose, 2011, p. 39; Heinemann & Farrell, 1994, p. 81-83; Meyers, 2010).

Groupthink occurs in all organizations, but at different levels. The issue is how a group mentality affects an organization. Irving Janis examined how an organization could be the victim of *Group-think*. This is a process of group dynamics that can effect organizations at all levels. Irving Janis describes *group-think* as "a mode of thinking that people engage when they are deeply involved in a cohesive group; when the members' strivings for unanimity override their motivation to realistically appraise alternative courses of action". The effects of group-think can be either positive or negative and can affect management as well as employees (Janis, 1972).

*Group-think* exists in every level of the organization. As noted earlier, some theorists attribute well-known historical events such as the *Bay of Pigs* and the *Challenger* disaster to the affects of group-think. It is common for managers to exercise caution when telling the boss what he/she doesn't want to hear. In all organizations, areas of imperfection can be found and it can be difficult to know when to speak up or when to remain silent. You can do things wrong forever and only lose customers, but all it takes is that one huge mistake that can bankrupt your business. It's quite possible the financial situations Enron and WorldCom are examples of senior level group-think (Janis, 1972)

At lower level management, group-think is usually the employees' attitudes and opinions concerning the company or the managers leading them. The goal in any company is to create positive group-think. Management's ability to develop a positive culture will enable employees to be innovative, creative, and therefore maintain a positive outlook. Unfortunately, group-think often surfaces as a negative phenomenon that affects the ability of the group to make decisions. Once the negative symptoms of group-think grip the company, it is difficult to reverse. Therefore, the company should strive to keep group-think positive and make it work for the organization (Janis, 1972)

Whether positive or negative, group-think is more than likely an issue in your company. In order to understand group-think, it is important that you understand the symptoms. As explained earlier, group-think can be positive or negative. Obviously, the symptoms above highlight the negative impact of group-think. As a manager, you can enlist group-think to work for you. Positive group-think allows employees to discuss your company enthusiastically with customers and coworkers. The positive culture created by this action is exactly what leaders strive to achieve (Janis, 1972).

Groupthink has the ability to help subordinates learn and improve their skills. An employee working alone and continuously making mistakes without the knowledge to improve is not likely to help an organization succeed. Encouraging team work can improve productivity and work efficiency. Encouraging subordinates to work together is a pure substitute of

leadership. It does not remove leadership, it duplicates what leaders do, which inspires followers to achieve organizational goals and employee fulfillment.

### **A case example of “Groupthink”**

This case example demonstrates how Groupthink effects an organization. During, 1994 to 1997, the period of this case study, the City of Cape Coral Florida grew from 35,000 citizens to approximately 86,000 in a period of ten (10) years. During that same period, City staff grew from approximately 100 employees to over 800. In 2008, the City grew to over 150,000 citizens and approximately 1,200 employees plus numerous contract workers. The trials and tribulations of the first 35 years of this city could possibly be one of the best case studies currently available in the world.

The City has a weak Mayor form of government with seven (7) City Council members and an elected Mayor. At the time of this study, the City Manager functions as the CEO for the City with the aid of ten (10) administrative departments. Additionally, the City Manager utilizes an executive staff consisting of an Assistant City Manager, Auditor, Economic Development Director, Public Relations Officer, and an Administrative Assistant.

At the time of this study, the ten (10) departments consisted of Public Service, Parks and Recreation, Community Development, Finance, Human Resources, Information and Management, Police, Fire, City Clerk, and the General Services Department. Additionally, the City Attorney supports both the City staff and council.

Several structural changes occurred during the period covered by this study. The Assistant City Manager was fired for moonlighting on City time. A longtime Public Service Director resigned for making derogatory comments about the City Managers hiring practices. His replacement, an eight year Assistant Director, resigned under pressure from the citizens of the City. Additionally, a very popular General Services Director and City Clerk retired.

This case study is accumulated mainly from first-hand knowledge from the co-author hired as the first Business Manager in January of 1994 and promoted to Director of the Office for Business Management and Information (OBMI) in 1995. The City transitioned from a flat file WANG system to a user generated integrated system utilizing an IBM AS400. It contracted with Harward Technical Enterprises, Inc. (HTE) to provide software and support for this conversion. When the position of Business Manager was hired, the selection process for the new system and early conversion was complete. The Business Manager position was hired to convert the utility billing module and help the City complete implementation.

Responsibilities of the new Business Manager position required oversight of the conversion, management of Utilities Customer Service, and general counsel to the Utilities Director for issues such as Utility Rate studies and other duties as assigned. This case study is about management issues and challenges uncovered in the utilities customer service department.

It is important to note that this case study is not about the customer service supervisor and personnel. They were extremely dedicated employees working for managers that did not accept responsibility for the department. This case study is about the effects of absentee leadership on a department attempting to follow rules established by managers above them that would not support them when necessary. This study demonstrates the frustration when there is a lack of trust and communication. Groupthink in this case was a group of employees joining rakes for self preservation.

The utility customer service department was positioned three steps down the organizational chart from the City Manager with an immediate supervisor who spent very little time in the office. When duties were explained to the new Business Manager, it was announced that the position was responsible for utility customer service and the statement used was “you have responsibility for the customer service department, but don’t go over there, they will drive you nuts.” After a short period on the job it became apparent that no senior management spent time in the department. The result was a customer service supervisor left completely on her own with no support from the chain of command.

It soon became painfully clear that someone needed to help customer service if they were to be successful. The office was comprised of a customer service supervisor and twelve clerks responsible for utility customer service, utility billing, stormwater billing, lot mowing billing, and \$250 million in assessment revenues.

From the very beginning, the goal was to implement a new computer system that improves efficiency while protecting jobs during rapid growth. However, communicating this in a manner that could be comprehended by existing personnel proved to be a difficult task. Analysis of data began with a review of accounts and flowcharting of processes. This process identified an initial problem that served to highlight the management situation in the utility office. The initial review was accomplished by “management by walking around” as each clerk was interviewed and office procedures flowcharted. Flowcharting processes involved discussing functions with office personnel, writing down the procedures described, then transferring processes to a chart.

The first indicator of trouble came as the first clerk was interviewed. A review of accounts revealed a list of 64 properties owing betterment fees and 37 properties owing impact fees for a water installation project in the Palmetto Pines area of Cape Coral. An interesting part of this discovery was the fact that the list was discovered in a desk drawer located in the customer service department. This became an early indicator of management challenges discovered throughout the process.

Investigation revealed the betterment area was established by City Council in 1991 and a list was created for billing. Each affected owner was required to pay a betterment fee ranging from \$960 to \$1,440 depending on the size of their property. Additionally, an impact fee of \$493 was charged. Many property owners paid immediately. However, City Council allowed citizens to voluntarily elect City financing for one or both fees. Financed betterment fees totaled \$61,920 with \$47,752 remaining after the initial deposit was collected. Financed impact fees totaled \$18,931 with \$15,033 remaining after the initial deposit.

The problem, as explained by department personnel, was that support for a billing system was never afforded to the utilities customer service office leaving them with no means of invoicing property owners. At the time of this action, Utilities Customer Service reported to the Utilities Department, collection responsibilities belonged to the City Clerk, and the City’s information system belonged to the General Services Department. Due to the lack of management support, accounts were created on a spreadsheet, but not billed in 1991.

In 1993, the betterment list was discovered by the customer service supervisor. Again, support was sought through the chain of command to invoice the responsible property owners. At this time, liens were placed on each identified property by the City Clerk, but still no billing system established. The result, accounts were not billed in 1993. The list remained in a file drawer until discovered by the data analysis process established in early 1994. Discovery of this list moved betterment fee analysis higher on the priority list and led to a bigger issue.

It is important to note that most of this lost revenue was recovered once billed in 1994. A billing account was established and letters issued to each property owner explaining that utility bills were due. Except for a few properties that changed owners; citizens paid. It appeared they were just waiting on the City to bill them and it didn't seem to matter that the invoice was three years late.

The following are just a few of the major revenue problems discovered during this initial analysis: 1) water accounts were approximately 10,000 less than reported over the past several years, 2) wastewater accounts were approximately 6,000 less, 3) delinquent accounts were written off annually with little attempt to collect, 4) lot mowing carried over \$1.2 million in delinquent accounts with no action taken, 5) assessment foreclosures were presented to the contract attorney for collection without proper research, resulting in the City spending approximately \$10,000 in unnecessary attorney fees, 6) property strap changes were not recorded in our assessment program with necessary regularity resulting in several problems and double assessments, 7) delays in moving assessments, lot mowing, stormwater, betterment, and impact fee accounts to HTE created major address problems resulting in lost revenue and poor customer service, 8) An additional \$2.3 million in betterment fees associated with line extensions were not billed, 9) there were virtually no policy or procedure manuals, and 10) daily account problems revealed by customers, and many other issues. This list is not inclusive as many other issues existed.

A betterment issue discovered during data analysis became a political football that still continues today. The 1996 list was compiled, containing over 24 properties owing approximately \$716,160 for water, \$1,203,955 for wastewater, and \$386,727 for irrigation. This list combined for approximately \$2,306,842 in betterment fees that should have been billed and collected by the City (Nov. 18, 1996). Many of the same properties from the 1996 list are included on the 2004 list (Dec. 28, 2004).

As noted earlier, the customer service supervisor was three levels from a senior decision maker and did not enjoy adequate support. Consequently, customer complaints were recorded at a peak level of approximately 200 per month. Flowcharts revealed that quality control occurred when the citizen received the bill. Customer service clerks were spending an abnormal time with angry customers.

It was apparent as the initial assessment was complete, that there were severe process issues in utilities customer service. It was decided to take a systematic approach and work on each subsystem in an attempt to correct the system as a whole. After an initial period of managing by walking around and creating flowcharts of noted processes, the improvement process began by working with teams from customer service to improve efficiency. As noted earlier, the City was growing at a rapid pace and the strategy remained to make sure the new computer system was cost efficient.

Communication to employees included instructions indicating the department would work to improve efficiencies to ensure that growth was handled through efficiency. Strategic plans keyed on not adding personnel unless absolutely necessary. However, even though it was constantly communicated that positions currently in the organization were safe, the informal structure reflected fear and mistrust. This was the first indication that the culture of the organization or Groupthink was an issue. It appeared that no matter how much was communicated, office personnel thought that "the City has brought in a Ph.D.; he is measuring what we do...he is going to fire us." This skepticism was prevalent even though it was never said out loud. This attitude affected every aspect of the office and computer conversion.

The first twelve months produced numerous analysis and process improvement efforts. The structure of the organization was an immediate issue. With the exception of the supervisor, everyone in the office was at the same low pay level. Additionally, everyone was responsible for everything, but in actuality, no one was responsible for anything. The office configuration was as indicated in figure 1 below.

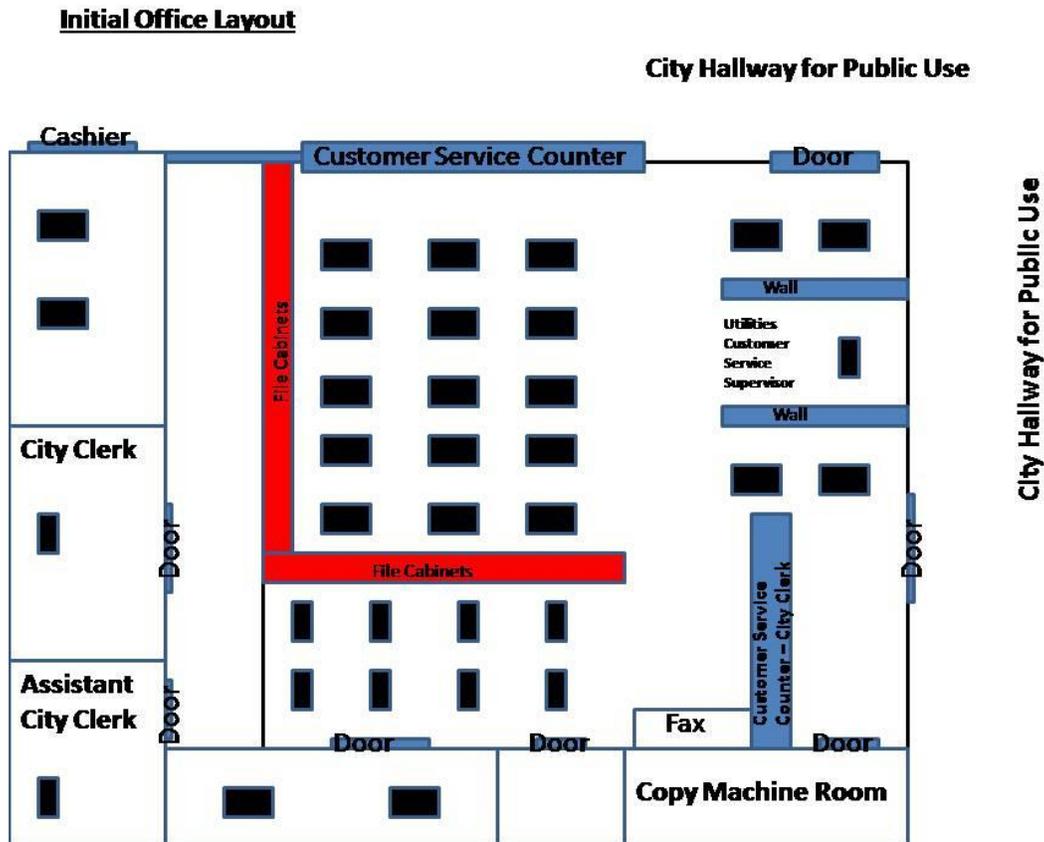


Figure 1: Original Layout of Utility Customer Service

When a customer came to the counter, the “next” clerk was responsible for waiting on them. This produced a situation where the customer knew exactly where they were in line, but office personnel seldom knew who was next. Billing for major City accounts was rotated among customer service clerks in an effort to cross-train and reduce stress. The result was no quality control in the billing process. To compound this issue, as noted earlier, utility construction was responsible for reading Meters, utility customer service for billing, and the City Clerk’s office was responsible for collecting funds.

Analysis of utility operations and implementation of the utility billing module for customer service was ongoing as we were attempting to improve quality control to reduce customer complaints. City Council approved a \$1.7 million conversion to the HTE, Inc. software that included an IBM AS400 and support for conversion. However, they did not consider equipment to support the new system. Utility customer service was equipped with dummy terminals that worked with the WANG system, but did not support the windows based IBM AS400. Typewriters were

still the word processors of choice and historical information was kept in numerous file cabinets located in the customer service area. The office did not have a dedicated facsimile or copy machine.

Willingness to change in the customer service department was a huge issue. As it became aware that job security was a concern, employees became very territorial of processes. The “we’ve always done it that way” book was somewhere in the office. It was quoted on a regular basis, but a copy was never produced. Analysis revealed that employees were basically experts at working eight hours per day and not very good with process control. Routine issues such as a customer complaint led clerks to file cabinets for hours for research on the history of an account. This, despite the fact that historical data was being kept in the new system and each month added history sufficient to make decisions and take corrective action.

The department created an extensive report each month that included most of the key data elements required for decision making. This report was created on a monthly basis and forwarded to members of the chain of command. The problem that surfaced when the monthly reports were consolidated into one continuous spreadsheet was that account data had been recorded erroneously and carried from month to month. This resulted in a recent utility rate study using erroneous data and forecasts being inaccurate. Although the report was forwarded to the entire chain of command religiously, no one checked the data.

It is virtually impossible to list all of the issues facing this department, but after a period of analysis, it was determined that management needed to concentrate on several critical areas. These included: 1) account integrity, 2) policy and procedures manuals based on the approved City ordinances, 3) future Planned Development Process (PDP) responses must include revenue collection, 4) management process improvement, 5) quality control, and 6) reporting procedures. Additionally, and probably the most important was structural changes that would assign responsibility.

The established structure and processes placed the customer service supervisor in a position of defending City ordinances to angry citizens several times per day. Due to a lack of control processes, quality control was triggered when a customer received an erroneous bill. Customer service personnel tried to ensure that money owed the City was collected in accordance with City ordinance. When a customer lodged a complaint, it was investigated fairly and reduced if allowable. However, they did not have management support when citizens did not like the results of the analysis. In one instance a citizen owing more than he felt necessary for water boasted “I will find someone who will reduce this bill”. In fact, he did find the Assistant City Manager who promptly demanded that this citizen’s bill be reduced. To combat this, a new policy was established to comply to the superior’s demands, but to compile a history of the incident and required him/her to sign accepting responsibility that he/she reduced a bill even though the citizen was clearly not in compliance with City ordinance. This action immediately stopped the Assistant City Manager and others of siding with citizens without checking facts.

The initial location for the first Business Manager was a very nice office in the county building afforded as a centralized location. This office was comfortable with a view and plenty of room. It was soon realized that if conversion were to be successful, utilities customer service was a key to quality control, data analysis and computer implementation. To this end, the City Clerk was encouraged to move her copy machine so that the Business Manager could occupy a room in the back of the customer service bay. This room had no windows or size, but it was near the employees needing immediate attention. The move to City Hall ended the analysis phase and began a second phase to improve processes and quality control.

Analysis revealed numerous red flags that required immediate attention. Additionally, there were many long term issues that, although not pressing, demanded a plan of action and immediate implementation. Compounding the problems discovered during analysis were a fast growing City with \$250 in assessments plus betterment fees, stormwater fees, impact fees, monthly utility bills, lot mowing billing, and new construction connections. To complement this, the City was in the middle of an ongoing rate analysis that was not receiving citizen support. The new Business Manager position was responsible for almost every controversial issue in the city.

In a very short period, the Business Manager position was promoted to department director status and the Office for Business Management and Information (OBMI) was formed. The new department consisted of the City's information systems and revenue collection which included utility customer service. This action provided the clout necessary to affect immediate change.

Customer service was an immediate concern. As noted earlier, quality control was at the end of the billing process. Morale in the office was extremely low due to customer complaints. The Structure of the department did not allow for accountability as everyone was the same pay scale with the exception of the supervisor. Data was limited and unreliable. This was a long term issue with immediate consequences. Management support, or lack of, created an atmosphere of distrust and uncertainty. Education and training was an area that needed immediate attention due to changing systems and growth. Processes were either non-existent or not recorded. The absence of operating manuals and basic flowcharts spoke volumes to the customer service issues found in the analysis.

The first priority was to stop the bleeding. It was determined that with so many issues before the department, the best first move would be defensive. To that end, the hardest thing to do is change an existing culture or Groupthink. It was determined that the first management initiative should include a long term plan to improve the culture in utilities customer service.

Of the three main elements; formal, informal, and social organizations, two of them were dangerously flawed. The social element was intact as members of the office got along pretty well and they had a common enemy in the new manager that seemed to unite them. The key was to channel that energy towards the goal of quality customer service. Therefore, the formal and informal organization became the focus for improvement.

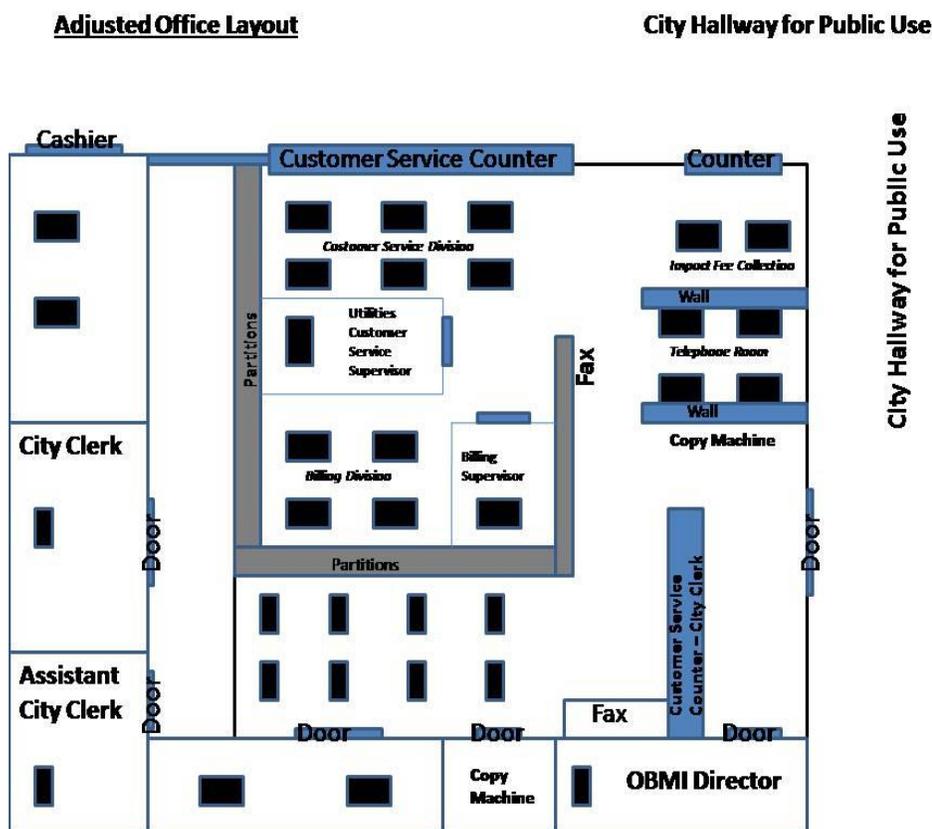
Change in organizational culture must be accomplished over a long term period. However, the problems in utility customer service required immediate attention. The informal organization consists of internal leaders other than those on the organizational chart and how office talk reflects on the overall attitude. There was a strong Groupthink attitude, but not positive for the organization. In a strong organization this is positive resulting in a positive image. Unfortunately, in this case the talk was negative and word spread throughout the City. In the short term there was no quick fix for the informal organization. It was decided that if the formal organization were corrected, the informal and social organization would follow in time.

After weeks of working through the academic aspects of organizational behavior including surveys, quality groups, workshops, training, and extensive communication, it was apparent that resistance to change was paramount. If change were to be effected, it would have to be dictated by the manager without further input from office personnel. While this is never recommended, it became the only option.

To accomplish changes required, a crew of workers from outside the office was assembled on a Sunday morning. Through prior planning, equipment was prepositioned and storage was secured. As noted earlier, the office utilized 25 file cabinets with information stored on the new computer system and typewriters even though the new system contained a word processor.

Upon completion, the new office had partisans separating utility customer service and the City Clerk’s office. Additionally, the customer service supervisor was placed in an enclosed area with windows to monitor operations and privacy to discuss issues with employees and customers. The front counter now housed four computers with stools for on duty clerks to wait on customers. A rope now placed customers in line with a sign that stated “Wait here for the next available clerk”. Six clerks were assigned to customer service only.

The old supervisor area became a phone bank manned by two customer service clerks. Six billing positions were created for the billing process and placed behind a wall for privacy. Two of the positions were vacant which allowed for consolidation of the two positions and approval to hire an accounts supervisor. The door in front was converted to a counter door and utilized for new construction. Two clerks were assigned specifically to that position. The new office configuration looked is shown in figure 2.



**Figure 2: Revised Office Configuration**

Effective immediately, members of utilities customer service assumed individual responsibilities as depicted below.

Utilities Customer Service was divided into three teams; 1) New Accounts (Construction), 2) Customer Service, and 3) Utility Billing. Each member is responsible for everything accomplished by that team. Additionally, all members of Utility Customer Service will be trained to help other teams during peak periods. Team responsibilities include; 1) Working as a team to establish team customer service coverage at all times. (i.e., ensuring that enough team members are always present to accomplish your team mission or coordinating through the Staff Assistant for

support from other teams), 2) *Providing quality customer service to all utility customers in a timely fashion*, 3) working with each team member to ensure all individual responsibilities are accomplished, 4) work together as a team in all areas, and 5) establish and maintain monthly team reports.

Each member of utilities customer service assumed responsibility for several individual areas within their respective team. That responsibility dictated that the individual; 1) establish and maintain reports, 2) become the expert on individual responsibilities in the HTE Computer System, 3) establish and maintain desk procedures for individual responsibilities, 4) establish and maintain a monthly reporting system, 5) ensure inclusion in the administrative policy manual, 6) obtain and maintain all historical data, and 7) ensure the other team members are trained on established procedures.

**Each team was made responsible for monthly team reports.** These reports included, but not limited to the following; 1) all transactions conducted by that team for the month, 2) historical data for the past three years, and 3) any trends or potential problems noted during the month.

To ensure quality customer service and data integrity, the office was challenged to work as a customer service team. To accomplish this, the following ideals were instilled:

- 1) Strive to become the best customer service representative in Cape Coral. Even though the customer may not always be right, never let them leave feeling that we don't care about their individual concern.
- 2) Strive to become an expert on the HTE Computer System. First on your individual and team functions, and then on all customer service functions.
- 3) Become a "can-do" team member. It is easy to find a way not to complete a requirement, winners find a way to make it happen. Never say that you cannot do something until you are sure that is the right answer. Then strive to find an alternative solution.
- 4) Always be a professional. Develop a reputation for immediate response to customer concerns. Strive to produce reports. Constantly look for methods to improve procedures.
- 5) Always be a team player. Never ignore a customer because the question does not fall in your individual responsibility matrix. Pass information to other team members when you work with customers in their effected area of responsibility.
- 6) Strive to make your individual and team responsibilities the best and most efficient in the department. Quality customer service is the main goal.
- 7) Constantly look for methods of self improvement. Plan at least one professional development class per year. Strive to learn all functions of utility customer service. Continue to share knowledge with other team members.
- 8) Be immediately responsive to customers at the counter or on the phone. Never tolerate anything else from fellow team members. Notify the chain of command of anything less than quality customer service. Take corrective action.
- 9) Remember that the team consists of everyone dealing with our customers. This includes the Director, Construction Maintenance (Meter Readers), City Clerk, and anyone else dealing with utility customers.

In addition to the physical and philosophy changes made during the first year, communication became paramount. Each proposed change was presented to committees comprised of customer service personnel. This effort to include employees in the decision making process was designed to utilize experienced personnel, enhance morale, and build continuity. However, it

appeared that nothing seemed to work. The prevailing culture was still “the City brought in a Ph.d.; he is measuring what we do and making changes, he is going to fire us”. Although this was never spoken, it was definitely a part of the daily culture or Groupthink.

On Monday morning, there was a mini-revolt when employees reported to work. There was strong opposition to individual responsibility instead of working as a group. There was not much internal communication as employees settled into their new roles, but political action was swift. By lunchtime, a council member was in the office of the City Manager demanding that the new OBMI Director be immediately fired. Understand this was without gathering facts or discussion with the director. A subsequent meeting between the director and the council member cleared several issues and resulted in a mutual understanding of the processes involved.

### **Corrective Measures Show Results**

Organizational change and a move to positive Groupthink began to surface when customer complaints slowed to a trickle. As luck would have it, a facsimile machine and copier arrive ahead of schedule of the very Monday the new office was configured. Also flowcharting processes and assigning responsibility began to pay off shortly after the office changes were initiated. For a few weeks employees walked the two blocks to the fire station to review data in the 25 file cabinets, but that slowly came to a halt that the computer proved more than adequate to analyze customer complaints.

With responsibilities divided equally among employees and exception reports finding problems during the process, the customer ceased to be the source of quality control. Mistakes or irregularities were caught prior to sending out bills. This vastly improved morale as employees did not have to deal with angry customers. The OBMI Director being onsite due to the office change also allowed for support when there was a conflict. Therefore, the slow healing of the culture had started. The concept of Groupthink was beginning to change to positive.

The event that changed the organizational culture and Groupthink was a compensation study by DMG consulting. The model used by DMG required a survey where each employee described their duties. To facilitate this, the OMBI Director worked with each employee to ensure that all responsibilities were thoroughly defined. At the same time, another City office with virtually the same level of employees allowed each employee to complete their survey without supervision. The result was significant raises for OBMI customer service personnel and very little for the sister office. This helped improve morale and establish trust considerably.

The DMG study provided a much-needed opportunity to change the organization chart. The office was totally restructured to provide a customer service supervisor, utility billing supervisor, customer service clerks, and billing clerks. The new DMG structure provided a tiered pay scale based on responsibility. This provided opportunities for promotion and pay raises based on performance.

Training was intensified to ensure the original goal of improving efficiency instead of hiring new personnel. The new computer system was successfully providing service despite record growth. Additionally, not one utility customer service employee was fired, moved, or released. The utility billing supervisor was created from two vacant positions and provided the office with management for the billing system. Employees were positioned by their strengths and experience. The results of initiatives were significant reduction in customer complains in the utility customer service division (See Table 1).

	January	February	March	April	May	June	July	August	September	October	November	December
<b>1993</b>	51	93	2 91	02	98	87	91	15	200	32	195	242
<b>1996</b>	6	1	5 3	5	7	0	3	0	48	7	54	42

*Table 1: Customer Complaints*

Quality management under the new system provided for leadership, training, and motivation to continuously improve the organization's management and operations. This improved the Groupthink mentality and earned trust among employees.

This case illustrates how stakeholders play an important role in Groupthink. The stakeholder management approach is based on an instrumental theory that argues “a subset of ethical principles (trust, trustworthiness, and cooperativeness) can result in significant competitive advantage” (Weiss, 2009, p. 42). The stakeholder approach is giving organizations the opportunity to focus on all aspects of management, not only shareholders. The stakeholder approach also allows corporations the ability to focus on all aspects of its environment. Therefore, by taking the main theory of Groupthink and institutionalizing guidelines on how it can have positive occurrences within the organization and standardize responses throughout the environment that effects daily operations. It is imperative that managers are aware of the effects of a group mentality and how it should be addressed to be effective and contributes to the success of the work environment.

According to Weiss (2009), an organization has numerous stakeholders including; owners, financial community, activist groups, customers, consumer advocate groups, unions, employees, employees, trade associations, competitors, suppliers, government, political groups, and many more. Each of these stakeholders has their own agendas and expectations of the firm. Many times, stakeholder goals conflict with other stakeholders and the goals of the company. The effects of Groupthink play an important role in maintaining integrity in the organization. Groupthink can create a delicate balancing act for management and can result in positive or negative reactions. The case study described in this research illustrates how stakeholders affect an organization.

The stakeholder management approach influences managers to make corporate decisions that respect the shareholders' well-being (Freeman, 2004, p. 234). The approach itself allows for several advantages: (1) allows organizations to act in the best interests of and for the benefit of their customers, employees, suppliers, and stockholders, (2) respect and fulfill stakeholders' rights, (3) helps understand the relationships between an organization and the groups with which it must interact, (4) social responsibility is a key variable (it is treated just as important as economic and political factors of a decision), (5) ethics is part of every goal, objective, strategy, and action that affect everyone involved, (6) creates environments that enable high-performing people to achieve productive and ethical results, (7) job enrichment, concern for employees, and personal well-being are important objectives, (8) assists managers in resolving conflicts over individual rights and corporate objectives, (9) incorporates issues and crisis management to help understand the central issues, and (10) increases cross-functional communication and integration (Weiss, 2009, p. 39-74).

Several theorists have viewed the approach and made their own assumptions. For instance, the approach is viewed as an ethical manner by Norman Bowie, fairness by Phillips, and care by Freeman (Freeman, 2004, p. 234-235). The perspectives by Phillips in 1997 states

that groups of individuals enter into agreements and when they enter those agreements they have created a contract to act fairly (Freeman, 2004, p. 235). When groups of individuals are working together for the interests to achieve an organizational goal this is resulting in a positive outcome of Groupthink. Subordinates will work together to achieve a common goal. It is management's job to make that common goal a positive influence on the organization.

### **Conclusion**

In conclusion, Groupthink can have positive and negative attributions. However, it takes an organization that fosters effective leader involvement to ensure employees maintain a positive outlook towards the organization. Research indicates that a group mentality can be positive or negative depending on leader involvement. Studies also indicate that a group mentality has resulted in cases of fraudulent conceptions with members of the group fearing retaliation and covering up for one another. More so, a group mentality contributes to the social responsibility a company has to the public. For instance, police officers with the responsibility of keeping the public safe are often alone in their patrol car. However, all officers on duty work together to keep one another safe and protect the community to the best of their ability. Therefore, groups must address culture cues accordingly.

In the end, Groupthink is a group where loyalty is required for each member to avoid raising controversial issues (Rose, 2011, p. 37). Groupthink theory is a framework that has long been up for debate. Many theorists believe more testing is required and more steps should be conducted on how to avoid Groupthink. In contrast, many researchers believe that the positives of this theory need to be evaluated. The cons associated with this theory can occur due to a laissez-faire leadership behavior. Therefore, assumptions and misconceptions need to be researched to determine the true attributes and exactly how this theory can help and hinder an organization. Future research needs to include a testing tool to numerically evaluate how all factors contribute to overall effectiveness of the theory. According to Janis, "groups bring out the worst as well as the best" in organizations (Rose, 2010, p. 38). This research indicates that groups will bring about the best and worst dependent on the leadership behaviors an organization exhibits.

As noted earlier, this research is the literature foundation for a future study. Groupthink as it applies to the stakeholder model is a critical element of the culture of an organization.

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