

The Risky Shift

“What are the effects of group interaction on risk and conservatism in decision making? By risk and conservatism we mean the extent to which the decision maker is willing to expose himself to possible failure in the pursuit of a desirable goal. Consider the situation in which several individuals working separately arrive at a series of decisions, and then are brought together to arrive at a group consensus regarding those decisions. What relationship would one expect to find between the individual decisions and the group consensus?” (Wallach, Kogan & Bem, 1962; p 75).

Wallach, Kogan and Bem (1962) considered three possible answers to this question, each of which seemed plausible in the light of previous research. First, one might expect an averaging effect; the group consensus would reflect the average of the initial opinions of group members. Thus groups may seek to reach a compromise and an average would minimize the extent to which individuals would have to move from their initial view. Second, the group consensus might be more conservative than the average of the prior individual decisions. Earlier, Whyte (1956) had argued that the use of committees in organizations led to the choice of a more conservative course of action. For example, this might come about if there is a fear of appearing foolhardy in front of others. The third possibility is that the group consensus would be more risky. This was considered the least likely outcome but there was some evidence for this effect from a study by Stoner (1961). However, it was suspected that Stoner's results may have been due to the subjects that were used in his study, all of whom were male graduate students of industrial management. It may have been that, since a willingness to take risks is a desirable attribute of potential managers, Stoner's subjects did not wish to appear too cautious in front of their peers.

Wallach, Kogan and Bem (1962) set out to replicate Stoner's (1961) finding, using a different sample of subjects for whom risk taking was not especially important. They obtained similar results; the group consensus was riskier than the average individual opinion prior to discussion. Moreover, they found that individual decisions after the discussion were on average more risky than prior to the discussion, indicating a covert acceptance of the group decision rather than just overt compliance. They also found this shift toward greater risk taking was still maintained 2-6 weeks after the group discussion. Lastly, they found that those who were initially more risky in their decisions were also perceived by other group members to have had a greater influence on the discussion.

These findings were explained in terms of ‘diffusion of responsibility’. When a decision is reached by a group, each member feels less personal responsibility for the consequences of the decision and no single person could be blamed if things turn out badly. This phenomenon became known as the ‘risky shift’, and the explanation of it became one of the most intensively researched areas in social psychology in the 1960s.

This practical is designed to replicate the main findings of the Wallach et al. study. Specifically, the hypotheses are:

1. Unanimous group decisions will show a shift toward greater risk taking when compared with pre-discussion individual decisions.
2. Post-discussion individual decisions will show a shift toward greater risk taking when compared with pre-discussion individual decisions.

References

Stoner, J.A.F. (1961). *A comparison of individual and group decisions involving risk*. Unpublished master's thesis. Massachusetts Institute of Technology, school of industrial management.

Wallach, M.A., Kogan, N & Bem, D.J. (1962) Group influence on individual risk taking. *Journal of Abnormal and Social Psychology*, 65: 75-86. Reprinted in D. Cartwright & A. Zander (Eds), *Group Dynamics*. 3rd. edition.

Whyte, W. H. (1956). *The Organisation Man*. New York: Simon & Shuster.

Further reading:

You will find discussions of Risky Shift in many Social Psychology textbooks. You may also find it referred to as "Group Polarization": this phrase emphasises that groups can sometimes be riskier in decision-making than individuals, and sometimes more conservative. In other words, group decisions are more *extreme*, one way or the other. An article of interest is:

Kahneman, D. & Lovallo, D. (1993). Timid choices and bold forecasts: A cognitive perspective on risk-taking. *Management Science*, 39, 17-31.