





Overcoming Group Dysfunction

How to fix common obstacles for better decision-making

Making decisions in groups is an integral part of a public finance officer's job. However, group decision-making tends to have unique and predictable shortcomings that threaten to derail decision-making on everything from staff meetings to budget discussions with the public. Low quality or group decisions leave people feeling that the decision-making process and/or the decisions reached were flawed. This will not support perceptions of the process or its outcomes being fair.*

BY

BRIAN HARWARD,
ALISON TAYLOR AND
SHAYNE KAVANAGH



HALO EFFECT

Strong voices and personalities can have undue influence and drown out quieter people. Charismatic people, proven performers, and physically attractive people may influence groups more due to the halo effect, in which positive attributes of the person lead to their ideas being more compelling than they merit.¹

EXAMPLE: Elected officials or revered experts in the office might dominate the conversation, with others unwilling to challenge them because of their position or perceived expertise.



SILENCE

In unstructured conversations, strong personalities and those more aggressive in entering the conversation will get to speak. Meanwhile, quiet, timid, awkward people often remain silent. However, the bigger personalities do not always have the best ideas, and the best outcome is hearing all ideas.²

EXAMPLE: The financial officer is in a meeting with other administrators and has an idea for making a proposed budget more equitable. Some people don't get a chance to speak before time runs out because another administrator, who has composed these budgets for years, dominates the conversation, only interrupted by the politicians in the room willing to interrupt.

* These are known as procedural and distributive justice and refer to perceptions that the decision-making process and its outcome were fair.



SOCIAL LOAFING

When there are more people in a group, any single individual feels less need to contribute because other people will pick up the slack. Known as social loafing and related to diffusion of responsibility, people generate lower quantity and quality of ideas while assuming the rest of the group will complete the work.³

EXAMPLE: While considering areas where budgets can be cut, the group mentions five or six areas with potential for reduction. As a result, one team member feels that is enough choices and stops thinking about it and fails to recall that they just came across an outdated project that could be ended with minimal harm.



ANCHORING

Ideas presented first, or people speaking first, often set an anchor from which the rest of the discussion develops. People with vastly different ideas from the first one presented worry that their comments are no longer welcome, or they switch their thinking to slightly modify what has already been said.⁴

EXAMPLE: When asked, “How many public meetings should we have?” someone responds that two seem like enough. Another group member, excited to test new strategies and meeting formats to engage the public in different parts of the community, wanted to have six meetings but now feels that six must be excessive and only asks for three.



POLARIZATION

In group discussions, final decisions tend to be more extreme. A variety of reasons cause this to happen, including some of the dynamics just mentioned (anchoring, loafing, silence). In addition, people may feel they are going against the group or being difficult if they criticize the established direction of the group, even as it gets more extreme.⁵

EXAMPLE: While considering education spending increases after the pandemic, the first person to speak says, “Nothing is more important than safety, but education is also essential. We should spare no expense.” Others agree and begin listing the things they want (new seating, new technology), suggesting that they set an example as being the community most dedicated to a safe return to school. In the end, they approve a costly budget that is unreasonable.

Liberating Structures: Enhancing Relationships and Trust

Liberating structures are a series of ready-made approaches to structure a conversation to achieve a goal of a group conversation, such as clarifying the purpose of the conversation, generating new ideas, and more. They incorporate many strategies described in this paper, so provide a plan for structuring conversations to increase trust and perceptions of fairness. Liberating structures are designed to be used with no formal training and are not proprietary, so they can be used freely.



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Potential Remedies for Group Dysfunctions

The remedy for these group dysfunctions is a combination of structure and expectations in group discussion. Here are strategies you can use and the dysfunctions you can address:

- **Develop clear agendas for meetings, with specific goals.** The agenda and goals should be designed to welcome and encourage input and discussion. For example, the agenda should minimize one-way communication of information. This will help counteract silence and social loafing. You can check out a GFOA resource on more effective meeting design at [gfoa.org/materials/meetings](https://www.gfoa.org/materials/meetings).
- **Set official ground rules that create the expectation that everyone should get a chance to speak.** For example, you might have a rule that people will take turns speaking. Or you could design a rule to encourage less powerful people to speak first (e.g., the budget analysts speak before the budget director in a staff meeting). Ideally, the ground rules should be written and referred to during meetings. This can reduce the impact of the halo effect, silence, and polarization.
- **Be an active facilitator.** For example, if certain people in a group are silent, seek their input. Ask them what they think about a specific proposal or suggestion. If other people are dominating the discussion, ask them to take a step back and give the others a chance to speak.
- **Encourage leaders to be mindful of the tendency for people to agree with them.** Leaders can counteract this “halo effect” by encouraging others to speak first, fostering a sense that it is safe for people to share their true thoughts, and emphasizing the importance of reaching the best decision possible as a group (and not only seeking consensus).
- **If appropriate to the issue the group is discussing, break the conversation into phases.** For example, many discussions are about how to solve a problem. Start by defining the problem so that everyone understands in the same way. Only then move on to discussing ideas to solve it. This reduces the halo effect and loafing, especially if each person is given the time/expectation to take part in each phase.
- **Provide a few minutes for silent thought, followed by sharing those thoughts.** This helps reduce anchoring, silence, the halo effect, and is especially effective in fighting loafing.

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- **Provide chances for anonymous input.** For example, people might fill out a short, anonymous survey before the meeting, and the results can be reviewed at the meeting. There may also be chances to use electronic polling during meetings to get input from everyone in the group. This may reduce silence and the halo effect.
- **If you have a larger group, break down into smaller groups.** For example, a group of 12 could break down into three groups of four. The smaller groups give more people a chance to talk, so it combats silence and social loafing. Each group then shares the results of their conversation with the other groups. This might help mitigate polarization.
- **Finally, asking for criticism of ideas presented in discussion can remedy polarization and anchoring to some degree.** This can be encouraged through worst-case-scenario or pre-mortem discussions. A pre-mortem is where you imagine that your proposed course of action turns out to be a failure and then think of all the reasons it failed. Another approach that comes from the security and emergency management fields is a “red team.” This is where a separate group is set up to find weaknesses in your strategy.

Even if you are not the leader of a group, you can influence the group by 1) suggesting helpful norms for the group like those mentioned, 2) recruiting a leader or strong personality to advocate for better group processes, or 3) introducing comparisons to external norms (e.g., policies and practices of relevant reference groups/agencies).

Summary and Actions to Take

- Common dysfunctions in how groups operate lower the quality of the decision-making process and the decisions that are made. Views of fairness are influenced by perceptions of the quality of the process and decisions.
- It is possible to counteract group dysfunctions by intentionally structuring group conversation. We outlined strategies for doing this earlier.
- You don't need to use all the strategies to make a difference. Pick a few of them that you are comfortable with and start experimenting with them. 📌

Brian Harward is an *Organizational Psychologist and Research Scientist at Ethical Systems*. **Alison Taylor** is the *executive director at Ethical Systems and an Adjunct Professor at the New York University Stern School of Business*. **Shayne Kavanagh** is the *senior manager of research for GFOA's Research and Consulting Center*.

¹ Pohl, Rüdiger F. (July 22, 2016). Cognitive illusions: Intriguing phenomena in judgment, thinking and memory. Psychology Press. <https://books.google.com/books?id=0Ge3DAAQBAJ>

² Prykucki, Bethany (December 18, 2018). How to effectively manage the talkative and silent members of a group. Michigan State University Extension. <https://www.canr.msu.edu/news/how-to-effectively-manage-the-talkative-and-silent-members-of-a-group>

³ Ying, Xiangyu; Li, Huanhuan; Jiang, Shan; Peng, Fei; Lin, Zhongxin (2014). Group laziness: The effect of social loafing on group performance. *Scientific Journal Publishers. Social Behavior and Personality: An international journal*, 42(3), 465-471(7). <https://doi.org/10.2224/sbp.2014.42.3.465>

⁴ Furnham, Adrian; Boo, Hua Chu (February 2011). A literature review of the anchoring effect. *The Journal of Socio-Economics*, 40(1), 35–42. <https://doi.org/10.1016/j.socsc.2010.10.008>

⁵ Myers, D. G.; Lamm, H. (1976). The group polarization phenomenon. *Psychological Bulletin*, 83(4), 602–627. <https://doi.org/10.1037/0033-2909.83.4.602>



Fairness is essential to a well-functioning public finance system. Fairness is recognized as essential by the GFOA's Code of Ethics and Financial Foundations for Thriving Communities. However, fairness is a multi-faceted and nuanced concept. This means fairness can be difficult to achieve. To help, GFOA has teamed up with EthicalSystems.org to explore the most important elements of fairness and provide practical strategies for enhancing fairness in public finance.

Check out all the resources in this series at gfoa.org/fairness.

