

Risky shift

Literature



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1. Unfortunately, a lot of the psychological literature on this particular topic was written in the 1960's/1970's when the term Risky Shift was most popular. With more current research, the term Risky Shift has been replaced with the term Group Polarisation. (Deegs 2009: 1)

The term Risky Shift was first coined in in the early 1960's and was used to describe the tendency for groups to take more risks than the same individuals within these groups would have taken had they been faced with the same problem alone. There were inconsistencies with early studies however, which lead some researchers to introduce the term 'stingy shift' which was basically the same as a risky shift in that the group would tend to agree on the decision, however in this case, the decision was to be more conservative, or stingy.

This idea seems to correlate quite well with the basic principles of groupthink, which is " a mode of thinking that people engage in 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" (Baumeister & Bushman, 2008) Group Polarization can occur anywhere, anytime and anyone can do it. Occasions in the army where Group Polarization occurs is called incestuous amplification, whereby an individual will only listen to people with like beliefs, which in turn can lead to miscalculations and errors in judgement. (Wordspy 2011)

Organisations can use or abuse the risky shift phenomena to increase sales and brand awareness, it is therefore a very powerful and strategic tool to be used in obtaining certain desired states or organisations' goals and objectives. The risky shift phenomena (and the behaviour of consumers that

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goes with it) can effectively be used by organisations to create competition from economies of scale to monopoly. It therefore adds value as a valuable tool to obtain competitive sustainable advantage.

The Risk-shift phenomenon states that contrary to popular belief, when in the safety of a group, people are more likely to make riskier decisions. This occurs because when one is acting alone, there is rarely more than that one person alone to blame. When entrenched in a group, at least there are other people to share the blame. In addition, as the overall success of the group goes up, so does the riskiness taken in their decisions. (Comm1701. 2010: 11) When people are in groups, they make decision about risk differently from when they are alone. In the group, they are likely to make riskier decisions, as the shared risk makes the individual risk less.

They also may not want to let their compatriots down, and hence be risk-averse (this is sometimes called cautious shift). The overall tendency towards a shift in risk perception is also sometimes called choice shift. There are a number of reasons as to why this might happen. Theories have included:

- Wallach, Kogan, and Bem (1964) proposed that greater risks are chosen due to a diffusion of responsibility, where emotional bonds decrease anxieties and risk is perceived as shared.
- Collins and Guetzkow (1964) suggested that high risk-takers are more confident and hence may persuade others to take greater risks.

- Brown (1965) indicates that social status in groups is often associated with risk-taking, leading people to avoid a low risk position.
- Bateson (1966) suggests that as people pay attention to a possible action, they become more familiar and comfortable with it and hence perceive less risk.

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and Bishop (1970) put highly prejudiced students together to discuss racial issues. They became even more prejudiced. The reverse happened with unprejudiced students, who became even more unprejudiced. (Comm1701. 2010: 11) There are varying explanations that attempt to provide a reason as to why group polarization occurs.

For instance, a diffusion of responsibility throughout the group seems to give members of these groups a free rein to act as they see fit (Wallach, Kogan, & Bem 1964). The emotional bonds that are created within the group serve to decrease anxiety within the group and the actual risk of the situation seems less. A further explanation is provided by Collins and Guetzkow (1964) who suggested, particularly in the case of the Risky Shift phenomenon, that the presence of high risk-takers within the group influence the decisions of others within the group. One possible explanation for the stingy shift phenomenon may be the fact the individuals within a group do not want to be seen to be letting their compatriots within the group down by choosing the risky decision and possibly failing, hence they choose the ' safe' option. (Changing minds. 2010: 3)

The last influence to be discussed is termed as the normative influence and is a form of cognitive change that occurs within the group. The basis is that a discussion will take place concerning the issue at hand, which predominately favours the preferred direction (risk or conservative), and much new information favouring the preferred direction will be presented to the individuals in the group. The arguments will support pre-existing views held by the individual, cognitively cementing the thoughts of the individual who

will then adjust their comments appropriately based on the discussion of the group (Myers, & Lamm, 1976).

For a real life example of this I need to look no further than high school. A combination of being seniors in high school in their last few months of school, going to an all-male high school, and being forced to wear a shirt, dress pants, dress shoes, and blazer had built up the need to rebel in my class of seniors. We decided that if we all acted as one, no one could possibly punish every single one of us. So we decided to show up to school in costumes, most of them being fairly inappropriate. Not because it was Halloween or some other holiday, but for the simple fact that we knew if everyone did it, there would be no blame, or at least relatively little blame spread around. (Comm1701. 2010: 11)

Entire football teams sometime get into aggressive or defensive moods as they either throw caution to the winds trying to score or desperately try to avoid being caught out. (Changing minds. 2010: 1) Juries given weak evidence will become very lenient after discussion, whilst when given strong evidence they are likely to give harsh judgment. (Changing minds. 2010: 1) With the recent Toyota recall of a well-known model due to quality problems, the risky shift phenomena were partly responsible for the huge outcry for and against Toyota. There were the ambassadors who claimed that Toyota did the right thing by taking in and refitting the quality-problem parts; and then there were the opposing realists who claimed that Toyota has lost their touch, as they always claimed quality and reliability, and were in the first instance trying to cover up and lie about the defect on the model.

Therefore it is safe to assume that consumers behaviour were affected by the Toyota scandal, based on the risky shift phenomenon. The aftermath of 9/11 had a huge risky shift phenomenon following it for the first few years in the airline industry. People were afraid to get on an aeroplane, which almost halted airfare tickets to a complete standstill, many a airline retrenched and/or closed down. Not to mention the devastating effect this had on the overall economy of all the other industries that rendered services to the airline industry, many more service and product providing companies went bankrupt and/or closed down due to the drop in service levels and the demand for flight tickets that decreased rapidly.

In summation, the risky shift appears in every day life; however, there is an opposing view that aims to restore balance in group decision making called the stingy shift. Groups make decisions all the time, in government regarding how individuals will live their lives and without the stingy shift, perhaps the quality of life may not be as high. As such, group polarization is the more frequently used term in today's' psychological research and there are many examples mentioned above that highlight this phenomenon.

There are many reasons as to why these incidences seem to occur, such as deindividuation and the diffusion of responsibility, but with this knowledge it is also evident that there are ways to consciously become aware of this phenomenon and attempt to control for its possible wayward effects. (Changing minds. 2010: 7) Based on the examples discussed, we can conclude that organisations can utilise the risky shift phenomenon to alter states in the consumers' minds.

In other words, the risky shift phenomena is a powerful tool at the disposal of marketers to influence consumer behaviour, for example spending more of their disposable income on their organisations' products and less on their competitors' products, by tapping into this group thinking phenomena and predicting consumer behaviour, thereby adjusting or diversifying their organisations' products to adapt to what the consumers will want. The risky shift phenomena (and the behaviour of consumers that goes with it) can effectively be used by organisations to create competition from economies of scale to monopoly. It therefore adds value as a valuable tool to obtain competitive sustainable advantage.