



Why bad managers continue to make bad decisions

By Rey Elbo | May 22, 2018 | Beyond Buzzwords

I WISH I could always talk directly to every CEO who could give me the chance to say my elevator pitch on how his management team has been unwittingly working to the disadvantage of the organization. But it doesn't work that way. CEOs rely much on the recommendation of his department managers, who are expected to come up with an intelligent collective decision.



In the first place, why would a CEO prefer my advice to that of his management team? Conversely, the right question is – what if the management team makes a wrong decision? This happens all the time, particularly when a team, even if it's composed of people who are highly-educated, occupying ranking positions and come from reputable backgrounds are destroyed by “groupthink.”

It happens when a team reaches a faulty decision because of “pressures” from a senior guy, a noisy spoiled brat, a highly educated person, or even an office bully. Not necessarily in that order.

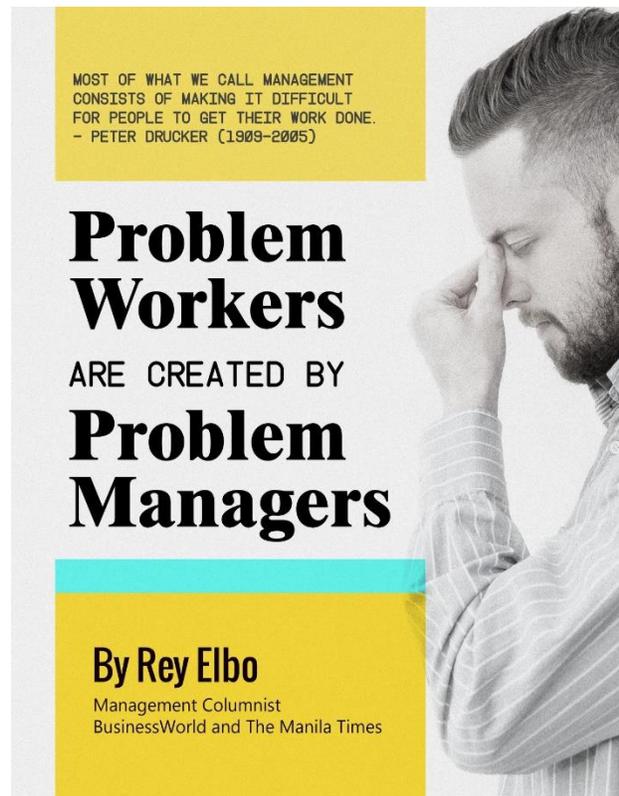
We've seen it happening in both the private and public sectors. The most recent publicized ones included the faulty decision of the Supreme Court to unseat Chief Justice Maria Lourdes Sereno using quo warranto, instead of the impeachment process as required by the Constitution.

How come supposed-to-be intelligent people reached that gutter-level of thinking, which has been criticized by people from all over?

According to Andrew Campbell, Jo Whitehead and Sydney Finkelstein, co-authors of “Why Good Leaders Make Bad Decisions” at Harvard Business Review:

“The reality is that important decisions made by intelligent, responsible people with the best information and intentions are sometimes hopelessly flawed.” Management experts Campbell, Whitehead and Finkelstein who studied a database of 83 decisions – which they believe are flawed at the time they were made – are saying it can happen due to the following “red flag conditions.”

One is “the presence of inappropriate self-interest, typically biases the emotional importance we place on information, which, in turn, makes us readier to perceive the patterns we want to see. Research has shown that even well-intentioned professionals, such as doctors and auditors, are unable to prevent self-interest from biasing their judgments, of which medicine to prescribe or opinion to give during an audit.”



In the high court ruling, the majority decision was written by justices who have clear biases as manifested in their testimonies in Congress and elsewhere accusing Sereno of wrongdoing that falls short of an impeachable offense.

Two is “the presence of distorting attachments. We can become attached to people, places and things, and these bonds can affect the judgments we form about both the situation we face and the appropriate actions to take. The reluctance executives often feel to sell a unit they’ve worked in, nicely captures the power of inappropriate attachments.”

The “distorting” and “inappropriate attachments” here are the firm belief of the justices that the appointing power must adhere to the “seniority” rule rather than “meritocracy,” which is often made complicated by many things, including that

dreaded word called “politics.” But that’s the way it goes. It’s been there all the time. And so, why take it against Sereno?

Third is “the presence of misleading memories. These are memories that seem relevant and comparable to the current situation but lead our thinking down the wrong path. They can cause us to overlook or undervalue some important differentiating factors.”

The reference to “misleading memories” here pertains to the clear self-interest of the justices who voted to oust Sereno. They don’t care to uphold the independence of the high court, which is paramount above all other factors.

Last is the “inappropriate self-interests.” They “are personal interests that conflict with the responsibilities we have for other stakeholders. We routinely ask individuals to leave the meeting or refrain from voting if we know they have a personal interest at stake.” In the case of the controversial decision of the Supreme Court, the majority of the justices acted as prosecutors, witnesses and judges all at the same time.

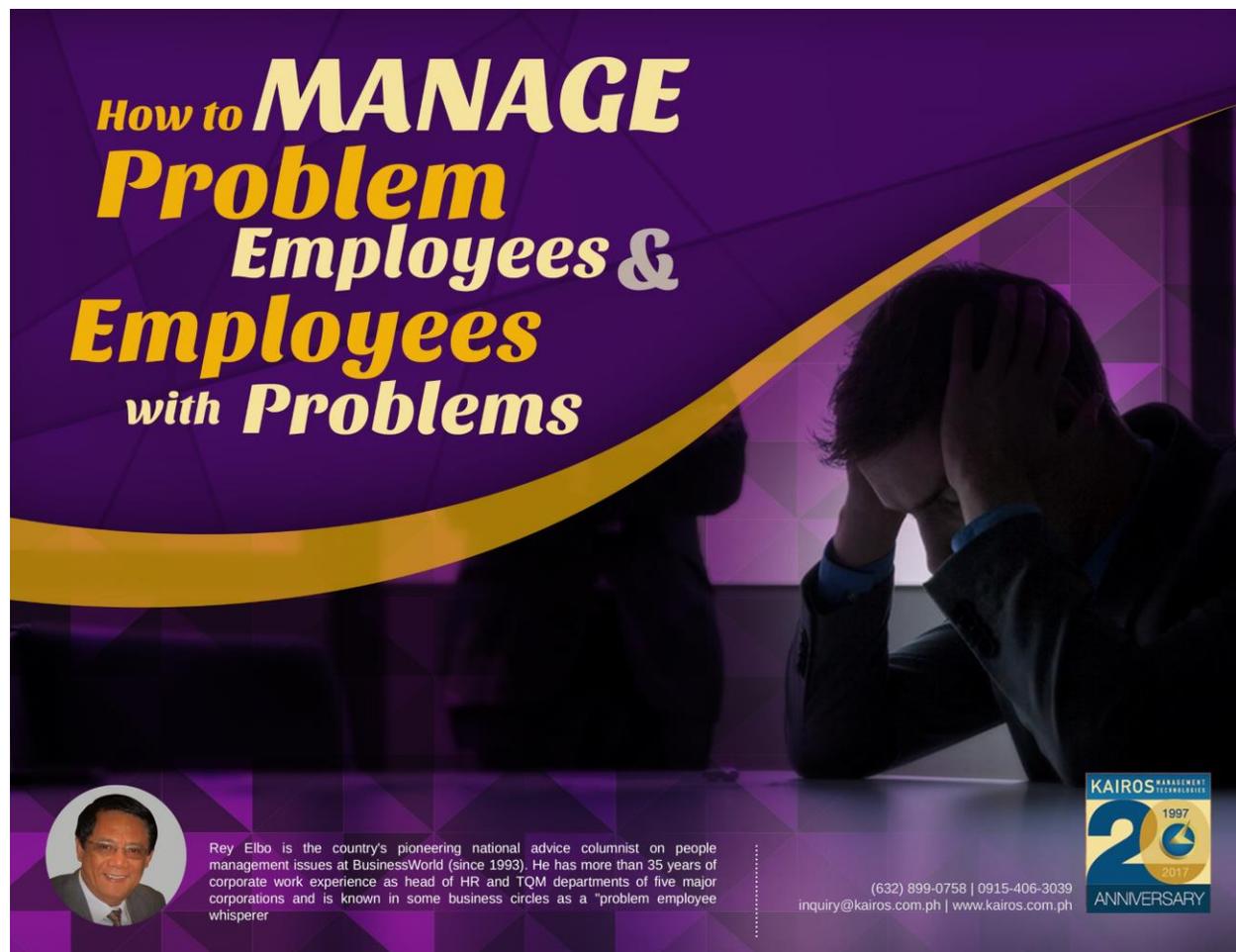
Sereno pleaded that they recuse themselves from the proceedings, to no avail, resulting in this faulty decision.

Campbell, Whitehead and Finkelstein say “it is so important to bring the focus back to the key people in organizations, leaders. At the heart of our analysis is the premise that leaders can make good decisions. But, to do so, we need to broaden their understanding of what happens when they are confronted with the usual mix of unstructured and incomplete data, different perspectives, time pressures and other sources of uncertainty.

“We all share some common attributes because of how our brains have evolved, and these attributes have much to do with how we think and act. If leaders are unaware of the red flags above, they are vulnerable to making bad decisions that they need not make.”

The trouble is that the justices may know of the red flags above, but they’re too hardheaded to meet people’s expectations. They’re intoxicated of their power to judge. They’ve become subjective. And that’s the reason why bad leaders continue to make bad decisions.

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**How to *MANAGE*
Problem
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