Chapter 2
The spiral of unsaid known and preconscious decision-making in the boardroom
CHAPTER 2:
THE SPIRAL OF UNSAID KNOWN AND PRECONSCIOUS DECISION-MAKING IN THE BOARDROOM

2.1 Abstract

As strategic decision-making groups, boards are central to contemporary societies’ institutions; however, their inner workings are still considered a black box. This study reduces this information deficit by presenting an emerging theory that explains how preconscious, taken for granted and automatic socio-cognitive processes and communicative events between board members and their stakeholders shape boards’ decision-making. Although each board member is both a sender and receiver of messages, this study explicitly distinguishes between the sender and the receivers’ cognition. This paper details how what is ‘unsaid’ but ‘known’ elicits a spiral of ‘unsaid known’ and ineffective decision-making when senders communicate, and receivers perceive incongruent messages. It is proposed that when board members collectively become aware of these incongruent communications and related underground dynamics, they can improve their decision-making and decisions. This paper also addresses how future institutional theories can build on the proposed model and advance the theoretical depth and empirical investigation of social-psychological processes in boards.

Key words: board decision-making, socio-cognitions, communication, unsaid, board decision-making
Recent corporate governance scandals (e.g., Enron 2001, Volkswagen emission scandal 2015, Lehman Brothers 2008, BP scandal 2010) raise the pertinent question of how boards of directors (which are responsible for monitoring the organization) and rules and codes were not able to prevent these scandals. These lingering questions have become more urgent and relevant since organizations’ boards of directors are central to contemporary societies’ institutions. Peoples’ daily lives are affected in many ways, directly or indirectly, by the decisions that organizations’ boards make. For example, people work in organizations and consume their products and services, organizations use scarce natural resources in producing these products and services and remuneration policies not only affect these organizations but also increase or decrease the equity of the distribution of wealth between people in societies.

Given boards’ institutional importance and that most boards’ social reality is defined by established rules and conventions that govern their collective thoughts, intentions, and behaviors (Diehl & McFarland, 2010), it is not surprising that there is extensive corporate governance literature. Scholars most commonly describe the board of directors as the formal link between an organization’s shareholders and the managers entrusted with the organization’s day-to-day functioning (Forbes & Milliken, 1999; Mintzberg, 1993). Consistent with this description, Fama and Jensen (1983: 311) described the board as the “apex of the firm's decision control system”. These boards face complex, multifaceted tasks that involve strategic-issue processing, and they are responsible for monitoring and influencing strategy. Because boards are not involved in implementation, the ‘output’ that boards produce is entirely cognitive in nature (Forbes & Milliken, 1999). Moreover, since boards of directors are often also monitored by external stakeholders and must comply with many rules, boards are also shaped by the institutions that govern them.
This rich literature on governance offers diverse perspectives. Of these, the agency and stewardship perspective has received the most attention (Berle & Means, 1932; Boivie, Bednar, Aguilera, & Andrus, 2016; Dalton, Hitt, Certo, & Dalton, 2007; Hillman, Withers, & Collins, 2009; Jensen, M., & Meckling, 1976; Pfeffer & Salancik, 1978; Sundaramurthy & Lewis, 2003). However, there is a recent trend to focus more on boards’ social and cognitive micro-foundations through the behavioral perspective (Bainbridge, 2010; Donaldson, 1997; Fama & Jensen, 1983; Forbes & Milliken, 1999; Gabrielsson & Huse, 2016; Garg & Eisenhardt, 2017; Veltrop, Hermes, Postma, & Haan, 2015; Westphal & Bednar, 2005; Westphal & Zajac, 2013). This trend presents an important deepening of the understanding of board decision-making and explores more closely how cognitive and social mechanisms influence decision-making processes. Nevertheless, how collective meaning emerges from boards and how board members’ construe collective meaning to interpret events at the board level has not yet received sufficient attention. The decision-making processes in the boardroom is still considered a black box (Bainbridge, 2002; Forbes & Milliken, 1999; Gabrielsson & Huse, 2005; Garg & Eisenhardt, 2017; Veltrop, et.al., 2015; Westphal, 1999; Westphal & Bednar, 2005; Westphal & Zajac, 2013). Institutional theory would, therefore, benefit from a further shift toward exploring the cognitive and communicative perspective on boards and among their stakeholders.

This study explores how social-cognition and communicative events reciprocally shape decision-making processes between board members and their stakeholders to remedy this theoretical gap. This is done by building on an approach referred to by Cornelissen, Durand, Fiss, Lammers & Vaara, 2015: 14) as ‘communicative institutionalism’. This approach describes communication as a joint activity within which senders and receivers mutually, moment by moment, create a shared understanding of their situation. With social cognition, this paper refers to an individual’s learning processes through observing others
within organizations. This paper, therefore, proposes that communication not only reflects particular cognitive outcomes but also “produces and engenders cognitive reactions and thus brings about cognitive outcomes” (Cornelissen et al., 2015). “Discussions of cognition are often dissociated from discussions of communication” (Ocasio, Loewenstein & Nigam, 2015: 43). However, for this paper, it was assumed that “actors somehow generate meaningful knowledge structures – categories, frames, repertoires, logics, theories, schemas and use words to communicate those preexisting meanings” (Ocasio, Loewenstein & Nigam, 2015: 43) and to influence the assessment of others. This study, therefore, explores the nexus between communication and cognition, which thus involves verbal and non-verbal communication and socio, meta and cognitive processes.

This paper draws on a broad range of socio-cognitive literature to present an emergent theoretical model (see Figure 2.1). This model describes how cognition and communication shapes group decision-making and vice versa. This model is built upon four underlying assumptions. First, successful board functioning is dependent on board members’ voice behaviors and cognitions. The quality of the decision-making is dependent on board members who express their opinions and concerns and openly agree or disagree when making decisions to prevent groupthink (Forbes & Milliken, 1999). Thus, distinguishing between ‘real’ agreement in comparison to an espoused agreement or silent disagreement is essential. Moreover, board members’ level of agreement also influences how they communicate and defend the decision outside of the board and consequently influence the quality of the response they receive from outsiders. This response, accordingly, impacts board members’ level of knowledge and information since board members are highly dependent on the willingness of people outside the board to share their information and knowledge with them (Goleman, Boyatzis, & McKee, 2013). Second, it is assumed that boards’ communication mostly takes place on a preconscious level. Preconscious thoughts and feelings are thoughts
and feelings that are taken for granted at a particular instance, but when reflected upon easily become conscious. Therefore, preconscious thoughts and feelings can be commemorated (Javel, 1999). Boards of directors can be characterized as large, elite, and episodic decision-making groups that face complex and ambiguous tasks pertaining to strategic-issue processing (Forbes & Milliken, 2008). Therefore, they cannot comprehend all relevant stimuli. Thus, bounded rationality, bias, limited search (March & Simon, 1993; Maret, 1963) and automated voice behavior are assumed to prevail. Third, it is proposed that two distinct cognitive functions – sensemaking by a receiver and influencing by a sender – shape a board’s communication. Receivers’ sensemaking is primarily focused on interpreting situations (Weick, 1995) while, on the other hand, sensegiving is concerned with influencing others. Gioia and Chittipeddi (1991: 442) correspondingly refer to “the sensemaking and meaning construction of others toward [the] preferred redefinition of organizational reality”.

Fourth, board members are assumed to not always say what they think or “mean what they say, in the sense that discursive output does not flow directly from cognition” (Cornelissen et al., 2015: 12).

Through the model (Figure 2.1), this paper describes that if receivers preconsciously perceive senders to be incongruent and respond in an automated way, a spiral of unsaid will be induced when these receivers (as senders) become incongruent themselves and do not share their observations about the perceived incongruity. This spiral of unsaid decreases the quality of the information exchanged and the decision-making process. It, therefore, impacts the quality of the decision and board members’ ‘real’ – thus not only espoused – commitment to the decision. Subsequently, when these decisions are communicated to stakeholders, board members, through what is said and unsaid, enact the sensemaking and influencing processes between board members and stakeholders. Similar social cognitive and communicative events, therefore, take place between stakeholders and board members. These processes then
feed future socio-cognitive and communicative events in the boardroom, either through codes and regulations developed by these external stakeholders or through their verbal and nonverbal messages and how board members interpret them. This theory provides an understanding of the phenomenon of the spiral of unsaid that accounts for the failures of sharing information, blocks productive strategic deliberation and learning in boards and connects those failures to the limitations of decisions made.

**Figure 2.1: Conceptual Model of a Spiral of Unsaid Known**

This paper first defines and describes the relationship between the unsaid, the spiral of unsaid, sensegiving and boards’ decision-making processes. Secondly, the influencing cognitive processes of board members are described from the perspective of the sender and
then. The sensemaking cognitive processes of board members are then detailed from a receiver’s perspective. This paper explains why senders censor what they think and feel and how they try to influence receivers’ assessment. It also outlines how receivers, who are also senders-in-waiting, assess the situation. This paper then describes the decision-making process and the commitment to the decision. This paper concludes by offering suggestions for future research.

2.2 Preconscious behavior of boards and its effects

Board members often know, think and feel more than they share with their peers and stakeholders outside the board. Communication is costly (Dewatripont & Tirole, 2005), and board members have good reasons to consciously withhold information. The lack of time and effort, as well as the perceived risks of speaking up, both for individuals and the cohesiveness of the board, all influence what is said and not said because of the perceived costs (Dewatripont & Tirole, 2005; Malenko, 2014). Although board members might consciously choose to silence their thoughts and feelings, this paper proposes that since board members mostly have to respond in split seconds during conversations, they generally operate preconsciously. Board members only meet episodically, face many and complex issues that need to be discussed in a limited amount of time, are under pressure and consist of a relatively large team. Therefore, they use their 'shallow' (R. Petty & Cacioppo, 1981) ‘automatic’ (Craik & Lockhart, 1972), ‘mindless’ (W. Schneider & Shiffrin, 1977), ‘fast, instinctive and emotional’ (Kahneman, 2011), ‘skilled’ (Argyris, 1992) information processing skills, implicit knowledge schema or theories. These skills enable board members to produce a response in milliseconds (Argyris, 1992; Schön, 1983)) as opposed to ‘deep’, ‘controlled’, ‘thoughtful’, ‘deliberative and logical’ skills that are “committed to achieving more informed and validated choices” (Argyris, 1992). Detert and Edmondson (2011: 461) refer to “taken for granted rules or implicit theories” to explain the extent to which
individuals are aware of their heuristic information processing skills. Implicit theories are
cognitive schemata or schema-like knowledge structures. “Most of a person’s everyday life is
determined not by their conscious intentions and deliberate choices but by the mental
processes that are put into motion by features of the environment and that operate outside of
conscious awareness and guidance” (Bargh, Chartrand, 1999: 462).

When board members operate preconsciously, it automatically suggests that they are
not always aware of the reasoning behind their actions and the unintended effects of their
communication. Their silent and quick assessments can be biased (Kahneman, 2011; March
& Simon, 1993). Moreover, according to Argyris (1990: 15), very often, “executive teams get
in trouble even though they are not trying to”. Through natural and routine behaviors, they
unintentionally produce what Argyris terms ‘errors’. When the same kind of errors are
repeatedly produced, there are two possible explanations: the first is that they are unaware
that they are producing the error, and the second is that they have found a way to avoid
seeing the error as an error. Both options are likely. Individuals are often unaware that they
are producing errors because they are produced spontaneously in milliseconds – their actions
are skilled, and they take them for granted. Additionally, they develop (preconscious) implicit
theories that help them to avoid seeing errors as (their) errors but to, for example, blame
others (Argyris, 1992).

Although board members might not be fully aware of why they do and do not speak
during a formal meeting, they are aware at a preconscious level. Through their socio-
cognitive and meta-cognitive skills, they continuously make sense of their situation and what
happens. According to Lyons-Ruth (1999: 3), much of individuals “relational experience is
represented in an implicit procedural or enactive form that is unconscious, though not
necessarily dynamically unconscious.” Moreover, “It does not require reflective thought or
verbalization to be in some sense known” (Lyons-Ruth, 1999: 3). So, individuals intuitively
know more than they are aware of and without explicating and reflection, may consider this
knowledge to be their ‘unthought known’ (Bollas, 2017: 6) and consider it to impact the
board’s communication and decision-making. Argyris confirms this and states that “everyone
knows these underground dynamics; they are taken for granted” (1990: 3).

Senders, for example, are often unaware of how receivers notice and make sense of
their behavior but try to make sense of the behavior of others. More specifically, according to
(Birdwhistell, 2014), what happens subconsciously is communicated non-verbally. Therefore,
interestingly, although receivers hear what is unsaid, when the same person is a sender, they
might forget that others also hear the unsaid. A receiver might, thus, correctly or falsely
‘know’ what they think of others and how they communicate and behave. A receiver’s
perception will then impact the deliberation that follows. In this paper, it is proposed that the
conscious, unshared ‘knowledge’ of what the sender thinks and feels and the speculative
knowledge of the receiver both constitute the ‘unsaid known’.

2.3 The spiral of unsaid known

The more the sender verbally communicates what he or she is thinking and feeling—
thus, including how he or she perceive others – the more the receivers will be able to,
depending on their cognition, correctly decode what the sender thinks and feels. However,
when board members do not have the time to share everything they think and feel, it is
assumed that they will always communicate verbally less than they cognitively process.
Concerning the time and effort needed to communicate messages, Petty and Cacioppo (1986)
distinguish between the often more costly ‘central route’ of persuasion that requires
“thoughtful consideration of issue-relevant argumentation” and the generally less costly
“peripheral route emphasizing issue-irrelevant cues” (expertise, attractiveness or credibility
of the sender). Petty and Cacioppo (1986) presume that sharing issue-irrelevant information
is less costly because it happens without having to express words and put effort into sharing this information. On the other hand, sharing issue-relevant information is costly since it requires more effort, preparation and consideration to translate arguments and reasoning processes into words.

According to Dewatripont & Tirole, (2005) sender and receiver put more emphasis on sharing information issue-relevant argumentation route because issue-relevant messages often can be substantiated whereas issue-irrelevant cues cannot. Thus, although sharing issue-relevant information is costly since it requires more effort, preparation and consideration to translate arguments and reasoning processes into words, they prefer this route over sharing issue-irrelevant information.

When the sender intentionally or unintentionally communicates a (partly) different message than their cognition, they become incongruent. Incongruity refers to senders who do not mean what they say or whose non-verbal cues are not in line with what they say. Several authors, however, have similar but slightly different perspectives. First, Eberly, Johnson, Hernandez, and Avolio (2013) do not refer to the visual aspects but say that senders’ intrapersonal mechanisms are not in line with their inter-personal mechanisms. Second, Hall and Knapp (2013) and Chu (2005) link the intrapersonal aspect to nonverbal communication: when non-verbal behavior contradicts what was said, individuals have internal conflicts and express mixed messages and inauthentic feelings. Third, Kegan and Laskow Lahey (2001) speak about competing commitments or desires. When one (or more) desires compete, people behave in ways that may oppose either of them and, as senders in communication, they may or not be aware of this. Additionally, Mehrabian (2011) notes that when there is no internal conflict, individuals’ non-verbal communication is synchronized. Coherence in communication, according to (Grice, 1975), is accomplished by complying with what is also referred to as Gricean maxims: quantity, quality, relation, and manner. Or, in other words,
being truthful, clear, relevant, concise, and still complete.

When the receiver correctly or incorrectly perceives words to disagree with the tone of voice and other non-verbal behaviors, they tend to believe the tonality and nonverbal behavior (Mehrabian, 2011). They will, in turn, respond to this message consciously or subconsciously, either verbally or non-verbally. According to Cacioppo and Petty (1986), receivers use the issue-irrelevant cue route to assess the trustworthiness (expertise, attractiveness or credibility) of the sender and determine the effort that they want to put into understanding the sender. Thus, issue-irrelevant cues determine how issue-relevant cues are received, and so, as the term implies, it could be assumed that these are more issue-relevant. More specifically, according to Lyons-Ruth (1999: 578), “at the level of unconscious enactive procedures, the medium is the message; that is, the organization of meaning is implicit in the organization of the enacted relational dialogue and does not require reflective thought or verbalization to be, in some sense, known”. Therefore, “in practice, information is often neither soft nor hard. It is in between” (Dewatripont & Tirole, 2005: 1218). For an individual not to do what they say or to say what they do are extremes, and some board members soften their message and smoothen their real opinions and feelings. They use “an elaborate linguistic code marked by emotional neutrality, especially in group settings” (Jackall, 1988: 609). The message is devoid of any significant emotional sentiment, judgment or conviction. Jackall even thinks that “adeptness at inconsistency without moral uneasiness, is essential for executive success. Done over a period of time, in fact, it seems to become a taken-for-granted habit of mind” (1988: 610).

People use their mindreading skills to assess situations. This “everyday capacity to understand the mind or ‘mindreading’, plays an enormous role in our lives” (Nichols & Stich, 2003: 237). People do not interact with other people by looking at how they behave. Rather, people think or speculate about what they are thinking and respond to them on that basis.
Mindreading allows people to predict other people’s behavior. Thus, the perceived levels of authenticity and congruency affect the receiver’s level of acceptance of the sender’s message and are, therefore, important to getting that message accepted (Frank, Ekman & Friesen, 1993).

Receivers, as senders-in-waiting, often respond incongruently to incongruent behavior when they withhold their observations regarding the perceived incongruity of others and act as if they do not. They are also, in fact, senders while listening since they communicate their thoughts and feelings non-verbally even when they try not to. To ensure clarity, this paper defines senders as individuals who have the intent to communicate a message (someone who is nodding often does so with the intent to say that they have heard the message or agrees with the message). It is assumed that senders do not intentionally want to send an incongruent message, so incongruity usually unintentionally induces a spiral of inauthentic action-reaction patterns in the group as a whole. Incongruity can even inspire “political maneuvers that undo whatever consensus teams may reach at the decision–making table” (Edmondson & Smith, 2006: 8).

Therefore, observations of incongruent behavior are assumed to rarely be discussed during board meetings, and, according to Argyris (1992), neither of these are underground dynamics. Surfacing the underground dynamics is organizational suicide, and board members, therefore, make them undiscussable. The inability to discuss something is also made undiscussable.

2.4 The sender’s perspective: influencing

People communicate not only to reflect and transmit what they think but also to negotiate and maintain relationships between people (Atkinson, 2002). Communication is, therefore, more than the sending and decoding of information. It is “the ongoing, dynamic,
interactive process, of manipulating symbols toward the creation, maintenance, destruction, and/or transformation of meanings, which are axial – not peripheral – to organizational existence and organizing phenomena” (Ashcraft, Kuhn & Cooren, 2009: 22). Since individuals are simultaneously engaging in the sending and receiving of messages (Barnlund, 2019), they can all influence this communication process positively or negatively depending on how they respond to each other and depending on what they try to achieve individually and as a group. Their communication is seen as a joint activity. One board member is both sender and receiver. “The listener is an active agent, who is ‘a speaker-in-waiting’” (Cornelissen et al., 2015: 13) and becomes a speaker themself when they respond. Hence, the cognition and acts of the speaker are not privileged over the intentions and cognition of the receiver – both are equally important. Board members, in other words, simultaneously try to influence other board members to achieve a specific goal by sharing or withholding information to manipulate messages. “Managers have to be able to manipulate with some finesse sophisticated, often contradictory, symbolic forms that mask, reflect, and sometimes sweep their world” (Jackall, 1988: 609). Messages communicate the meaning board members might wish to convey to other board members differently from what they literally think, but since receivers have mentalizing capabilities, they often try to decode the ‘real’ message and speculate about it. According to Jackall, sentences like “He is exceptionally well qualified” might be interpreted as “He has committed no major blunders to date” or “He is slightly below average” may be read as “he is stupid” (1988: 610).

2.4.1 The Senders Perceived Board Task

Board members’ intend to contribute to their board’s success as well as their personal success as defined by themselves. Board task performance, defined as the board’s ability to perform its control and service tasks effectively (Forbes & Milliken, 2008), is the board’s primary task. These dynamics deal with routine issues. A board’s ability to share information and
knowledge is an important criterion to perform their task effectively. The decision-making performance of a board directly influences organizational performance. A second criterion for boards to perform their task effectively is board cohesiveness or board members’ ability to continue working together. Board cohesiveness indirectly impacts organizational performance by influencing present and future levels of board primary task performance. These board cohesiveness dynamics are activated when the stakes are raised. (Bion, 2003) calls these dynamics the basic assumption group. The underground dynamics describe the attempts of individual board members to meet their own subconscious basic safety needs and those of other board members by reducing anxiety and internal conflict. On the contrary, Argyris (1992: 13) refers to “theories-in-use which are the master programs that individuals hold in order to be in control. Model 1 theory-in-use instructs individuals to seek to be in unilateral control, to win and not to upset people”.

The intended outcome of an individual board member and their implicit theories regarding how to achieve that goal differs between board members. When information should be shared for effective decision-making, but board members assume by voicing their opinion that they may upset someone and risk not achieving their personal goals, they have competing commitments (Kegan & Lahey, 2001) and may choose to silence their opinion. The following section explores different factors that influence the implicit theories that board members hold. These are when board members perceive themselves to have a minority opinion, when board members’ personal goals compete with the board’s goal and when board members perceive time is lacking.

2.4.2 The Senders (Perceived) Minority Opinion

Board members tend to support majority views even when they, as individuals, have a different opinion. If most group believe something is true, then from the fact that majority thinks it is true is inferred it is in fact true. The majority opinion seems to outweigh the purely
private reason of the minority group that something is false. If then the minority does not speak out, the majority remains unaware other ‘truths’ exist which feeds the idea the majority view is true. (Sunstein & Hastie, 2015). The number, nature and authority of the people who are giving this informational signal influence the strength of it and the impact on the sender’s opinion and level of uncertainty. Malenko (2014) describes this desire of board members to conform to what they believe is the consensus of other members as ‘herding’. It induces them to put less weight on their private information and opinion. This might result in a situation where board members doubt the board’s decision but still vote in favor of it because of the perceived support of the majority. Conforming to the norm is facilitated by the combination of three phenomena: ‘groupthink’, ‘confirmation bias’ and ‘false consensus bias’. Groupthink refers to when a group is hampered by a desire for cohesiveness and consequently does not critically reflect and discuss different opinions, (Janis, 1972). False-consensus bias is the tendency of people to assume that the majority of people think as they do (Ross, Greene, & House, 1977). Confirmation bias (Anderson & Lindsay, 1998; Johnson, 2017) refers to the tendency that people have to selectively observe information that reinforces their beliefs and values and ignore information that contradicts their beliefs and values. To defy a majority of people that are convinced of their reality and know that they are supported by the beliefs of the majority is hard for a minority group or an individual. As long an opinion is not expressed, it will remain unclear whether the perceived minority position is, in fact, a minority opinion. Others may incorrectly perceive their opinion as a minority position as well. Board members may collectively decide on a decision that is counter to the preference of many of the individuals in the group as in an Abilene paradox (Harvey, 1974).

2.4.3 The Senders Moral Hazard of Communicating

A sender anticipates, often based on what they see others do and say, what others will or might be thinking about what they want to say. A sender continuously (and subconsciously)
assesses this perceived cost of communication. These board members’ silence “might stem not from the belief that they are wrong, as in the case of informational pressure, but instead from the risk of social sanctions of various sorts” (Sunstein & Hastie, 2015: 566).

The failure to ensure a comprehensive decision-making process on strategic issues easily leads to cognitive conflicts – “task-oriented disagreement arising from differences in perspective” (Forbes & Milliken, 1999: 494). Verifiable data, which are hard to dispute, are often not shared in the heat of the moment. Opposing opinions, expressed as facts, are. Cognitive conflicts then lead board members to rationalize the messages and views of others by making negative attributions about them (Mooney et al., 2007; Pronin, Gilovich & Ross, 2004; Ross et al., 1977). These negative attributions cannot be voiced without risk and, therefore, lead to the receiver’s incongruent behavior as a speaker-in-waiting and will induce speculations by other receivers. In such cases, receivers not only make more dispositional inferences about others than about themselves (Jones & Nisbett, 1972) but also see others as more susceptible to cognitive and motivational biases. These cognitive biases or implicit relation theories are also connected to naive realism. Pronin, Gilovich and Ross (2004: 781) refer to the phenomenon “that people have the unshakeable conviction that he or she is somehow entitled to an objective reality, a reality that others will also perceive faithfully, provided that they are reasonable and rational. So, when the receivers-in-waiting misperceive that ‘reality’, they often attribute negative intentions falsely to these others”. Where sharing issue-relevant information may be perceived as risking relational conflicts and related consequences, sharing issue-irrelevant interpretations about the perceived trustworthiness of the sender may easily lead to relationship conflict. According to Edmondson and Smith (2006: 8), individual managers consider two unattractive alternatives in case of (anticipated) relationship conflict: “silence one’s view to preserve relationships and make progress; or voice them, risking [an] emotionally charged discussion that erode[s] relationships and
harm[s] progress”. Sharing issue-irrelevant information verbally instead of non-verbally may prove to be more costly than sharing issue-relevant messages because it is hard to substantiate, and it is, therefore, risky. In the case of relationship conflict, it is hard to productively discuss issue-relevant information without raising issue-irrelevant reactions. Additionally, relationship conflicts are often perceived to be too hot to handle (Edmondson & McLain Smith, 2006). However, as discussed, not sharing issue-irrelevant information does not mean that it is not shared non-verbally and made sense of by receivers. Not sharing this type of information may induce a spiral of incorrect inferences and speculations that cannot be debiased since it is not shared.

Some board members are more influential than others (Malenko, 2014). Therefore, power differences in teams may intensify the perceived risk faced by members who wish to voice ideas, questions or concerns. The actions of the chairman, for example, impact team performance since they may affect whether or not people are willing to speak up (Detert & Edmondson, 2011; Edmondson, 1999). Leaders may also impose financial or other career sanctions, and a leader’s actions may, therefore, affect whether or not people are willing to speak up. (Goleman et al., 2013) refer to this phenomenon as the CEO-disease. This is the information vacuum that results from individuals around the CEO withholding issue-relevant information that is usually expected to be unpleasant, embarrassing or threatening information for the CEO. “The interpersonally safe route is to remain silent, but this poses [a] technical risk if the context calls for learning” (Edmondson, 2003: 1420), and learning is needed in decision-making processes.

Thus, although diversity of opinions between board members is needed for cognitive conflict since cognitive conflict is needed for good decision making (Eisenhardt, Kahwajy & Bourgeois, 1997; Milliken & Vollrath, 1991) the presence of this diversity, especially in the case of a minority opinion, does not mean that it will be voiced due to the fear of financial,
career or social sanctions. Diversity will increase the variety of perspectives and approaches to solve a problem. It will also allow for more knowledge sharing and, consequently, lead to greater creativity and quality of team performance.

2.4.4 The Sender’s Perception of Time

Boards are usually relatively large groups that function episodically (Forbes & Milliken, 1999). The time allocated for discussions during the board meeting is thus very limited. This means that from a sender’s perspective, board members simply may not have the time to exchange their knowledge or to formulate their views properly. This is especially the case when board members’ preferences are not fully aligned, and their backgrounds, disciplines, status, training, language, and norms are different as they may need to support their position with objective evidence and persuasive arguments to help receivers decode the message properly (Malenko, 2014). As long as board members’ non-verbal cues are in line with the limited amount of information verbally shared, it is assumed that the level of incongruity will be or will remain low. However, since the deliberation time is finite, but the issues and tasks boards are faced with are complex and strategic with a high and visible impact on the organization, the urgency to share information is often substantial. Thus, when board members, for example, are frustrated about not being able to share what they think and do not verbally express and explain these frustrations, it is assumed that the level of unsaid will be higher due to the induced spiral of inauthentic action-reaction patterns (as mentioned above). Additionally, in such circumstances, the sharing of issue-relevant verifiable information prevails over the sharing of issue-irrelevant information. When time prevents issue-relevant messages from being exchanged properly, issue-irrelevant information will consequently not be exchanged at all. The exchange of issue-irrelevant information, however, might help to avoid the incorrect interpretation of the issue-irrelevant cues and would prevent false speculations from arising and, last but not least, would have a positive effect on the board’s
2.5 The receiver’s perspective: sensemaking

Receivers or senders-in-waiting hear and decode what is said and make sense of what is not said. Decoding refers to how they attribute meaning to the message received. Based on that meaning, they make sense of the situation. During one meeting, different receivers may hear or select different words and sentences as well as varying gestures or expressions. They may also assign different meanings to the same selected sentences and thus make sense of the same information and situation differently.

How receivers make sense of what is said and the situation they are in is highly dependent on the perspective that they take and, consequently, the outcome they hope to achieve. The receiver’s role, whether they are the chairman, secretary, non-executive or executive influences what they perceive to be a good decision and they personally view as a good outcome from a decision. Depending on this position, the receiver hears, decodes and interprets information differently. The material cues, the mentalizing and social sensitivity capabilities of the receiver, as well as their attraction, similarity and shared common background, influence the effort with which the receiver hears and decodes messages. The amount of effort they put into listening influences what they, as a speaker, communicate and how others subsequently decode and respond to their message.

2.5.1 Material Cues

The communication environment of boards is full of material cues (Fairclough, 2005; Vaara & Monin, 2010), which board members subconsciously or consciously decode and make sense of. According to Cornelissen, Mantere and Vaara (2014), material cues include physical objects such as office spaces and PowerPoints but also non-verbal gestures toward

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1 It is assumed that receivers literally hear or do not hear a message, they then assign meaning to that message and based on that meaning make sense of the situation.
one another. Governing rules and procedures can also be considered as material cues. These rules determine board tasks, the number of board members, the amount of meetings and the time taken to deliberate, the roles board members play and the authority they have and the configuration in which they are seated (Chu, 2005). “The physical environment can contribute to the tone and mood of negotiations, and the anticipated mood of a negotiation can lead parties to prefer one site over another” (Chu, 2005: 3). The governing rules and procedures affect the implicit theories as discussed. From the receiver’s perspective, the implicit theories are also heavily impacted by the governing rules and procedures because they determine the amount of formal influence that the receiver has, the perceived amount of time to assess situations, the perceived task that needs to be fulfilled and the amount, expertise and background of the receiver’s colleagues. However, one factor is not influenced by the governance rules and procedures: their mentalizing or social sensitivity skills.

2.5.2 Mentalizing and Social Sensitivity Skills

Since the unsaid cannot not be communicated (Watzlawick & Beavin, 1967), it will be said anyway. The meaning of what is said and not said, depends on the communication context in which the conversation takes place. A sentence without context does not have meaning. All communication is, therefore, contextual (Hargie, 2011). People have learned to make sense of a situation fast and automatically (Kahneman, 2011) by using all the information that is available to them. As Weick (1995: 109-111) suggests, “sensemaking involves a frame, a cue and the relational connection made between them. This implies that when, for example, individuals use specific words as part of their sensemaking, these do not strictly encode or determine meaning”. Instead, according to Cornelissen, Mantere & Vaara, “words prompt larger background frames, or cognitive schemas, that guide interpretations and actions” (2014: 4). According to Yus (1999: 500), “human beings devote a great deal of their cognitive effort both to making hypotheses on the right interpretation of incoming
information from the surrounding world and also to making this newly processed information fit schematic, stereotypical information already stored in their minds”. In other words, how a receiver makes sense of what is said and not said depends on their frames or implicit theories. These, sometimes competing, implicit theories help to comprehend and predict behavior and decide what to say and not say during the conversation.

The extent to which people are sensitive to the non-verbal cues is called social sensitivity. Most of the time, individuals are highly accurate in predicting what other people will do on the basis of what it is believed that they are thinking. Knapp and Hall (1972) suggest that the face may be the basis for judging another person’s personality. Additionally, emotional contagion research has shown that followers often catch their leaders’ emotions via facial mimicry (Hatfield, Cacioppo, & Rapson, 1994). The reading of others’ thinking can, however, provide information aside from their emotional state. For example, the ‘poker face’ confronts an individual with a total lack of expression, a blank look. This very lack of expression may tell the receiver that the sender does not want us to know anything about their feelings – despite “the assumed mask, we read their intent” (Chu, 2005: 4). The social sensitivity determines whether the mentalizing is indeed accurate. Different receivers will assess whether the leader is genuine in, for example, their regret, in various ways. Moreover, the average social sensitivity of a group has proven to be, next to other variables, an important factor in explaining a group’s performance. Studies have established that group members are able to observe and give meaning to what is not said. For example, in two studies with 699 people working in groups of two to five, Woolley, Chabris, Pentland, Hashmi and Malone (2010: 686) found converging evidence of a general collective intelligence factor that explains a group’s performance on a wide variety of tasks. This ‘c factor’ is strongly correlated with the average social sensitivity of group members, the equality in distribution of conversational turn-taking, and the proportion of females in the
CHAPTER 2: THE SPIRAL OF UNSAID KNOWN AND PRECONSCIOUS DECISION-MAKING IN THE BOARDROOM

2.5.3 The Perceived Trustworthiness of Other Board Members

Depending on the level of attraction, similarity and a shared common background and environment, people, teams and dyads (e.g., followers and leaders) communicate and coordinate more easily, understand each other better (Byrne, 1961; Eberly, Johnson, Hernandez, & Avolio, 2013b) and need fewer words to understand what the sender implies. Hinds & Mortensen (2005: 293) suggested that exposure to common context in teams “provides the grounding necessary to better understand and make sense of behaviors, potentially mitigating harsh attributions and, in turn, reducing interpersonal conflict”. The other way around, the more different board members are, the more difficult it is for the receiver to make sense of the communication behavior of the sender and the greater the risk that they will make sense of it incorrectly and start speculating about the sender’s intention.

Within a board, there are always more receivers (senders-in-waiting). For each individual receiver, the effort they are willing to put into hearing, understanding and processing what is said may be different depending on their respective backgrounds and previous experiences. The effort diminishes with the decrease of trustworthiness, expertise, attractiveness and incongruity of the sender. So, in complex situations, when stakes are high, and people become less precise in what they say and do not say, board members risk being perceived as less trustworthy. The perceived attractiveness, trustworthiness or general
expertise of the sender can lead the receiver to either simply take for granted their argument or instead think very hard about it. This reaction, however, is only to be expected when the receiver has a sufficient potential stake in the issue under scrutiny. In cases of little attraction, the receiver will feel less committed to putting effort into hearing, understanding and processing the information, and there is a greater chance that they decode issue-irrelevant cues incorrectly (Dewatripont & Tirole, 2005). When trustworthiness decreases and the receiver assumes that they are being manipulated, they will not be inclined to believe the information shared by the sender.

2.6 Decision-making in the boardroom

Since supervisory boards only have a cognitive task (deliberating) and a cognitive output (decision as a verbal output), boards’ behaviors are essentially only communication behaviors. Thus, it is hard to ‘see’ or ‘observe’ whether people really agree with the decision based on their physical behavior when they say they agree but, in fact, do not. Additionally, it is hard to see ‘the board’s cohesiveness’ as long as board members say they like working together. When individual board members do not agree with a decision but say that they do, or that they are working well together when they are not, it has a significant impact on their trustworthiness as perceived by others. This, in turn, impacts their effectiveness in motivating others to execute the decision.

Perceived lack of time in a highly demanding context, a perceived pressure to conform out of uncertainty, fear for social and financial sanctions and fear for losing board cohesion and thus the ability to continue working together will induce a spiral unsaid. In these instances, available information is not shared and this, therefore, lowers the perceived quality of the decision and board members’ commitment to communicate and execute the decision. Although more diversity is needed for the critical thinking that is required to
improve decision-making, it risks inducing the spiral of unsaid due to a lack of understanding of each other’s communication and hence cognition and intention.

If board members would collectively be aware of this phenomenon, it is assumed that board members would deal with it more consciously or, at least, find it hard to act as if the underground dynamics are not present. There is no other reason why they would cover up what they already know everyone knows (Sunstein & Hastie, 2015). When receivers are willing to share information productively about how they assess issue-irrelevant information, incongruity comes to a halt. Given that there are usually more receivers than senders during a board meeting, only one receiver may change the conversation when they share their inferences about perceived incongruity. Knowledge on interpersonal interaction could help overcome such issues: As long individuals remain unaware how what they say affects what others think and say, which then affects what they think and so on, many conflicts remain unresolved when individuals incorrectly attribute blame to others. (Edmondson & Smith, 2006: 22).

2.7 Discussion

This paper addresses how future institutional theories can build on the proposed model and advance the theoretical depth and empirical investigation of social-psychological processes in boards. It is thus proposed that inquiring into preconscious, taken for granted socio-cognitive and communicative events in the boardroom will enhance the knowledge of boardroom decision-making. Due to the institutional relevance of boards, this paper will also automatically enhance institutional theories and further enhance the knowledge regarding communicative institutionalism.

However, inquiring into preconscious processes and the unsaid requires overcoming many methodological challenges. To explore the ‘unsaid’, this paper proposes a method by
which each individual reconstructs ‘their’ unsaid and speculates about the unsaid of the others on the board during a strategic decision-making conversation. So, receivers/senders, therefore, need to explicate what they thought and felt but did not say on the one hand and what they think others thought and felt but did not say on the other. Since the unsaid cannot be ‘measured’ as such, it is proposed that a practical definition is adopted that is the best approximation to what is really the unsaid. Based on this, the definition of the unsaid that will be used to research the unsaid is: The literal recollection of what individuals thought and felt but did not say during a specific conversation including what they think others thought and felt but did not say. By gathering and categorizing these two different types of thoughts and feelings, the extent that others recognized the thoughts and feelings that were hidden and whether they decoded the cues correctly or incorrectly can be compared.

Distinguishing between what an individual thought and felt themself from what they think others thought and felt is vital. “In reading other minds, imagination plays a central role. In some cases, we use our own mental mechanisms to simulate the mental processes of another, as suggested by the ‘simulation theory’ of mindreading. However, mindreading also implicates very different kinds of mechanisms” (Nichols & Stich, 2003: 237). Individuals think that what they see is what they get when really, they are not seeing; rather, they are infusing scenes with their own expectations, thoughts, beliefs, hopes and desires. Additionally, social and neurocognitive research suggests that thinking about one’s own thinking and thinking about the thinking of others (termed ‘mindreading’, ‘metacognition’, ‘social cognition’ or ‘mentalizing’) are different processes (Dimaggio, Lysaker, Carcione, Nicolò & Semerari, 2008: 779). However, the ability to think about one’s own thinking is nevertheless related to the ability to think about other’s thoughts, and improved self-reflection may result in a more nuanced mindreading (Dimaggio et al., 2008). Furthermore, Singer and Fehr (2005) distinguish between ‘Theory of Mind’ and ‘mentalizing’. Theory of
Mind is viewed as the meta-cognitive capacity that enables individuals to read intentions, beliefs, and desires of others. ‘Mentalizing’, on the other hand, is considered the capacity to share the feelings of others.

Moreover, recollecting and reflecting on unspoken thoughts and feelings has been a research method for three decades. Borrowing the ‘Left-Hand Column research method’ from Argyris and Schon (1974), and described by Putnam (Senge, 1997) board members were asked to reflect before the interviews on two questions; what were you thinking and feeling during the meeting? And, what kept you from saying it? From theories on mindreading (Nichols & Stich, 2003) or Theory of Mind (Premack & Woodruff, 1978), the ‘referent shift’ was used to assess board climates (B. Schneider, Ehrhart, & Macey, 2013), by adding the questions: what did you think others were thinking and feeling? And, what do you think kept others from saying it?

This method comes from action science and is based upon the two-column research method ‘the Left-Hand column method’, which includes what individuals and others actually said (the right-hand column) and the individual’s thoughts and feelings (the left-hand column) (Argyris, Putnam & McLain Smith, 1985; Greenwood, Argyris & Schon, 1997; Putnam, 1991; Senge, 1997). These two columns help to identify self-censoring processes that are being used. It reveals the defensive mechanisms that individuals use to avoid dealing with how they actually think and feel. However, a more obvious lesson can be drawn from this method: individuals’ can translate their own thoughts and feelings into words, write them down and read them. Individuals can ‘read other’s mind’. “This case method has been used effectively (by a conservative guess) with over 10,000 individuals representing varying degrees of categories” (Argyris, 2011: 26). At least three types of thoughts can be distinguished: thoughts and feelings about the issue at hand, the decision-making process (the
way the board decides) and the thoughts and feelings relating to the relationships of the individuals involved.

The original Left-Hand Column method does not require individuals to describe what they think others think or feel but do not say. This is something that should be added to the method to investigate the phenomenon of the unsaid. Explicitly asking people to speculate about what they think the others think and feel based on their non-verbal cues is a direct way to adjust individuals’ perspectives of the situation by accounting for the perspective of the other person(s) and writing that down in an additional column, clearly adjacent to one’s own unspoken thoughts and feelings. These thoughts and feelings reveal the underlying frames from which board members operate. Unfortunately, however, making individuals aware of their incongruence makes people defensive. De-biasing the fundamental attribution bias of individuals is not easily done. Subconscious avoidance of fear, shame and embarrassment are motives. These subconscious processes have to do with survival (Schein, 2004). Moreover, as noted earlier, due to the cost of communication, most board members will not reveal their thoughts and feelings openly due to the fear of financial and social sanctions, so they can only be asked to reflect on these questions after the conversation has taken place. Therefore, a challenge in studying the unsaid is developing a procedure and safety rules that convince board members that what they share with the researcher will be treated with utmost caution and confidentiality and that they can trust the researcher.

“While the individuals might not report precisely the particulars of what was said, they are unlikely to be able to misrepresent the rules behind behavior; given the nature of rule-learned behavior, individuals can’t consistently play at a set of rules that they do not know or have competence in” (Argyris et al., 1985: 240). Moreover, according to Nisbett & Wilson (1977: 231), “though people may not be able to observe directly their cognitive processes, they will sometimes be able to report accurately about them”.

A solution to manage the unsaid could be that the group creates an environment where social biases are viewed as normal human behavior. Acknowledging and accepting the phenomenon would thus be a first step in coping with these problems. Creating group norms that enhance speaking up would also help to prevent the unsaid from flourishing (Postmes, Spears & Cihangir, 2001). A third approach to manage the unsaid could be for boards to plan more time to get to know each other informally and make time and agree on procedures to check during meetings whether receivers have second thoughts and questions based on non-verbal cues. The sooner speculations are made discussable, the easier biases and misunderstandings can be resolved, and a spiral of negative emotions and speculations can be prevented.

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