



# The Power of Unconscious Biases

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THE IMPACT OF VALUES ON TEAM DYNAMICS AND CORPORATE CULTURE

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THE SCIENCE OF PERSONALITY

The 2001 collapse of the Enron Corporation eliminated more than \$60 billion in market value and roughly 5,600 jobs. It was, at the time, the largest and most complex bankruptcy filing in American history, and the scandal that unfolded in its aftermath made the Enron name synonymous with white collar crime.<sup>1</sup>

Now, 10 years later, the story of Enron's demise is a poignant example of the destructive power of unconscious biases in the workplace.

### WHAT ARE UNCONSCIOUS BIASES?

Unconscious biases are a product of values. Values are the core goals, interests, and beliefs that inform what we desire and strive to attain. In terms of Hogan's approach to personality measurement, values (measured by the Motives, Values, Preferences Inventory) determine what we work for, everyday personality (measured by the Hogan Personality Inventory) determines how we work, and derailment personality (measured by the Hogan Development Survey) are those characteristics that could get in our way.

Unconscious biases occur when we project our values onto others. For instance, a person who values competitiveness and self reliance will assume others feel the same, and may have trouble understanding those who prefer building consensus and working in a team.



### HOW UNCONSCIOUS BIASES RELATE TO MVPI SCALES:

**Recognition:** Wanting to be the center of attention, assuming that other people need attention as much as you do, and not understanding modesty.

**Power:** Driven to win and make a difference, assuming that other people are as competitive as you, and disliking people who lack a winning attitude.

**Hedonism:** Looking to have fun and share experiences, assuming that other people are as fun-seeking as you, and not understanding people who are all business.

**Altruism:** Desiring to help those who are disadvantaged or victimized, and not understanding the need for self-reliance.

**Affiliation:** Seeking opportunities to network, assuming that others want to interact as much as you do, and not understanding people who don't want to be part of a team.

**Tradition:** Respecting hierarchy, rules, and tradition, assuming that others are as conservative as you, and disapproving of non-traditional behavior.

**Security:** Disliking risk-taking activities, assuming that others are as cautious as you, and not understanding people who like to test the limits.

**Commerce:** Wanting to acquire concrete symbols of success, assuming that others are as materialistic as you, and not understanding people who are indifferent to money.

**Aesthetics:** Needing to be in attractive environments, assuming that others care as much about quality as you, and not understanding people who lack a sense of style.

**Science:** Preferring to solve problems with logic and data, assuming others care as much about finding the right answers as you, and not understanding irrational or intuitive decisions.

Although unconscious biases aren't always counterproductive, they are always impactful, especially when they come from a position of leadership.

#### WHY ARE UNCONSCIOUS BIASES IMPORTANT?

When Jeffrey Skilling took control of Enron, he had a reputation as an overachiever. He was smart, extremely competitive, and had a penchant for risk as long as success promised equal reward – qualities that led to early success and facilitated his rise to the executive suite.

These values became counterproductive, however, when they started shaping Enron's corporate culture. Skilling reportedly fostered fierce competition among his management. He emphasized ends over means, implementing a bonus structure that rewarded transaction size and volume over quality, and "deal flow" over due diligence. He ostracized or removed subordinates who deviated from that culture.

According to a 2007 analysis of Enron's collapse, "The lauding of creative risk-taking and revolution led to not only stretching, but ... circumventing and breaking legal and ethical boundaries. Resistance to bad news created an important pressure point on information sharing. Fierce internal competition coupled with huge incentives led to ... deceit and extensive efforts to bolster short-term performance."<sup>2</sup>

Although unconscious biases aren't always destructive, they are always impactful, especially when they come from a leader. Values and unconscious biases govern decision-making, determine leadership style, and drive organizational culture.

A leader who values tradition and security, for example, will be uncomfortable with new technology or novel business approaches, preferring "the way we have always done things."

This approach will result in missed opportunities and demoralize those employees with opposite values. Employees who value innovation and risk (low security) will feel undervalued and might leave.

Similarly, a leader who values power and recognition will expect his or her employees to demonstrate a competitive spirit, not just with rival businesses, but with one another. He or she will reward employees by praising them publicly, and will not understand modesty or shyness.

By becoming aware of your values and unconscious biases, you can adapt your behavior in ways that will create a more productive working situation for you and your team.

#### RECOGNIZING AND MITIGATING UNCONSCIOUS BIASES

Because values are an inherent part of our personality, many leaders are unaware of the kinds of values they hold, and how their values impact their subordinates. Values assessment, when part of a comprehensive leadership development program, is the most effective way to make leaders aware of their unconscious biases.

Values are an essential part of your identity – you shouldn't try to change your values if they don't fit with your career or organization. Rather, by becoming aware of your values and unconscious biases, you can begin to adapt your behavior in ways that will create a more productive working situation for you and your team.

## ABOUT HOGAN

The international authority in personality assessment and consulting, Hogan has more than three decades of experience dramatically reducing turnover and increasing productivity by helping businesses hire the right people, develop key talent, and evaluate leadership potential.

Grounded in a more than a century of science and backed by the largest and most complete research archive in the industry, the Hogan assessments predict job performance by assessing normal personality, derailment characteristics, core values, and cognitive reasoning ability.

Hogan's portfolio of employee selection, development and leadership tools allow companies to better manage their most valuable assets – their people.

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<sup>1</sup> "The rise and fall of Enron: A brief history." *CBC News*. May 25, 2006. <<http://www.cbc.ca/news/business/story/2006/05/25/enron-bkgd.html>>

<sup>2</sup> Free, Clinton et al. "Management Controls: The Organizational Fraud Triangle of Leadership, Culture and Control in Enron." *Ivey Business Journal*. July 2007. <[http://wwwold.iveybusinessjournal.com/article.asp?intPrintable=1&intArticle\\_ID=701](http://wwwold.iveybusinessjournal.com/article.asp?intPrintable=1&intArticle_ID=701)>

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