# What is the Ostrich Effect?

The ostrich effect is a cognitive bias to prefer to “stick their head in the sand” (like the myth of what an ostrich does) rather than facing unpleasant and negative information.

In terms of management it could be used describe people who avoid knowing the risk of certain financial decisions or situations.

Managers who work in an organization under the ostrich effect may say things like *“Don’t come to me with problems, come to me with solutions!”*

# Consequences

The ostrich effect heavily influences the culture of an organization. This can have a detrimental effect on an organization since culture eats strategy for breakfast.

For example, organizations under the influence of the ostrich effect tend to have employees that are not innovative and are not people oriented. This means that employees are usually under stress and in consequence infrequently exercise being innovative.

It also goes against some of the KAIZEN principles like, make corrections or be economical.

All of these accumulate to hinder an organization’s progress and eventually is the cause of its downfall.

# Victims

## Nokia

Let us start with Nokia.

Nokia was one of the bestselling mobile Phone companies at a time. But later on, when other competitors such as iPhone, Samsung arrived Nokia was unable to innovate and fulfill the needs of requirement in result there was a huge downfall in market of Nokia.

Investigation was done by the INSEAD who interviewed top and middle Managers, Top Managers were labeled as Extremely Temperamental.

They did not want to hear bad news so it was thus very difficult to tell them things they didn’t want to hear. Threats of firings or demotions were commonplace.

Fearing the reactions of top managers, middle managers remained silent or provided optimistic, filtered information. Thus, Nokia Failed due to organizational fear, grounded in a culture of temperamental leaders and frightened middle managers, scared of telling the truth.

## Volkswagen

It is German Motor Vehicle Manufacturer Company and a well-known company.

In 2015 the company was led by Martin Winterkorn. He created a culture based on fear and deception. A culture where performance mattered more than anything.

Volkswagen Emission Scandal

In 2015 when it was a huge engineering challenge to make a diesel car which met the emissions requirements Volkswagen come with some sort of defeat device. This device was installed in the car and whenever the inspection or emission testing was done out this device gets activated and improves vehicle performance reducing the emissions which makes it pass the test. This was done by the middle Managers themselves in the fear without knowing of the top managers after which Martin Winterkorn resigned as the result of the scandal.

In the result the reputations of the company were compromised.

# Solutions to the Ostrich Effect

Ok so now let’s talk about how to counter the ostrich effect. It is necessary to identify what information is required when it comes to deciding whether it is something negative or positive and then act in time when the situation arises so not to leave the financial decisions to chance or in the hands of third parties.

Moreover, building up psychological safety can also be beneficial as it creates an environment where individuals can feel comfortable speaking out when they notice a problem as well as discussing it with one another in order to come up with solutions and learn from them.

A different approach is to build up automatic external procedures that will make sure you deal with the information you're attempting to avoid.

You can set scheduled emails or notifications to alert you to things like your electricity bills or bank balance.

Another solution can be whenever you feel yourself becoming bogged down by temporary failures and disappointments, try to remind yourself of your ultimate goal and focus on the reasons you decided to do this in the first place. Although the losses may still be more painful, receiving constructive feedback can assist to mitigate the suffering.

Now to conclude, it can be said that people have a tendency to choose positive information and are driven to uphold their own egos.

It usually occurs when people frequently avoid asking for criticism at work, primarily to preserve their egos and because they are concerned about how others may regard them.

To avoid the ostrich effect, try some mindfulness exercises and keep reminding yourselves of your long term goals.

Lastly, a fear-based culture prevents your teams from flying. After all, the ostrich may be the biggest bird in the world. But it is also one of the few that cannot fly.

# Conclusion

People are biased towards positive information, and are also motivated to protect their own egos. The desire for psychological consistency also plays a role.

To avoid the ostrich effect, try some mindfulness exercises, and try to remind yourself of your long-term goals.

A culture based on fear is one where your teams cannot fly. After all, the ostrich may be the biggest bird in the world. But it is also one of the few that cannot fly.