

# Can leaders admit company errors, but also keep their job?

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- Mistakes can harm an organisation but also the CEO's job security, therefore many CEOs don't admit errors when they happen

- However, this risks leaders not learning from these errors, and the organisations not changing their practices too

- New research from emlyon business school shows how leaders who collectivise errors are more likely to keep their jobs, as well as make amends for these errors too.

Leaders making mistakes can be costly not only to the organisation, but also to their own job security, which makes it difficult for them to admit when there's been an error. However, new research from emlyon business school shows that there are some techniques CEOs can use to frame these mistakes, in order to ensure they keep their jobs, but also make changes in their organisation.

When there is this clear trade-off between admitting a mistake and potentially losing power and control in the organisation, it is important that CEOs use their language effectively to create a safe space for themselves in the organisation – but how can they do so?

This is the specific research question that Vincent Giolito, Professor of Strategy and Organisation, and Damon Golsorkhi, Professor of Strategic Management at emlyon business school, both looked into. To do so, the researchers conducted 21 in-depth interviews with CEOs and board chairs leading 900,000 people in large financial firms in Europe.

The researchers interviewed the CEOs and board chairs on strategic errors in the organisation, and how they were approached by senior management, as well as the dialect and narrative behind the communication of these errors to all stakeholders. Interestingly, the researchers found a number of key themes for framing these errors that CEOs used.

When discussing key errors with severe economic and/or reputational consequences for the firms and important strategy changes, many CEOs stated that there was a process in which communication follows. First the CEO will acknowledge and diagnose the error, then they will dramatize it to put it into context for stakeholders, and then they will showcase the solution and how they are capitalising on this error to make changes.

“Leaders make errors, they are human too. But, unfortunately an error at the top-level can be costly for both the organisation and them personally. Hence why many leaders often refuse to acknowledge they have made an error of judgement or a mistake publicly, as doing so risks their own position of power.”, says Vincent Giolito. “It is important that CEOs understand how to frame these issues, otherwise organisations will never move forward, and will simply keep replacing CEOs every time there's an error”.

There still is, however, a lack of job security for many CEOs who do follow this path and admit these

errors, hence why there are a number of tactics that CEOs used when communicating this path to their stakeholders, in order to keep them on their side.

Firstly, the researchers say that it is important to collectivise the issue, using terms like 'we', or 'us' when discussing the mistake and how to change to it, then there is less blame placed on one person – usually the CEO. Secondly, the researchers use the term, 'temporalise', which refers to CEOs showing that the error generates from the organisation not adapting or changing quick enough, and how there is a simple solution to solving the errors – adapting to today's world quicker.

Thirdly, the researchers say that CEOs should generalise the issue, and showcase how all firms in the industry are making the same mistakes, it's not a firm-level error, but one that many are facing too. And finally, CEOs should isolate the issue, and show that the error is an isolated incident and a rare one, not to happen again.

"There are plenty of examples in both politics; where leaders refuse to acknowledge wrongdoing to keep their party in power, in sports; where managers do not admit errors to keep their job roles, or in business; where CEOs don't own up to bad investments because of the risk of the sack." Says Damon Golsorkhi. "However, in the grand scheme of things these leaders are likely causing more harm to the organisation, as a refusal to admit errors means there's little to no attempt to learn from them. CEOs must learn how to balance both through good communication".

The researchers say that this study can serve as an inspiration for top executives, on how to frame and proactively manage the errors in the organisation, acknowledging them but also learning from them in an effective way. The researchers state that organisations should develop a narrative approach for errors and failures in order to keep CEOs credibility, job security and power.

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If you would be interested in receiving the full research report, or speaking to the researchers, please contact Peter Remon at BlueSky Education – [peter@bluesky-pr.com](mailto:peter@bluesky-pr.com) +44 (0) 77 235 228 30.