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Recent Research

by Bridget Finn

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On self-involved leaders, emotional decisions, offshoring white-collar jobs, and more.

by Bridget Finn

The Slippery Slope of Narcissism

Title: Leader Emergence: The Case of the Narcissistic Leader
Authors: Amy B. Brunell (brunell.2@osu.edu) et al.
Publisher: *Personality and Social Psychology Bulletin*, vol. 34, no. 12
Date Published: December 2008

Have you ever worked for someone who had inflated views of himself — his value to the organization and his abilities as a manager? This self-assurance, often manifested in a single-minded drive for power and prestige, is a primary characteristic of narcissists, and, perhaps not surprisingly, is common to many top executives worldwide. Unfortunately, narcissism also produces a number of unpalatable consequences for those leaders (and ultimately for the organizations they lead), including alienation from colleagues, poor performance ratings from supervisors and peers, risky decision making, and even white-collar crime.

The authors of this study, who build on the long-standing academic interest in the role of narcissism in leadership, set out to determine why narcissists often wind up on

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top if their behavior has so many negative associations. For this research, which involved undergraduate students and professionals enrolled in executive MBA programs, the authors defined a narcissist as a person who had higher-than-average scores on personality tests such as the Narcissistic Personality Inventory (NPI), a widely used measure of self-admiration. Among other things, the NPI examines people's attitudes toward power and exhibitionism by asking them to rate themselves on such questions as "I have a natural talent for influencing people" or "I will usually show off if I get the chance."

In one of the experiments the authors conducted to test their theories, 153 managers getting their executive MBAs were divided into several leaderless groups and asked to act as a university board and decide how to allocate a large financial contribution from a fictional company. The results revealed with statistical significance that the narcissists more often emerged as leaders. Using answers from a questionnaire in which the participating students rated their performance in the exercise and the performance of others, the authors determined that it was a desire for power, and not a desire for attention, that was at the core of the narcissists' drive to assume leadership roles.

Interestingly, the narcissists were often identified as potential leaders by the other participants in the group because their self-assurance and outspokenness were viewed as indications that they were more qualified to hold top positions. These characteristics can be so attractive to others that it is difficult for them to identify the traits as those of a narcissist rather than those of a truly competent leader.

The authors conclude that organizations must learn to be more effective at spotting narcissism in rising talent within their organizations, and put in place checks and balances to ensure that such people don't act unilaterally. For organizations dealing with narcissistic chief executives, the authors believe strong, independent boards and outside auditing committees could keep executives from engaging in risky behavior.

Bottom Line: The personality traits that lead narcissists to take control of groups are the same traits that are later associated with a range of troublesome behaviors. Organizations should put systems in place to identify narcissistic individuals before they are placed in critical management positions.

How Emotions Can Help (or Hurt) Your Business

Title: Blinded by Anger or Feeling the Love: How Emotions Influence Advice Taking
Authors: Francesca Gino (fgino@andrew.cmu.edu) and Maurice E. Schweitzer (schweitzer@wharton.upenn.edu)
Publisher: *Journal of Applied Psychology*, vol. 93, no. 5
Date Published: September 2008

Imagine a CEO faced with the critical decision of whether to buy a close competitor. To choose, she turns to her executive team for advice. Imagine it's also been pouring rain all day and the chief executive was stuck in terrible traffic on her way to work. Could those seemingly unrelated events affect whether she accepts or rejects her colleagues' recommendations?

Yes, according to the authors of this study on how emotions — par-

Emotions — even those that have little to do with the job at hand — can strongly influence decision making and advice taking.

ticularly incidental emotions, defined as feelings triggered by a prior, unrelated experience — affect a person's willingness to accept advice for matters big and small. To study the impact of emotion, the authors first asked a group of college students to look at images of people on a screen and estimate how much they weighed. Next, each participant watched one of three short movie clips. These clips were designed to evoke gratitude or anger, or no feeling at all (in the case of the control group). After watching the clip, the participants returned to the first task, and this time were offered advice to help them with their weight estimates. Participants in the gratitude group were significantly more receptive to the recommendations than the students in the neutral group, whereas members of the neutral group were more willing to take advice than those who had been shown clips designed to anger them.

Although it may be obvious that a person's mood can affect his or her actions, this study highlights the importance of being aware of how emotions — even those that have little to do with the job at hand — can strongly influence decision making and advice taking.

Bottom Line: Emotions affect people's willingness to accept recommendations. Being mindful of this influence could help temper the outcome of the decision-making process on the job.

Offshoring 2.0

Title: A Dynamic Perspective on Next-Generation Offshoring: The Global Sourcing of Science and Engineering Skills
Authors: Stephan Manning (sdm24@duke.edu), Silvia Massini (silvia.massini@mbs.ac.uk), and Arie Y. Lewin (AYL3@duke.edu)
Publisher: *The Academy of Management Perspectives*, vol. 22, no. 3
Date Published: August 2008

Policymakers and corporate executives are keenly watching the ways in which offshoring is evolving to affect the types of jobs handled by service providers around the world, as well as the talent pools that these companies are producing. In this study, the authors evaluate data and findings from the Offshoring Research Network (ORN) project run by the Duke University Center for International Business Education and Research, which since 2004 has been tracking the offshoring activities of more than 800 United States–based and Europe-based companies.

Offshoring, which the authors define as the practice of companies sourcing and coordinating critical business functions with organizations outside their national boundaries, was initially used to tap into cheap labor forces for customer service or basic IT support. However, a growing shortage of science and engineering talent in developed economies combined with the rise of clusters of highly educated groups of engineers in emerging markets such as China and India has enticed Western companies to begin to offshore more critical tasks, such as product development. Networking hardware giant Cisco Systems Inc. went even further, forming its own "globalization center" in India to gain access to Indian engineering and management talent, which in turn allows Cisco to coordinate new product design and development worldwide so that its products are suitable for global markets.

The study notes that as companies start to offshore more of their operations, cost is no longer their primary concern: According to the ORN, "access to science and engineering talent" was named by respondents as the key driver in 70 percent of the projects tracked in 2006, a significant increase from survey results two years earlier. As this change has occurred, companies have faced new challenges, including how to recruit, train, and retain global talent and how to manage the high turnover associated with top-quality engineers.

The worldwide war for talent will grow even fiercer as emerging nations begin to compete in the global arena. To prepare, the authors of this paper argue, government policymakers in developed and developing nations will need to implement programs designed to nurture engineering talent at home, and corporate executives will need to focus on the difficulties of building a presence in the global job market.

Bottom Line: Reducing labor costs is no longer the primary reason that companies turn to offshoring. Instead, companies in both developed and developing economies are looking for ways to tap into pools of skilled workers, which will increase competition for the world's best and most expensive workers.

Disruptive Innovation and Market Creation

Title: The Parenting Paradox: How Multibusiness Diversifiers Endorse Disruptive Technologies while Their Corporate Children Struggle
Authors: Donald Lange (don.lange@asu.edu), Steven Boivie (sboivie@eller.arizona.edu), and Andrew D. Henderson (andy.henderson@mccombs.utexas.edu)
Publisher: *The Academy of Management Journal,* vol. 52, no. 1
Date Published: February 2009

Industries built on the back of a disruptive technology, defined as an innovation that spawns a new industry, often require assistance from established companies to legitimize the new technology in the eyes of consumers or potential partners. Take, for example, the solar power business: Several years ago when General Electric Company announced plans to double R&D spending on alternative energy sources, including improving electrical conversion technology and developing better systems for installing solar panels on rooftops, GE helped legitimize the industry, which had been established primarily by unknown startups with cutting-edge ideas. Overnight, GE's interest signaled that solar energy could be a viable concept. This catapulted the industry, and the small companies that founded it, to a new growth trajectory.

But although big-name companies may be important cheerleaders for disruptive new technologies, the subsidiary firms they create to pursue such technologies may prove to be ineffective competitors in the industries those innovations spawn. The authors took a close look at this trend by examining the formation of the personal computer industry in 1975 and its subsequent performance through 1994. When the personal computer was initially launched, IBM Corporation, a major player in mainframe computers, was slow to recognize the radical import of the smaller, less-powerful machines. This oversight enabled startups like Apple Computer Inc. and Commodore Business Machines Inc. to offer the first PCs. But it wasn't until established, diversified companies like IBM, NCR, and Unisys began offering their own PCs years later that consumers started purchasing these machines in large numbers. The big firms would all eventually vacate the PC market, but their brand names and credibility helped establish the fledgling sector, allowing Apple, Compaq, Dell, and others to thrive.

Larger, diversified companies struggle in new innovative markets primarily because they fail to let their subsidiaries be sufficiently entrepreneurial, instead saddling them with the parent company's culture and idiosyncrasies. In fact, the authors found that the older the parent firm, the more likely its subsidiary was to fail when pursuing a disruptive technology.

Bottom Line: Large corporations play a counterintuitive role in the adoption of disruptive technologies. They are often poor competitors, yet their presence and brand name help legitimize these technologies in the eyes of consumers and potential partners. +

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