



Dangerous Ideas

There was an important article by Fabrizio Ferraro of the IESE Business School, and Jeff Pfeffer and Bob Sutton from Stanford in the January, Academy of Management Review. Ferraro argues that management theories can become self-fulfilling, so that even if they were not true to begin with they become true. One example Ferraro cites is the economic theory that people only act to further their own self-interest, never acting for the group or broader society.

David Creelman

I've read management articles which quite "innocently" state something like "...when organizations change, employees only have one question: what's in it for me?" This is not true. When confronted with change people may think about its impact on the firm, the customers, their family, their co-workers, the poor, society at large, or the next generation. However, the assumption that people only care about themselves is not presented as a point to be debated; it is simply assumed to be true and the article goes on from there to talk about managing change. Over time these hidden assumptions seep into the reader's way of thinking. This is where it becomes insidious; once people begin believing the self-interest theory, they actually become selfish. What was not true, has become so.

Studies have shown that economics graduates (who are trained that self-interest is the only motivation) are far more likely to cheat their group in an exercise than any other group of subjects (economists contributed only about 20 percent of their resources to the group, compared to the 42 percent contributed by non-economists). It would never occur to economic professors that their theories transform average people into less ethical ones, but that is what happens.

Another potentially dangerous assumption is that in any firm there are A, B and C players (excellent, good, and poor). I have even used that language myself. But as soon as you assume 10 percent of employees are C players then it becomes natural to conclude they should

be fired and replaced with A players. It's also natural to think that the elite A players should be given special status. This kind of thinking risks turning a friendly, team-oriented workplace into one full of fear and distrust.

recognizes that it doesn't pay to get into a discussion of A, B, and C's, the language is damaging in and of itself.

There are a number of hidden ideas in US management theory that may be dangerous.

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Of course, it is true that organizations have to understand the differing performance levels of employees. However, that is different from assuming that people can be definitively sorted into categories—which most research shows is not valid. Traditional performance appraisal also grades people, but it is based on quite a different theory. In performance appraisal language an employee had a poor year, in the new language an employee is labelled a C and is on the edge of termination.

An alternative worldview is that there is a team and everyone on the team tries to contribute, sure some people will be better at some things, some times but not in such a dramatic way that we would label some people A's and other C's. Sometimes you will hear a CEO say, "We're just not going to go down that route." The CEO

Many of these derive from economics and revolve around the idea that it's a dog-eat-dog, survival of the toughest, winner-take-all, greed is good kind of world. Those assumptions show up in all kinds of management articles. If we adopt the language of those articles then those theories can become self-fulfilling.

Understanding the dangers of self-fulfilling theories is of particular importance to managers outside of the United States. Managers around the world read American business literature in a desire to pick up best practices. In doing so they can inadvertently pick up the equivalent of a virus that can damage their organizations and their countries.

It's hard to expect the average manager to read business articles and dig out the assumptions

hidden in what looks like everyday language. So the duty falls on thinkers and intellectuals in each country to alert managers to the dangers hidden in these ideas. Maybe you are one of those intellectuals. I presume that intellectuals will help, not out of self-interest, but because they want to create a better world for their fellow citizens and for future generations.

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