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WORKING KNOWLEDGE

Most Popular Articles of 2011

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You, our readers, are especially hungry for information about individual leadership, according to a tally of the most-read feature stories and faculty working papers over the past year, half of which focused either on how to be a better leader or on the factors that lead some leaders to behave badly. Other apparent areas of interest in the last 12 months included corporate social responsibility, marketing techniques, and, of course, the ubiquitous Lady Gaga.

Here are the Top 10 most-read articles and 10 most-read working papers that appeared in HBS Working Knowledge in 2011. As you reflect on the trends of yesteryear, we ask that you also turn your thoughts to 2012. What do you think will be the top areas of concern for managers in the coming months? Please share your thoughts in the comments section, and have a happy new year!

2011 Top 10 stories: (# unique visitors)

What CEOs Do, and How They Can Do it Better (29,119)
http://hbswk.hbs.edu/item/6665.html
Published: April 25, 2011
A CEO's schedule is especially important to a firm's financial success, which raises a few questions: What do they do all day? Can they be more efficient time managers? HBS professor Raffaella Sadun and colleagues set out to find some answers.

Being the Boss (26,224)
http://hbswk.hbs.edu/item/6573.html
Published: January 17, 2011
Striking the right balance between good management and good leadership is a daunting but necessary challenge for anyone endeavoring to be a good boss. In Being the Boss: The 3 Imperatives for Becoming a Great Leader, Harvard Business School professor Linda A. Hill and former executive Kent Lineback discuss the steps to take and the roadblocks to avoid in order to meet that challenge.

Is Groupon Good for Retailers? (25,712)
http://hbswk.hbs.edu/item/6600.html
Published: January 10, 2011
For retailers offering deals through the wildly popular online start-up Groupon, does the one-day publicity compensate for the deep hit to profit margins? A new working paper, "To Groupon or Not to Groupon," sets out to help small businesses decide. Harvard Business School professor Benjamin G. Edelman discusses the paper's findings

Teaching a 'Lean Startup' Strategy (24,997)
http://hbswk.hbs.edu/item/6659.html
Published: April 11, 2011
Most startups fail because they waste too much time and money building the wrong product before realizing too late what the right product should have been, says HBS entrepreneurial management professor Thomas R. Eisenmann. In his new MBA course, Launching Technology Ventures, Eisenmann introduces students to the idea of the lean startup—a methodology that has proven successful for many young high-tech companies.

Clay Christensen's Milkshake Marketing (24,877)
http://hbswk.hbs.edu/item/6496.html
Published: February 14, 2011
About 95 percent of new products fail. The problem often is that their creators are using an ineffective market segmentation mechanism, according to HBS professor Clayton Christensen. It's time for companies to look at products the way customers do: as a way to get a job done.

Are You a Level-Six Leader? (23,834)
http://hbswk.hbs.edu/item/6752.html
Published: July 6, 2011
Asking the question, whom do you serve? is a powerful vector on which to build a useful typology of leadership. Visiting professor Modesto Maidique offers a six-level Purpose-Driven Model of Leadership ranging from Sociopath to Transcendent.

HBS Cases: Lady Gaga (22,795)
http://hbswk.hbs.edu/item/6812.html
Published: September 26, 2011
What goes into creating the world's largest pop star? Before her fame hit, Lady Gaga's manager faced decisions that could have derailed the performer's career. A new case by Associate Professor Anita Elberse examines the strategic marketing choices that instead created a global brand.

Why Leaders Lose Their Way (21,651)
http://hbswk.hbs.edu/item/6741.html
Published: June 6, 2011
Dominique Strauss-Kahn is just the latest in a string of high-profile leaders making the perp walk. What went wrong, and how can we learn from it? Professor Bill George discusses how powerful people lose their moral bearings. To stay grounded executives must prepare themselves to confront enormous complexities and pressures.

It's Not Nagging: Why Persistent, Redundant Communication Works (18,159)
http://hbswk.hbs.edu/item/6629.html
Published: April 18, 2011
Managers who inundate their teams with the same messages, over and over, via multiple media, need not feel bad about their persistence. In fact, this redundant communication works to get projects completed quickly, according to new research by Harvard Business School professor Tsedal B. Neeley and Northwestern University's Paul M. Leonardi and Elizabeth M. Gerber.

The Most Powerful Workplace Motivator (17,348)
http://hbswk.hbs.edu/item/6792.html
Published: October 31, 2011

When evaluating compensation issues, economists often assume that both an employer and an employee make rational, albeit self-interested choices while working toward a goal. The problem, says Assistant Professor Ian Larkin, is that the most powerful workplace motivator is our natural tendency to measure our own performance against the performance of others.

2011 Top 10 working papers: (# unique visitors)

What Do CEOs Do? (3,708)
http://www.hbs.edu/research/pdf/11-081.pdf
http://hbswk.hbs.edu/item/6662.html
Published: March 31, 2011
Paper Released: February 2011
If time is money, as the old adage goes, then a CEO's schedule is especially important to a firm's financial success. This raises a fair question: What do CEOs do all day? To that end, researchers followed the activities of 94 CEOs in Italy over the course of a pre-specified week, enlisting the CEOs' personal assistants to track their bosses' activities with time-use diaries. Research was conducted by Raffaella Sadun of Harvard Business School, Luigi Guiso of the European University Institute, and Oriana Bandiera and Andrea Prat of the London School of Economics. Key concepts include:

- Compared with CEOs who work shorter hours overall, CEOs with longer workdays tend to devote more time meeting with other employees within the company and less time meeting with outsiders.
- The better the firm's governance structure, the more likely it is that a CEO will spend more time meeting with insiders than outsiders.
- The findings show a strong correlation between hours worked and productivity—a 2.14 percentage point increase in productivity for every one percentage point increase in hours worked. That positive correlation is driven entirely by the time a CEO spends with company insiders.
- Time spent with insiders is correlated with profits; time spent with outsiders is not. A possible interpretation is that spending time with outsiders might be more beneficial to the CEO than to the firm.

To Groupon or Not to Groupon: The Profitability of Deep Discounts (3,389)
http://www.hbs.edu/research/pdf/11-063.pdf
http://hbswk.hbs.edu/item/6597.html
Published: August 2, 2011
Paper Released: June 2011
For consumers, online discount vouchers (like those offered by Groupon.com) have obvious appeal: discounts as large as 90 percent. But for retailers offering the deals through the site, does the publicity compensate for the deep hit to profit margins? This paper sets out to help small businesses decide whether it makes sense to offer discount vouchers. Research was conducted by Harvard Business School professor Ben Edelman, Business Economics PhD candidate Scott Duke Kominers, and by Sonia Jaffe of the Harvard University Department of Economics. Key concepts include:

- For retailers, discount vouchers provide price discrimination, letting merchants reach customers who know about the business, but wouldn't ordinarily go there without a discount.
- These vouchers also benefit merchants through advertising, simply by informing consumers of a merchant's existence via e-mail.
- For some merchants, the benefits of offering discount vouchers are sharply reduced if individual customers buy multiple vouchers.
- As a marketing tool, discount vouchers are likely to be more effective for businesses that are relatively

unknown and have low marginal costs.

When Power Makes Others Speechless: The Negative Impact of Leader Power on Team Performance (2,773)
http://www.hbs.edu/research/pdf/11-087.pdf
http://hbswk.hbs.edu/item/6649.html
Published: April 1, 2011
Paper Released: February 2011
History has shown that possessing a great deal of power does not necessarily make someone a good leader. This paper explores the idea that power actually has a detrimental effect on leadership, especially with regard to how it affects open communication within a team. Research was conducted by Leigh Plunkett Tost of the University of Washington, Francesca Gino of Harvard Business School, and Richard P. Larrick of Duke University. Key concepts include:

- Members of teams with high-power leaders are likely to keep quiet in meetings, both because high-power leaders talk a lot, meaning there's not much time for others to talk, and because of the perception—fair or not—that powerful people aren't interested in anyone else's ideas. This can result in a dearth of ideas during brainstorming sessions.
- Leader power has a negative effect on team members' perceptions of the leader's ability and desire to engage in open communication. Because open communication is vital to any project, these perceptions can hurt team performance.
- These negative effects of leader power can be virtually eliminated simply by clearly communicating the idea that every team member is individually instrumental to any given task at hand.

The Dark Side of Creativity: Original Thinkers Can Be More Dishonest (2,036)
http://hbswk.hbs.edu/item/6613.html
http://www.hbs.edu/research/pdf/11-064.pdf
Published: February 10, 2011
Paper Released: January 2011
Anyone who has spent significant time with artists knows that creative genius often comes with a dark side. This paper offers experimental evidence, specifically with regard to the relationship between creativity and unethical behavior. Research involving four experiments with university students was conducted by Francesca Gino of Harvard Business School and Dan Ariely of the Fuqua School of Business. Key concepts include:

- Creative students who showed a natural aptitude for divergent thinking tended to cheat more than linear thinkers.
- Creativity is a better predictor of unethical behavior than intelligence.
- Students who were deliberately induced to think creatively were, in turn, more likely to cheat than those who weren't primed to think outside the box.
- Creative people are more likely to cheat in part because their creativity helps them to come up with ingenious explanations to justify their unethical behavior.

The Learning Effects of Monitoring (1,738)
http://hbswk.hbs.edu/item/6582.html
http://www.hbs.edu/research/pdf/11-053.pdf
Published: January 4, 2011
Paper Released: November 2010
It's a challenge that all good managers face: How do you strike the right balance between encouraging

autonomy among your employees and mitigating the risk that they'll make bad decisions? Using both field and quantitative data from the MGM-Mirage Group, this paper discusses how management controls affect the learning rates of lower-level employees. Research, focusing on hotel casino hosts, was conducted by Dennis Campbell and Francisco de Asís Martinez-Jerez of Harvard Business School and Marc Epstein of Rice University. Key concepts include:

- Tightly monitored employees were less likely to make independent decisions, even if their job descriptions allowed them to do so. They were even less likely to adjust their decisions to account for information they could easily show to their superiors to justify those decisions.
- The lower frequency of experimentation in their decision-making leaves employees in tightly monitored environments with few opportunities to learn. The researchers question whether employees in these micromanaged environments made up for the lack of experimentation by paying more attention to and learning more from each experiment.
- The researchers found strong learning effects among employees in settings where they were monitored by their bosses somewhat loosely. In settings where they were more tightly monitored, employees learned very little.

The 'IKEA Effect': When Labor Leads to Love (1,591)
http://hbswk.hbs.edu/item/6671.html
http://www.hbs.edu/research/pdf/11-091.pdf
Published: April 13, 2011
Paper Released: March 2011
Companies increasingly involve customers in the design and assembly of products, from Converse allowing customers to design their own shoes to IKEA asking customers to assemble their own furniture. In this paper researchers Michael I. Norton (Harvard Business School), Daniel Mochon (University of California at San Diego), and Dan Ariely (Duke) use the "IKEA Effect" to explain the increase in valuation we place on products we build ourselves. The researchers discuss the implications of the IKEA Effect for marketing managers and organizations more generally. Key concepts include:

- Successful assembly of products—no matter how amateurish—leads consumers to value them over and above the value that arises from merely purchasing a product.
- Labor increases valuation of completed products not just for consumers who profess an interest in "do-it-yourself" projects, but even for those who express a preference for buying preassembled products.
- Successful completion is an essential component for the link between labor and liking to emerge; participants who were not permitted to finish their creations did not show an increase in willingness-to-pay.
- The marketing challenge lies in convincing consumers to engage in the kinds of labor that will lead them to value products more highly, especially given their general aversion to such pursuits.
- The overvaluation that occurs as a result of the IKEA Effect has implications for organizations as a contributor to two key organizational pitfalls: sunk cost effects and the "not invented here" syndrome.

Corporate Social Responsibility and Access to Finance (1,179)
http://hbswk.hbs.edu/item/6766.html
http://www.hbs.edu/research/pdf/11-130.pdf
Published: July 22, 2011
Paper Released: June 2011
Corporate social responsibility may benefit society, but does it benefit the corporation? Indeed it does, according to a new study that shows how CSR can make it easier for firms to secure financing for new

projects. Research was conducted by George Serafeim and Beiting Cheng of Harvard Business School and Ioannis Ioannou of the London Business School. Key concepts include:

- The better a firm's CSR performance, the fewer capital restraints it will face.
- Better CSR performance is the result of improved stakeholder engagement, which in turn reduces the likelihood of opportunistic behavior and pushes managers to adopt a long-form strategy. This introduces a more efficient form of contracting with key constituents.
- Firms with good CSR performance are likely to report their CSR activities, thus increasing their overall transparency. Higher levels of transparency ease the fears of potential investors, making them more likely to invest.

Driven by Social Comparisons: How Feedback about Coworkers' Effort Influences Individual Productivity (1,177)
http://www.hbs.edu/research/pdf/11-078.pdf
http://hbswk.hbs.edu/item/6632.html
Published: March 16, 2011
Paper Released: February 2011
Francesca Gino and Bradley R. Staats explore how the valence (positive versus negative), type (direct versus indirect), and timing (one-shot versus persistent) of performance feedback affects an employee's job productivity. Specifically, through field experiments at a Japanese bank, they investigate the extent to which job performance is affected when employees learn where they stand relative to their coworkers. Key concepts include:

- Telling an employee that her job performance falls in the bottom of her group will lead that employee to better her performance. But telling her that she is at the top of the group will not significantly affect performance.
- An indirect approach yields different results. An employee who simply learns that he doesn't fall in the bottom of his group is likely to worsen his productivity, while an employee who simply learns that he isn't in the top of his group is not likely to change his work habits at all.
- Persistence is effective. Employees who receive persistent feedback from employers are likely to perform better at work than those who don't, and that goes for both positive and negative feedback.

Temptation at work (1,072)
http://www.hbs.edu/research/pdf/11-090.pdf
http://hbswk.hbs.edu/item/6668.html
Published: March 30, 2011
Paper Released: February 2011
Among the many distractions that keep office employees from their work, surfing the web is arguably the most irresistible time-waster of all. In order to deal with that problem, many companies either prohibit Internet use during working hours, or closely monitor employees' web activity. This means workers must wait until they get home to get their daily YouTube fix. But does forbidding this distraction actually increase productivity? In this paper, researchers find that the answer is no—and that delaying gratification actually has a negative impact on employee performance. Research was conducted by Alessandro Bucciol of the University of Verona and the University of Amsterdam, Daniel Houser of George Mason University, and Marco Piovesan, a research fellow at Harvard Business School. Key concepts include:

- Experimental research finds that subjects who were told to resist the temptation of watching a funny video made significantly more mistakes on a subsequent task than subjects who were allowed to watch the video right away.

- The findings suggest that employers should not tell employees not to surf the web in situations where the web is technically available to them. Rather, these companies should either remove web access entirely or, when this is not practical, allow a certain amount of time for personal Internet activity.
- Employers might also consider allowing regular Internet breaks, in the same way that they offer coffee and cigarette breaks.

The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance (1,002)
http://www.hbs.edu/research/pdf/12-035.pdf
http://hbswk.hbs.edu/item/6865.html
Published: November 14, 2011
Paper Released: November 2011
Robert G. Eccles, Ioannis Ioannou, and George Serafeim compared a matched sample of 180 companies, 90 of which they classify as High Sustainability firms and 90 as Low Sustainability firms, in order to examine issues of governance, culture, and performance. Findings for an 18-year period show that High Sustainability firms dramatically outperformed the Low Sustainability ones in terms of both stock market and accounting measures. However, the results suggest that this outperformance occurs only in the long term. Managers and investors who are hoping to gain a competitive advantage in the short term are unlikely to succeed by embedding sustainability in their organization's strategy. Overall, the authors argue that High Sustainability company policies reflect the underlying culture of the organization, where environmental and social performance, in addition to financial performance, are important, but these policies also forge a strong culture by making explicit the values and beliefs that underlie the mission of the organization. Key concepts include:

- Organizations voluntarily adopting environmental and social policies represent a fundamentally distinct type of modern corporation, characterized by a governance structure that takes into account the environmental and social performance of the company, in addition to financial performance, a long-term approach towards maximizing inter-temporal profits, and an active stakeholder management process.
- Societal concern about sustainability, at both the level of the firm and society as a whole, has been growing from almost nothing in the early 1990s to rapidly increasing awareness in the early 2000s, to being a dominant theme today.
- The High Sustainability firms in this study pay attention to their relationships with stakeholders—such as employees, customers, and NGOs representing civil society—through active processes of engagement.
- The Low Sustainability firms, by contrast, correspond to the traditional model of corporate profit maximization in which social and environmental issues are predominantly regarded as externalities created by firm actions which only need to be addressed if required to do so by law and regulation.
- The group of firms with a strong sustainability culture is significantly more likely to assign responsibility to its board of directors for sustainability and to form a separate board committee for sustainability. Moreover, High Sustainability companies are more likely to make executive compensation a function of environmental, social, and external perception (e.g., customer satisfaction) metrics.

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Reader Comments:

1. Excellent synthesis-summary of articles/papers/essays ; thus excellent work for new year starters, considering it bears so early a date as January 2nd. Thanks for the effort from the HBS assigned team.

   Rudolf Rinze
   Managing Director

ComBucasa

2. I think the top areas of concern for managers in the coming months will be the green area, the political influences, and the youth leadership in several areas, such as the social and business area. My best wishes for everybody in this new year!

   Adriana Valtierra
   highschool student
   Centro Escolar Los Altos

3. 2012 will be a repeat of 2011, same issues: leadership

   Bill Harvey
   Principal
   Manship Associates