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Tainted Knowledge versus Tempting Knowledge:
Managers Avoid Knowledge from an Internal Rival and
Approach Knowledge from an External Rival

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Abstract

We compare the ways in which managers react to knowledge that comes from internal rivals (e.g., colleagues) versus external rivals (e.g., employees at a different firm). Our experiments illustrate that managers avoid knowledge from internal rivals; conversely, managers vigilantly attend to knowledge from external rivals. We argue that internal rivals threaten a manager's personal status, and managers are therefore motivated to avoid it – i.e. they see such knowledge as “tainted.” By contrast, managers do not fear negative consequences for their personal status when they use knowledge from external rivals, and can even gain status by conveying it to their in-groups. Hence, they see knowledge from external rivals as particularly “tempting.” We suggest that the threats and opportunities for affirmation facing the self determine how they react to the knowledge of a rival. These self-implicating processes shape the dynamics of rivalry within and between organizations, and determine an actor's willingness to learn under rivalry.

Tainted Knowledge versus Tempting Knowledge: Managers Avoid Knowledge from an Internal Rival and Approach Knowledge from an External Rival

I would bring in a song and you could sort of see John stiffen a bit. Next day he'd bring in a song and I'd sort of stiffen. And it was like, 'Oh, you're going to do that, are you? Right. You wait till I come up with something tomorrow.'

-Paul McCartney's description of how he and John Lennon reacted to each other's ideas. "Paul McCartney: Getting Better All the Time"
Reader's Digest, November, 2001

In Gore's mind, the humiliation [of asking Clinton for help] must be greater than any risk [associated with Clinton's character issues]. After being advised to be his own man, Gore is now being told he needs to be Bill Clinton's man ... How Gore must resent hearing that he needs this guy to hoist him over the high bar against a lightweight Texas governor. Clinton is everything Gore isn't as a campaigner—bright and charming, with unerring political instincts and a jawbreaker of a punch.

-"Clinton's help may be too late for Gore"
St. Petersburg Times, October 22, 2000

The painters Paul Gauguin and Vincent Van Gogh decided that they would paint together in the south of France so that they could learn from one another. Instead, the two competed incessantly, discovered the differences in their assumptions about painting, and cut short their experiment in their so-called "Studio of the South". More recently, a similar competitive dynamic between Paul McCartney and John Lennon made it difficult for each to learn from the other's song writing gifts. As a result, rather than collaborating, Lennon and McCartney composed most of the Beatles' songs working independently. Similarly, Al Gore was reluctant to seek desperately needed political help from Bill Clinton in his 2000 election campaign. As the quotation above suggests, many analysts attributed Gore's reluctance, not to his fears of being associated with Clinton's scandals, but to the threats that he experienced when he compared his own political talents to Bill Clinton's.

Each of these situations describes an instance where knowledge from one person did not fully transfer to another person who might have benefited from it. When organizational actors encounter rivals, they often experience threat (Tesser, 1988), mental anguish, and envy (Salovey, 1991), simply by comparing themselves to them (Brickman and Janoff-Bulman, 1977; Festinger, 1954; Taylor, 1983). In such a state, the act of attending to potentially valuable knowledge becomes difficult because it threatens an organizational actor's competence, identity, and organizational status. In a business era that venerates anything that is creative, novel, and demonstrates leadership, "borrowing" knowledge from colleagues is often not a career-enhancing strategy. People within organizations may (appropriately) fear that acknowledging the superiority of a rival's knowledge would implicitly display deference to their rival and devalue their own status within the organization (Blau, 1955; Lee, 1997, Menon and Pfeffer, 2002). In short, rivals—and the potential knowledge they bring—can threaten one's own self-regard as well as status within organizational groups. For this reason, we suggest that organizational actors may respond defensively to a rival's ideas (cf. Fein and Spencer, 1997, Schimel, et. al., 2001).

In contrast, we hypothesize that the process of learning from an out-group member or someone external to the organization is distinctly less threatening for the self and in many cases is imbued with positive social regard. Consider the readiness of Gauguin to borrow from the distant South Pacific, Van Gogh from Japan, and the Beatles from far-off India. And consider the teams of strategists and analysts that Al Gore and George W. Bush employed to monitor each other's campaigns. In the business world as well, many American managers in the 1980's spent much time and money implementing ideas from Japanese rivals. These examples suggest that managers sometimes construe the act of incorporating an idea from a rival, not as merely copying, but rather as vigilance, benchmarking, and as stealing their competitive fire (Feldman and March, 1981). In these cases, the act of taking an idea from a rival seems strategic and career-enhancing (Menon and Pfeffer, 2002), and managers come to perceive knowledge from the rival, not as tainted, but as especially tempting—it seems even more valuable and holds a special cache.

In each of the situations above, it is the knowledge of the internal rival that appears tainted whereas the knowledge of the more distant outside rival is regarded as more valuable. Despite the law-like observation that people regard their in-groups more favorably than their out-groups (Sherif, 1966; Tajfel, 1970), and seek to maintain homogeneous attitudes within the in-group that distinguish them from the out-group (Marques, Paez, and Abrams, 1998; Pool, Wood, and Leck, 1998; White and Langer, 1999; Phillips, 2003), our examples suggest that people in actual organizations have ambivalent relationships with in-group members. Many times, our colleague in the next office is simultaneously our ally and our rival, a source of advice and rebuke, and a source of support and threat. The self-evaluation maintenance model (SEM) indicates that people who are close to us are more threatening than people who are strangers, particularly when highly self-relevant achievements are in question (Tesser, 1988). Whereas the SEM has focused on the emotional experience of threat resulting from social comparison between psychologically close and distant others (Tesser and Collins, 1988; Beach et al., 1998; Tesser, Pilkington, and McIntosh, 1989), research has not focused on how such threats affect a person's willingness to learn from that rival.

In a series of four investigations, we compare the dynamics of internal and external rivalry. We systematically examine two key adaptive responses of managers facing rivals: (1) the threat that their rival's knowledge provokes in them and (2) the degree to which they attend to and are willing to learn from their rival. We hypothesize that knowledge from an inside rival (e.g., a superstar in another division of the organization) is more threatening to one's personal status than the same knowledge from an outside rival (e.g., an up-start manager in another firm in the marketplace). Further, people respond to the threats from outsider knowledge with "approach" behaviors and respond to threats from insider knowledge with "avoidance" behaviors (Menon and Blount, 2003). Threat therefore has contrasting consequences for a manager's willingness to learn: External threat increases the degree to which managers attend to knowledge from those rivals (cf. Ruscher and Fiske, 1990) whereas internal threat inhibits the degree to which a manager engages in the informative (albeit painful) process of seeking knowledge from their internal rivals (cf. Blau, 1955). Managers who avoid internal knowledge protect

their identities and their organizational status by minimizing the degree to which that knowledge threatens them; however, they are also less likely to learn from rivalry as well (Blanton, et. al., 1999; Gerrard, et. al., 2002).

The Self and the Willingness to Learn

In this paper, we consider two ways in which the ego is implicated in managerial evaluations of knowledge: first, in its identification with the person who carries knowledge, and second, in the degree to which it is threatened by the person who carries the knowledge (Menon and Blount, 2003). First, we consider the organizational identity of an actor, and in particular, whether the actor that carries an idea is internal (belongs to the same organization) or is external (a member of another organization). Second, we consider relationships of rivalry, i.e., situations within an organization or in the market place in which actors compete for resources, goods, status, and/or position with one another (Levine and Thompson, 1996). Despite differences that arise when comparing rivalry within and between organizations (for example, people may compete for different kinds of resources and have their personal versus group identities at stake), rivals in both situations experience threats to the self: they are at risk of having others acquire both the tangible resources that they need for their survival and the more intangible resources such as status and recognition that they need to maintain self-esteem.

An important question then, is how people respond to the threats that these two arenas of rivalry provoke. In particular, we examine the cognitive-emotional responses that influence a manager's willingness to learn from the rival. Rivals, both those within and outside the organization, often carry valuable knowledge that might benefit one another. Managers can respond to situations of rivalry by exhibiting a willingness to learn from the rival (for example, by allocating their time and resources to attend to, acquire, and incorporate the rival's ideas into their own ideas and projects) or by rejecting and ignoring their ideas.

Insider Threats versus Outsider Threats

The insight that people derive a significant amount of their self-esteem by identifying with their in-groups is one of the most pervasive claims in social psychology (Turner, 1975). It is therefore unsurprising that these social identities affect the ways in which people evaluate others and their ideas. People are motivated to affirm themselves by seeing their own group members as virtuous and superior and the out-group as contemptible, immoral, and inferior (Brewer, 1986). They believe that their group's standards of value are universal and that they should reject out-group values (Brewer, 1986) and attitudes (Pool et. al., 1998), which threaten their world views (McGregor et. al, 1998). This tendency to favor in-groups affects how organizational ideas are evaluated as well. For instance, the not-invented-here syndrome describes the tendency of managers to assume that all good ideas come from within the organizational boundary and that they should reject ideas that come from other groups or organizations (Katz and Allen, 1982).

This long tradition of research uniformly assumes that in-groups are a source of self-enhancement whereas out-groups represent a threat to group identity. In the process, it neglects the rivalries that occur among insiders and assumes that people enhance their in-groups as a means of enhancing themselves. In contrast to these assumptions, Tesser's SEM model (1988) suggests that a person's self-esteem might be threatened rather than enhanced by affirming an in-group member. In his paradigm, participants make predictions about the performance of a friend (in-group member) or a stranger (out-group member) on tasks that have high and low relevance to the self. The model predicts that people bask in the successes of their friends when those friends succeed in areas that are not threatening to the self, and display arousal and positive affect. However, when a close friend succeeds in a domain that is relevant to the self, their performance is actually more threatening than the success of an out-group member, and the upward comparison results in arousal and negative affect (Tesser, Millar, and Moore, 1988), particularly when people feel that they are not capable of attaining similar heights (Lockwood and Kunda, 1997). Furthermore, the organization's competitive structure and practices of performance evaluation institutionalize these psychological processes. Insiders directly compete with one another for status, rewards, and promotions, as compared to outsiders

(Frank, 1985; Menon and Pfeffer, 2002). Thus, despite the strong identification and liking that often develops between in-group members and the threats to group identity that out-groups provoke, people make social comparisons more confidently within the group as compared to between groups (Gilbert, Giesler and Morris, 1995; Levine and Moreland, 1987), and they respond in a more intensely emotional way to the invidious comparisons that can result (Tesser, Millar, and Moore, 1988). For these reasons, we suggest that:

H1: Internal rivals threaten personal status to a greater degree than do external rivals.

Whereas the SEM examines the emotional responses of people facing social comparisons with successful in-group versus out-group members, we focus on the contrasting ways in which such threats color a manager's reactions to their rival's knowledge. The dynamics that the SEM specifies elucidate how knowledge that comes from within the organization and knowledge that comes from the marketplace have contrasting implications for a manager's personal status. As a result, we argue next that the ego-threats that arise from these dynamics also direct the flow of knowledge in an organization by determining the degree to which managers attend to, value, and are willing to spend time and money to learn from the ideas of another actor.

Approaching versus Avoiding Knowledge from Rivals

A person encountering a threatening rival can either avoid their knowledge or approach it. The choice they make depends on their relationship to the rival (Fiske, 1993) because the act of learning has different meanings to the self in different relational contexts (Menon and Blount, 2003). For instance, people could view the identical behavior of using knowledge through any of the following lenses, depending on the context:

- Status loss frame: Acquiring another actor's knowledge can signify "following the leader"; copying; and deferring to or flattering that actor
- Status gain frame: Acquiring another actor's knowledge can represent benchmarking; displaying one's social connections and vigilance; theft; stealing the thunder of a rival; and displaying leadership, creativity, and social connections

Specifically, managers facing internal rivals often face a direct threat to the self and construe the act of learning as a status loss, given the risk of affirming the competence and legitimacy of a direct rival in the organization (Blau, 1955). If they ask a peer for help or imitate them, they raise that peer's reputation and threaten their own status in the organization (Lee, 1997). The more that a rival's knowledge threatens a manager's personal status, the more difficult it is likely to be for that manager to approach, accept, and ultimately incorporate the rival's idea. As a result, they avoid the knowledge of a rival by using a variety of strategies. For example, they downgrade its relevance and thus avoid social comparisons (Brickman and Janoff-Bulman, 1977; Morse and Gergen, 1970), they look downward for ideas from less threatening targets (Thompson and Crocker, 1990; Willis, 1981) and they attempt to gain status by subtly condescending to or criticizing the rival's ideas to inflict social or emotional injury upon them (Fournier, Moskowitz, and Zuroff, 2002; Gilbert, 1992). In an organization, these strategies do not simply serve the private needs of self-esteem maintenance but are particularly effective when they occur publicly (Mahler, 1933; Wicklund and Gollwitzer, 1982), shaping the attributions that relevant others make as well (Jones and Pittman, 1982).

By contrast, external rivals in the marketplace directly compete with the in-group but do not directly threaten a manager's pursuit of rewards and promotions, so using that knowledge is not construed as a personal status loss (Menon and Pfeffer, 2002). And not only do people not experience a status loss, but they often reap status benefits by displaying their connections and access to valuable knowledge (Burt, 1992; Feldman and March, 1981; Tushman, 1977). The act of taking knowledge from a rival out-group actually enables the group to resolve critical uncertainties so that they might compete more effectively (Salancik and Pfeffer, 1982). Given the high costs for failing to accurately understand and effectively respond to the behavior of an outsider, rivals seek ways to monitor, predict, and control them (Pfeffer and Salancik, 1978; Haunschild, 1994). They cannot base their impressions of rivals on simplified stereotypes and instead form impressions that are highly individuated and that reflect their non-stereotypic attributes to a greater degree (Ruscher and Fiske, 1990; Fiske and Neuberg, 1990). The increased levels of attention that they pay to their rivals are a necessary prerequisite for

more individuated processing (Ruscher and Fiske, 1990) and for learning and self-improvement as well. Thus, whereas learning from internal rivals is itself a threat, learning from external rivals is a means to cope with that threat.

Given that internal and external rivalries involve contrasting patterns of social comparison in which learning has different implications for the self, we suggest that:

H2a: People are more likely to attend to the knowledge of external rivals in the marketplace and to avoid the knowledge of internal rivals in the organization.

This hypothesis further implies that threats evoked by internal versus external rivalry have different implications for a manager's willingness to use knowledge:

H2b: The more threatened a manager feels with respect to internal knowledge, the more they are likely to avoid that knowledge; The more threatened a manager feels with respect to external knowledge, the more they are likely to pursue it.

Internal rivalry evokes a personal threat that inhibits a manager's willingness to learn. Managers learn if those self-threats are eased; for example, if they acquire opportunities for self-affirmation (Fein and Spencer, 1997; Steele and Liu, 1983; Tesser and Cornell, 1991), and feel psychologically safe (Edmondson, 1999). By contrast, precisely because external threats inflame fear and uncertainty about group survival, they motivate learning.

In sum, we propose that the internal versus external identity of a rival shapes the nature of the social comparison process (see Figure 1). The social comparison process, which is institutionalized in the organization's competitive structure, affects the degree to which managers experience threat from their rivals, how the act of learning from a rival comes to be construed, and the strategies that managers choose in response to that threat. We predict that managers experience more personal status threat when they cope with internal as compared to external rivals, and that these threats are associated with different strategic orientations. Competitive threats from within the organization lead managers to avoid the rival and their knowledge, and managers find such knowledge psychologically difficult to incorporate into their own projects. In contrast, threats from the marketplace lead managers to increase the attention they pay to rivals and their knowledge and they more readily incorporate such knowledge into their own projects. These strategies have

broader implications for the consequences of rivalry, by determining whether a threat evokes learning that benefits the organization, or whether it instead evokes defensive responses that avoid the knowledge of the rival.

Overview of research

We conducted four studies to explore the relationship between the rival's internal versus external identity, the level and the nature of the threat that they provoke, and the manager's consequent willingness to learn from the rival. Study one was an exploratory study in which we compared the degree to which managers coping with internal and external rivals were likely to use strategies that sought the knowledge of their rivals. Study two examined a potential mediator of the relationship between the identity of the rival and the willingness to learn from them: perceived status loss from using the rival's knowledge. Study three examined the interaction between internal and external identity and threat, and suggests there might be at least two kinds of motivations to learn from a rival, one that internal threat inhibits and the other that external threat exacerbates. If this is indeed the case, then self-affirmation, which mitigates threat, should heighten willingness to learn under internal threat, but reduce it under external threat. Our fourth study examined this issue.

Study 1: Responses to Internal versus External Threat

In this study, we explored the contrasting ways in which managers cope with internal and external threat. Our key hypothesis was that managers who recall instances of internal threat (e.g., rivalry with a person inside their own organization) would experience greater personal threat from those internal rivals and hence, respond with strategies that were more likely to avoid information acquisition and learning from the rival as compared to managers who recalled an external threat.

Participants. Participants included 34 North American management students enrolled in a full-time MBA program.

Procedure and materials. Participants were randomly assigned to one of two “competition” conditions: internal threat or external threat. In both conditions, managers thought about a situation in which they competed with someone in their own organization (internal threat) or competed with someone in another organization (external threat). Specifically, they received the following prompt which was identical across the two conditions except for the identity of the rival in question:

Managers are often in competition with others when they are solving problems. That is, they have to come up with solutions that are faster than their competition and that are better than their competition. For this survey, please think about a project at work in which you had to compete with a unit in another organization (another unit in your organization).

Measures. As a method for inducing the external versus internal threat manipulation, managers were asked to elaborate in detail the circumstances of the competitive interaction. Specifically, they responded to four open-ended questions: describe who the rival was, the circumstances of the competition, how they handled the situation, and how they might have better handled the situation. We also gave them several closed ended questions in which they further described their relationship to the rival. They compared the competence of the rival to others in their organization, responding on a 7-point Likert scale in which 1=less competent and 7=more competent. They also assessed how well they knew the rival using a 7-point scale in which 1=not at all and 7=a great deal.

The primary dependent measures included: (1) perceived psychological threat and (2) willingness to learn. To assess the potential psychological threat to the self and the organization, participants answered the following questions about the stakes involved in the competition: “How much did you personally have at stake as a result of the competition?”; “How much did your organization have at stake as a result of this competition?”. Participants indicated their response on a 7-point Likert scale in which 1 was labeled “Not that much” and 7 was labeled “A great deal.”

To assess willingness to learn, we asked students to indicate which strategies they might employ to manage the competition. The possible reactions to competition differed in the degree to which the manager sought the knowledge of their rival: Attempted to collect as much information as possible about the rival's ideas; ignored the rival's behavior in order to focus on your own work in the project; maintained originality of your own ideas by avoiding use of the rival's ideas; used personal influence with others to communicate the advantages of your ideas over the rival's. Again, participants responded on a 7-point Likert scale in which 1 was labeled "Disagree" and 7 was labeled "Agree."

Finally, we asked participants a question about the consequences for learning under competition: "How easy was it to obtain accurate information about the rival's strategies?" They responded using a 7-point Likert scale in which 1 was labeled "Easy" and 7 was labeled "Difficult."

Results. We first assessed the perceived closeness of the rival, to test our assumption that internal rivals are more psychologically close. The manipulation check was effective: managers reported having closer relationships to rivals in their own organization ($M=4.6$, $SD=1.7$) as compared to people who were rivals in the marketplace ($M=2.9$, $SD=2.0$), $F(1, 32)=7.1$, $p<.05$). They did not report any differences in their evaluations of the competence of the internal versus external rivals.

Second, Hypothesis 1 predicted that the two arenas of rivalry differ in the kinds of costs and rewards that are at stake such that an internal rival would evoke a greater personal threat than the outside rival. We also expected that the outside rival would evoke greater organizational threat than the internal rival. As reported in Table 1, we found that people perceive higher personal stakes when the rival comes from within the organization ($M=4.3$, $SD=1.5$) versus the market place, ($M=2.7$, $SD=1.8$), $F(1, 32)=7.4$, $p=.01$). People also perceived higher stakes for their organization when the rival comes from the outside, although this difference misses significance ($F(1, 32)=1.1$, $p=.30$).

We next examined the strategies that managers indicated that they would use to cope with threat. Given that managers facing internal rivals perceive greater psychological threats to the self, Hypothesis 2a predicted that they would be more likely to try to minimize the threat through active avoidance and escape. Conversely, we predicted that managers threatened with an external rival would perceive greater value in learning from the rival. The results confirmed our hypotheses. Managers faced with internal threat used different strategies to deal with it. As predicted, managers facing internal threat were less likely to collect information about the rival ($M=3.7$, $SD=1.6$ vs. $M=5.1$, $SD=1.8$) ($F(1, 33) = 5.7$, $p<.01$), and more likely to ignore their rival instead ($M=4.3$, $SD=1.6$ vs. $M=2.9$, $SD=1.8$) ($F(1, 33) = 5.5$, $p<.01$). There were no significant differences between managers' preferences for the other strategies under internal and external competition. Moreover, despite having a closer relationship to internal as compared to external rivals, participants reported that it was actually easier to acquire information about the outsiders ($M=5.2$, $SD=2.0$ vs. $M=3.8$, $SD=1.2$) ($F(1, 32) = 5.4$, $p<.01$).

With regard to threat implications, the more competent (and hence, presumably more threatening) respondents perceived an insider to be, the less likely they were to collect information from them, ($r=-0.41$, $p<.10$). In contrast, there was a positive but non-significant tendency to collect information from external rivals who the respondents perceived to be more competent ($r=0.12$, n.s.). Further, across both the internal and external competition conditions, managers who perceived a higher organizational stake as a result of the competition were more likely to try to collect information about the rival ($r=0.59$, $p<.01$). There was no correlation in this study between their personal stake in the competition and their tendency to collect information from the rival.

Discussion

Our key thesis is that internal rivalry is more personally threatening to one's status than is external rivalry and therefore triggers an avoidance response. Conversely, external rivalry is less threatening, presumably because it does not evoke threatening interpersonal comparisons and does not immediately threaten one's status in the organization. In this exploratory study, we find preliminary support for these hypotheses. We asked managers

to recall a particularly threatening experience that involved either someone who worked in their same company (internal threat) or outside of their company (external threat). We predicted and found that feelings of threat were greater when they emanated from internal rivals than external rivals. Moreover, managers' reported willingness to pursue knowledge was significantly dampened when the threat was internal, as opposed to external. Paradoxically, whereas internal knowledge appears to be physically easier to gather given its proximity and easy availability within organizational boundaries (Cyert and March, 1963), it may actually be more difficult to acquire given the psychological barriers to seeking it out.

We fully appreciate the obvious alternative interpretation of these results. Succinctly put: it is not the source of the knowledge threat (internal versus external) that matters but an artifact of our "recall" methodology. Specifically, it could very well be that the types of threatening situations that managers recalled were qualitatively different for the internal versus the external conditions. The best way to address this potential concern and rule out this alternative hypothesis would be to present the same competitive threat to everyone, and vary only the perceived source of the threat—internal versus external. Such a methodology allows us to hold constant the characteristics of the competition and allow only the source of the information to differ. This methodology parallels methods used in the attitude-persuasion literature, in which the researcher holds the persuasive message itself constant, but varies the perceived source of that message (Hovland and Weiss, 1951).

Further, participants thought only about instances of internal and external rivalry. We also need to assess whether the differences that emerged were specific to situations of rivalry or characteristic of internal and external relationships more generally, regardless of whether they evoke a competitive threat.

Study 2: Status Concerns Mediate the Willingness to Learn under Threat

In Study 2, we directly manipulate the identity of the knowledge source—internal versus external—and additionally manipulate whether that person is threatening (competitive)

versus non-threatening. The key dependent measures included: psychological threat (e.g., fear of losing status) and willingness to learn (e.g., commitment of resources such as money and time to learning, likelihood to use the rival's ideas).

Participants. A total of 133 MBA students participated in partial fulfillment of a course.

Design. Students were randomly assigned to one of 4 conditions in a 2 (source of threat—internal versus external) x 2 (degree of threat—non-threatening versus threatening) design.

Materials and procedure. In all conditions, managers were asked to think about either an internal rival, an internal non-rival, an external rival, or an external non-rival. Participants wrote the initials of that peer (and noted whether that person was a real person or an imaginary person) and described how they felt (or might feel) about this person. (Note: our pre-testing indicated that the initial-writing served to increase the experimental realism of the experimental manipulations).

They were then asked to think about the following new situation in which they were again dealing with this peer:

Not long after getting your degree, you are hired as an assistant manager of one hotel in a major hotel chain. You are in charge of generating a set of initiatives for this particular hotel that will increase sales and performance. During your first year working in the hotel chain, it was impressed upon you that the hotel business is highly competitive industry. Consequently, innovation and initiative are strongly needed to increase sales and performance. Thus, you began work on something you called the “Preferred Guest Plan” (similar in many ways to airline clubs).

It has come to your attention that _____ (initials) is working on a similar plan called the “Dedicated Guest Plan”. As before, this person is in another (the same) company as you that (does not) directly compete with your organization in the

market place (that (does not) compete directly with you for promotions and bonuses). You are both young, up-and-coming leaders in your organizations.

Participants were then asked the extent to which they felt psychologically threatened. Following research by Blau (1955) and Lee (1997), which describes the status concerns that managers face when learning from their peers, we operationalized psychological threat as the respondent's perceived status loss: How likely is it that you will lose status in the organization by using ideas from this person? They responded on a 7 point Likert scale where 1= extremely unlikely and 7= very unlikely. They were also asked, "How important would it be for you to maintain the originality of your ideas?" and responded using a Likert scale where 1=unimportant and 7=very important.

Second, we assessed the willingness of participants to learn from the rival. To measure willingness to learn, participants were asked to allocate time and money to learning from their rival. As a measure of knowledge valuation, they were asked to allocate a percentage of their budgets of time and money to learning from the rival:

This person has recently been receiving a lot of attention from some new ideas that they have developed. What percentage of your full-time working efforts on this plan would you dedicate to acquiring information about the plan that this person is developing? ___%

Your research and development budget for this project is \$10,000. What percentage of your research and development budget would you be willing to pay to use the new ideas that this person has developed for their plan? ___%

Finally, participants were asked about their willingness to use the ideas: "How likely they would be to use the ideas this person used in his plan in your plan?" Again, they responded on a 7 point Likert scale where 1 was labeled "extremely unlikely" and 7 was labeled "very likely".

Results. The manipulation check revealed that the threat manipulation was effective: people did indeed feel more competitive with their rivals ($M=6.0$, $SD=1.1$) as compared

to those with whom they did not directly compete ($M=5.4$, $SD=1.4$), $F(1, 131) = 8.0$, $p<.01$). Further, whereas people liked their rivals ($M=3.7$, $SD=1.5$) less than those with whom they did not compete ($M=4.4$, $SD=1.4$) $F(1,130) = 8.7$, $p<.01$), there were no differences in closeness between them.

Psychological threat. Hypothesis 1 predicted that managers who faced an internal threat would perceive greater status loss than managers facing a threat from an external entity. The results supported this prediction. We found an interaction, reported in Table 2, between internal/external and rival/nonrival, $F(1,129)=8.5$, $p<.01$. Simple effect analyses revealed that, as predicted, participants expected to lose more status if they learned from internal rivals than from external rivals ($M=4.1$, $SD=1.6$ and $M=3.0$, $SD= 1.2$ respectively), $F(1, 66) = 11.0$, $p<.01$. Importantly, there were no significant differences in the non-threat condition ($M= 3.3$, $SD=1.2$ and $M=3.6$, $SD= 1.5$, $F(1, 63) = 0.6$, *n.s.*).

Willingness to learn: We were also interested in how managers would respond to the perceived threat. As predicted by Hypothesis 2a, the planned contrast between internal and external rivalry revealed that managers allocated a greater percentage of their budget to acquiring ideas from an external rival ($M=26.1$, $SD=15.7$) as compared to an internal rival ($M=21.8$, $SD=15.7$) ($F(1, 66) = 4.9$, $p<.05$; see Table 3). Although the difference between their allocation of time in the two conditions did not reach significance, when we combine allocations of time and money ($t=0.56$, $p<.01$), we find a marginally significant effect where participants allocate a greater percentage of time and money to the external ($M=25.4$, $SD=15.0$) as compared to the internal rival ($M=19.0$, $SD=13.3$), $F(1, 66) = 3.4$, $p=.07$. Further, we found a marginally significant effect whereby participants stated that they were more likely to use ideas from external ($M=4.6$, $SD=1.57$) as compared to internal rivals in their own plans ($M=3.9$, $SD=1.67$), $F(1, 66) = 3.0$, $p<.10$.

Testing for Mediation

We performed a mediation analysis (Baron and Kenny, 1986) to investigate whether perceived status threat mediated the relationship between the internal-external identity of

the rival and willingness to learn from them. Specifically, we were interested in determining whether it was the status threat that an internal or external rival evoked, rather than their internal or identity per se, that predicted the outcomes for willingness to use the rival's knowledge. We examined participants in the internal and external threat conditions only and used Baron and Kenny's (1986) four step approach to evaluate the significance of coefficients (See Figure 2). This analysis is exploratory because, Step 1 determined that the identity of the rival was only marginally correlated with the respondent's willingness to learn ($b=0.68$, $p<.10$). Step 2 tested the effect of the mediator, status threat, on willingness to learn and indicated a significant correlation between the two ($b=-0.59$, $p<.01$). Step 3 revealed that the rival's identity as an insider or outsider predicted the level of the status threat ($b=-1.1$, $p<.01$). Finally, in Step 4, we find that the coefficient for identity approaches 0 ($b=.03$) when status threat is included in the equation predicting willingness to learn, suggesting that status threat mediates the relationship between identity and learning. Thus, there is some preliminary support for our mediation hypothesis.

Discussion

In this study, we find that managers face contrasting levels of personal status threat in learning from internal and external rival, and, as a result, handle both kinds of knowledge in different ways. They are most likely to perceive status threats when learning from internal rivals, and least likely to perceive them when learning from external rivals. As a result, they more readily allocate resources to finding and using knowledge from external rivals. These findings replicate Study 1's finding that internal rivalry leads to greater threats to personal status and less motivation to learn as compared to external rivalry. Further, they extend that study by preliminarily revealing that the relationship between the internal and external identity of the rival and the respondent's willingness to use their knowledge is mediated by the degree to which the respondent perceives a status loss by using their knowledge. The internal or external identity of the rival shapes the learner's construal of the act of learning from them, which in turn affects their willingness to learn.

We noted that because Study 1 relied on managers' recall of personal experiences, we could not be certain that the greater psychological threat and lowered willingness to learn

were indeed attributable to the internal versus external distinction. Therefore, in Study 2, we directly manipulated the nature of the threat and found the same internal versus external differences – but only under conditions of threat – as predicted by our theory. Although the general differences in the properties of internal and external knowledge remain in these noncompetitive situations, the status loss of learning from an internal non-rival is considerably lower. As a result, identity becomes relevant to willingness to learn only under threat.

Whereas Study 2 addresses some of the limitations of the prior study by including conditions for non-rivals, standardizing the situation in which learning might occur, and including time and money allocations as specific measures of knowledge valuation, this study raises several other questions. First, although we standardized the scenario to which participants responded, we did not standardize the specific kinds of knowledge that they expected to collect from insiders and outsiders. Thus, participants might have different ideas about what their peer's "Dedicated guest plan" means when they think that person is an insider or an outsider.

Additionally, we focused on the status threats that a manager might face when dealing with a rival. Whereas status threats are relevant to people dealing with internal rivals, other threats are relevant when managers are dealing with external rivals. Thus, managers dealing with outsiders will feel equally threatened, although they are more concerned about the preservation of their group in the environment rather than how they compare to others within their own group. In the next study, we will try to directly measure the actual emotional reactions participants experience with respect to the situations of internal and external rivalry. Whereas people engaged in internal rivalry experience greater threats to personal status, we suggest that those engaged in external rivalry may feel equally threatened, although they experience a threat of a qualitatively different nature. We also examine some of the differences between how managers perceive both kinds of threats and make attributions about how to resolve them.

Study 3: Threat Inhibits Willingness to Learn from Internal Rivals and Increases Willingness to Learn from External Rivals

In Study 3, we manipulate the identity of the rival (internal versus external) and the level of analysis at which the rival is construed (individual versus organization). Given that Study 1 asked participants to think about rivals at an organizational level and Study 2 asked participants to think about interpersonal rivalry, we sought to examine whether there might be differences in knowledge valuation when managers construed the rival as an individual versus a group. We did not expect any differences to occur, but we were interested in controlling the level of analysis at which participants construed their targets, given that research has found that such factors influence how people respond to competition (Schopler and Insko, 1992).

Participants. The participants were 136 MBA students who completed the surveys as part of a classroom exercise.

Materials and procedure. Participants were randomly assigned to one of 4 conditions in a 2 (source of threat—internal versus external) x 2 (personalized [individual rival] versus aggregated [organizational rival]) design. Participants in all conditions were asked to think about a real instance when they coped with a one of four kinds of rivals: a rival who was an internal individual, an internal group, an external individual, or an external group. Once again, they were then asked to put themselves in a new situation in which they would again face this rival. This time, they were managers of a restaurant chain who had just discovered that their rival had developed several new concepts in managing their restaurant, for example:

- Rather than having just one salad buffet line, the food is set up in multiple stations where servers interact with customers more and create more energy in the restaurant
- Increasing the diversity of items available in the restaurant by introducing pizzas and more meats

To standardize the characteristics of the knowledge to which participants responded, we gave participants the rival's sample menu.

Dependent measures. We measured psychological threat and willingness to learn. Psychological threat was operationalized using Turner et. al.'s (1992) mood scale and focused on the participants' stated comfort level, calm (versus shaky), secure (versus tense), confident (versus panicky) and relaxed (versus frightened). We also asked them identical questions from Study 2 concerning the percentage of their time and money they would allocate to acquiring information about the plan and how willing they were to use ideas from the rival's plan in their own plan.

The survey concluded with participants describing their beliefs about the nature of internal versus external competitive threats. Specifically, we were interested in the locus (internal, external) and stability of attributions for success and failure in internal versus external competition (Weiner et. al., 1971). Participants rated their agreement with four statements concerning the role of competence (internal, stable), hard work (internal, unstable), luck (external, unstable), and social connections (external, stable) as explanations for a company's ability to get ahead in markets and an individual's ability to get ahead in an organization. Given that there are differences between the characteristics of the threats that people experience in organizations and in markets, we wanted to compare people's assumptions about both. In particular, we expected that people would be more likely to believe that organizational threats are resolved subjectively. In short, they would seem less likely to be resolved via competence and hard work, and more likely to be governed by external factors such as luck and social connections. People would therefore be less likely to learn in domains where they perceive themselves as helpless and lacking internal control (Seligman, 1975) and where they hold implicit theories that the characteristics associated with improvement are stable rather than malleable (Dweck and Leggett, 1988).

Results

To assess our key prediction, we created a single variable called emotional threat from the five items of the mood scale ($\alpha = .92$). In contrast to Studies 1 and 2, we find no differences in the threat experienced between the internal and external rivalry conditions, because the mood scale measures the general level of threat that the participants in either condition experience, and does not specifically differentiate personal threat provoked by insiders from the group-level threat provoked by outsiders.

We then combined the allocation items, which were highly correlated with each other ($r = 0.41$, $p < .01$). As shown in the regression analysis reported in Table 4, we find the main effect, predicted by Hypothesis 2a, where people allocate more to learning from external rivals ($M = 30.2$, $SD = 15.9$) as compared to internal rivals ($M = 28.1$, $SD = 16.1$), $b = 16.1$, $p < .05$.

In addition, as predicted by Hypothesis 2b, we find a significant interaction between the identity of rival and emotional threat, $b = -6.2$, $p = .009$. Thus, as shown in Figure 3, when we correlate emotional threat and allocations to learning from the knowledge of internal rivals, we find a trend whereby the more an internal rival threatened participants, the less managers allocated resources to learn from them ($r = -0.14$, *n.s.*). In contrast, the correlation between threat and allocation to knowledge from external rivals runs in the opposite direction: and the more an external rival threatened people, the more time and money they allocated to learning about their rival's ideas ($r = 0.32$, $p = .01$).

The implicit theories that participants held about internal and external competition help make sense of the different implications of threat in internal and external competition. As reported in Table 5, we performed paired-samples t-tests in order to compare how participants rated pairs of statements that were identical, except for their focus on internal versus external domains of competition. As compared to external competition, people assumed that internal competition was more about luck ($M = 4.4$, $SD = 1.3$ and $M = 4.2$, $SD = 1.3$ respectively), $t(135) = -1.8$, $p = .07$, and social connections ($M = 5.8$, $SD = 1.0$ and $M = 5.3$, $SD = 1.1$ respectively), $t(135) = -5.1$, $p < .01$, and less about hard work ($M = 4.8$, $SD = 1.2$ and $M = 5.0$, $SD = 1.2$ respectively), $t(135) = 2.3$, $p < .05$, and competence ($M = 4.2$,

$SD=1.5$ and $M=4.8$, $SD=1.4$ respectively), $t(135)=4.6$, $p<.01$. A person's implicit beliefs about the nature of competition help to explain their responses to it. If external competition is resolved by working hard and becoming competent, learning and improving with respect to one's rivals is a reasonable strategy. If one is involved with organizational competition, in which luck and connections are believed to play a relatively greater role, learning from rivals to improve one's objective abilities by hard work would become less relevant. Thus, when participants made internal (i.e., competence and hard work) attributions about how organizational competition is resolved, they were less likely to feel emotional threat in response to internal rivals ($r=-0.34$, $p<.01$), perhaps because they felt that they could personally control its resolution.

Discussion

We found that managers allocate more financial resources when they are the target of threat is an outsider, rather than an insider. Further, internal and external threats have contrasting implications on the willingness to learn. We found an interaction whereby the more managers who encountered an internal rival experienced an emotional threat, the fewer the resources they allocated to learning from that rival whereas the more a manager coping with external rival felt an emotional threat, the more resources they allocated. These results also indicate that the differences we see between rivalry in the internal and external conditions are not simply because of the individual or group level at which the threat is perceived. Regardless of whether people are construing the insider as an individual or a group-level entity, the threat they evoke inhibits willingness to learn, whereas threats from the external individual or group encourages the willingness to learn. In addition to describing the ways in which threat interacts with identity, we also compare the assumptions that people hold about internal and external threats. The implicit theories that people hold about the value of hard work and competence versus more external factors in managing these threats help explain the relative importance of learning as an appropriate strategy in managing them.

An alternative explanation to our findings is that the self may not be implicated; i.e., perhaps people are simply responding to differences in incentives in their organizations.

They perceive a status threat, and their response does not involve the private ego response, but a pragmatic response to the ways in which they predict that their managers will reward and punish them. We suggest that, in addition to some of these strategic motives managers might have, these threats are also threats to the ego which elicit defensive responses of valuing or derogating knowledge. To provide evidence that this is so, we conducted a fourth study in which we gave people opportunities to affirm the self. The presence of these affirmation opportunities changes the threat to the self, but the organizational incentives remain the same.

Study 4: Self-Affirmation Increases Willingness to Learn from Internal Rivals and Decreases Willingness to Learn from External Rivals

It is well-recognized that people desire to hold positive views of themselves, and indeed organize much of their lives around maintaining, enhancing, and protecting their self-esteem (Crocker and Park, 2003). However, because people in business routinely are in positions in which they receive negative feedback about themselves, such as in performance reviews, low customer ratings, or simply when they compare themselves with more successful rivals, they often experience threats to their self-views (Brockner, Derr, and Laing, 1987). As our prior studies have shown, the threats that a rival poses to a manager's self views affect their willingness to capitalize on that rival's knowledge. Conversely, we suggest that if managers under threat have an opportunity to "bounce back" or otherwise experience a boost in their self-views, they may, in fact, process otherwise threatening information differently. Self-affirmation is the process by which a person focuses on valued, positive attributes about the self (Steele and Liu, 1983). A variety of research investigations have effectively manipulated a person's opportunity to engage in "self-affirmation"—such as through identifying the key skills and attributes one possesses, and have determined that it effectively reduces defensive behaviors such as rationalization (Steele and Liu, 1983) and stereotyping and prejudice (Fein and Spencer, 1997), even if the affirmed values are unrelated to the threat.

In Study 4, we manipulate internal and external threats, as we have done in the previous investigations, and then randomly assign people to conditions where they either have an

opportunity to affirm themselves or not. We predicted that self-affirmation would attenuate the threat that participants experienced and thereby eliminate or reverse the effects of threat on participants' willingness to learn from their rivals. Specifically, we gave participants an opportunity to affirm themselves after they described the threatening rival. Given that internal threats inhibit willingness to learn whereas external threats promote it, we expected that self-affirmation would increase the degree to which participants could learn from internal threats but reduce their willingness to learn from the external threats,

Participants. The participants were 90 MBA students enrolled in classes at the University of Chicago and Kellogg. One survey had to be dropped because it was incomplete with respect to the dependent measures so we had 89 students in the final analysis.

Materials and procedure. Participants were randomly assigned to one of 4 conditions in a 2 (source of threat—internal versus external) x 2 (affirmation versus non-affirmation) design. As in Study 3, participants responded to the restaurant scenario, but participants thought about rivals at the individual level of analysis only. But in this study, prior to responding to the dependent variables, participants either had an opportunity to affirm themselves or to not do so. The affirmation manipulation, which several other studies have validated (Fein and Spencer, 1997; Steele, 1988; Steele and Liu, 1983), asks participants to read a list of values and select one that is most personally important to them and to describe why it is important to them in 2-3 sentences. In the non-affirmation condition, they select the least personally important value and describe how it might be important to someone else. After completing the affirmation procedure, participants responded to the same three dependent variables as in Study 3 (willingness to use knowledge, and allocation of time and money to learning more about the rival's ideas).

Results

To test our prediction that affirmation reverses the effects of threat in both the internal and external conditions, we performed a Multivariate Analysis of Variance (MANOVA, see Table 6). Multivariate tests indicated that there were no main effects of the identity

of the rival or of affirmation on participant's likelihood to use knowledge from the rival, but as predicted, across the three dependent variables, there was a significant interaction between source of threat and self-affirmation (Wilk's Lambda=.91, $F(3, 79)=2.73$, $p<.05$). Univariate tests revealed a significant interaction effect on the allocation of time ($F(1,81)=3.68$, $p<.06$) and willingness to use the knowledge from the rival ($F(1,81)=4.03$, $p<.05$). Inspection of the means indicated that, as predicted, when people were threatened by an internal rival and allowed an opportunity to affirm themselves, they were more likely to allocate time to learn from the ideas of the internal rival ($M=30.9$, $SD=26.5$ and use that knowledge ($M=5.5$, $SD=1.6$), as compared to people who did not have an opportunity to affirm themselves ($M=19.5$, $SD=12.9$), $F(1, 46)=3.4$, $p<.08$ and ($M=4.9$, $SD=1.4$), $F(1, 46)=1.6$, $p=.22$, respectively. A different pattern of results emerged in our external rivalry condition. Although there was no statistically significant differences in this condition, people who are affirmed tended to be less willing to expend effort to learn from the rival, as compared to those who were not affirmed ($M=22.9$, $SD=18.5$ vs. $M=26.8$, $SD=13.5$) and use ideas from their rival ($M=5.2$, $SD=1.2$ vs. $M=5.6$, $SD=0.85$).

What was the effect of self-affirmation on how people evaluated the status loss inherent in the act of using the rival's knowledge? On one hand, one might expect that people who were self-affirmed were simply less concerned about and less sensitive to such incentives in their organizations. Surprisingly, we found a significant interaction ($F(1, 82)=4.8$, $p<.05$) whereby people who were affirmed in the internal rival condition were more likely to expect a status loss when learning from a rival ($M=3.4$, $SD=1.4$) as compared to those who were not affirmed ($M=2.6$, $SD=1.0$), $F(1, 46)=5.6$, $p<.05$, and those participants who affirmed themselves in the external rival condition were less likely to expect a status loss when learning from a rival ($M=2.8$, $SD=1.2$) as compared to those in the non-affirmed condition ($M=3.3$, $SD=1.8$), $F(1, 36)=.90$, n.s. (see Table 7 and Figure 4). In the internal rivalry condition, it therefore appears that although affirmed people are more sensitive to the external costs and incentives for the self, they are also more willing to incur such status costs because they had the affirmational resources to do so (Steele, Spencer, and Lynch, 1993). The external rivalry condition suggests the

opposite response where people who are affirmed are more comfortable and reassured—and hence both less threatened by their external rivals and are less likely to focus on the status costs of learning from them.

Discussion

In this final study, we reversed the consequences of threat through self-affirmation. Threat inhibits the degree to which managers value the knowledge of their internal rivals. When managers have an opportunity to affirm themselves, however, they are more likely to approach this knowledge, rather than defensively devaluing it (Fein and Spencer, 1997). The opposite occurs with respect to external knowledge. The fear, discomfort, and threat that the external rival evokes increases a person's tendency to value the rival's knowledge, whereas the comfortable reassurance of self-affirmation makes learning seem less urgent.

The results provide strong evidence that the processes that people use to determine whether they should approach or avoid knowledge are mediated by the self, and are not simply due to their strategic calculations about the incentives in their organization. The affirmed self and the threatened self construe learning through different lenses. The threatened self sees learning from an internal rival as a status risk, and the affirmed self is more secure in its status and is able to learn more freely, despite these status costs. The threatened self sees external learning as a matter of survival, and the affirmed self sees this kind of learning as less crucial. The self, in the process of maintaining, protecting, and affirming, alters the meaning of the act of learning.

General Discussion

Through a series of four studies, we investigated two related questions: 1) To what degree do managers experience threat when encountering knowledge from internal versus external rivals? and 2) What is the relationship between a manager's experience of threat and their willingness to learn from a rival? With respect to the first issue, our investigations revealed that when an “insider”—i.e., someone in the same firm—has a good idea, this is regarded as more threatening to one's personal status than when an

“outsider”—i.e., someone outside the firm—has the good idea. In Study 1, participants recalling instances of internal and external rivalry described personal status as more salient in the conditions of internal rivalry. Likewise, in Study 2, we crossed the source of knowledge (internal versus external) with the incidence of threat (threat versus no threat) and found an interaction whereby participants were most likely to perceive a status loss when learning from an internal rival’s knowledge and least likely to perceive it with respect to an external rival’s knowledge. We found no differences between participants in internal versus external “no-threat” conditions.

Next, we investigated the relationship between threat and a manager’s willingness to attend to information. An important precursor to learning is the motivation that individuals have to attend to knowledge. Attention is the first step in nearly any process of learning (Cyert and March, 1963; Ocasio, 1997), and Studies 2-4 assessed the degree to which people attended to the knowledge of rivals under conditions of internal and external rivalry. In Study 2, we found exploratory support for the idea that that the degree to which a manager perceives a status threat by learning from a rival mediates their willingness to use that rival’s knowledge. In Study 3, we found an interaction whereby internal and external threats have contrasting implications for willingness to learn. The more threatened a person feels when coping with an internal rival, the less they are likely to invest in learning from and incorporating the ideas of the rival. By contrast, the more threatened a person feels when coping with an external rival, the more they are likely to pursue the knowledge of the rival. This finding is robust across levels of analysis. Specifically, it does not matter whether the threat emanates from an individual (i.e. an employee within or outside the firm) or a group (i.e. an internal unit versus an external firm)—it is the internal or external identity of the rival that predicts the effect rather than their level of analysis. Finally, we explored some implications of this proposed process mechanism of status threat. If threats to the self shape a manager’s willingness to learn from another actor, then, to the extent that highly threatened managers can effectively affirm themselves, the impact of the threat will be mitigated. And, indeed, in Study 4, we found that when managers have an opportunity to affirm themselves following the receipt of an internal threat, they will engage that threat by

attending to and even investing more resources in learning from that threat. The reverse occurs with respect to external threats. We found that people who had opportunities for self-affirmation following external threats were less motivated to pursue the knowledge of the outsider, perhaps because the threat felt less urgent and therefore was more readily ignored.

Theoretical Implications

This investigation combines insights from three key lines of research: theories of social identity (Tajfel, 1970; Turner, 1975), the self-evaluation maintenance model (Tesser, 1988), and research on self-threat and affirmation (Steele and Aronson, 1995; McGregor et al, 1998). Although our research draws on this theoretical foundation, it also advances these ideas in a variety of ways. First, with respect to social identity theory, our research incorporates the competitive dynamics specified by the SEM. It thereby acknowledges that social identities and personal identities coexist and that there are often disconnects between the two. Importantly, competition and identification are orthogonal dimensions. Rivalries with particular in-group members are often pronounced, precisely because people identify with their in-groups and vie with other in-group members for rewards and recognition that the in-group provides. These tensions can create ambivalent relationships within in-groups, whereby people simultaneously identify with the in-group, yet feel competitive with respect to the specific rivals they face within them. Such ambivalence complicates the robust in-group favoritism effect in the ways that our studies have revealed. In contrast to this vast majority of research that assumes that people engage in in-group favoritism in order to enhance their self-esteem (Hogg and Abrams, 1990; Turner, 1975), our investigations suggest that paradoxically, people sometimes need self-affirmation to be able to enhance their in-group.

Second, we extend the SEM model by connecting it with recent research on self-threat and affirmation, which addresses questions about the consequences of threat for learning and performance (Steele and Aronson, 1995; Fein and Spencer, 1997). Specifically, when the self is under threat, people engage in behaviors and responses designed to defend, protect, and maintain the self (Steele, Spencer, and Lynch, 1993). These self-

maintaining functions influence how people react to their rivals and their knowledge, and specifically, whether they defensively avoid that knowledge or vigorously approach it.

Finally, our research extends the recent work on threat and self-affirmation by expanding the range of responses available to the self under threat. Much research suggests that people under threat respond defensively (Fein and Spencer, 1997; Schimel et. al., 2001) and experience reduced performance and cognitive functioning (Steele and Aronson, 1995). In addition to these responses, we suggest that threat might also inspire people to acquire knowledge, learn from a rival, and thereby provide them with opportunities to improve their performance. These contrasting responses to threat may be associated with differences in a manager's regulatory focus when they confront internal and external rivals (Higgins, 1997). Managers facing insiders are in a prevention focus, fearing losses to the self when they approach a rival's ideas whereas managers facing outsiders are in a promotion focus, contemplating the gains that could accrue to the self when they approach and seize knowledge for the ingroup (Blount, 2002). Furthermore, our research also suggests that in addition to the implications for individual performance demonstrated by Steele and colleagues, threats and affirmations also have implications for organizational learning and performance.

Most generally, our theoretical contribution lies in placing psychological theories of in-group favoritism into an organizational context. One could construe the present findings as representing counter-evidence to the over 5 decades of research that have documented the power and near-universality of the in-group favoritism effect. By placing this research in an organizational context, we suggest several boundary conditions that help explain why out-group favoritism often persists in the real-world despite the paucity of theoretical mechanisms that researchers have proposed to account for it. Consider the great body of research in the social psychology of inter-group relations that has used the "minimal group" paradigm. In the minimal group paradigm, participants are assigned to groups that deliberately lack personal and organizational relevance. Perhaps Tajfel's (1970) famous "dot overestimator or dot underestimator" study, in which participants are arbitrarily placed into two meaningless categories for little or no reason and have no

opportunity to interact with their fellow group members is a case in point. In contrast to this paradigm, managers in the present study visualized people who they had interacted with in organizational situations, with all of the emotions and complexities that those relationships evoked. In imagining groups that were organizationally situated, a new set of dynamics came into play. Managers could not simply favor in-group members without tensions—they also competed with them for organizational rewards in a more direct way than they competed with outsiders. They were not free to simply affirm the ideas of these in-groups—their personally felt status threats were exacerbated when they considered the how their bosses, who were evaluating them, might be making comparisons. And, whereas in a less personally relevant situation an out-group could be automatically ignored and readily derogated, in real competitive situations, outsiders with their latest plans and strategies became pressing matters of concern.

Despite this critique of the robustness of the in-group favoritism effect, we do not starkly suggest that out-group favoritism dominates in-group favoritism in the real world. A growing body of research has demonstrated instances of ingroup derogation. This research has predominantly focused on the derogation of insiders who have low status in their groups—i.e., those who are diverse (Phillips, 2003), those who are negative exemplars or “black sheep” (Marques, Paez, and Abrams, 1998), those who blur group distinctiveness by being close to the mainstream (White and Langer, 1999), and those who might confirm negative stereotypes about the ingroup (Lewis and Sherman, 2003). In contrast to this research, our research focuses on insiders who are threatening precisely because of their talents, knowledge, and status within the ingroup. Thus, in order to reconcile the present findings with the impressive body of research that seems to report the opposite findings of ingroup favoritism, we suggest two new possibilities. First, people may exhibit outsider preferences because they fail to identify with their in-group. In contrast to people who highly identify with their in-groups and stick with those in-groups despite potential negative personal consequences, people who have low identification with their in-groups dissociate themselves from in-group members under circumstances where others might attribute low status to them as a result of their connection to the in-group (Doosje and Ellemers, 1997). Our experiments focus on

competitive situations, and these competitive situations can reduce identification with specific in-group rivals, and with the in-group more generally as well, and people in such situations may exhibit out-group favoritism. Alternatively, a second possibility is that people might value the knowledge of outsiders precisely because they identify with the in-group and they believe that such knowledge improves the ability of the in-group to compete and thereby improves their own status within the in-group. If this is the case, people may simultaneously exhibit both the well-established biases associated with in-group favoritism and the outsider preferences we describe. For instance, they may evaluate in-group members more favorably than out-group members on personality attributes (Brewer, 1986), and allocate scarce resources to in-group members over out-group members (Tajfel, 1970; Sherif, 1966). Our research focuses on a different dependent measure than this prior research— the willingness to attend to and learn from a target. People may identify with their own groups and yet pursue outsider knowledge because providing such knowledge gives them internal status and enables the in-group to compete more effectively against out-groups. Additionally, although people might not identify with a particular rival in their group because they feel competitive with them, they may still choose to allocate scarce resources to the group as a whole. Thus, it is theoretically possible that in-group biases could exist alongside of the knowledge-threat effects that we have documented.

Limitations

In order to experimentally test the hypothesis that the knowledge of insiders is more threatening for managers than is the knowledge that outsiders bring, we made several simplifying assumptions that are the key limitations of this investigation. We describe two limits of the present model: 1) we focused on one mediator, status threat, rather than the various other causal explanations that could also account for differences in how internal and external knowledge are perceived, and 2) we did not explore several additional variables that importantly moderate the processes.

On one hand, there are several other important variables, beyond the issue of status threat, that mediate the relationship between internal and external identity and knowledge

valuation. In real business contexts, it is reasonable to expect that the knowledge offered by insiders and outsiders would differ in many, potentially important ways. For example, in many cases, outsiders have more knowledge and were commissioned by the firm, as in the case of consulting firms (O'Shea and Madigan, 1997). Outsiders may be more reluctant to transmit their knowledge, as in the case of rivals, which makes their knowledge seem more scarce and valuable than knowledge from internal champions who attempt to persuade others to use their ideas (Cialdini, 2001). We do not disagree that the knowledge of insiders and outsiders may differ in a many ways, and that some of the reasons why knowledge from both sources is valued differently have little to do with concerns about self and personal status. We also tried to address some of these issues through our experimental methodology. For the purposes of Studies 2-4, we experimentally held constant the "content" of the knowledge such that only the source of the knowledge differed. Additionally, we find that the same piece of internal knowledge looks more worthy of use if a person has an opportunity to affirm themselves prior to evaluating it. Thus, we can more clearly isolate the effects of status threat as compared to the many other variables that might be responsible for differences between internal and external knowledge.

On the other hand, many variables that our model does not consider moderate this phenomenon (see Menon and Blount (2003) for a more detailed review of some of these variables). For example, our effects might be moderated by other characteristics of the rival beyond their internal/external identity (such as their power or status); the type of knowledge in question (for example, whether the knowledge represents an innovation or a more mundane advance); and finally, the characteristics of the organization in which a manager works and learns. In competitive organizations, the status implications of internal knowledge use would be particularly pronounced whereas more cooperative, team-based organizations make such status threats less salient (Menon and Pfeffer, 2002).

Managerial Implications

A good deal of prescriptive research suggests that people in organizations should learn from one another. Researchers describe learning organizations as a panacea, where

individuals in an organization are encouraged to try new things, take risks, and make mistakes (Senge, 1990; Pfeffer and Sutton, 2000). Organizations that manage to transfer knowledge internally while preventing its external transfer to competitors derive competitive advantage (Argote and Ingram, 2000). Yet, unfortunately, our research suggests that just the opposite often happens in organizations. Managers often face a frustrating reality where internal knowledge fails to transfer and employees just don't seem to learn from one another (Argote, 1999; Szulanski, 1996). As Lew Platt, the CEO of HP famously asserted, "I wish we knew what we know at HP (O'Dell, Essaides, Grayson, 1998: ix)." And whereas insiders may fail to transfer their ideas, outsiders are highly motivated to steal those ideas and to compete advantage away from the firm.

Our research suggests some reasons why the goal of building a learning organization, and hence sustaining competitive advantage, is so difficult to attain. Although our studies have largely focused on the psychology of the organizational actor and his or her experience with threat, we also believe that the organizational structures and practices often exacerbate the natural threats to self and identity that arise from the process of learning. While many organizations such as 3M and Sony are legendary in their attempts to encourage people to take risks and be creative—i.e., to be knowledge creators, often times, there are fewer incentives for managers to be recipients of knowledge, i.e. learners. As a result, people in organizations have the incentive to reinvent the wheel over and over again, rather than learning from one another. They have the incentive to engage in costly pursuits of knowledge from outsiders such as competitors or consultants, when that knowledge was available internally. Such outcomes are a tremendous waste of resources—indeed, they represent organizational resources being spent to further individual careers rather than to further the intelligence of the organization as a whole.

What advice might stem from our investigation? Our studies suggest that there are two kinds of motivations to learn from another actor: one that is inhibited by threat and the other that is motivated by it. When encountering an internal rival, managers become defensive and avoid knowledge from their rival. In such a situation, self-affirmation provides a direct tool to counteract this ego-defensive response. In Study 4, we

effectively hijacked the negative effects of threat on learning by affording managers an opportunity to affirm themselves. The self-affirmation manipulation was short, relatively subtle, and (from a company perspective) costless! By contrast, fear-based learning operates with respect to external rivals: the more a manager feels threatened by an outsider, the more they pursue their knowledge in an attempt to improve their ability to compete. In such a situation, self-affirmation makes a person calm and comfortable, and less willing to do the hard work of acquiring new knowledge. Managers can increase motivations to learn from outsiders by taking steps to heighten the threat and fear that they elicit. The managerial takeaway from both of these patterns of learning is that the self is subject to threats and is searching for opportunities for affirmation, and is an important consideration in developing a learning organization. Managers who want to effectively develop such norms in their organizations must work to manage how ego threats are perceived, both in the organization and in the market.

Conclusion

When managers encounter knowledge from within their organizations and in the market place, they are not neutral and objective judges of whether that knowledge is worthy of pursuit and investment. A manager faced with the prospect of taking an idea from another actor finds the self implicated in these judgments. Their relationship to a rival determines whether they construe that knowledge as tainted (i.e., using it threatens their personal identity and status) or as tempting (i.e., using it enhances their status and sense of competence). This paper is thus a first step in understanding how micro-level processes at the level of the self such as social comparison, ego-threat, and self-maintenance affect the ways that decision makers come to construe the act of taking and using knowledge, and thereby have macro-level consequences for how knowledge flows through organizations and in markets.

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Table 1

Study 1: Competition between insiders versus outsiders

	Competition with a unit in your own organization (N=19)	Competition with a unit in another organization (N=15)
<u>Description of relationship</u>		
Perceived competence	4.4 (1.4)	4.1 (1.2)
Closeness	4.6 (1.7)*	2.9 (2.0)
Your personal stake	4.3 (1.5)*	2.7 (1.8)
Organization's stake	4.6 (1.7)	5.2 (1.4)
<u>Strategies used in competition</u>		
Collected as much information about rival as possible	3.7 (1.6)*	5.1 (1.8)
Ignored rival's behavior	4.3 (1.6)*	2.9 (1.8)
Maintained your originality	4.9 (1.7)	5.5 (1.6)
Used personal influence to communicate advantage of your ideas	4.7 (1.9)	4.9 (1.9)
<u>Outcomes of competition</u>		
Ease of acquiring information	3.8 (2.0)*	5.2 (1.2)

p<.01, *p<.05, +p<.10

Table 2

Status loss from learning from internal versus external rivals

<u>N</u> =133	Internal	External
Nonrival	3.3 (1.2)	3.6 (1.5)
Rival	4.1 (1.6)	3.0 (1.2)

How likely is it that you will lose status in the organization by using ideas from this person?

Extremely unlikely

Very likely

1

2

3

4

5

6

7

Table 3

Willingness to learn under internal and external rivalry

	Internal Rival (N=33)	External Rival (N=34)
Allocation of Time + Money	19.0 (13.3)+	25.4 (15.0)
Time	21.8 (15.7)	26.1 (15.7)
Money	16.6 (12.7)*	24.7 (17.4)
Willingness to use knowledge from rival in own plan	3.9 (1.6)+	4.6 (1.7)

Table 4

Study 3: Regression: Emotional threats and the allocation of resources to learning from internal and external rivals

N=136	Allocations
Internal/external identity of the rival	16.1 (7.3)*
Individual/group construal of rival	6.1 (7.5)
Emotional threat	5.1 (2.0)
Internal/external identity x Individual/ group construal	-2.1 (5.4)
Internal/external identity x emotional threat	-6.2 (2.4)**
Individual/ group construal x emotional threat	-1.4 (2.4)
Intercept	15.0 (6.1)*
R ²	.07

**p<.01, *p<.05, +p<.10

Percentage of time and money allocated to learning from rivals

	Internal	External
Individual	28.0 (14.3)	31.1(15.0)
Group	28.3 (17.8)	29.5 (16.7)

Table 5

Study 3: Beliefs about internal and external competition

<u>N</u> =136	Individuals getting ahead in their organizations	Organizations getting ahead in their markets
Are the most competent	4.2 (1.5)**	4.8 (1.4)
Work the hardest	4.8 (1.2)*	5.0 (1.2)
Have the best luck	4.4 (1.3)+	4.2 (1.3)
Have the best social connections	5.8 (1.0)**	5.3 (1.1)

** $p < .01$, * $p < .05$, + $p < .10$

Table 6

Self-affirmation and willingness to learn under internal and external rivalry

Percentage of working efforts dedicated to learning from the rival

<u>N</u> =89	Internal Rival	External Rival
Self-affirmation	31.7 (26.6)	22.9 (18.5)
No opportunity for affirmation	19.5 (12.9)	26.8 (13.5)

p=.06

Percentage of financial budget allocated to learning from the rival

<u>N</u> =89	Internal Rival	External Rival
Self-affirmation	34.2 (26.4)	29.1 (18.7)
No opportunity for affirmation	27.1 (19.4)	27.3 (14.4)

n.s.

Willingness to use knowledge from the rival

<u>N</u> =89	Internal Rival	External Rival
Self-affirmation	5.6 (1.5)	5.2 (1.2)
No opportunity for affirmation	4.9 (1.4)	5.6 (0.8)

p<.05

Table 7

Self affirmation and status threat

<u>N</u> =89	Internal Rival	External Rival
Self-affirmation	3.4 (1.4)	2.8 (1.2)
No opportunity for affirmation	2.6 (1.0)	3.3 (1.8)

 $p < .05$

Figure 1

Model

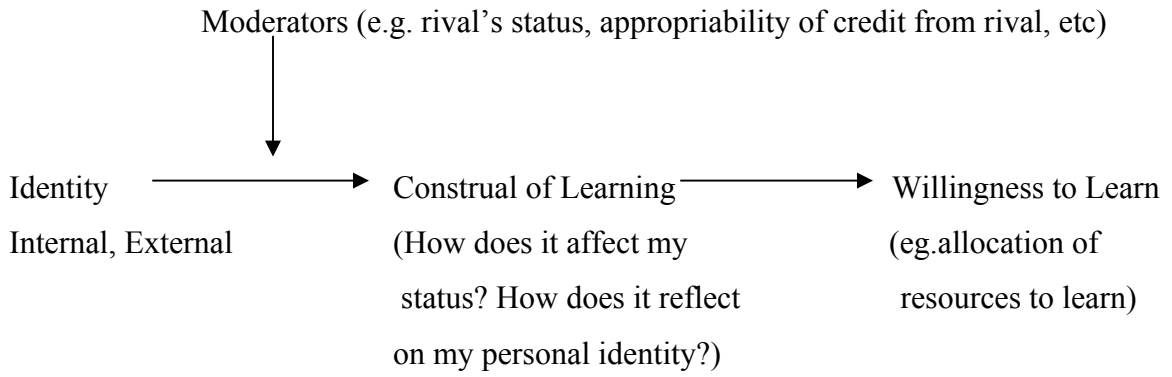
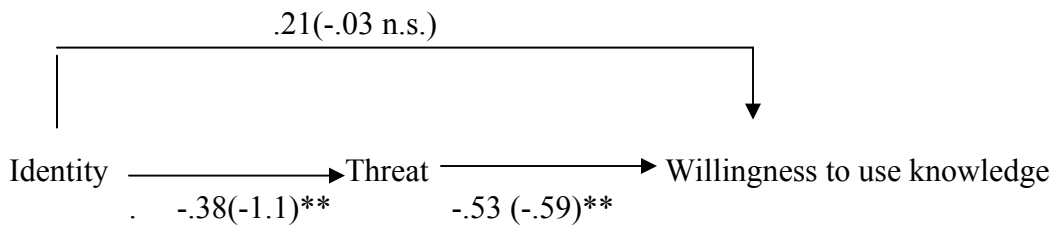


Figure 2

Study 2: Mediation analysis: Status threat mediates the consequences of rival identity for learning



R Square increases from .04 to .28 from Model 1 to Model 2.

Figure 3

Study 3: The interaction between threat and identity on willingness to learn

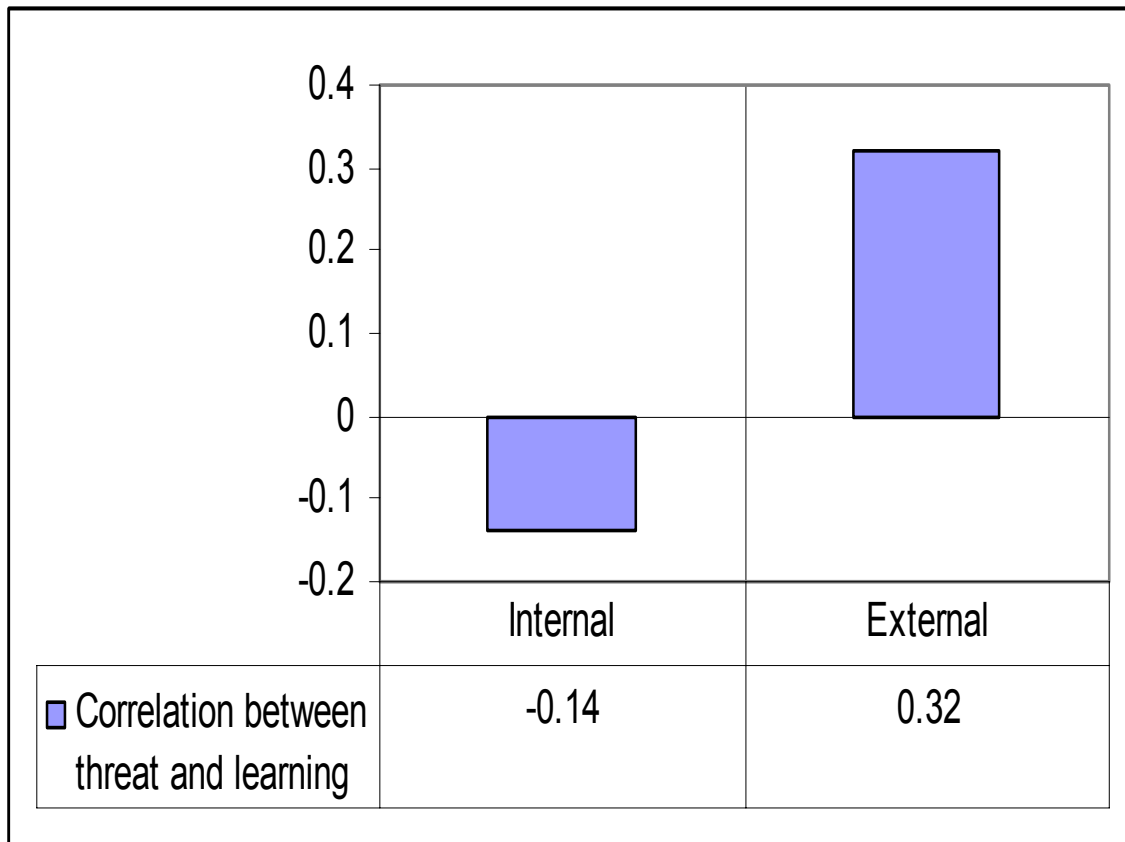
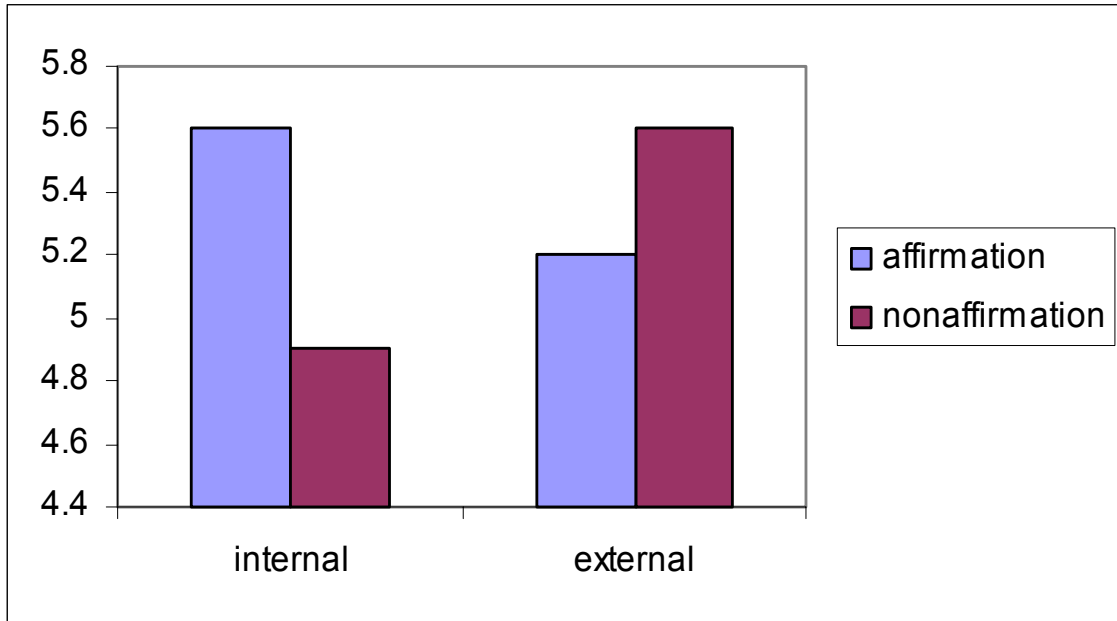


Figure 4

Self-affirmation and willingness to use knowledge



Endnotes

1. Other dimensions of learning (such as the learner's success in actually incorporating the ideas of the rival) are beyond the scope of this paper. See Argote (1999) for a fine grained analysis of some of these dimensions of learning.
2. Importantly, the issue of rivalry is not simply a matter of holding social identity less strongly: rivalry is orthogonal to identification. A person with a high level of identification with their in-group may devalue an internal rival precisely because they hope to gain affirmation and status within the group.