'Sensation seekers' make better CEOs, says research

Chief executives who search for exciting yet risky experiences – such as flying small aircraft – make more innovative leaders, a new study suggests.

Researchers from the Desautels School of Management, McGill University, compared the performances of 88 chief executives who were also pilots with 1,123 who were not in US firms between 1993 to 2003. They found that firms with a pilot chief executive were able to increase their number of patented products or services by 66.7%, and the number of citations of these patents by 43.9%.

Jingjing Zhang, assistant professor of Accounting at Desautels School of Management, said: "Our research demonstrates that companies led by 'sensation seekers', who display the same thrill-seeking tendencies as pilots, are able to generate more patents with greater market impact than their peers. This is because chief executives with this particular personality typically improve innovation effectiveness and pursue more diverse and original projects."

FROM THE BLOG

Catch up with the latest *Edge* thinking online at: *www.institutelm.com/research-news/edge-articles.html*. Here is an extract from a recent article:

How should bosses stamp out productivity problems?

Bank of England chief economist Andy Haldane startled the business community in March with his view that the UK's productivity crisis "is the result of management failings".

In a headline-making speech, Haldane sketched out a picture of a business landscape in which "non-frontier", or "laggard", firms are falling short of more innovative companies and creating a drag on UK Plc. In his assessment he said weaknesses in management processes

and practices go a long way towards explaining the "long tail of low-productivity manufacturing companies". These poor practices are most pronounced in sectors where competition is weak, and in family-owned firms where management control rests with the eldest son, he said.

"A one-standard deviation improvement in the quality of management raises productivity by, on average, around 10%," he added.

What are bosses to make of this advice – wrapped as it is in some rather pronounced barbs towards their community? The Institute of Leadership & Management's head of research, policy and standards, Kate Cooper, commented: "I'm always a bit suspicious of claims that an 'x' percentage change in a certain direction

will lead to 'y' percentage improvements in particular parts of the system. Undoubtedly, if you improve processes, you will yield greater efficiencies. But to me, this sounds very much like the project-management arena, and frameworks such as Prince2, where everything becomes about process and numbers. That poses a risk that managers could lose sight of the quality of the outcome those processes are meant to produce. Yes, by all means get your systems right – but be sure that you have also empowered staff in your organisation who are able to work with the systems, critique them and make recommendations for their improvement," she added.

"Crucially, those staff must be assured that their thoughts will be listened to and acted upon."