

# Fatal Attraction

## The Dangers of Leaders Flocking Together



Despite efforts to increase diversity among companies' leaders, a phenomenon known as *homophily*—the tendency of individuals to like and associate with others who are similar to themselves—remains prevalent. Homophily can have serious implications for leaders and their organizations, jeopardizing morale and stifling innovation and strategic renewal.

One of the truisms about human personality is that people tend to like, associate with, and bond with others who are similar to themselves. This phenomenon is known as *homophily*. Whether the group is a board of directors, the executive team of a major corporation, the founders of a start-up, or the champions of a social movement, homophily is pervasive.

Although corporate diversity programs and board-reform movements have increased the diversity among companies' leadership with regard to race, gender, ethnic background, and other important qualities, homophily

endures. Therefore it is important to pause and ask: If opposites do indeed attract, how can the homophily that exists in top leadership teams be explained? Why does it persist? How does homophily affect the functioning of senior leaders and executive teams as well as the company as a whole?

Understanding these issues can help to explain how leaders' strong identification with people who are most similar to themselves can jeopardize their vision and risk their organizations' survival.

Decades of board reform and changes in corporate hiring and promotion policies have led to important

by **Shaker A. Zahra and Reham A. Eltantawy**

changes in companies' leadership. Yet a closer look suggests that homophily is more pervasive than many assume. Leaders' attraction to others who are similar to them often perpetuates "good ole boy clubs" that control the major decisions and destinies of their organizations.

A model developed by Benjamin Schneider, professor emeritus of the University of Maryland and former head of the university's industrial and organizational psychology program, helps to explain how homophily works. The attraction-selection-attrition model states that people tend to gravitate to organizations and jobs that are congruent with themselves. Companies work hard to attract people with certain backgrounds and skills who are compatible with those companies' missions, goals, and cultures. Once successful leaders are established in the system, they tend to select future members based on their potential fit and compatibility with existing leaders and organizational systems.

Rosabeth Kanter, who holds the Ernest L. Arbuckle Professorship at Harvard Business School, has suggested that a *social reproduction* process exists in many companies, in which senior executives already established in the system develop procedures that favor the hiring, retention, and promotion of people who are like themselves. People with different characteristics or beliefs might find it hard to break through these systems, where rules are not well communicated to outsiders and are often cloaked in symbolism if not secrecy. The successes of the social reproduction process empower the dominant group, giving it further leeway in selecting more conforming members—those with backgrounds similar to those of people in the dominant group. This sets the stage for conflicts between leaders whose values dominate the organization and those who have dissimilar beliefs or backgrounds.

Over time, leaders and employees who have values dissimilar to those of the dominant people become frustrated; they are not as well supported as these others, their ideas do not receive a fair hearing, their innovations are overlooked, and they are often bypassed for advanced leadership positions. As a result, some of these leaders leave the organization. This process of attrition further homogenizes the company's dominant leaders, giving them even greater powers to recruit and reward new managers who are similar to themselves.

## MAKING CONNECTIONS

People with similar backgrounds and values are likely to appreciate similar things, pay attention to similar causes, and place similar priorities on particular issues. Homophily's power also lies in its ability to strengthen a person's identification with and link to a group. It fosters a sense of belonging, creates camaraderie, and strengthens a leader's overall sense of well-being. Demographic similarity also eases the social integration of a manager into an existing team and connects him or her to existing power centers, making it easier for the manager to sell his or her ideas to senior leaders.

In addition, homophily makes connections possible, shaping and sustaining the networks that exist in a company. Networks develop informally, relying primarily on unwritten rules of relating and communicating. They provide social glue, connecting people with similar backgrounds and interests throughout the organization. The existence of these networks depends on the trust that members develop with one another. Homophily gives managers access to the vast opportunities that networks offer, including self-affirmation, improved self-efficacy, and knowledge of the rules of the game that make a major difference in managers' careers.

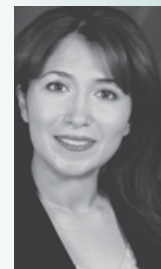
Networks also offer informal role models and champions, allowing managers to polish their image and improve their standing. Mentors can make use of networks to reframe protégés' track records and their readiness to assume greater leadership challenges in the organization. Mentors can groom and position protégés for more visible leadership positions by publicizing their achievements. These efforts enhance the status of protégés and further their bonds with other network members, reinforcing the subtle but strong influence of homophily. It is also easier to communicate with superiors and colleagues with whom one has a lot in common. When leaders have similar interests and backgrounds, they are naturally disposed to accepting one another's ideas and suggestions for change. Overall, identification with others with similar backgrounds can increase a manager's own resources, opportunities, and power and influence in the

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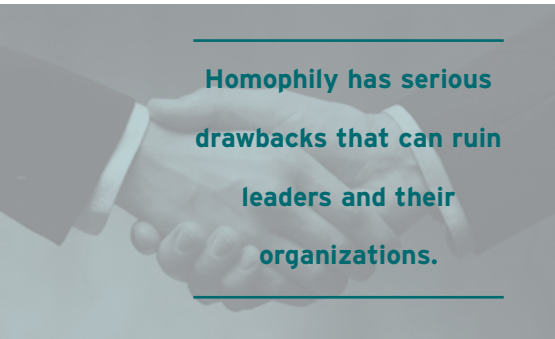
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organization, providing additional incentives to remain connected to the existing power center.

In a world where organizations and decisions are becoming more complicated, trust matters a great deal. As the pace of change in the external environment continues to accelerate and organizations themselves become more complex, top leaders often delegate important decisions to the people they trust. Homophily engenders familiarity that fosters trust, thereby making communication, conflict resolution, and decision making easier. By being connected to senior leaders and knowing their preferences and goals, managers can focus on a few rules that match those preferences when making complicated judgment calls.



**Homophily has serious drawbacks that can ruin leaders and their organizations.**

As a result, decisions are made, communicated, and implemented quickly. This rapid cycle gives organizational members the impression (which may or may not be accurate) that things are moving fast and the firm's leadership is efficient, agile, and responsive to changing market forces. This further enhances the power of the company's senior leadership team and strengthens its grip on the organization.

## THINKING ALIKE

Homophily clearly benefits some individuals more than others. It also has serious drawbacks that can ruin leaders and their organizations. It can encourage leaders to think alike, dis-

connect them from reality, cause ignorance, polarize opinions, promote extremism, and justify the exclusion of others. All of this results in systems that constrain organizational adaptation and responsiveness to crises.

One of the most important features of successful senior leadership teams is their diversity—not only in terms of race, age, and gender but also (and perhaps more importantly) in terms of their cognitive capabilities and styles. These teams typically have members who process information and think differently, conceiving different ideas and solutions. Consequently, these members are likely to diagnose problems facing the organization differently, identify different underlying causes, see different connections, and recognize different conclusions. These members also sense and interpret the environment differently, so that the team as a whole explores a wide range of strategic options. This diversity can enrich the discussion about a company's identity, mission, and strategies.

Homophily, in contrast, creates an environment in which a company's leaders think alike, seeing the world in similar ways. Agreements are easy to reach, even without much informed discussion or debate. Faulty rationalizations of the actions of other members or of their blocking of initiatives are easier to accept. When conflicting information is presented, serious resistance to alternative interpretations ensues. These behaviors preserve the status quo and slow the company's responsiveness to changing markets, causing it to miss major opportunities to revitalize its operations and grow.

Further, homophily may cause leaders to focus on a few cues when making key decisions and to discount dissenting opinions. Without an incentive to challenge one another, the company's top leaders are likely to go along to get along. The cliquishness

that pervades the company's leadership also promotes dysfunctional loyalty, that is, loyalty to other group members rather than to the organization and its mission. This leads to groupthink, which causes homogeneous and often simplistic views of complex issues to dominate the thinking of the company's leadership.

Ethan Zuckerman, a fellow at the Berkman Center for Internet and Society at Harvard University, has provocatively noted that "homophily causes ignorance." Zuckerman proposes that "it's possible to miss huge trends, changes, and opportunities by talking solely to people who agree with you." People in the same social network tend to share a similar context and therefore might see the world uniformly. Leaders who always interact with the same people gain validation of their views and the loyalty of their followers. In this context, information that contradicts politically correct views is countered by alleging the idiosyncratic nature of the company's situation, resources, or history. Individuals' reliance on the same sources of information can lead to ignorance that breeds groupthink and polarization. Ignorance of the facts might expedite the strategic decision-making process but it often leads to faulty interpretations of events. It also breeds a cadre of leaders whose most important priority is to ensure the survival of their mentors, loyalists, and network members. Ignorance resulting from homophily deprives the company of the knowledge it needs to fuel innovation and develop new strategic options. Instead, companies rely on a few strategies and miss the opportunities that can be created by changing market and industry dynamics. This strategic simplicity can jeopardize a company's survival and long-term market credibility.

Homophily reinforces group support and relies on informal systems of communication and relationships, which often weakens the formal

processes and structures intended to encourage individuals to innovate. The dominant group may also find it difficult to motivate others outside their group to take part in any innovative activities, especially when it is essential to acquire innovation from external sources, such as other companies. Given the pervasiveness of the effects of homophily, members of outside groups often feel alienated and have little incentive to innovate or participate in the implementation of innovative ideas. Homophily can create a situation where not only are few employees willing to explore and innovate but even fewer are able or eager to take the risks associated with implementing these innovations. This vicious cycle will persist until leaders engage the various members of other groups and make them partners in the decision-making process. Deliberate and proactive engagement can bring in new insights, mind-sets, and worldviews that can spur innovation and facilitate the rapid implementation of innovative ideas.

## ODD MEN OUT

Homophily can also cause the exclusion of men and women who have dissimilar backgrounds, styles, or values. In fact, research suggests that even when given a chance to connect with people who are different from themselves, most people have a tendency to “stick with their own.” Other people are typically stereotyped and kept at a distance. Some of these stereotyping behaviors are benign but nonetheless have serious negative effects. People who are perceived as being different are sometimes viewed as less qualified, not understanding the system, not likely to fit in, and even not deserving of opportunities. As University of Arizona sociology professor Miller McPherson and colleagues explain, “We often attribute these qualities to some essential aspect of their category membership.” For example,

some people may mistakenly equate a given ethnic background with poor leadership potential.

Exclusion is often a subtle process that conveys the judgment that others are not worthy of opportunities or do not fit the profile of the company’s dominant leadership team. Homophily reinforces these faulty beliefs, encouraging leaders to recruit only protégés who fit their perceptions and overlook otherwise worthy candidates. Besides undermining organizational fairness and workplace justice, these practices create serious leadership voids that stifle organizational success. They also limit a company’s innovation by reducing the variety of inputs fueling this creative process.

Another serious consequence of the thick wall of exclusion built by homophily is the emergence and persistence of frail crisis management networks. Behaviors, processes, materials, services, and information that flow through networks become localized; only a few people have access to these resources and information and even fewer people have the discretion to address the challenges the information reveals. Homophily implies that the flow of information will be limited to a select and privileged few, who think alike and share similar interests in maintaining the status quo. Given that any network depends on its members’ judgments and interpretations in transmitting information, the dissemination of any contrary, unpredicted, or emergency-related information is likely to be slow and concentrated among very few people. Depending on where this information exists, it might not even reach the company’s senior leadership, further placing the company at a serious risk. Thus the high cost of excluding others who have dissimilar backgrounds, styles, or values can grow even higher in times of crisis.

For example, it is possible that the echo of crisis-related information may travel from one circle to another

until it reaches the appropriate leadership team. However, this information may arrive too late for the organization to take timely corrective action at reasonable cost. Even when the information reaches senior leaders in a timely fashion, they are likely to choose a command-and-control response because of their habit of excluding others, which creates distance among organizational participants. Their centralized approach is often inadequate to cope with complex or massive strategic changes. Transformation succeeds only when leaders make information about the desired change accessible to interested individuals throughout the company. To accomplish this, leaders need to devote the time and resources necessary to build the infrastructure that allows for the rapid sharing of information about the company’s operations, engaging groups with different perspectives in the process. Broadening the involvement of individuals or groups with different backgrounds, values, and perspectives can improve the company’s responsiveness and counterbalance the dysfunctional effects of homophily.

## POLAR BLAST

Homophily can also polarize opinions among a company’s leaders. Ironically, deliberating and discussing issues with like-minded people often leads to a more polarized and extreme position. One reason for this is that leaders selectively disseminate and share information that primarily supports their views and positions. In today’s workplace, new technologies also make it easier to share information with select groups, thus perpetuating their preconceived notions of the issues. Over time this can lead to an extreme view. As polarization persists, strategic changes that redefine the firm’s core values and capabilities become difficult to initiate or sustain.

In defining the results of homophily, it is important to recog-

nize the effect of *seka* loyalty—putting the needs of the group ahead of one’s own. (The word *seka* describes a major value in Balinese culture.) When homophily is strong, group members are expected to sacrifice for the welfare of the community to which they belong. Still, intense loyalty and a sense of obligation to a like-minded group can also work against the well-being of the community. Homophily intensifies solidarity born out of perceived or felt pressures from the outside world. Successful leaders in these loyal groups are beset, usually by the demands of fellow group members. To manage diverse expectations, leaders often have to limit the scope of fellow members’ personal actions in return for the moral, political, and economic support they receive. When dissatisfaction with leadership ensues, it is hard to break away from dominant group norms. Dissident members quickly feel caged in by the group; if they wish to break free, punitive sanctions usually follow, forcing them back into compliance to dominant norms.

Polarization has other costly consequences, especially in times of change. When homophily leads to thinking alike, leaders who lack vision assume control of the organization and obfuscate strategic change. Their simple rules on decision making, combined with a focus on making decisions quickly, can severely reduce the strategic alternatives that the organization can explore and thus may endanger the organization’s survival and growth. A focus on retaining the status quo and not disrupting the existing power structure can also lead to incremental innovations when more radical innovations are essential for competitiveness. Thinking alike might simplify and expedite leaders’ strategic decision-making process but can be damaging as leaders overlook innovations that have the potential to reinvent the company and renew its

operations. Keeping the group intact, even at the expense of disposing of heretics, becomes a priority, causing further polarization of views and the eventual exit of dissidents.

Organizations are living systems that have to adapt or risk failure. They typically create new systems and processes to effect desired changes. A natural selection process ensues through which more efficient systems and business processes emerge and dominate, typically improving performance. The viability of these chosen systems depends on the value added to organizational performance.

Homophily promotes systems and processes governed by rules of patronage rather than by business goals. Given the connections that exist among leaders with similar interests, values, and aspirations, these systems often mutate and come to inhibit organizational responsiveness. The more influential the homophilic members of the top management team, the higher the likelihood of contagion throughout the rest of the organization. With multiple networks consisting of members who think alike dispersed throughout the organization, these ineffective systems are replicated and quickly diffused throughout the organization, perpetuating the power of the dominant group’s leadership. Because these systems are interwoven with the organization’s culture, they might even survive the departure of key leaders or the introduction of massive change programs.

## HOW TO CHANGE

Organizations can reduce the damaging effects of homophily by detecting its prevalence and developing structures and systems that move from a patronage-based to a performance-based workflow. A fundamental pathway to change is to move from homophily to heterophily (liking and associating with people who are dif-

ferent from us) by engaging, supporting, and empowering promising leaders, whatever their affiliation.

Another strategy to curb the dysfunctional influence of homophily is to engage outsiders in analyzing the company’s internal processes that are designed to ensure fairness and access to opportunities. Although technology sometimes propagates homophily, it can be useful in diagnosing the pervasiveness of homophily in an organization. By studying who interacts with whom and how often and examining the types of knowledge shared and decisions made, leaders can gain great insights into existing networks that are based on like-mindedness. Likewise, simulations of crisis situations can help leaders glean important clues about the flow of knowledge in emergencies and how different groups interact. Studying these interactions can be informative in restructuring workflow and reorganizing groups. This understanding can help an organization’s leaders to promote collaboration among the right actors—including different-minded people—at the right time, for the right task, and with the right information. Leaders can also address the challenges arising from homophily by creating effective systems that focus on the decision-making process rather than on leaders’ personalities. Diversifying the sources of information available for key decisions and broadening access to that information are also essential actions.

Publicizing the achievements and successes of leaders drawn from new circles, groups, and backgrounds can promote an appreciation of these new leaders’ potential.

These strategies can address the paralyzing effects of homophily while building a foundation from which leaders can nurture, develop, and capitalize on the diversity and talents of their organization’s employees. ♪

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