Tainted Knowledge versus Tempting Knowledge:
Why People Avoid Knowledge from Internal Rivals and
Seek Knowledge from External Rivals

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Abstract

We compare the ways in which people react to good ideas that come from internal rivals (e.g., colleagues) versus external rivals (e.g., employees at a different organization). We hypothesize that because internal rivals and external rivals evoke threats with contrasting implications for the self, people adopt different strategic orientations to the rival’s knowledge. Study 1 found that people expected to lose more personal status if they learned from the accomplishments of an in-group rival as compared to an out-group rival, and they were therefore more likely to allocate resources to learning from the out-group rival. Study 2 revealed that the more threat internal rivals provoke, the fewer resources people allocated to learning from them, whereas the more threat external rivals provoke, the more resources people allocated to learning from them. Finally, Study 3 found that self-affirmation attenuated these patterns and enabled the self to feel secure enough to value the knowledge of an internal rival. The threats and opportunities for affirmation facing the self determine how people construe using knowledge from a rival. These self-implicating processes shape the dynamics of internal and external rivalry and determine a person’s willingness to pursue knowledge under threat.
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.

-St. Petersburg Times (2000)

Al Gore desperately needed political help from Bill Clinton in his 2000 election campaign but was reluctant to seek it. Interestingly, 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 comparing his own political talents to Bill Clinton’s. When people encounter their colleagues, they often see them as rivals and experience threat (Tesser, 1988), mental anguish, and envy (Salovey, 1991), simply by comparing themselves to them (Brickman & Janoff-Bulman, 1977; Festinger, 1954; Taylor, 1983). Attending to potentially valuable knowledge becomes difficult because it threatens a person’s competence, identity, and status. Moreover, in a business era that venerates creativity, novelty, and thought leadership, “borrowing” knowledge from colleagues is 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 and distinctiveness within the organization (Blau, 1955; Lee, 1997, Menon & Pfeffer, 2003, Sutton & Hargadon, 1996). In short, because rivals and the potential knowledge they bring threaten one’s own self-regard and status, people often respond defensively to a rival’s ideas (cf. Fein & Spencer, 1997, Schimel, Arndt, Pyszczynski, & Greenberg, 2001).

In contrast, people sometimes feel especially motivated to pursue knowledge precisely because it belongs to their rivals (Ruscher & Fiske, 1990). 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. Indeed, Oracle Corporation recently went so far as to hire detectives to leaf through a competitor’s garbage cans (Lavelle, 2001). These examples suggest that people sometimes construe incorporating an idea from a rival not as mere copying, but rather as vigilance, benchmarking, “out-of-the-box” thinking, and as stealing their competitive fire (Ancona, Bresman, & Kaeufer, 2002; Feldman & March, 1981). For these reasons, people perceive knowledge from the rival, not as tainted, but as especially tempting—it seems even more valuable, holds a special cache, and can even be career-enhancing (Menon & Pfeffer, 2003).

In this paper, we offer an explanation for why people sometimes seek knowledge from rivals and why at other times they avoid knowledge from rivals. To do this, we integrate social psychological theories of self-evaluation maintenance (Tesser, 1988) and self-affirmation (Steele, 1988) with theories of organizational learning and knowledge transfer (Argote, 1999). Despite the law-like observation that people regard their ingroups more favorably than their outgroups (Sherif, 1966; Tajfel, 1970), in reality, people in organizations have mixed-motive relationships with in-group members. Many times, the 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. Indeed, we hypothesize that knowledge from an inside rival (e.g. a star within the organization) actually poses a greater status threat than does the same knowledge from an outside rival (e.g. an upstart manager in another organization in the marketplace). As a result, people respond to the status threats that insiders pose by avoiding their knowledge, i.e., they ignore, reject, or fail to attend to those ideas (cf. Blau, 1955) and respond to the threats to ingroup survival that outsiders pose by pursuing their knowledge, i.e., they engage in the informative (albeit painful) process of seeking knowledge from those rivals (cf. Ruscher & Fiske, 1990).

The Self and Knowledge Valuation

Our key focus in this paper is how people evaluate the new ideas they encounter in organizations. Rather than engaging in a rational calculus whereby they evaluate knowledge on its objective quality, people’s self-maintenance needs often infiltrate their judgments. When people encounter another person’s knowledge, they face both threats
and affirmations to the self, which direct the flow of knowledge in an organization by determining the degree to which people attend to, value, and are willing to spend time and money to learn from the ideas of the other person (Ashforth & Mael, 1989; Kane, Argote, & Levine, 2002; Kramer, 1991). Specifically, we propose that, despite the well-recognized opportunities for self-affirmation that ingroup identification offers, competition is a constant feature of group and organizational life, and using knowledge from internal rivals presents a threat to the self that makes it difficult to pursue. By contrast, external rivals pose threats that have the opposite consequences for knowledge valuation: they threaten ingroup survival, and their knowledge becomes even more attractive as a result.

Self-enhancement via ingroup enhancement

One way in which the self becomes implicated in knowledge valuation occurs when people affirm ideas that emanate from the ingroup (Janis, 1972; Katz & Allen, 1982) in order to enhance their own self-worth (Fein & Spencer, 1997; McGregor, Lieberman, Solomon, Greenberg, Arndt, Simon, & Pyszczynski, 1998). A large body of research reveals that people are motivated to see their in-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 worldviews (McGregor et. al, 1998). In addition to perceiving internal ideas as simply more valuable than external ideas, people seek balance and consistency by maintaining homogeneous attitudes within the in-group (Marques, Paez, & Abrams, 1998; Phillips, 2003; Pool, Wood, & Leck, 1998; White & Langer, 1999), and establishing their optimal distinctiveness from out-groups (Brewer, 1991).

Threats from social comparison

This article suggests that enhancing the self by enhancing an ingroup member often becomes a much more complicated affair. Tesser (1988) was one of the first scholars to recognize that as much as people may seek to enhance ingroup members, people often feel threatened by the accomplishments of close others. Indeed, the self-evaluation maintenance model (SEM) predicts that the people who are close to us are actually more threatening than people who are strangers, particularly when highly self-relevant
achievements are in question (Tesser, 1988). The SEM 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, & Moore, 1988), particularly when people feel that they are not capable of attaining similar accomplishments (Lockwood & Kunda, 1997). Thus, despite the strong identification and liking that often develop between ingroup 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 & Morris, 1995; Levine & Moreland, 1987), and they respond in a more intensely emotional way to the invidious comparisons that result (Tesser, Millar, & Moore, 1988).

**Rivalry in the organization**

One of the reasons why research has sometimes overlooked these complications is because it has focused on “actors in the groups” as compared to “actors in organizational settings.” Much laboratory research emphasizes the degree to which ingroups offer their members opportunities for social identification, affiliation, and ultimately, self-affirmation. These studies implicitly assume a positive relationship between the self and the ingroup and a competitive relationship between the ingroup and the outgroup (Sherif, 1966). Even when such studies hold constant the degree of competition between the ingroup and between ingroups and outgroups by positing minimal relationships between both (Tajfel, 1970), there are implicit incentives to enhance the self by positively distinguishing the ingroup from outgroups (Brewer, 1991).

We suggest that such research under-represents the true costs to the self that are present when people affirm insiders in real organizations. People in organizational settings face internal rivalry with insiders, due to status systems, hierarchy, competition for recognition and organizationally-relevant rewards, and in most cases, performance evaluation, which essentially institutionalize and accentuate the psychological processes that the SEM identifies (Frank, 1985; Menon & Pfeffer, 2003). As a result, actors in organizational settings experience mixed-motive relationships with some members of
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their ingroup as they simultaneously compete and collaborate, and threaten and support them (cf. Walton & McKersie, 1965; March, 1962; Pfeffer, 1992). In contrast, outsiders provoke direct threats to the group and its status, while involving a more indirect threat to the self, its competence, and the rewards and status it covets. Whereas the SEM has focused on the emotional experience of threat resulting from comparison between psychologically close and distant others (Tesser & Collins, 1988; Beach et al., 1998; Tesser, Pilkington, & McIntosh, 1989), this article focuses on the paradoxical implications of these dynamics for learning under rivalry, which we develop next.

Ignoring versus Seeking Knowledge from Rivals

On one hand, people should be willing to approach and pursue knowledge from all rivals, regardless of whether they are insiders or outsiders. Given the danger involved if one fails to accurately understand and effectively respond to the behavior of a rival, people should seek ways to monitor, predict, and control their rivals (Pfeffer & 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 & Fiske, 1990; Fiske & Neuberg, 1990). The increased levels of attention that they pay to their rivals are a necessary prerequisite for more individuated processing (Ruscher & Fiske, 1990) and for learning and self-improvement as well.

However, because individualist cultures inculcate the goal of maintaining the uniqueness of the self from the ingroup (Markus & Kitayama, 1991; Kim & Markus, 2000), valuing, learning, and using knowledge from ingroup rivals can pose a threat to the self and its distinctiveness. Imagine a young research scientist named Dr. Jones. She feels particularly grateful to have a friendly colleague named Dr. Smith, also a newly-hired Ph.D., with whom to socialize and discuss everyday issues at work. Still, Dr. Jones feels an uneasy pang of jealousy when Dr. Smith makes an important new discovery, receives notice that the major journal in her field will publish her dissertation, and overhears others describing her research as “hot.” In such a case, we hypothesize that Dr. Jones takes pains to distinguish herself and her research from Dr. Smith’s, and her ability to learn from Dr. Smith’s new ideas is curtailed. By contrast, if Dr. Smith were a member of a competitor laboratory, Dr. Jones feels motivated to gather information about
the research, and perhaps even delights in introducing these “hot” new ideas to her colleagues, without experiencing the threat of redundancy (Burt, 1992).

As this example illustrates, the way a person assesses the threats or benefits to the self implicit in taking knowledge from a rival shapes her impulse to learn under rivalry. It is possible to view the identical behavior of acquiring knowledge through either of the following lenses (Feldman & March, 1981):

- **Status loss**: Acquiring another actor’s knowledge signifies one’s own incompetence; “following the leader”; copying; and deferring to or flattering that actor
- **Status gain**: Acquiring another actor’s knowledge represents benchmarking; theft; stealing the thunder of a rival; and displaying leadership, creativity, vigilance, and social connections

Specifically, we suggest that people often construe learning from internal rivals as a status loss, which inhibits their willingness to value and use that knowledge, whereas people are more likely to construe learning from external rivals as a status gain, which enhances their motivation to seek out their knowledge.

These different frames emerge because the threats provoked by internal and external rivals differ in their implications for the self. Because internal rivalry in organizations involves a direct threat to the self and its status, people construe learning in this situation through a prevention regulatory focus (Higgins, 1997; Menon & Blount, 2003). People focus on the salient losses to the self: they feel paranoid (Kramer, 1998) and they fear that they may inadvertently affirm the reputation, competence, and legitimacy of a direct rival in the organization while casting doubt on their own competence and distinctiveness (Blau, 1955; Lee, 1997). As a result, they avoid the internal rival’s knowledge by using a variety of strategies. For example, they downgrade its relevance and thus avoid social comparisons (Brickman & Janoff-Bulman, 1977; Morse & Gergen, 1970), they look downward for ideas from less threatening targets (Thompson & Crocker, 1990; Wills, 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, & 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 & Gollwitzer, 1982), shaping the attributions that relevant others make as well (Jones & Pittman, 1982).

By contrast, external rivals often do not threaten personal status, rewards, promotions, or distinctiveness within the ingroup, but instead threaten group status because they directly compete with the ingroup (Menon & Pfeffer, 2003). Therefore, rather than construing the use of an outgroup rival’s knowledge as a status loss, people can reap status gains within their ingroup by displaying their connections and their access to valuable knowledge (Burt, 1992; Feldman & March, 1981; Tushman, 1977). Taking knowledge from a rival out-group enables the group to resolve critical uncertainties so that it competes more effectively (Salancik & Pfeffer, 1982). People are likely to hold a promotion regulatory focus when they encounter external rivals, i.e., they contemplate gains such as the status benefits that accrue to self when they approach and seize their knowledge for the in-group (Higgins, 1997; Menon & Blount, 2003).

For these reasons, we propose that internal threats and external threats have contrasting consequences for person’s willingness to pursue a rival’s knowledge. The threat to personal status that arises from internal rivalry inhibits a person’s desire to seek that rival’s knowledge. This response could be attenuated if the threats to the self are eased, for example, if people acquire opportunities for self-affirmation (Fein & Spencer, 1997; Steele & Liu, 1983; Tesser & Cornell, 1991), and feel psychologically safe (Edmondson, 1999). In contrast, external threats pose a more indirect threat to the self and inflame fears and uncertainties about group survival, which increase a person’s motivation to pursue an outside rival’s knowledge. As a result, we propose:

H1a: People are more likely to attend to an external rival’s knowledge than an internal rival’s knowledge.

Further, we posit two contrasting relationships between threat and the desire to pursue of a rival’s knowledge, as a function of that rival’s identity:

H1b: The more people are threatened by an internal rival, the more they are likely to avoid that rival’s knowledge; The more people are threatened by an external rival, the more they are likely to pursue that rival’s knowledge.

In sum, we argue that the internal versus external identity of the rival shapes the nature of the competitive process between rivals (see Figure 1). The social comparison
process, which the organization’s competitive structure institutionalizes, affects the nature of the threat people experience from their rivals, how they construe learning from a rival, and the strategies that people choose in response to that threat. We predict that people experience a more direct threat to the self when they cope with internal as compared to external rivals, which leads them to avoid the knowledge that the rival possesses. In contrast, threats to group status from outsiders lead people to increase the attention they pay to rivals and their knowledge and they more readily incorporate such knowledge into their own projects. These strategic orientations 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 (Blanton, Buunk, Gibbons, & Kuyper, 1999; Gerrard, Gibbons, Lane, & Reis-Bergan, 2002).

Overview of Studies

In three investigations, we systematically examine two key adaptive responses of people facing rivals: (1) the level of threat that their rival’s knowledge provokes in them and its relationship to (2) their willingness to attend to and use knowledge from their rival. Before we created the scenarios we used in our three experiments, we conducted a pre-test in which participants generated episodes of internal and external rivalry that they had personally experienced. We also asked them a variety of open- and closed-ended questions in order to preliminarily compare how personally threatened people felt and the degree to which they would pursue their rivals’ knowledge under the circumstances.

Study one adds two additional conditions to the internal and external rivalry comparison: nonthreatening insiders and outsiders. We predict that the hypothesized contrast in knowledge valuation emerges only in the rivalry conditions. We assess the degree to which people perceive knowledge use as a status loss and the degree to which people invest resources to pursue this knowledge. We suggest that perceived status loss could potentially mediate the relationship between the identity of the rival and the willingness to use their knowledge.

Study two proposes an interaction between internal and external identity and threat. We suggest that internal threats inhibit learning from rivals whereas external threats make such learning more urgent. In addition, we add measures that assess
participants’ emotional reactions of threat and their cognitive responses to it, i.e., their implicit theories about whether they can resolve internal and external threats via internal control (ability, hard work) or external control (luck). This study also controls for whether the internal or external rival is an individual or a group actor.

Finally, if it is indeed the case that threat has contrasting consequences when an internal versus an external actor evokes it, then self-affirmation, which mitigates threat, should increase a person’s ability to pursue knowledge from internal rivals but reduce their willingness to pursue knowledge from external rivals. Our third study examines this issue.

In all of our studies, we embed a hypothetical scenario in the real relationships and situations that our participants have faced in organizations. We ask them to recall individuals who fit particular relational categories and to simulate their response to several hypothetical organizational situations in which that person develops an innovative idea. Before we describe the specific experiments that we performed, let us outline how we constructed the scenarios that we employed in our studies. We developed our experimental scenarios after completing the pre-test and conducting two investigations of real organizations where we initially observed the contrasting consequences for learning that arose from internal and external rivalry (see Menon & Pfeffer, 2003). In one of these organizations, Fresh Choice, we observed that restaurant managers vigilantly monitored and copied menu ideas and human resources practices from an outside competitor called Zoopa, yet experienced threats when doing so after a merger, when Zoopa managers became members of the same organization. Similarly, we observed that managers at Xerox struggled to value a high technology project that was developed by an internal research group, yet eagerly sought to acquire a very similar technology from a competitor organization.

The scenarios we derived from these case studies naturally involve several assumptions about the nature of rivalry and the characteristics of the rivals involved in it that limit the scope of our studies. First, let us define our conceptions of insider and outsider. We define insiders and outsiders based on the natural boundaries of the organization: an insider is an actor who shares one’s organizational identity whereas an outsider does not. It is important to note that these natural boundaries do not determine
the relationships of identification and rivalry that exist between actors. Many intergroup paradigms implicitly conflate identification and threat by comparing collaborating insiders and competing outsiders (Sherif, 1966). In our studies, we distinguish between threatening and nonthreatening ingroup and outgroup members (Menon & Blount, 2003). Actors are either appraised as threatening insiders if they compete for promotions and status or as nonthreatening insiders if they do not. Likewise, outsiders are appraised as threatening if they compete for market rewards, or as nonthreatening if they do not. Social identity is malleable and identification with another actor can shift across situations (Brewer & Kramer, 1985; Brewer, 1991; Brewer & Gardner, 1996). Our studies do not assume that insiders in organizations necessarily identify with one another; indeed, our paradigms emphasize the situations in organizational life in which identification and cohesion are less likely to characterize the group dynamic. However, the very fact that people identify with their ingroups could make them covet the rewards the ingroup offers and therefore feel especially threatened by specific rivals for those rewards within the group. In such cases, people identify with their group or organization as a whole, while not identifying with particular internal rivals.

Second, let us define our conception of rivalry. Both internal and external rivalry are characterized as situations in which actors compete for resources, goods, status, and/or position with one another (Levine & 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 threat: they are at risk of having others acquire both the tangible resources that they need for their survival and more intangible resources such as status and recognition. Although rivals evoke threat for a variety of reasons (for example, untrustworthy behavior towards the self), our studies specifically concern knowledge competition, i.e., situations in which rivals evoke threat as a result of their good ideas. These situations frequently occur between both insiders and outsiders, as they struggle with one another for rewards in the organization and in the marketplace. In our scenarios, we show participants an identical piece of knowledge, attribute its source to either an insider or an outsider, and compare their judgments about it and strategic reactions to it. We drew examples of relevant kinds of knowledge following our initial
case studies: various innovations in services, products, and human resources practices that could improve organizational sales and performance.

Third, let us define our conception of knowledge valuation. When people in organizations make judgments about the value of knowledge, they assess it on a variety of dimensions (Menon & Blount, 2003): for instance, its quality (i.e., is it creative, accurate, and insightful) and its feasibility (is it timely, appropriate, viable, and practical; e.g., Zmud, 1978; Borgatti & Cross, 2002). In our studies, we assume that people impute value to a kernel of knowledge when they a) dedicate resources such as time and money to monitor and acquire it and b) state their willingness to use such ideas. However, other, more complex, responses are also possible. For instance, people sometimes “steal” ideas—i.e., appropriate knowledge from a rival without attributing credit to them. Our situations preclude such fluid appropriation of credit given that they occur in public situations in which others widely recognize a rival as the champion or originator of an idea. Alternatively, people also publicly devalue a piece of knowledge yet privately monitor it or subconsciously absorb it. Although we separated these two dimensions (committing resources to monitoring knowledge and willingness to use knowledge), our studies primarily tap people’s explicit responses to the knowledge, as captured by the value they ascribe to that knowledge in their self-reports. If a participant subconsciously absorbs an idea, our studies do not capture this because they do not measure the person’s success in ultimately incorporating these ideas. Thus, our studies focus on the explicit value people impute to knowledge as compared to the degree to which they learn from it. However, the willingness to value, monitor, and incorporate ideas is often an important prerequisite to actually learning from them.

Pre-test: Responses to Internal versus External Threat

In this exploratory study, participants recalled their own experiences engaging in knowledge competition. We sought to a) identify the kinds of internal and external rivalry situations participants generated, b) test our basic assumption that people who recalled instances of internal threat (e.g., rivalry with a person inside their own organization) would experience greater personal threat from those internal rivals, and c) compare participants’ strategic responses to these situations, by assessing the degree to which they either pursued or avoided knowledge from either rival.
Thirty-four North American management students enrolled in a full-time MBA program participated in the pre-test. They had 4.1 years work experience on average, 68.6% were men, and they had worked in diverse industries and functional areas (e.g., finance, marketing, general management) prior to their MBAs. They were randomly assigned to one of two “rivalry” conditions: internal threat or external threat. In both conditions, participants were asked to think 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).

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

To assess the potential psychological threat to the self and the organization, we asked participants 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 measure their strategic response to the rival’s
knowledge, we asked participants to indicate which strategies they would employ to manage the rivalry. The possible reactions to rivalry 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: “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: participants reported having closer relationships to internal rivals (M = 4.6, SD = 1.7) as compared to external rivals (M = 2.9, SD = 2.0), F(1, 33) 7.1, p < .01. They did not report any differences in their evaluations of the competence of the internal versus external rivals.

Second, as reported in Table 1, we found that people perceive higher personal stakes with respect to internal rivals (M = 4.3, SD = 1.5) versus external rivals (M = 2.7, SD = 1.8), F(1, 33) 7.4, p = .01. People perceived somewhat higher stakes for their organization when dealing with external rivals, but this difference was not significant, F(1, 33) 1.1, p = .30.

We next examined the strategies that participants indicated that they would use to cope with threat. Due to the fact that participants facing internal rivals perceive greater psychological threats to the self, we predicted that they would be more likely to try to minimize the threat through active avoidance and escape. Conversely, we predicted that participants threatened with an external rival would perceive greater value in pursuing the rival’s knowledge. The results confirmed our hypotheses. Participants faced with internal threat used different strategies to deal with it. As predicted, participants 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 participants’ 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, 34) = 5.4, p<.01.

In this exploratory study, although we find preliminary support for our intuitions, we fully appreciate an alternative interpretation for the 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, the types of threatening situations that participants recalled could have been qualitatively different for the internal versus the external conditions. We could address this potential concern and rule out this alternative hypothesis by presenting the same competitive threat to everyone, and varying only the perceived source of the threat—internal versus external. Such a methodology would allow us to hold constant the exact nature of the competition in terms of its characteristics—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 & Weiss, 1951). Further, participants thought only about instances of internal and external rivalry. We need to assess whether the differences that emerge are specific to situations of rivalry or characteristic of internal and external relationships more generally, regardless of the competitive threats they evoke.

**Study 1: Status Concerns Mediate the Willingness to Use Knowledge under Threat**

In Study 1, we directly manipulate the identity of the knowledge source—internal versus external—and we manipulate whether that person is threatening (competitive) versus non-threatening. We measured psychological threat (e.g., fear of losing status) and the key dependent variable: knowledge valuation (e.g., commitment of resources such as money and time to acquiring a rival’s knowledge, likelihood to use the rival’s ideas).

**Participants.** A total of 133 students enrolled in a full-time MBA program volunteered to participate in class. The demographics of the participants were virtually
identical to the pretest sample as they were drawn from the same population.

**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, participants were asked to think about either an internal rival, an internal nonrival, an external rival, or an external nonrival. 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 pretesting 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 participants 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, to measure their interest in monitoring the rival, participants were asked to allocate time and money to acquire knowledge about their rival’s ideas:

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 also asked about their willingness to use the ideas: “How likely would you 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, 133) = 7.5, 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 (1,132) = 8.6, p<.01, there were no differences in closeness between them.

**Psychological threat.** We found an interaction, reported in Table 2, between internal/external and rival/nonrival, F(1,132)=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, 67) =11.0, p<.01. Importantly, there were no significant differences in the nonthreat condition (M= 3.3, SD=1.2 and M=3.6, SD= 1.5), F(1, 64) = 0.6, n.s.

**Knowledge valuation:** We were also interested in how participants would respond to the perceived threat. As predicted by Hypothesis 1a, the planned contrast revealed that participants allocated a greater percentage of their time 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). The differences between their allocations of money in the two conditions do not reach significance, but when we combine allocations of time and money (\( r = 0.56, p < .01 \)), 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 find a marginally significant effect whereby participants state that they are more likely to use ideas from external as compared to internal rivals in their own plans, \( F(1, 66) = 3.0, p < .10 \).

**Testing for Mediation**

We performed a mediation analysis (Baron & Kenny, 1986) to investigate whether perceived status threat mediated the relationship between the internal-external identity of the rival and willingness to use their knowledge. 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 & 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 use the rival’s knowledge (\( b = 0.21, p < .10 \)). Step 2 tested the effect of the mediator, status threat, on willingness to use knowledge and indicated a significant correlation between the two (\( b = -0.53, p < .01 \)). Step 3 revealed that the rival’s identity as an insider or outsider predicted the level of the status threat (\( b = -0.38, p < .05 \)). Finally, in Step 4, we find that the coefficient for identity approaches 0 when we include status threat in the equation, suggesting that it fully mediates the relationship between identity and willingness to use knowledge. Thus, there is some preliminary support for our mediation hypothesis.

**Discussion**

In this study, we find that people face contrasting levels of personal status threat when they learn from internal and external rivals, and, as a result, they 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, and as a result, they more readily allocate time to finding and using knowledge from external rivals. These findings replicate our exploratory results that internal threat leads to greater threats to personal status and less motivation to value knowledge. Further, they extend them by preliminarily revealing that the degree to which the respondent perceives a status loss by using a rival’s knowledge mediates the relationship between internal and external identity of the rival and the respondent’s willingness to use their knowledge. The internal or external identity of the rival shapes the way in which a learner construes learning from them, which in turn affects their willingness to incorporate their knowledge.

We noted that because the pre-test relied on participants’ recall of personal experiences, we were not certain that the greater psychological threat and lowered willingness to use knowledge were indeed attributable to the internal versus external distinction. Therefore, in Study 1, 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 nonrival is considerably lower. As a result, identity becomes relevant to knowledge use only when the knowledge carrier evokes threat.

Whereas Study 1 addresses some of the limitations of the pre-test by including conditions for nonrivals, standardizing the situation in which learning occurred, 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 possibly 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 faces when dealing with a rival. Whereas status threats are relevant to people dealing with internal rivals, other threats are relevant when participants are dealing with external rivals. Thus, people dealing with outsiders 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 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 people’s cognitive reactions to both kinds of threats, i.e., their attributions about how to resolve them.

**Study 2: Threat Inhibits Valuation of Knowledge from Internal Rivals and Increases Valuation of Knowledge from External Rivals**

In Study 2, we manipulated the perceived source of competition (internal versus external) and the level of analysis at which people construe their rival (individual versus organization). Given that the pre-test asked people to think about rivals at an organizational level and Study 1 asked people to think about interpersonal rivalry, we sought to examine whether there were differences in knowledge valuation when the rival was construed 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 people construed their targets, given that research has found that such factors influence people’s responses to competitive situations (Schopler & Insko, 1992).

**Participants.** The participants were 136 students enrolled in a full-time MBA program. Their mean age was 29.2 years, they had, on average, 6.2 years of work experience, and 62.4% of the sample were men.

**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 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, the students 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 (see Sample menu)

In order to standardize the characteristics of the knowledge to which participants responded, we gave participants a photograph of the restaurant design and the rival’s sample menu.

**Dependent measures.** We measured psychological threat and knowledge valuation. 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 the questions we asked in Study 1 concerning what 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 the differences that exist between internal and external threats, we wanted to compare people’s assumptions about both. In particular, we expected that people would be more likely to expect that internal threats would be resolved subjectively. I.e., 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 & 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 the pre-test and Study 1, 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 experience, without differentiating the personal threat insiders provoke from the group-level threat outsiders provoke.

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 1a, where people allocate more to acquiring knowledge about external rivals (M= 30.2, SD=15.9) as compared to internal rivals (M= 28.1, SD=16.1), F(1, 135) = 4.8, p<.05.

In addition, as predicted by Hypothesis 1b, we find a significant interaction between the identity of rival and emotional threat (p=.009). Thus, when we correlate emotional threat and allocations to acquiring knowledge, we find that the more emotionally threatened participants were by the internal rival, the less they allocated resources to monitoring them (r=-0.14, n.s.). However, the correlation between threat and monitoring knowledge from external rivals runs in the opposite direction: and the more threatened people were by an external threat, the more time and money they allocated to monitoring 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 found significant differences in participants’ beliefs about their internal control in the two types 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. These implicit beliefs about the nature of internal competition correlated with people’s responses to it. People were less likely to feel emotional threat in response to
internal competition ($r = -0.34, p < .01$) when they made internal attributions about its resolution, perhaps because they felt in control with respect to it. If people think that they can resolve external competition 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 is less relevant.

Discussion

We found that people allocate more resources when threat emanates from an outsider, rather than an insider. Further, threat has contrasting implications for the pursuit of a rival’s knowledge when that rival is an insider versus an outsider. We found an interaction whereby the more an internal rival threatened people, the fewer resources they allocated to monitoring knowledge from that rival whereas the more an external rival threatened them, 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 people perceive threat. Regardless of whether people construe the insider as an individual or a group-level entity, the threat they evoke inhibits the pursuit of knowledge, whereas threats from the external individual or group inspires it. Finally, we also compare the assumptions that people hold about internal and external threats. The implicit theories that people hold about the value of internal factors (e.g. hard work, competence) versus external factors (e.g. luck) in managing these threats helps explain the relative importance of learning as an appropriate strategy in managing them.

An alternative explanation for our findings is that these threats do not implicate the self; i.e., perhaps people are simply responding strategically to the 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 reward and punish them. We suggest that, in addition to some of these strategic motives, managers also face threats to the ego which elicit defensive responses of valuing or derogating knowledge. In order to provide evidence that this is so, we conducted a third study in which we gave people opportunities to affirm the self. The
presence of these affirmation opportunities changes how the self experiences threat, but the organizational incentives remain the same.

**Study 3: Self-Affirmation Increases Pursuit of Knowledge from Internal Rivals and Decreases Pursuit of Knowledge 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 & 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, & Laing, 1987). As our prior studies have shown, the threats that a rival poses to a person’s self views affect their willingness to capitalize on that rival’s knowledge. Conversely, we suggest that if people who are threatened 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 & 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 & Liu, 1983) and stereotyping and prejudice (Fein & Spencer, 1997), even if the affirmed values are unrelated to the threat.

In Study 3, 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 people experienced and thereby eliminate or reverse the effects of threat on participants’ willingness to value knowledge from their rivals. Specifically, we gave participants an opportunity to affirm themselves after they described the threatening rival. Given that internal threats inhibit pursuit of a rival’s knowledge whereas external threats promote it, we expected that self-affirmation would increase the degree to which participants would value knowledge from internal threats but reduce their willingness to value knowledge from the external threats,
Participants. The participants were 90 MBA students who completed the survey as part of an in-class activity.

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 nonaffirmation) design. As in Study 2, participants responded to the restaurant scenario, but participants thought about rivals at the individual level of analysis only. However, prior to responding to the dependent variables, participants either had an opportunity to affirm themselves or to not do so. The affirmation manipulation, which has been validated by several other studies (Fein & Spencer, 1997; Steele, 1988; Steele & 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 nonaffirmation condition, they are asked to think about 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 2 (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 ANOVA (see Table 6). 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 ($F(1, 89)=4.0$, $p<.05$). Thus, 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 ($M=31.7$, $SD=26.6$) and use that knowledge ($M=5.6$, $SD=1.5$), as compared to people who did not have an opportunity to affirm themselves ($M=19.5$, $SD=12.9$), $F(1, 85)=3.7$, $p=.06$ and ($M=4.9$, $SD=1.4$), $F(1, 85)=4.0$, $p=.05$, respectively. Moreover, our external rivalry condition illustrates a reversal. In the external rivalry conditions, people who affirm themselves are less willing to expend effort to learn from the rival, as compared to those who are not affirmed ($M=22.9$, $SD=18.5$ vs. $M=26.8$, $SD=13.5$, n.s.) and use ideas from their rival ($M=5.2$, $SD=1.4$), $F(1, 85)=4.0$, $p=.05$, respectively. Moreover, our external rivalry condition illustrates a reversal. In the external rivalry conditions, people who affirm themselves are less willing to expend effort to learn from the rival, as compared to those who are not affirmed ($M=22.9$, $SD=18.5$ vs. $M=26.8$, $SD=13.5$, n.s.) and use ideas from their rival ($M=5.2$, $SD=1.4$), $F(1, 85)=4.0$, $p=.05$, respectively. Moreover, our external rivalry condition illustrates a reversal. In the external rivalry conditions, people who affirm themselves are less willing to expend effort to learn from the rival, as compared to those who are not affirmed ($M=22.9$, $SD=18.5$ vs. $M=26.8$, $SD=13.5$, n.s.) and use ideas from their rival ($M=5.2$, $SD=1.4$), $F(1, 85)=4.0$, $p=.05$, respectively.
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SD=1.2 vs. M=5.6, SD=0.85, n.s.). The interaction was not significant with respect to the third dependent variable, the percentage of the budget allocated to learning from the rival.

What was the effect of self-affirmation on how people evaluated the status loss inherent in using the rival’s knowledge? On one hand, one might expect that people who affirmed themselves were simply less concerned about and less sensitive to such incentives in their organizations. However, surprisingly, we found a significant interaction (F(1, 89)=4.5, p<.05) whereby people who affirmed themselves 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 did not affirm themselves (M=2.6, SD=1.0), F(1, 89)=5.1, 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, 89)=0.9, n.s. (see Table 7 and Figure 3). 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, & 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 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 people value the knowledge of their internal rivals. However, when people have an opportunity to affirm themselves, they are more likely to approach this knowledge, rather than defensively devalue it (Fein & Spencer, 1997). The opposite occurs with respect to knowledge from external rivals. The fear, discomfort, and threat that the external rival evokes increase 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 evidence that the processes that people use to determine whether they should pursue 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 approach knowledge more freely, despite these status costs. The threatened self sees the pursuit of knowledge from external rivals 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 learning.

**General Discussion**

Through a series of three 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 pursue the rival’s knowledge? With respect to the first issue, our investigations revealed that when an “insider”—i.e., someone in the same organization—has a good idea, this is regarded as more threatening to one’s personal status than when an “outsider”—i.e., someone outside the organization—has the good idea. In Study 1, 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. Indeed, attention is the first step in nearly any process of learning (Cyert & March, 1963; Ocasio, 1997), and our studies assessed the degree to which people attended to the knowledge of rivals under conditions of internal and external rivalry. In Study 1, 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 2, we found an interaction whereby internal and external threats have contrasting implications for willingness to
pursue knowledge. 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 organization) or a group (i.e. an internal unit versus an external organization)—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 person’s willingness to incorporate knowledge from another actor, then an opportunity for highly threatened people to affirm themselves should mitigate the impact of the threat. And, indeed, in Study 3, we found that when people affirm themselves following the receipt of an internal threat, they 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 threat and affirmation (Steele & 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, and people have ambivalent relationships within in-groups, whereby they 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. Indeed, in contrast to this vast majority of research that assumes that people engage in in-group favoritism in order to enhance self-esteem (Hogg & Abrams, 1990; Turner, 1975), our investigations suggest that paradoxically, people sometimes need self-affirmation before they are 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 & Aronson, 1995; Fein & Spencer, 1997). Specifically, when the self is under threat, people to engage in behaviors and responses designed to defend, protect, and maintain the self (Steele, Spencer, & 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 & Spencer, 1997; Schimel et al., 2001) and face rigidity (Staw, Sandelands, & Dutton, 1981) and reduced performance and cognitive functioning (Steele & Aronson, 1995). In addition to these responses, we suggest that people who experience threat can also be inspired to acquire knowledge, learn from a rival, and thereby have opportunities to improve their performance. 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 intergroup 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 like 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, could 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.

However, 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. In reconciling the present findings with the impressive body of research that seems to report the opposite findings, we suggest two 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 attribute low status to them as a result of their connection to the in-group (Doosje & 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. Indeed, we find no outsider preference in conditions where insiders and outsiders are characterized as “nonthreatening” and would expect traditional ingroup favoritism effects to dominate in situations where ingroup members are characterized as
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Teammates and collaborators. Alternatively, a second possibility is that people 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). However, note that our research focuses on a different dependent measure than this prior research— the willingness to attend to and use knowledge 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 disidentify 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 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 people perceive knowledge from internal and external rivals, 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 organization, as in the case of consulting companies (O’Shea &
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 many ways, and that some of the reasons why people value knowledge from both sources differently have little to do with concerns about self and personal status. However, we also tried to address some of these issues through our experimental methodology. In Studies 1-3, 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 knowledge from an internal rival looks more worthy of use if a person has an opportunity to affirm themselves prior to evaluating it. Thus, we more clearly isolate the effects of status threat as compared to the many other variables that could produce differences between internal and external knowledge.

On the other hand, many variables that our model does not consider moderate this phenomenon. 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 using knowledge from internal rivals would be particularly pronounced while more cooperative, team-based organizations make such status threats less salient (Menon & Pfeffer, 2003).

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 & Sutton, 2000). Organizations that manage to transfer knowledge internally while preventing its external transfer to competitors derive competitive advantage (Argote & Ingram, 2000). Yet, unfortunately, our research suggests that just the opposite often happens in organizations. Managers often face a frustrating reality where knowledge within the organization 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 while insiders may fail to transfer their ideas, outsiders are highly motivated to steal those ideas and compete advantage away from the organization.

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 act as recipients of knowledge, i.e. learners. As a result, people in groups and organizations have the incentive to reinvent the wheel over and over again, rather than learn 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 are the implications of our investigation? Our studies suggest that there are two kinds of motivations to learn from another actor: one that threat inhibits and one that threat intensifies. When encountering an internal rival, people 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 3, 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! However, fear-based learning operates with respect to external rivals: the more a person 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. In such situations, managers increase motivations to learn by taking steps to heighten perceptions of threat and fear. The 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 groups and organizations that are capable of learning. 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 people encounter knowledge, they are not neutral and objective judges of whether that knowledge is worthy of pursuit and investment. A person faced with the prospect of taking an idea from another actor find 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-affirmation affect the ways that decision makers construe the taking and using knowledge, and thereby have macro level consequences for how knowledge flows through organizations and in markets.
References


Brewer, M. B. (1991). The Social Self: On Being the Same and Different At the Same
Tainted Knowledge versus Tempting Knowledge


March, J.G. (1962). The business firm as a political coalition *Journal of Politics*, 24,


Table 1
Pre-test: Competition between insiders versus outsiders

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

* p<.05
Table 2

Study 1: Status loss from learning from internal versus external rivals

<table>
<thead>
<tr>
<th>N=133</th>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonrival</td>
<td>3.3 (1.2)</td>
<td>3.6 (1.5)</td>
</tr>
<tr>
<td>Rival</td>
<td>4.1 (1.6)</td>
<td>3.0 (1.2)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Extremely unlikely</th>
<th>Very likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>
Table 3

Study 1: Knowledge valuation under conditions of internal and external rivalry

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

* p<.05, + p<.10
Table 4

Study 2: Regression: Emotional threats and the allocation of resources to learning from internal and external rivals

<table>
<thead>
<tr>
<th></th>
<th>Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N=136</strong></td>
<td></td>
</tr>
<tr>
<td>Internal/external identity of the rival</td>
<td>15.1 (6.9)*</td>
</tr>
<tr>
<td>Individual/group construal of rival</td>
<td>5.0 (6.9)</td>
</tr>
<tr>
<td>Emotional threat</td>
<td>4.9 (2.0)*</td>
</tr>
<tr>
<td>Internal/external identity x emotional threat</td>
<td>-5.7 (2.6)**</td>
</tr>
<tr>
<td>Individual/group construal x emotional threat</td>
<td>-.9 (2.5)</td>
</tr>
<tr>
<td>Individual/group construal x internal/external identity x emotional threat</td>
<td>-.9 (1.8)</td>
</tr>
<tr>
<td>Intercept</td>
<td>15.4 (5.9)**</td>
</tr>
<tr>
<td>R²</td>
<td>.07</td>
</tr>
</tbody>
</table>

** p<.01, * p<.05

Percentage of time and money allocated to acquiring knowledge from rivals

<table>
<thead>
<tr>
<th></th>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>28.0 (14.3)</td>
<td>31.1 (15.0)</td>
</tr>
<tr>
<td>Group</td>
<td>28.3 (17.8)</td>
<td>29.5 (16.7)</td>
</tr>
</tbody>
</table>
Table 5

Study 2: Beliefs about internal and external rivalry

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

** p<.01, * p<.05, + p<.10
Table 6

Study 3: Self-affirmation and willingness to learn under internal and external rivalry

Percentage of working efforts dedicated to acquiring knowledge from the rival

<table>
<thead>
<tr>
<th></th>
<th>Internal Rival</th>
<th>External Rival</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-affirmation</td>
<td>31.7 (26.6)</td>
<td>22.9 (18.5)</td>
</tr>
<tr>
<td>No opportunity for affirmation</td>
<td>19.5 (12.9)</td>
<td>26.8 (13.5)</td>
</tr>
</tbody>
</table>

*p=.06

Percentage of financial budget allocated to acquiring knowledge from the rival

<table>
<thead>
<tr>
<th></th>
<th>Internal Rival</th>
<th>External Rival</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-affirmation</td>
<td>34.2 (26.4)</td>
<td>29.1 (18.7)</td>
</tr>
<tr>
<td>No opportunity for affirmation</td>
<td>27.1 (19.4)</td>
<td>27.3 (14.4)</td>
</tr>
</tbody>
</table>

*n.s.

Willingness to use knowledge from the rival

<table>
<thead>
<tr>
<th></th>
<th>Internal Rival</th>
<th>External Rival</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-affirmation</td>
<td>5.6 (1.5)</td>
<td>5.2 (1.2)</td>
</tr>
<tr>
<td>No opportunity for affirmation</td>
<td>4.9 (1.4)</td>
<td>5.6 (0.8)</td>
</tr>
</tbody>
</table>

*p<.05
Table 7

Self affirmation and status threat

<table>
<thead>
<tr>
<th></th>
<th>Internal Rival</th>
<th>External Rival</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-affirmation</td>
<td>3.4 (1.4)</td>
<td>2.8 (1.2)</td>
</tr>
<tr>
<td>No opportunity for affirmation</td>
<td>2.6 (1.0)</td>
<td>3.3 (1.8)</td>
</tr>
</tbody>
</table>

p < .05
Figure 1

Model

Moderators (e.g. rival’s status, appropriability of credit from rival, etc)

Identity  Construal of Learning  Knowledge

valuation

Internal, External  (How does it affect my status? How does it reflect on my personal identity?)

(eg. allocation of resources to acquire knowledge, willingness to use knowledge)

on my personal identity?)
Figure 2

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

\[
\begin{align*}
\text{Identity} & \quad \text{Threat} & \quad \text{Willingness to use knowledge} \\
& \quad \cdot.38^* & \quad \cdot.53^{**} \\
\end{align*}
\]

\[.21^+\]
Figure 3

Self-affirmation and willingness to use knowledge