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Research
The Trouble With Heroes
By Daniela Blei

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The study has important implications for practitioners, according to Frese. A more diverse work group will not necessarily function better. Hospital leaders must iron out issues with how people work together before the positive effects of diverse teams on patients come to fruition. ⦿

Ren Li, Virginia K. Choi, and Michele J. Gelfand, "Ripple Effects of Hospital Team Faultlines on Patient Outcomes," *Proceedings of the National Academy of Sciences*, vol. 120, no. 47, November 2023.

SOCIAL SERVICES

The Trouble With Heroes

BY DANIELA BLEI

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In 2020, Matthew Stanley, a postdoctoral researcher at Duke University's Fuqua School of Business, watched as his wife, a resident physician, and her colleagues performed the stressful work of treating patients during a deadly pandemic. Around the same time, Stanley noticed a trend emerging in health-care settings: signs and artwork touting the message, "Thank you health-care heroes!" Reminded of his research on military veterans, who are often lionized in American society, Stanley wondered how heroizing language shaped public perceptions of workers and their professional experiences. Did the hero designation translate into higher pay, better benefits, or new opportunities?

Stanley teamed up with his advisor, Aaron C. Kay, a professor of management and organization at Duke's Fuqua School of Business, to investigate the hero label, asking what the consequences are for those who have it applied to them. First, the researchers established that historically, "hero" had been ascribed to individuals who carried out extraordinary deeds, not entire groups such as today's doctors, nurses, veterans, teachers, paramedics, and firefighters. Only in recent years has hero language and imagery—workers wearing capes, for example—proliferated on signs, screens, T-shirts, and posters. Investigating the effects for workers, the researchers discovered that heroization did not lead to better occupational outcomes, but instead to exploitation, even after a transition to a new career. Across nine studies of large samples of American residents, they tested how heroization influenced public expectations in ways that facilitated the exploitation of workers.

"We were interested in using naturalistic stimuli to understand what the imagery out there is doing to people," Stanley says. "We were particularly interested in what's available on the internet, messages that get pasted in classrooms in the context of teachers, that are put up in health-care centers in the context of health-care workers, and images of veterans and military personnel that show up at sporting events, on government websites, and at organizations that try to help veterans find employment."

In one study, participants observed posters depicting nurses and veterans as heroes wearing capes. Then, using image-editing software to erase the capes, the researchers presented a control group with pictures of nurses and veterans in regular clothing. By randomly assigning the two conditions, they could determine the effects of heroization as participants made judgments about whether these workers should take on extra shifts without compensation or accept pay cuts. Since study participants believed that

heroes are willing to sacrifice and engage in selfless behavior, they expected them to volunteer without compensation. "Selflessness and self-sacrifice are central components of heroism in Western cultures," Stanley says, "at least in 2022 and 2023."

While intended to show popular support and admiration for workers, heroization reduced public opposition to their exploitation, the researchers found. If nurses were expected to volunteer for an extra shift each month for no extra pay, then hospital systems could introduce this policy and encounter little resistance. However faulty the

inference, study participants assumed that treating heroes poorly simply allowed them to act according to their values. Warning of the effects on employers if workers acquiesce to exploitative requests from management, perhaps fearing significant harms, the researchers cite "the potential to reinforce managers' assumptions that people in

heroized occupations want to be subjected to exploitation."

Social scientists have long studied negative stereotypes and their consequences for individuals and society. But positive labels, which are often broadly accepted, have received much less scrutiny. After demonstrating how positive stereotypes can result in exploitation for nurses, veterans, teachers, and other "heroes," the researchers found that heroization makes it difficult for the public to see workers as individuals with their own wants and needs.

"People assume that Americans enter the military because they want to selflessly

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serve their country," Stanley says. "But it turns out that that's not a major reason for going into the military. Consistent pay, job stability, retirement benefits, and health benefits are the main draw. The things that are distinctly non-heroic are what military members cite."

The negative consequences of a pervasive positive label suggest that at least some psychological sources of exploitation are unintentional. "Stanley's and Kay's research raises troubling and important questions," says David Sherman, a professor of social and health psychology at the University of California, Santa Barbara. "It should give society pause to think about the possible negative downstream implications that occur when we venerate heroes. My hope is that awareness of this phenomenon could help people appreciate the full humanity and motivational complexity that drives the actions of those we call heroic, and enable us to appreciate their contributions without putting them at risk for being exploited." ◖

Matthew L. Stanley and Aaron C. Kay, "The Consequences of Heroization for Exploitation," *Journal of Personality and Social Psychology*, forthcoming.

ECONOMIC
DEVELOPMENT

How Social Ties Exacerbated a Crisis

BY DANIELA BLEI

In 2016, a group of business and social-impact scholars based at INSEAD in Singapore partnered to explore their shared interest in microfinance. The group watched with concern after India's reserve bank abruptly scrapped the legal status of all 500- and 1,000-rupee currency notes in circulation. Designed as an anti-corruption measure, this demonetization set off a liquidity crisis with significant consequences for microfinance, a largely rural, cash-based business. Borrowers who would normally pay back loans from microfinance institutions suddenly did not have the ready means to do so.

Analyzing the policy's disruptions to the microfinance industry, the group at INSEAD collected data and drew on field research to understand the policy's implications. In a new paper, Arzi Adbi, now a professor of strategy and policy at the National University of Singapore Business School; Matthew Lee, a professor of public policy and management at Harvard University's Kennedy School of Government; and Jasjit Singh, a professor of strategy and sustainable development at INSEAD in Singapore, dissect the consequences of India's 2016 demonetization for repayment rates and defaults. They find that community relationships played a significant role in magnifying the crisis.

Collaborating with a large microlender in India that supplied data from some two million individual borrowers, the researchers were able to study patterns of repayment and nonrepayment before and after demonetization went into effect. India's policy proved disastrous for the microfinance industry. For example, in the month before demonetization, missed payments at one organization

hovered under 2 percent, a figure that was typical at the time. In the months following the announcement of demonetization, however, missed payments skyrocketed above 40 percent.

Exacerbating the crisis was a delay in the replacement of banknotes, the researchers found. The government instructed Indians to take their existing notes to a registered bank, which was to exchange them for freshly printed notes. But the government was slow in distributing new notes to banks across the country, leaving Indians who relied on cash without recourse. Since new currency notes were limited, banks capped how much money could be exchanged. Rather than a onetime shock to the system, the researchers' data shows that the crisis was extensive, lasting several months.

Microcredit was popularized by Muhammad Yunus, the founder of Grameen Bank in Bangladesh, who was awarded the Nobel Peace Prize for his work. His crucial insight was that social relationships and social pressures between borrowers make microlending work. For the rural poor in developing countries who lack collateral or credit history, Yunus saw that "social collateral" could provide a similar mechanism. If everyone in one village or group assumes responsibility for one another's loans, then higher repayment rates follow, since people do not want to disappoint neighbors or cause financial distress.

"In normal times, these relationships and the pressures they create for repayment help the market work," Matthew Lee says. "But what happens when an event causes

a large number of people to stop repaying? Can social pressure work in the opposite direction?"

Lee and his colleagues found evidence consistent with this idea, and the effects were even more pronounced when borrowers shared the same religion. It was precisely the close relationships that microlenders intend to foster when designing microfinance systems that undermined repayments in 2016, increasing defaults and sending the microfinance industry into a tailspin.

"A central idea in the use of community-based solutions to socioeconomic problems is that these solutions are effective because they are embedded in prevailing social relationships and norms, which enable and enforce cooperation," says Aseem Kaul, a professor of strategic management and entrepreneurship at the University of Minnesota's Carlson School of Management. "This paper highlights that these very relationships may also be a source of fragility, accelerating the breakdown of norms and causing individual failures to cascade across the community."

Social capital is regarded as a critical resource for the social sector because so many effective social interventions rely on it. "Social capital is an incredibly powerful force that can be harnessed for good," Lee says. "But we have found a potential negative consequence of social capital. We should also think about how it might run counter to our goals." ◖

Arzi Adbi, Matthew Lee, and Jasjit Singh, "Community Influence on Microfinance Loan Defaults Under Crisis Conditions: Evidence from Indian Demonetization," *Strategic Management Journal*, forthcoming.