

Do me a favor

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Favors in the workplace can yield important benefits. Indeed, generosity is a key leadership characteristic.

Between 2005 and 2006, Kyle MacDonald, a 26-year-old Canadian blogger, made a series of trades, starting with a simple red paper clip. After 14 swaps, over the course of which he received a pen, a doorknob, a camp stove and an electric generator, he ended up with a house.

His feat was partly inspired by the 2000 book and movie *Pay it Forward*, in which a 12-year-old boy devises a system for making the world a better place: Help three people with something they cannot do by themselves; those who receive the favor must, instead of paying it back, "pay it forward" by doing the same for three other people, and so it goes on. In business terms, this is not dissimilar to a pyramid scheme, but applied to improving the world.

In the new book [*Gestión de favores \(Managing Favors\)*](#), IESE Prof. [Luis Manuel Calleja](#) and professor Ignacio Urrutia de Hoyos, of the Universidad Antonio de Nebrija in Madrid, examine what effect that doing such favors might have within organizations.

Sorts of favors

In order to ask for a favor, one needs certain qualities: knowing exactly what is needed; humility to ask someone for something; and timing.

At the same time, three minimum conditions are needed for the favor to be granted: the message must be understood; the person entrusted with the favor must be in the position to

actually grant it; and that person must really want to do it.

Favors can be private or public. Private ones are those in which one uses one's own resources, such as lending someone a screwdriver. Public ones are those that depend on status - a letter of recommendation from a professor or boss, for example.

They can be routine or essential, depending on whether they are sought at a key point in time or not. Also, doing the favor can take a lot of effort or not much at all.

Depending on the favors that are granted, there are different kinds of responses from those who receive them.

- A favor that is easily granted and of little consequence generates *affability*.
- A favor that requires effort but has little impact on the recipient triggers *affection*.
- A favor that needs little effort but is of vital importance to the one on the receiving end causes *admiration*.
- A favor that has a big impact and requires a major effort by the person doing it leads to *lifelong friendship*.

An example of affability

The Auzopolis Association is carrying out a project in Spain that has already crossed borders: the time bank. The idea is for people in the community to trade time. The unit of exchange is an hour, and people can sign up individually with a commitment to offer and ask for time. Those who take part have an account and a checkbook. When the service has been completed, the person hands over a check showing the amount of time invested.

The initiative was created because of people's scant participation in the community and the growing sense of insecurity. The initiative administers the favors that a community is willing to do. By actively encouraging good practices among neighbors, which help to make family life and working lives more compatible, an atmosphere of trust and affability is generated among the members of the community.

Other important elements of the initiative are encouraging participation by immigrants, working with people from different generations and guaranteeing horizontal access to services ? in other words, everybody can ask for them. In this way, the kinds of favors involved are regulated, and the exchange is homogeneous.

Favors that trigger admiration

Many executives often do favors for stock market analysts in the hope that they will give their companies better ratings. The more off-the-mark a company's results are from its profit forecast, the more favors executives offer to analysts monitoring their firms.

According to a study by Westphal and Climent, analysts that receive up to two favors are 50 percent less likely to criticize a company when it reports disappointing earnings.

Without too much effort, an executive can help an analyst get ahead in his or her career. The person receiving this kind of favor feels admiration. When an analyst admires an executive, the last thing on his or her mind is to harm that person because, in reality, the analyst feels indebted to the executive.

Doing favors like this for stock market analysts is a widespread practice. While it may compromise the value of the guidance that these experts provide for investors, the authors do not go as far as saying that this system of granting favors constitutes corruption.

Trust is key

Beyond whatever effects the favor might have, the people who receive it feel some kind of debt, which allows for a strengthening of personal and professional harmony within the organization.

Organizations should, at the very least, create an affable environment for people to exchange favors. Having people perform in a friendly atmosphere creates a distinct advantage.

Running a business means generating enthusiasm among a group of people through one or various goals that are common to all and guide the work of each. Not doing personal or professional favors saps the atmosphere of teamwork.

If loyalty is not allowed to grow, people do not feel appreciated by the organization or its leaders; moreover, they feel that when someone does do them a favor, it is only to get something in return.

The sense of gratitude generated by doing favors with no strings attached enhances loyalty, a sense of well-being and trust in the organization and its leaders - all of which are key elements to managing a company.

Not seeking anything in exchange, or not returning the favor, need not imply one is simply content to receive favors and take advantage of another's generosity. The person who always intends to do a favor, even though he never does, may ultimately serve to keep them in the organization.

In companies that provide professional or personal services - law offices, and research or training centers, for example - friendliness levels must be quite high. Maintaining minimum levels of friendliness, to make the company more humane, is not something that is optional, but must be actively fostered by managers, as part of the *raison d'être* of these organizations. This makes the organization fairer and more efficient. Without that, inefficiency arising from employee dissatisfaction, slowness and mistrust will compromise the business.

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