The ugly side of innovation

Innovative companies tend to be successful, or – at least – bear the hallmarks of success. But what happens when innovative ideas are used for ill-gotten gains? That is what Mark Stein of Imperial College in London has been researching. His article on the Oedipus Complex and Enron (Oedipus Rex at Enron) chronicles the rise and fall of the former energy trading giant – through misguided leadership.

“I think innovation is terribly important in today’s global era. And it is interesting that Enron was judged to be the most innovative company in the States for six years in a row. But that’s interesting (on another level) because in fact what we have here is a confusion between innovation and the thwarting and subverting of authority,” he says.

Enron undermined the regulatory authorities so that safeguards were removed, enabling the company to misbehave and ultimately leading to its demise. Enron became the largest corporate collapse in history at the time, with its leaders Jeffrey Skilling and Ken Lay dominating the news, albeit for the wrong reasons.

Stein adds that one of the striking things about Enron was that it was involved in the gas industry which had recently gone through a turbulent phase in the United States.

The Oedipus struggle

“The regulation of the industry was chaotic, messy and very problematic,” Stein told INSEAD Knowledge. “And my argument is that the regulatory organisations are in a parental role in relation to the company.”

“So this company was then predisposed to think about its regulators, its parental organisations as problematic and had a view that the parental organisations would cause more damage than do good,” explains Stein, who relates Enron’s eventual collapse to the story of Oedipus in Greek mythology.

Oedipus unknowingly killed his father in a fit of anger, and this Freudian metaphor has come to represent a child’s struggle against parental authority. Stein says, in trying to deal with parental authority which is part and parcel of what most young children go through, we carry with us baggage about authority figures into adulthood, and eventually the workplace.

Still, Stein believes much can be learnt from delving into the Enron case and these valuable lessons can be applied to help corporations better manage themselves.

“Enron is quite an extreme case. But what I think what is important is that this phenomenon is around and it’s something that many organisations struggle with.”
with – many managers, many leaders struggle with.”

“I guess my argument is that this is something we need to be aware of, and work with, and try and do something to deal with. Because if it's left unattended, then you get into a kind of Enron scenario where it gets very problematic.”

“I think what is important is a company that can strike a balance between doing something new and different, but also playing according to the rules that are set for it.”

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