

Software designers strut their talent at cost of profit, says new study

Many software designers intentionally create unnecessarily complex products that do less to serve their companies and customers than to advance their careers, according to the Management Insights feature in the current issue of *Management Science*, the flagship journal of the Institute for Operations Research and the Management Sciences (INFORMS).

Management Insights, a regular feature of the journal, is a digest of important research in business, management, operations research, and management science. It appears in every issue of the monthly journal.

“The Hidden Perils of Career Concerns in R&D Organizations” is by Enno Siemsen of the University of Illinois at Urbana Champaign.

Companies are struggling to cope with increasingly difficult and complex product design projects. The study argues that this struggle is not only a result of accelerated technological change – product designers have an incentive to choose more difficult design solutions instead of simple solutions to further their careers.

Highly capable designers have an incentive to choose somewhat more difficult designs to better prove their talent, while less-capable designers have an incentive to choose highly difficult designs to obfuscate their lack of talent, Prof. Siemsen concludes.

One way to reduce these dysfunctional incentives, the author argues, is to move compensation agreements away from a long-term, career-oriented focus toward a more short-term focus in which bonuses are directly linked to the success or failure of projects.

Alternative ways to reduce these incentives are to collect better data on design task outcomes or to have product designers receive evaluations from managers who have an interest in the design projects succeeding and an excellent understanding of the technology.

Source: Institute for Operations Research and the Management Sciences

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