



Leader corruption depends on power and testosterone



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ABSTRACT

We used incentivized experimental games to manipulate leader power – the number of followers and the discretion leaders had to enforce their will. Leaders had complete autonomy in deciding payouts to themselves and their followers. Although leaders could make prosocial decisions to benefit the public good they could also abuse their power by invoking antisocial decisions, which reduced the total payouts to the group but increased the leaders' earnings. In Study 1 ($N = 478$), we found that both amount of followers and discretionary choices independently predicted leader corruption. In Study 2 ($N = 240$), we examined how power and individual differences (e.g., personality, hormones) affected leader corruption over time; power interacted with endogenous testosterone in predicting corruption, which was highest when leader power and baseline testosterone were both high. Honesty predicted initial level of leader antisocial decisions; however, honesty did not shield leaders from the corruptive effect of power.

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More than 100 years ago, Acton suggested: “Power tends to corrupt, and absolute power corrupts absolutely” (Acton & Himmelfarb, 1948, pp. 335–336). Acton's statement is intuitively appealing and has become an often-used quote in academia and practice. It is clear why: Leaders wield power and can have important consequences on outcomes whether in micro- or macro-organizational settings (Flynn, Gruenfeld, Molm, & Polzer, 2011; House, Spangler, & Woycke, 1991; Jones & Olken, 2005; Judge & Piccolo, 2004; Lowe, Kroeck, & Sivasubramaniam, 1996). The hierarchical nature of organizations, rooted in status and power differences (Magee & Galinsky, 2008), results in political tensions, power asymmetries, and conflicting interests (Flynn et al., 2011). These dynamics raise an important question that we sought to answer in this study: Do those with power use it in ways that serves the greater good or do they succumb to its corruptive effects?

From antiquity (Plato & Jowett, 1901) to the present (Anand, Ashforth, & Joshi, 2005; Brief, Buttram, & Dukerich, 2001; Manz, Anand, Joshi, & Manz, 2008; Sherman, 1980), scholars have shown interest in understanding the causes of corruption and how it permeates organizations, as well as the detrimental effect of corruption on economies (Mauro, 1995). Given the importance of leaders as creators or shapers of organizational culture (Schein, 1990, 1992), and that unethical behaviors have spillover effects (Gino, Ayal, & Ariely, 2009), it is critical to know whether power does indeed corrupt.

Basic research findings at the individual leader level thus have important policy implications for institutions, which would want to ensure that they have the necessary safeguards so that leaders use power in prosocial ways. That power may corrupt is indeed possible; however, it is also equally possible that those who are corrupt “at heart” may seek power. Thus, observing corruption in field settings may confound findings (i.e., because of endogeneity see Antonakis, Bendahan, Jacquart, & Lalive, 2010). To isolate power's effect on corruption using observational data one would have to tease-out the selection effects (cf. Heckman, 1979) or correct for other

[☆] A podcast summarizing this article, which can be used as a pedagogical tool, is available on <https://www.youtube.com/watch?v=joLLPNZLBAo>.

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sources of endogeneity bias—which is difficult to accomplish in practice—or to experimentally manipulate power, as psychologists usually do.

Pioneer psychological experiments suggest that power changes individuals in various ways including their cognition, affect, and behavior; the power primes employed in many of these experiments are, however, usually hypothetical (i.e., individuals are primed to imagine having or having had power), and are prone to inducing demand effects (Sturm & Antonakis, *in press*). Additionally imagining having power or recalling experiencing it is not necessarily the same as having real power at the moment of decision making (Flynn et al., 2011). Furthermore, outcome measures are either hypothetical or the stakes involved are low. Still, that individuals demonstrate corruptive behavior in imaginary or low stake situations suggests that power does indeed have strong effects, though increasing the stakes and giving real power would make for more ecologically valid and realistic findings (Sturm & Antonakis, *in press*).

Building on previous research, we designed two experiments in which we gave exogenously appointed leaders real power over their follower(s) and gave leaders monetary incentives to take advantage of their power for their personal gain. We also allowed for the emergence of participant-endorsed social norms, indicating what decisions responsible leaders should take with respect to payoff distributions for themselves and their followers; thus, we could observe the extent to which leaders behaved in an antisocial manner and were willing to violate social norms as a function of power.

Our contributions are threefold: First, we examine to what degree the situation (i.e., power) has an impact on leader corruption. We observe these results in one-shot settings as well as in repeated decision settings having real social norms of which leaders were made aware. These results extend what we know because previous research had not examined what individuals do when informed of a social norm to which they themselves subscribed and whether they will go on to violate it when having received power. Second, we study the effect of stable individual differences (e.g., personality and testosterone) on leader corruption, in conjunction with a situational manipulation; previous research on power has largely ignored interactionist explanations as well as the effects of physiological variables. Third, we use an incentivized leadership decision task, give real power to leaders, and allow the leaders to have a consequential impact on followers having real stakes over time. Thus, our findings have important implications for practice both in terms of leader selection but also regarding leader governance systems.

What is leader corruption?

For the purpose of our study, we must first be very clear about what we mean by corruption, because the definition will drive how we measured it and the conditions under which we observe participants to whom we give power. According to lay definitions, corruption is usually viewed as individual moral deterioration that results in an abuse of power for personal gain that contravenes social or moral norms (cf. *The Oxford English Dictionary Online*, 2000).

Academic definitions are similar. As concerns individuals who exercise authority on behalf of others, definitions usually include an “element of private gain (usually financial, although power, prestige and perquisites could be included) for individuals who exercise that authority” (Sherman, 1980, p. 479). Additionally, Ashforth and Anand (2003, p. 2) define corruption as “misuse of authority for personal ... gain” and that “misuse refers to departures from accepted social norms” (Anand et al., p. 10). Important to note too is that implicit expectations of how leaders should be in terms of their prototypical (or antiprototypical) characteristics are rather stable across contexts and generalizable (Epitropaki & Martin, 2004). We expect that individuals should largely agree on how leaders should behave when they are given power. Thus, we can obtain a relatively good measure of corruption that gages the extent to which (a) leaders use their power for their personal gain, and/or (b) leaders contravene social norms, as a function of power, to benefit themselves to the detriment of the common good.

As for the causes of corruption, research suggests that social situations as well as personal factors may induce corruption. We explain these two pathways in greater detail next.

The situation component of corruption: power

Power is usually thought of as the means by which leaders influence followers (Etzioni, 1964; French & Raven, 1968). Power, as applied in interpersonal settings is about imposing one's will (Finkelstein, 1992). Specifically, it can be defined as “*having the discretion and the means to asymmetrically enforce one's will over others*” (Sturm & Antonakis, *in press*). There are two important components to this definition that are relevant to our study: (a) *discretion*, which refers to choices available to the leader to enforce his or her will, and (b) *enforcing his or her will over others*, which refers to those who are dependent on the leader. Thus, the more options and subordinates one has the more one has power.

Psychological studies have shed some interesting light onto the probable power-corruption link. As concerns the effect of power on individuals, overall, it appears that those who have power rationalize and legitimize its discretionary use to maintain social status differentials (Goodwin, Operario, & Fiske, 1998; Kipnis, 1972; Magee & Galinsky, 2008); in essence power appears to make individuals self-serving (Kipnis, 1972). There are several mechanisms that give us reason to believe that power may corrupt. Power appears to engender a sense of entitlement, emotional disengagement, and self-interest (Kipnis, 1972). In other words the powerful see the less powerful as less worthy and evidence also suggests that the powerful may even become more prejudiced (Guinote, Willis, & Martellotta, 2010); they also tend to stereotype the less powerful (Fiske, 1993; Goodwin, Gubin, Fiske, & Yzerbyt, 2000). In addition, the powerful tend to become very self-centered. Experimental studies show that powerful individuals tend to ignore the advice of others and demonstrate reduced perspective taking (Galinsky, Magee, Inesi, & Gruenfeld, 2006; Tost, Gino, & Larrick, 2012); those with power may not be able to see how the individuals who depend on them are affected by their decisions (particularly by antisocial decisions). It also appears that power makes individuals overconfident (Fast, Sivanathan, Mayer, & Galinsky, 2012) and [men] more

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