


Right or Responsibility?
The Costs of Real Leadership

Robert B. Kaiser
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Presented in Kaiser, R. B. (chair), *Evolution and the Problem with Modern Leadership*. Symposium at the 25th Annual SIOP Conference, Atlanta. April 2010



July 30, 2009


The New York Times

Bankers Reaped Lavish Bonuses During Bailouts By LOUISE STORY and ERIC DASH

Thousands of top traders and bankers on Wall Street were awarded huge bonuses and pay packages last year, even as their employers were battered by the financial crisis.

Nine of the financial firms that were among the largest **recipients of federal bailout money paid about 5,000 of their traders and bankers bonuses of more than \$1 million apiece for 2008**, according to a report released Thursday by Andrew M. Cuomo, the New York attorney general.

The report is certain to intensify the growing debate over how, and how much, Wall Street bankers should be paid.



176 to 1

Ratio of average
CEO salary to salary
of average employee
in the USA

Business bigwigs pocket billions (July 5, 2007). Associated Press.



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Origins of human leadership

Dominance theory

- Leadership as a by-product of dominance hierarchies in group-living species
- “Might makes right”




Group coordination theory

- Early forms of leadership co-opted to solve complex group coordination problems
- For the “good of the group”




Van Vugt, Hogan, & Kaiser (2008) Leadership, followership, and evolution. *American Psychologist*




Hunter-Gatherer leadership

- Fluid and situational (not institutional)
- Based on competence with task at hand
- Leader power comes from group acceptance (“reverse dominance hierarchy”)
- Dominance and tyranny despised; “leveling mechanisms” to curb a leader’s power
- Mostly, people want to be left alone—but will respond to leadership in certain circumstances


Boehm (1999) *Hierarchy in the Forest*




Multilevel selection



Group




Individual



Gene



Darwin (1871) *Descent of Man*
 Wilson & Sober (1994) Reintroducing group selection. *Behavioral and Brain Sciences*
 Wilson & Wilson (2007) Rethinking the theoretical foundation of sociobiology. *Q'ly Rev of Biology*



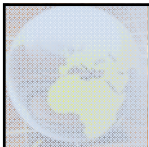
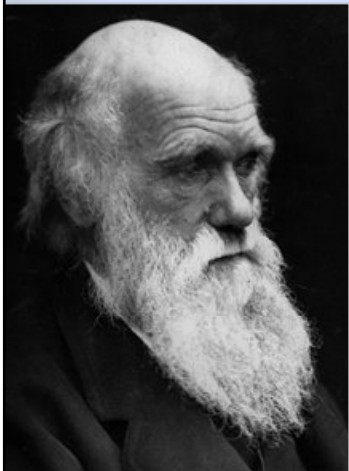
Constant tension

Adaptations that are advantageous at one level tend to undermine adaptation at the next level

- **Cheaters outperform cooperators within groups**
- **Groups of cooperators outperform groups of cheaters**

Wilson & Wilson (2007) Rethinking the theoretical foundation of sociobiology. *Quarterly Review of Biology*




"... although a high standard of morality gives no advantage to each individual man and his children over the other men of the same tribe... an advancement in the standard of morality will certainly give an immense advantage to one tribe over another."

"A tribe including members who... were always ready to aid one another and to sacrifice themselves for the common good would be victorious over most other tribes."

Darwin (1871) *The Descent of Man*



Primary leadership function



Persuade selfish individuals to cooperate



Hogan, Curphy, & Hogan (1994) What we know about leadership. *American Psychologist*



Specific functions

3 Individual Needs


- Getting along
- Getting ahead
- Meaning & Purpose

3 Group Problems

- Group movement
- Peacekeeping
- Between-group relations




Van Vugt, Hogan, & Kaiser (2008) Leadership, followership, and evolution. *American Psychologist*
 Winsborough, Kaiser, & Hogan (2009) What followers want. *Leadership in Action*



The leader game

		Player 1	
		Forest	Meadow
Player 2	Forest	0, 0	1, 3
	Meadow	3, 1	0, 0

Payoffs for Player 1, Player 2 (respectively)

Van Vugt, Hogan, & Kaiser (2008) Leadership, followership, and evolution. *American Psychologist*



Why follow?

- Higher status comes with privileges
- Leaders are tempted to take advantage of position and exploit followers






Leaders may do better than followers within the group, but followers in well led groups fare better than followers in poorly led groups



The leader game

- Costs and benefits must be relatively balanced
- Survival benefits of social coordination to the group depend on *effective* leadership

How are our leaders doing?



Van Vugt, Hogan, & Kaiser (2008) Leadership, Followership, and Leadership



Then and now...

3 Group Problems


- Group movement
- Peacekeeping
- Between-group relations



Modern Leadership Roles

- Direction, Execution
- Accountability, Conflict mgt
- Figurehead





Data sources

360 Ratings

874 executives (US, EU, AP)
from 10,925 total coworkers

Directive
Strategic

Participative
Tactical


← Too little The right amount Too much →

0	0	0	0	0	0	0	0	0
-4	-3	-2	-1	0	+1	+2	+3	+4
Much too little		Barely too little		Barely too much				Much too much

Case Study

Major global corporation
Top Team (CEO & 7 execs)


- Comprehensive assessments
- Coworker interviews
- Performance reviews



Direction, Execution

STRATEGIC	<i>Too little</i>	<i>Right Amt.</i>	<i>Too Much</i>
1s. Future-oriented	48%	48%	4%
3s. Visionary	52%	45%	4%
4s. Thinks strategically	61%	37%	2%
TACTICAL	<i>Too little</i>	<i>Right Amt.</i>	<i>Too Much</i>
3o. Maps out detailed plans	52%	44%	4%
12o. Manages workflow	52%	45%	3%

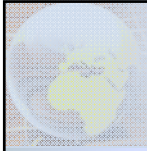
N = 874 executives (US, EU, AP)



Accountability

DIRECTIVE	<i>Too little</i>	<i>Right Amt.</i>	<i>Too Much</i>
11f. Direct when dissatisfied	50%	38%	12%
12f. Holds people accountable	54%	40%	6%

N = 874 executives (US, EU, AP)

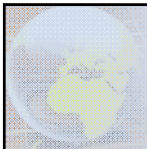


Accountability in groups

- Groups that punish “free-riders” outperform groups that don’t
- The person who administers the punishment pays a price



Dreber, Rand, Fudenberg & Nowak (2008). Winners don't punish. *Nature*
 Gurerk, Irlenbusch, & Rockenbach (2006). Competitive advantage of sanctioning institutions. *Science*
 Rockenbach & Milinski (2006). Interaction of indirect reciprocity and costly punishment. *Nature*



Conflict management


Build Cohesion

Most top team members “need improvement”

- *creates a cooperative spirit on team*
- *resolves conflict among team members*
- *helps staff balance competing commitments*

Feedback: “Your staff would like you to get involved resolving disagreements.”

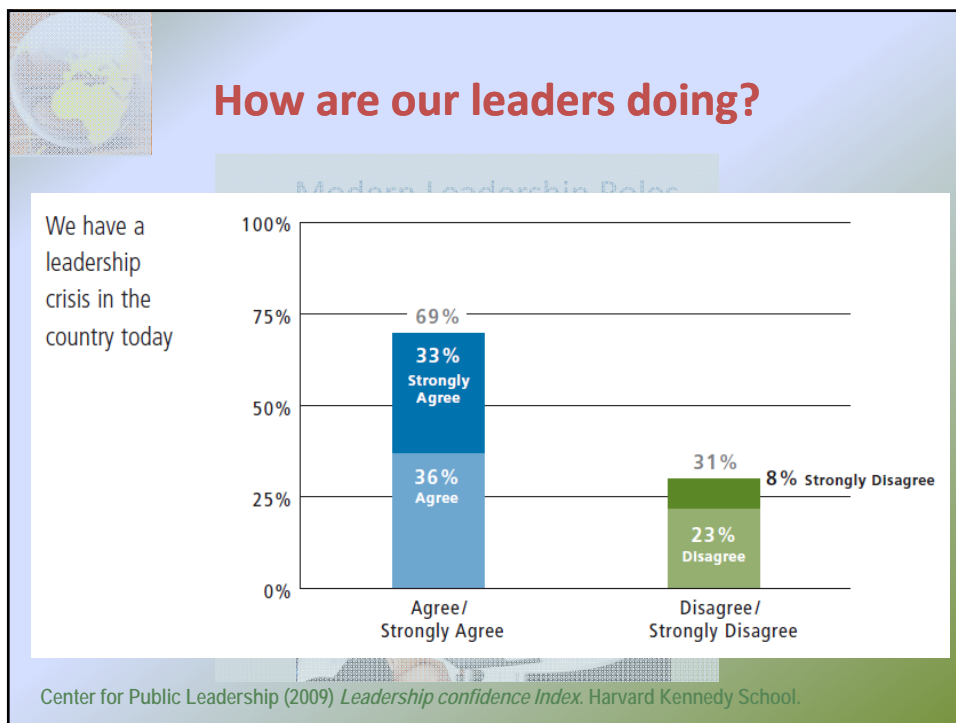
Executive: “They’re professionals, they should be able to work it out by themselves.”



Figurehead

Good news: most top team members seen as “good ambassadors”, “good networkers”, “well connected”

Bad news: questionable whether relationships benefit the company—or the individual’s career



The leader game

- Leadership is a resource for group performance and survival
- Costs and benefits to leaders and followers must be proportional

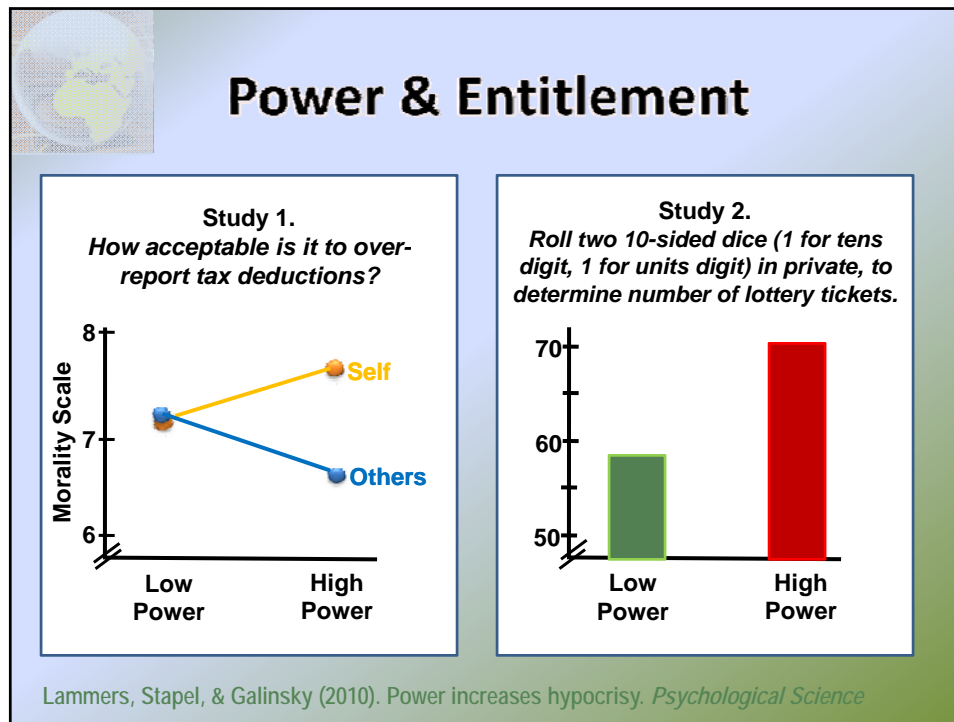
Van Vugt, Hogari, & Kaiser (2008) Leadership, Followership, and Cooperation

The problem

Most people in leadership roles are not good leaders

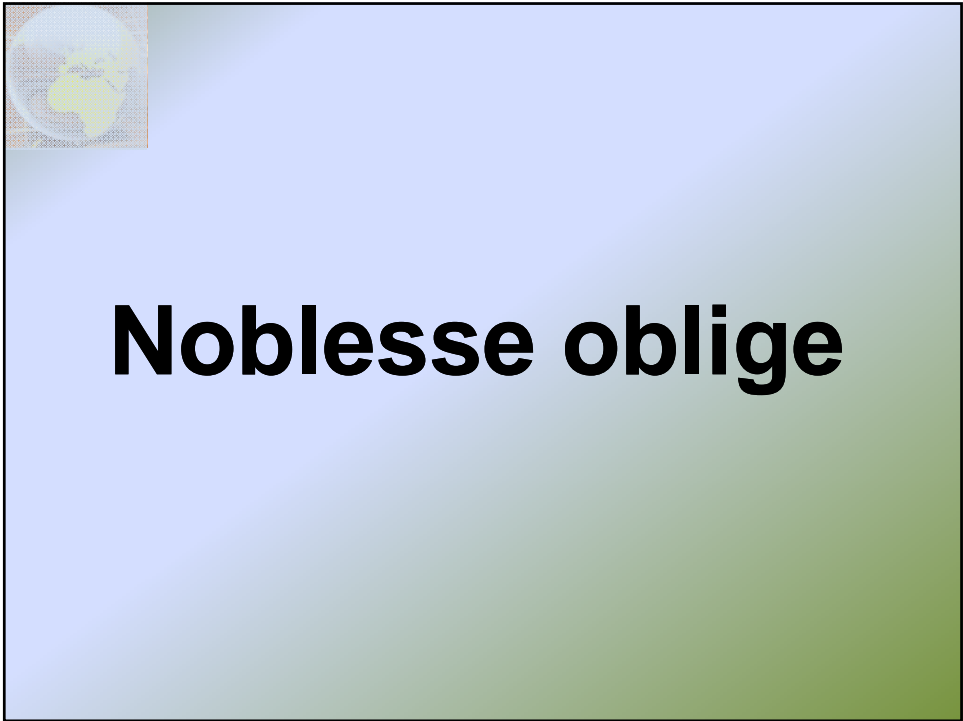
Why?

- Human beings are fundamentally self-interested
- Greater rewards and fewer controls make leadership roles attractive – *even to people who lack talent for leadership*
- Creation of an "Entitled Leader Class" mentality amplifies and reinforces selfishness



Towards a solution

- **Reduce rewards for leaders (compensation)**
- **Checks and balances/Accountability**
 - Tie compensation to *long term* performance
 - Independent oversight (comp committees, boards)
 - Shareholder activism
 - Followers band together (reverse hierarchy)
 - Include subordinates in selection decisions
 - Bosses hire "leaders" for their followership
 - Followers prefer bosses with leadership skill



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