INDIVIDUAL AND COLLATERAL EFFECTS OF POWER IN ORGANIZATIONS

LINA MARÍA RESTREPO-PLAZA
Universidad del Valle
ENRIQUE FATAS
Loughborough University

Power is a vast, and many times not well defined concept. At a minimum, power relates to someone's ability to allocate resources, and command over others. The purpose of commanding others many times includes the ability to make others do something they otherwise would not do (Dahl, 1957). Taking it further, it may be used to stand against others, and force their will to reach goals that powerful individuals set for themselves (Weber, 1978).

While power is salient in political settings, most economic interactions can be characterized by an asymmetry in the power level of those interacting. The CEO of a company producing cell phones (or cars) may decide to recall all devices sold of one model because of a safety concern. Of course, the message must be properly transmitted using a hierarchical line; otherwise, it may never reach those in charge of distributing the product. The CEO may need to clearly transmit the consequences of not complying with her request, so employees understand they risk a formal or informal sanction, or a job dismissal. But beyond the existence of negative monetary consequences, many times the effectiveness of the recall, and the efficacy of her ability to command depends on other, substantive behavioral elements, like the credibility and/or the legitimacy of the person in charge, the characteristics of the hierarchical network, the centrality of the CEO in the organizational structure, and how employees assess the capacity of the CEO (including her status, and her perceived authority).

If the threat is not credible, or employees consider sanctions as illegitimate, or their CEO does not fit for the purpose of the job, because of her very low status, the CEO will not be able to make others do what they otherwise they would not do. As a consequence, faulty mobile phones (or cars) may stay in the market longer than desired, exposing customers to the consequences of using an unsafe device (say, a defective battery exploding) or a car (say, an accident caused by faulty brakes). The CEO's company may suffer serious consequences if customers get seriously hurt, or lose the faith in the firm.

The exercise of power requires *means* to allocate *resources*, but it also relies on less tangible elements like the *credibility*, *status*, *centrality* and *legitimacy* of the power holder. In the previous example, the hierarchical line of command is the *mean* through which the message of the powerful is passed along, being used by the CEO to exercise her power over the whole organization. The hierarchical network may have very different structures and the CEO may play a more, or less *central* role in the firm structure. Dismissals, fines and public shame are

the CEO's *resources*; they create a common ground for subordinates to understand the consequences of deviating from the command. Finally, the *credibility* of the CEO can be measured as the employees' belief on the probability of suffering dismissals, fines or internal shameful reprobation. It is a function of how they perceive the fitness or status of the CEO, and the general level of compliance in her company.

Both the powerful individual and the organization should serve each other well. A CEO may help the organization to achieve its goals, receiving many times a compensation above the salaries received by her employees, possibly linked to her performance. As in other economic roles, powerful individuals may be extrinsically motivated by their compensation, or intrinsically motivated by other factors, like their commitment with the objectives of the organization, or a general sense of duty. Employees without the power to command over others may be willing to be in a powerful position if the difference between their compensation, and the compensation of their CEO is large enough. Some intrinsically motivated employees may also be interested in becoming powerful.

In this paper, we review a recent branch of the literature suggesting that the motivation of individuals to become powerful, in organizations or politics, goes beyond the combination of intrinsic and extrinsic reasons described above. For any level of compensation differential, the exercise of power seems to be so enjoyable that it becomes an *end* in itself. Individuals invest vast amounts of valuable resources to obtain power, even when the benefits of power are small or negligible, and when individuals have very different levels of intrinsic motivation. We survey a recent behavioral literature in which individuals, participants of controlled experiments run by economists and psychologists, are willing to obtain preferential decision rights over others, investing valuable assets in chasing power, even if these decision rights are of limited or no use for themselves. We provide some insights on how power might shape individual behavior in organizations, many times at the price of significant and substantial efficiency losses.

In the next section, we present a collection of experimental studies dealing with how the attachment to power may sometimes have positive consequences on individual motivation and group performance, and how the experience of power may have long lasting, counterintuitive behavioral effects. Section 3 documents the generalized existence of a willingness to pay for power, beyond any extrinsic value (and offer insights about the different role played by a preference for authority and for holding additional decision rights). Section 4 concludes.

ATTACHMENT TO POWER

The experience of power

Most behavioral studies on power study either the behavioral drivers motivating individuals to attain power, or the individual and collective consequences of holding it. Anderson and Berdhal (2002) contributed to the latter objective conducting a seminal experiment on how an asymmetric distribution of power changes human behavior. In their experiment, hundreds of students from an introductory psychology module in UC Berkeley made a sequence of decisions in an environment replicating a stylized organization. In line with the tradition of Experimental Economics, and in contrast with other behavioral studies run by psychologists, they did not use confederates, and did not deceive subjects, even when earnings obtained in the experiment did not reflect the individual performance of participants in the experiment.

In a sequence of two studies, they examined the consequences of power in an organizational setting in which participants were asked to complete a standardized task used in the assessment of organizational performance: as part of a compensation committee, they had to evaluate the performance of a series of employees of an organization using a pre-defined, and identical for all participants, individual report with detailed and hypothetical information about their performance and past compensation.

After they had individually decided how to allocate $7,390-bonuses among six employees, they were divided in groups of two (or dyads) and were asked to discuss, and potentially revise their individual decisions reaching a committee consensus. Before revising their decision, the authors manipulated power by asking half of the participants, one per dyad, to make an additional decision in private: how to distribute a $10 between them. Gender composition within the dyads was exogenously manipulated, but not differences were found. The manipulation created actual power differences between the decision maker, empowered with the control over the distribution of the bonus within each dyad, and allowed to measure the effect of power asymmetries on decisions changing.

The study had three main objectives. First, the authors were interested in measuring if the random allocation of power gave the decision makers a capacity to influence the behavior of others. By comparing the decisions made individually and in the dyad, and the direction of any revision (towards the original distribution proposed by the decision maker or the passive receiver), they could map, and quantify, the influence of power. Second, they wanted to learn if the simple manipulation gave participants a distinctive and subjective feelings of power and control, and if their personality dominance (1) played a mediating role in any behavioral effect of power. Third, they tested whether the legitimacy of power changed its influence, with the hypothesis that power would have a larger effect if perceived as legitimate.

To meet this last objective, subjects participated in one (and only one) of the two experiments. While the allocation of power to the decision maker in every dyad was always made randomly, participants were led to believe that the decision makers (now, leaders) were better qualified for the position than the other participants (now, subordinates)

in the second experiment. Given that participants were randomly assigned to one of the two conditions (experiments 1 and 2), and within each experiment, roles were always randomly assigned, this experimental study can establish a causal relationship between power experience, its legitimacy, and its influence.

Results largely confirm the authors' main hypothesis. When power has very little legitimacy (because participants perceive it as assigned randomly), it has no significant effect on the adjustments made by individuals in the bonus distribution they chose individually, and the one agreed in the dyadic interaction. However, they do find that subjects high (low) in the personality dominance scale adjusted less (more) their decisions and refrained less (more) from expressing their views, openly, in the dyadic discussion.

When power is perceived to be legitimately assigned to those who deserve it, participants (randomly) empowered with the additional decision in Experiment 2 were significantly more reluctant to change their decisions on the bonus distribution than those who were (randomly) assigned the role of passive receivers, regardless of their personality dominance. Interestingly, decision makers in Experiment 2, and only in Experiment 2, were more confident about how much their counterparts liked them, as a person and as working mate.

We dare to summarize these findings in our first straight lesson:

Lesson # 1: All that people needs to be powerful is to feel powerful, but power influence is stronger if perceived as legitimate by others.

The bright side of power

Understanding the benefits and challenges of power asymmetries in a dyadic interaction may be important to gain relevant insights in simple organizations structures. Many times, however, the network structure of organizations is far more complex than the dyads we discussed in the previous section, and the experience acquired by leaders is far richer, and more diverse, than the one her subordinates received.

If subjects become leaders to face specific challenges, very different from the daily experience of their subordinates, power may generate some learning, and improve their capacity to make out-of-the-box decisions, helping organizations to overcome crisis over time. Guinote (2010) proposes a *Situated Focus Theory of Power* in which the freedom and agency that power provides make powerful individuals more efficient to create constructs and focalize on the relevant information, and make them less distractible. While the lack of power forces individuals to pay attention to multiple sources of action control, individuals endowed with a powerful position can better adjust their initial thoughts and strategies to new demands.

In a series of experiments, Anderson and Galinsky (2006) and Goldstain and Hays (2012) correlate this theory of power with optimism in perceiving future events, even when these events are fully out of their control, and are generated by random processes governed by luck. If the feeling of power is exogenously manipulated, and primed by recalling events in which participants felt themselves as powerful (or powerless), individuals perceived the world as a safer (riskier) place, and were keener to take (avoid) excessive risks. Consistent with these results, Inesi (2010) found in a related experiment that those endowed with power tend to be less loss averse because their expected, and anticipated value of negative outcomes is lower.

The evidence seems to suggest that a creativity boost may be an additional driver of power. When participants in an experiment run by Galinsky *et al*. (2008) were indirectly primed about past powerful experiences, they were better at generate novel, and more creative ideas. Relative to low-power participants, subjects in the high-power condition conformed less to pre-existent decision rules, and as noted in the previous section, were more open and keener to express their true attitudes, in an honest way. The result does not seem to be context dependent, as in bargaining environments, those endowed with a powerful position were more likely to competitively initiate a negotiation with either cooperative or competitive counterparts (Magee *et al* 2007).

If the experience of power can generate a more optimistic and creative approach to difficult decisions, a follow up question would be if the position of powerful individuals in specific organizational networks makes them follow different behavioral rules. In political science, it has been documented that those endowed with political leadership may behave in very different ways.

In field and lab-in-the-field experiments run in Uganda, Habyarimana *et al* (2007) and Grossman and Baldassarri (2012) show that those endowed with a central position in their local communities are more willing to accept sacrifices for the benefit of the group, when acting as central authorities. Baldassarri and Grossman (2013) show in similar field studies that community leaders exhibit a greater generosity toward other in-group members. As power is not randomly assigned in these experiments, causality between the experience of a powerful position in the social group and any specific behavioral pattern cannot be established.

Fatas *et al* (2010, 2019) study, in a series of laboratory experiments, how teams of individuals jointly produce an outcome that will be equally shared by all team members, regardless of their contribution to it. As contributions are individually costly, and none can be excluded from the benefits of the team production, rational and selfish individuals should free ride on the contributions of other participants. In these experiments, participants are always randomly assigned to different network structures in which information and costly peer pressure flows thorough the links of the different organizational networks. More interestingly, in this abstract environment participants are also randomly assigned to positions in the different networks, so any

differences in the behavior observed cannot come from natural characteristics of those empowered with a central role or their previous experience, as in the field evidence discussed above.

Fatas *et al* (2019) find that centralized structures, like the *star* network, in which one central player is endowed with the power to observe and sanction all other team members (at the cost of being observed and potentially punished by all peripheral players) generates more collective outcome in the experimental team production game than any other incomplete network (like the *line* or *circle* networks). The result cannot be explained by the network density, as the number of links in the *star* network is the same as in the *line* and lower than in the *circle*. The differential performance of hierarchical networks is consistent with the emergence of very different behavioral patterns in central and periphery players in hierarchical structures. In other words, the asymmetric distribution of power in the *star* network drives efficiency up to the levels observed in a *complete* network (with twice as many links as the *star*).

The superior performance of the *star* is linked to two behavioral changes. First, hierarchical networks outperform other incomplete networks with similar densities because individuals endowed with the power of monitoring and potentially punish all other team members do not use their power to punish other team members as much as other participants with the same sanctioning capacity (e.g. participants in the *complete* network). Quite interestingly, they also follow very different sanctioning patterns than quasi-central players in the *line* network. While in the *line* retaliation is the predominant behavioral norm, and quasi-central players react aggressively to any sanction received from peripheral players, central players in hierarchical networks like the *star* do not punish back and *increase* their effort levels when punished. Second, central players in hierarchical networks are also committed to strict pro-social punishment patterns, exclusively sanctioning those team members who free ride on others. Note that none of these two changes cannot be explained by any self-selection of special, more pro-social individuals to the central roles, as in these experiments individuals are always randomly assigned to central and peripheral positions.

We summarize these results in our lesson 2:

Lesson # 2: power can induce optimism and creativity, reduces risk aversion, and increases resilience to conformism. Individuals endowed with central network positions can follow pro-social behavioral patterns even if they are randomly assigned to it

Status and strategic advice

Power gives some individuals the ability to make decisions on behalf of others, and to control valuable resources. A common consequence of this is that individuals with power tend to develop a sense of being entitled to it. Not all decisions, or asymmetries, in the control of resources generate equivalent entitlement effects. For example, tweeting out next to a nuclear bomb button, might not feel the same than being in charge of a sewing machine. Power is present in a vast variety of settings, and may condition decisions made by individuals in very different roles. Not only presidents and CEOs can be endowed with power, and feel entitled to it, but also the abuser and the bully child who are used to get their ways. The literature we review in this section strongly suggests that those endowed with power are many times perceived as different, and superior, by those without power, opening a back door to a backlash, as the behavioral benefits of power described in the previous section vanish through some unexpected channels.

In a seminal contribution, Kipnis (1972) studied an experimentally simulated environment in which participants were asked to supervise a team of employees. Power was manipulated by providing some participants (leaders) with the ability of adjusting the salaries of subordinates up or down, arbitrarily modify their task, or fire them if not satisfied with their performance. Leaders could also signal their superior status by giving advice to subordinates, sending them messages. Maybe not surprisingly, subordinates were perceived as objects of manipulation by leaders, reducing the likelihood of cordial and friendly relationships in the organization, because of the increased social distance, between those endowed with power and those without. In addition, leaders underestimated subordinates' efforts, and significantly overestimated their own leading skills.

Social distance may be associated with different levels of status within the organization. Power and status should not be confounded, but the former may need the latter to make organizations work. Any country or organization managed by an unfit individual, reluctant to lead with her example, and not willing to understand the complex intricacy of some decisions, may face continuous challenges, being this *low-status*/*high-power* combination an explosive state. Fast *et al*. (2012) and Anicich *et al*. (2016) show that, relative to *high*-status rulers, empowered individuals may exhibit demeaning attitudes towards their subordinates, opening the door for a vicious circle of personal mistreatment, organizational discomfort and interpersonal conflict. High status individuals may also prevent others to productively challenge them, confining the organization in a vicious conformity trap, in which excessive respect for the opinions and actions of leaders goes too far.

Eckel *et al*. (2010) takes this idea to its limit in two experiments in which participants are randomly assigned to one of them. Participants may be assigned to a central or peripheral role in stylized hierarchical organizations following a non-random mechanism: in the high-status experimental treatment, top performers in a pre-experimental quiz become central players, while in the low-status condition bottom performers in the same quiz are endowed with the central role. The organizational structure of teams is very similar to the star networks described above, so central positions come

with a superior monitoring and sanctioning power. The difference is that the experiment is divided in two parts, and participants make decisions over a long sequence of 40 rounds. In the first part of the experiment, central participants are endowed with the capacity to monitor all other individuals in their team (during 20 rounds). In the second part of the experiment, central players may additionally sanction other team members, and be sanctioned by them (in another sequence of 20 rounds).

While the two treatments (high- and low-status) did not significantly differ in the first 20 rounds of the experiment, they do in the last 20. Even when the manipulation was not primed between the first and the second block of the study, large and significant differences were observed in the second part. Sanctions were more frequent in the low-status condition that in the high-status one, mainly because high status leaders were carefully followed by peripheral players, closely mimicking their actions and their contributions to the team. Peripheral players could sanction central players in both conditions, but leaders were challenged more frequently in the low-status condition, and conformity prevented peripheral players to contest the leader in the high-status condition. As subordinates tolerated *bad* leaders more frequently in the high-status than in the low-status condition, organizational performance (and participants' earnings) significantly improved when central players had a low-status. High-status leaders were followed at the price of organizational success, and high-status central players had no reason to do better.

If empowered individuals feel entitled to make decisions that could bring joy and satisfaction or distress and frustration to their followers, they might also take this logic to the domain of obtaining a personal benefit, beyond the institutional and personal codes of conduct. Bendaham *et al*. (2015) confirmed this connection between power and corruption and/or embezzlement by experimentally manipulating individual power adjusting both the number of subordinates and the leader's capacity to enforce her will. When power generates strong (monetary) incentives to take advantage of subordinates, reducing the social welfare of subordinates at a personal gain, power drives participants away from their individual moral standards, and from their initial levels of honesty and self-less behavior. Some individual characteristics, such as testosterone levels measured in three saliva tests, boosted the contextual effect of having a greater ability to make discretional decisions affecting more people.

If testosterone is a physiological mediator of power, it might not be surprising to see that the behavior of men were more sensitive to power exposure than the behavior of women. By creating an illusory sense of power in which power was randomly assigned to a sample of men and women, Goldstain and Hays (2011) find, in a sequence of experiments, that "illusory power transference" happens exclusively among men. Male participants with a meaningless association with powerful individuals behave *as if* they were powerful beyond their relationship with leaders. Driven by the desire to see themselves as powerful, well connected men (and only men) were more risk-loving and overconfident, relative to those participants with no power relationship. Even when this result is roughly consistent with Bendaham *et al*. (2015), other studies found that non-illusory power does not interact with gender in all contexts (Anderson and Berdhal. 2002; Haselhuhn *et al*. 2016).

Grounded on their perceived superiority, those endowed with power may develop an altered version of reality, more prejudicial, and based on stereotypes. In a pioneering work, Hogeveen *et al*. (2014) randomly assign participants to one of three experimental treatments. After entering the laboratory, they wrote a short report about a low-power experience (e.g. someone had power over them), a high-power experience (e.g. they had power over someone else) or a neutral one (e.g. an unrelated event). Beyond the results documented by Galinsky *et al* (2006, 2008) suggesting that priming a high-power memory may decrease interpersonal sensitivity, Hogeveen *et al*. (2014) directly measure physiological responses of participants in the three treatments, capturing the (vicarious) activity of their neural circuits when a partner interacted with them (recording via electro-myography the breadth or amplitude of motor-evoked potentials). In line with the hypothesis outlined above, based on indirect measures, subjects exposed to a memory of power (as in the high-power group) showed a significantly weaker reaction to the actions of others than those participants exposed to a memory of being in the hands of someone else (as in the low-power group). Power also reduced subjects' propensity to accept the advice of others.

We briefly summarize some of the previous findings in the next behavioral lesson:

Lesson # 3: the status of power holders may generate very different, and sometimes counterintuitive, behavioral effects. Power sometimes brings choice delusion, prejudice and stereotyping, and may take individuals away from their moral standards.

THE VALUE OF POWER

Autonomy and control are maybe the most salient attributes associated with power, and the behavioral literature has successfully differentiated the two in recent research papers. While we understand autonomy as the individual ability to independently design a state of the world, we define control as the capacity to keep agency on decisions that can affect either one's or other's outcomes. What is coming in this section is a partial revision of the role of autonomy and control on a particular behavioral trait: people's willingness to delegate their decision rights.

Autonomy *versus* rationality

Autonomous subjects have full agency on their own lives, and in a changing environment, such certainty is extremely valuable. Now imagine you are in Las Vegas and the doorman is asking you whether you want to pay

a «I-will-throw-my-own-dices» ticket, or a «the-croupier-can-throw-my-dices» ticket, being the price of the first one $15 and the price of the second $10. If you know the croupier cannot cheat, which ticket will you buy? Sloof and Von Siemens (2017) casted a similar situation in the lab by asking participants for their willingness to pay to make a blind decision, when the blind decision has a 50% chance of being their preferred one, and their willingness to pay when a random (and blind) participant (or the blind software) made that decision on their behalf. The authors found that, on average, subjects were willing to pay small but positive amounts to keep agency on a (objectively useless) decision right, being this result driven by participants' illusion of control (i.e the irrational belief of being able to affect randomly determined results). More than half of all participants (52.9%), despite having rational beliefs about the illusory character of control, were still willing to pay to keep their decision rights.

While Sloof and Von Siemens (2017) illustrate a caricature of people's attachment for pointless decision rights, decision-making in organizations may be much more substantial than the stylized decision setting presented in their experimental setting. For instance, a manager quite often shall decide whether to delegate their decision rights on a subordinate, an external consultant or a board. From a rational perspective, it should be an easy decision to make if the delegation passes the decision to a more capable and informed party: if the manager is maximizing the company's wellbeing, delegating might come straightforward. Yet, individual biases prevent managers from letting their ability to decide go, as the following papers document.

Bobadilla-Suarez *et al*. (2016) experimentally tested if people pay to retain their decision rights (that is, to roll their dices), when losses and gains are fully explicit and pre-determined. They define the *control premium* as the difference between their expected earnings and the willingness to pay for a fictitious, but experienced, costly advisor whose accuracy is known in advance. If the participant is as accurate as the advisor, the willingness to pay for his services should rationally be zero; otherwise, it should equal the accuracy premium. Even when participants were fully aware of the potential benefits of delegation, participants still found control intrinsically desirable, and they were willing to give between 8% and 15% of their expected earnings to retain agency.

In a similar experiment, Owens *et al*. (2014) studied the extent to which subjects were willing to forgo potential earnings by not delegating the decision rights when it was rational to do so. In a setting in which participants were fully aware of the probability of improving their results by delegating, they were still willing to pay the *control premium* by betting for themselves, and keeping agency on decisions that would directly affect their outcomes. These results are aligned with the existence of an intrinsic (and psychological) boost, or joy of power, connected with the previously described effect on risk perception and over-optimism. Note that a preference for control, minimizing delegation, can be (very) bad news for organizations when crucial decisions are made by individuals with inconsistent beliefs about their ability to control the environment, too extensive decision rights, unwilling to delegate on subordinates that can objectively do a better job.

Autonomy does not only affect principals, but it has also a substantial discouraging effect on subordinates or employees, and the combination of both may, in turn, heavily impact organizations' performance. Typically, empowered individuals (say, managers), give subordinates specific instructions, and constraint their action space to reduce their wiggle room and maximize the probability of getting the job done. However, restricting people´s options have a motivational effect via autonomy obstruction. Falk and Kosfeld (2006) conducted a principal-agent experiment in which the principal can restrict the agents´ choice set. Most principals allowed agents to keep full autonomy on the decisions they wanted to make; in return, they exerted larger efforts from them, to benefit the principal. While principals were control-averse, agents were autonomy seekers, and they positively reciprocate the principal´s trust, and negatively reciprocated distrust (e.g. if they lost autonomy).

To experimentally explain the role of negative reciprocity when control is lost, Burdin *et al*. (2018) study a principal-agent interaction in which the principal (or a third-party) restrict the option set from which the agents choose from. Agents negatively react to the lack of trust from the principal. When the principal does not constraint the agent's option set, the later exerts greater efforts relative to the case when the third party decides not to control. The underlying mechanisms explaining this boost was first experimentally studied by Charness *et al*. (2012). Authors conduct a gift-exchange game in which they carefully manipulated the possibility of the manager to delegate a wage decision, always complemented by a non-binding effort level suggestion. The worker then decided her final effort, and her wage (if the principal delegated this decision on her). The results suggest that whenever the worker was entitled to choose his own salary, her performance was enhanced and her earnings significantly increased, for both herself and the firm. In other words, employees did not negatively respond to the lack of delegation, nor positively reciprocate to delegation, but positively reacted to the responsibility placed in them.

Dominguez-Martinez *et al*. (2014) study how monitoring decisions impact workers' intrinsic motivation. Monitoring is not only an expensive activity for managers, but it may also generate a lack of trust, disengaging workers. The authors experimentally analyzed the principal´s willingness to monitor, when facing different levels of incentive alignment with the agents, and found a non-monotonic relationship between interest alignment and monitoring. In other words, in the presence of full alignment, principals monitor more only when the agent´s proposal was not verifiable. Consistent with the psychology literature stating that powerful individuals might underappreciate the abilities of those without power (as in the work of Kipnis, 1972, described above), Dominguez-Martinez *et al* (2014) link managers'

behavior to their irrational belief on workers' likelihood to behave irrationally, sometimes.

We summarize these findings in our fourth lesson:

Lesson #4: individuals with power are willing to pay for a control premium; subordinates positively (negatively) reciprocate to (insufficient) delegation.

The lure of decision rights

If deciding on somebody else's destiny is by itself valuable, having the ability to also affect her own outcomes should be even more appreciated by decision makers. Fehr *et al*. (2013) proposes a delegation game in which the principal may decide to delegate a project decision to the agent. Without knowing the delegation decision, both the agent and the principal select an effort level that determines her probability to learn about the different projects' outcomes. (2) Afterwards, the agent sends a recommendation to the principal, and the recommendation is directly implemented if the later delegated the decision rights, and it is overruled otherwise. The authors found that controlling parties overprovide efforts, and subordinates tend to work below what their pecuniary incentives would predict. Besides, they document a strong behavioral bias among principals to retain the decision rights, even if it goes against their individual interest, often implying a disadvantage for both the principal, and the agent.

The implications of these finding are substantial, because of the heavy burden of concentrating power. Bartling *et al*. (2014) gave delegation a good chance to happen, maybe its best one, conducting an experimental game, similar to Fehr *et al*. (2013). In the experiment, principals requested a binding-minimum-effort level to agents as a requirement to give up the principals' decision rights. They elicited the intrinsic value of the decision rights by asking, in an independent stage, for the monetary values of the controlling and delegation lotteries, and found that the monetary value of the delegation lottery was significantly higher than the control lottery, and increasing in the conflict of interest between principals and agents.

Managers tend to ask subordinates for periodic reports. Reporting might help the manager to make better decisions while at the same time it implies more monitoring, and it may crowd-out the intrinsic motivation of employees. If superiors allow their subordinates to make decisions on their own, putting aside the disutility of losing control, the increment of productivity may make it worthy. Coats and Rankin (2016) studied an environment in which the manager chooses between delegating a project selection decision, and making the decision herself. The authors found that empowered individuals under delegate their decisions even if keeping agency is not profitable for them. A post-experiment questionnaire suggests that these results are driven by a significant intrinsic value of decision rights, widely present in almost all individuals.

These results are of course the outcome of a simplified academic exercise, but the method is sufficiently ductile to incorporate behavioral reactions of those left without control. If an additional decision stage is added to the principal agency scenario described above, as Sloof and Von Siemens (2015) did, results allow for the sabotage of employees, increasing the cost of not delegating decisions. Sloof and Von Siemens (2015) added an implementation stage, opening the door to the sabotage of employees. Participants were willing to delegate when it was possible to sabotage the implementation stage, but only when choosing the wrong project might strongly harm employees (from 39% to 72%), but not when the right project choices were not that crucial for workers (from 64% to 70%). By considering the implementation stage, managers change their perception of delegation, as the value of a successful final implementation reduces the attractiveness, and intrinsic value of decision rights.

We finish this section with our last lesson:

Lesson #5: power is intrinsically valued by individuals acting as managers in experimental settings, who are willing to overprovide efforts and invest resources to keep decision rights, unless individuals acting as employees have the chance of sabotaging projects with large negative consequences for them.

CONCLUSIONS

We have surveyed in this paper a vast literature exploring the behavioral consequences of being exposed to power, when power is defined as someone's ability to allocate resources, and command over others to make others do something they otherwise would not do. In the organizational settings described in the previous three sections, we documented studies in which power changes the way individuals perceive the state of the world, and their relation with those without power. A direct consequence of these studies is that powerful individuals tend to overestimate their skills and abilities, are more willing to take risks and are more confident to express themselves in an open way. A corollary is that most participants in these experiments are willing to overinvest, or overspend, a substantial amount of scarce resources in obtaining power, or keeping it, at a large personal cost, and many times generating large efficiency losses to their organizations.

Further research could address the limitations the research presented here has, starting with the very reasonable issue of how results obtained in abstract and artificial environments in which college students make incentivized decisions in a computerized network apply to other environments (e.g. decisions made in firms and companies) or subjects pools (e.g. decisions made by actual managers and employees, or by politicians and voters). Beyond the vast evidence on the replicability of experimental results in many other domains, the literature covered in this paper hopefully shows the many benefits of studying complex issues, like the behavioral consequences of power, in controlled environments.

NOTES

[1] By a test using eight scales of dominance: the Revised Interpersonal Adjective Scales (IAS-R).

[2] By making uninformed decisions, the authors made sure agents do not experience the motivational crowding-out of not being trusted with the decision rights.

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