

**RESEARCH** WITHIN REACH

# Why we tend to watch people with power less closely

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Despite the old saying that “power corrupts”, new research by a Melbourne Business School professor has found people tend to think those with power are more trustworthy, moral and ethical than those without it.

**“The very mechanisms organisations put in place to constrain the behaviour of the powerful are actually influenced by psychological biases that make people believe that those with power are more moral and thus, more trustworthy.”**

The finding could have significant repercussions for the ways in which people in positions of power are overseen and monitored effectively in the future.

The complexities of power, ethics and oversight have become a major focal point in recent years after high-profile investigations around the world exposed just how widespread unethical practices can become.

Appreciating who wields power, why some people have it while others do not, and how power – and the powerful – are perceived and monitored are all vital to understanding what motivates people to be ethical, or unethical, in various situations.

That’s why Melbourne Business School Associate Professor Jen Overbeck decided to examine the psychology behind why the most powerful actors are so often poorly monitored, while the least powerful – and arguably the least likely to cause irreparable damage – are watched so closely.

And what she found was very interesting – and unusual.

“Basically, we found that the very mechanisms organisations put in place to constrain the behaviour of the powerful are actually influenced by psychological biases that make people believe that those with power are more

moral and thus, more trustworthy,” says Professor Overbeck.

Put simply, the findings suggest that systems put in place to monitor the actions of the powerful are based on the assumption that people with power are more trustworthy and don’t actually need as much monitoring as those without it.

“Our findings challenge the notion that people subscribe to a ‘power corrupts’ view when evaluating the most powerful – and, in fact, they actually consider those in power as deserving of that power and more morally superior,” she says.

“We don’t necessarily ask the same questions or apply the same scrutiny to something a powerful person asks us to do, because of that confidence.”

Professor Overbeck has always been interested in power and social hierarchies. Fascination with how people acquire and use power and status; how power and status affect our psychology; and how we actively participate in creating and maintaining hierarchies led to a life of studying human behaviour and the way it influences notions of power and ethics, particularly in a business setting.

“Past research I’ve been involved in has shown that the powerful are much more goal-oriented; that they’re much more likely to calibrate their attention,

perception and decisions to their goals than people who don't have power.

"If you're an employee, or part of a social group that doesn't make any decisions, you're less likely to feel

responsible for the major decisions within a company. You just sort of tune into things whenever they compel you, but you don't have the kind of deliberate look at the world as those who are in charge."

## Power and monitoring: a study

What happens when an organisation believes it is best served by taking unethical actions? If power implies being more attuned to accomplishing goals, it could also imply more willingness to cut corners in accomplishing those goals.

That was the question that led Professor Overbeck and two other researchers – Leigh Plunkett Tost from the University of Southern California and Abbie Wazlawek from the Kellogg Graduate School of Management – to write the paper *Powerlessness corrupts: Disproportionate monitoring of low-power actors*, which has since been presented at the annual conferences of the Society for Personality and Social Psychology, and the Academy of Management.

"When we embarked on this study, we thought that powerful people would always choose the path that led to the greatest good for the greatest number of people, even if it meant sacrificing important principles along the way."

To understand the research, it helps to know about two useful approaches through which ethics can be studied – deontology and utilitarianism.

"The idea of deontology is that there are some things we just do for ethics because they're rules. You don't lie, you don't cheat, you don't kill, and you don't steal. And it doesn't matter what the circumstances are – you just don't do them," says Professor Overbeck.

Deontological ethics focuses on the rightness or wrongness of actions themselves, as opposed to

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the rightness or wrongness of the consequences of these actions.

Utilitarianism, on the other hand, purports that an action is justifiable if it brings the most amount of happiness to the greatest number of people.

"For example, in a business context, that means that if you had to lie to save your company, you'd do it. The means justify the end," Professor Overbeck says.

"In our previous study, we thought powerful people were more likely to be utilitarian, because that's consistent with the psychology.

"But what we also found while we were studying that is that whenever we asked people what they thought about somebody powerful, they always seemed to find them more trustworthy, ethical and moral than someone with less power.

"We thought that was quite strange, so we started following it."

## Research by



**Jennifer Overbeck**

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Jennifer Overbeck is an Associate Professor of Management at Melbourne Business School, who completed her PhD in Social Psychology at the University of Colorado.

Jennifer's research focuses on negotiation performance and the effects of power and status on first impressions and in group settings. Her research has been published in *Psychological Science*, the *Journal of Experimental Social Psychology* and the *Journal of Personality and Social Psychology*, among others.

Jennifer currently teaches Organisational Behaviour, Negotiation and Deal-making and Power and Politics on Melbourne Business School's MBA and Executive MBA programs. Her writing has appeared in the *Huffington Post*, *New York Times*, *USA Today* and other international publications.

## Methodology

Professor Overbeck and her colleagues conducted 17 studies in total, four of which were presented in the paper and comprised of questionnaires asking subjects to think about hypothetical situations related to power, or to recruit superiors and subordinates to rate real power in the workplace.

**“We asked questions about hypothetical situations, where we isolated the meaning of power to see how people would respond to the pure idea of power.”**

“We tried to run an experiment where we could tightly control what power looked like and didn't look like, so that we knew what it was exactly that was leading people to judge morality without all the other stuff that's said in the world about power,” she says.

Power was defined clearly as control over other people's outcomes and behaviors, and was distinguished from status – or respect – because most people believe that those with high status are more trustworthy, and that they're moral because that's the foundation of the respect to start with.

“We asked questions about hypothetical situations, where we isolated the meaning of power to see how people would respond to the pure idea of power,” Professor Overbeck says.

“For example, in Study 1, we have a person and all we tell you is that the person controls outcomes, or does not control outcomes of others – a very small manipulation.

“And what we found is that even in this instance, people had more positive views of the person simply because they had power over others.”

Following on from this discovery, the researchers asked participants what they thought of their actual bosses.

*“We wanted to see how they would rate their own bosses, rather than just posing abstract questions about power. I mean, don't we all hate our bosses? As it turns out, no. Our participants had very positive views of the morality of their bosses,” she says.*

## From theory to practice: how to create effective checks and balances for the powerful

Based on the findings of the research, Professor Overbeck says the key to ensuring that regulators adequately monitor those in power is diversity and regular rotation of people within the regulatory bodies.

“The problem is that these monitoring bodies trust powerful people more than those not in power. If you have a low-level employee who has taken an action, that person is probably more likely to get rigorous scrutiny and punishment,” she says.

“Outside the company, we also fail to apply effective monitoring to powerful people. We tend to monitor low-power people more.

“The regulators tend to give a lot of deference to the powerful people within the organisations they are monitoring, such as a board member or the CEO. They tend to believe that these are the good and right people

who should be in charge, and who should be able to make these decisions, and that they need the freedom and space to do this.”

Rotating the people who sit on regulatory bodies regularly may help to avoid members forming too close a relationship with the people they're

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monitoring, Professor Overbeck says. Another key factor is diversity.

“Introducing diversity into the group of regulators means that we disrupt the ‘in-group’ mentality. If you're confronted with people who are different in age, and from different races, genders and backgrounds, it interrupts the automatic power categorisation which often occurs when you're faced with the familiar,” she says.

“The very fact that we can't categorise someone so easily is going to trigger our judgment better, which means we may be less likely to judge them badly.”

Bridging the trust divide between strata of an organisation is also essential.

“You have to have those who work high up in the company learn more



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about the lower levels, and vice versa,” Professor Overbeck says.

“Like that TV show called *Undercover Boss*, where the CEO or other senior executive is dropped undercover, and actually works some of the lower, often frontline jobs. This way, they get to understand who these people are, develop a relationship, which is phenomenal for developing trust.”

If having executives work on the front line sounds too drastic or simply not viable, organising social events for everyone – and not segregating executives and employees – is a good action that any organisation can take.

“People are less likely to betray you if they have a relationship with you, which means spending time together,” she says.

“We all trust each other more if we’re connected.”

Ultimately, it’s about changing the system – and keeping the worst excesses of human nature in check.

“This is why we need laws,” says Professor Overbeck. “There’s no reliable way to change deeply ingrained perceptions – they’re just fundamentally human effects. We’ve had them for thousands of years, and they’re part of our evolutionary adaptivity to group living, where we need to make rapid judgments about who is the good group and who is the bad group, before something kills us.

“We understand that we’re fallible human beings, and that the only way you can make sure powerful people are kept in check is to set up monitoring systems that reinforce boundaries on behaviours and actions.”


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## Interview by



**Caroline Zielinski**

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Caroline Zielinski is a journalist and media specialist who has worked at the country’s biggest newspaper publishers, News Corp Australia and Fairfax Media. She completed a Master of Journalism at Monash University, where she also worked as a Senior Communications Officer.


Caroline’s articles have appeared in *The Age*, *The Sydney Morning Herald*, *The New Daily*, *The Daily Telegraph* and *news.com.au*. She is a media advisor for organisations including Refugee Legal and OneRoof, a co-working space for female founders in Melbourne.

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**Research Within Reach** is a regular publication from Melbourne Business School designed to explain the latest research by our academic faculty in easy-to-understand language. For more information, please contact:

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## Recent research publications

### I can be happy for you, but not all the time: A contingency model of envy and positive empathy in the workplace

**Deshani B Ganegoda and Prashant Bordia**

*Journal of Applied Psychology*

Although people are capable of rejoicing at others' successes, management scholars have thus far considered envy to be the sole emotional reaction of employees in response to coworkers' positive outcomes.

This article introduces the concept of positive empathy – the experience of happiness in response to someone else's positive experience and the real or imagined happiness in the other – as an alternative to envy.

It presents a theoretical framework to explain the psychological processes that underlie envy and positive empathy, and identify individual and contextual contingencies that might incline employees to experience these emotions at work.

### Avoiding high opportunism is easy, achieving low opportunism is not: a QCA study on curbing opportunism in buyer-supplier relationships

**Thomas Mellewigt, Glenn Hoetker and Martina Lütkevitte**

*Organization Science*

Applying recent advances in qualitative comparative analysis to a sample of 137 buyer-supplier relationships in the German automotive industry, we show that there are multiple equifinal pathways to high and low opportunism.

In general, our study shows that it is easier to avoid high opportunism

than to consistently achieve low opportunism. On this basis, we offer new insights into countering opportunism for researchers and managers.

Achieving low opportunism requires a combination of governance mechanisms, which are generally

not interchangeable. In particular, relational governance mechanisms in isolation seem to be more restricted than prior research has suggested but form a powerful synergistic combination with complex contracts.

### Quantile co-movement in financial markets: A panel quantile model with unobserved heterogeneity

**Tomohiro Ando**

*Journal of the American Statistical Association*

This paper introduces a new procedure for analysing the quantile co-movement of a large number of financial time series based on a large-scale panel data model with factor structures.

The proposed method attempts

to capture the unobservable heterogeneity of each of the financial time series based on sensitivity to explanatory variables and to the unobservable factor structure.

In our model, the dimension of the common factor structure varies

across quantiles, and the explanatory variables is allowed to depend on the factor structure.

The proposed method allows for both cross-sectional and serial dependence, and heteroskedasticity, which are common in financial markets.

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