Chapter 11
Decision Making at the Top: Benefits and Barriers

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Making sound decisions is paramount to effectiveness in nearly any social arena. For this reason, judgment and decision making has become a prominent research topic in a number of disciplines, including psychology, economics, and organizational behavior. Furthermore, the relationship between one's placement in social hierarchies and decision making is particularly important. As individuals move toward the top of a hierarchy, there is increasingly more to gain from wise decisions about how to invest one's time, money, and effort, as well as more to lose from poor choices. Additionally, the decisions made by those at the top tend to affect a wider array of people, which means that their choices carry more weight than those of less prominent members in the group. Consequently, it is important for behavioral researchers to more fully understand and illuminate how one's placement in a social hierarchy shapes judgment and decision making. In this chapter, we aim to further this goal by examining the following question: When and why does having a position of elevated power and status relative to others facilitate versus hinder effective decision making?

Recent findings in the power and status literature provide some insight into the relationship between hierarchical positioning and decision making. Before examining existing findings, however, it is necessary to first acknowledge a key point: although related, power and status are distinct constructs (Blader and Chen 2012; Fast et al. 2012a; Fragale et al. 2011; Magee and Galinsky 2008). Power is typically defined as the possession of disproportionate control over valued resources whereas status refers to the respect and admiration one has in the eyes of others (Magee and Galinksy 2008). Thus, it is important to acknowledge this difference as well as highlight when power and status are likely to produce similar effects and when they are likely to diverge.

Although power and status are distinct, it is also the case that they are often positively correlated and tend to be mutually reinforcing (Magee and Galinsky 2008). Given this, until recently, researchers have not made a distinction between power and status and, in many cases, often lumped the two together in their studies. This

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makes it difficult to identify findings in the literature that are solely about either power or status. Given our interest in the consequences of hierarchy on decision making combined with the current state of the literature, we will review findings that examine the state of possessing high levels of power and/or status and highlight the effects of this state on decision making. We do so based on the assumption that, in many cases, the effects of power and status will be similar. For the sake of simplicity, we have elected to use the term power throughout the chapter to refer to position at the top of the social hierarchy unless the research being described was specifically about status. At the conclusion of the chapter, we explicitly address the distinction between power and status and discuss when a set of findings is likely to emerge only in relation to either one or the other.

Decision Making at the Top

Powerful individuals—those who have access to critical resources, such as national leaders, CEOs, and high-ranking officials in organizations—are often thought to have an ability to make good decisions. However, one can easily think of occasions in which those at the top of social hierarchies made poor decisions. For instance, the financial crisis of 2008 may have been prevented if measures were taken to prevent the excesses on Wall Street. The US financial crisis inquiry commission reported that the crisis could have been avoided if regulators who had power to interfere in the situation had noticed and responded to the "tide of toxic mortgages, breakdowns in corporate governance, and excessive borrowing and risk by households and Wall Street" (Financial Crisis Inquiry Commission 2011). There are many additional instances in which top management and CEOs of organizations have turned a blind eye to changing markets, growing competition, and flaws in their manufacturing processes. For instance, Firestone, the leading tire and rubber manufacturer, underwent huge losses in 1978 after consumers filed lawsuits against the company for selling defective tires resulting in millions of dollars spent by the company in order to compensate victims and recall defective tires. It was later revealed that quality control managers at Firestone had raised issues about the safety of the newly launched tires but their warnings were ignored by top management, resulting in their downfall.

In short, although powerful individuals routinely make good decisions, they are also susceptible to influential psychological processes that can cause them to make bad decisions. In this chapter, we review research on power and decision making and discuss factors that facilitate or hinder decision making among those at the top of social hierarchies. In particular, we will focus on how having or lacking power affects decisions about how to spend one's time, money, and effort by exploring two key mechanisms: (1) subjective sense of control, and (2) prescriptive role expectations that increase the need for competence. We draw on existing findings to emphasize benefits and costs associated with each of these two mechanisms and conclude the chapter with a section on implications and future directions for research, including a discussion of the similarities and differences between power and status.

Power and the Sense of Control

A review of the literature on power makes one thing very clear: Relative placement in the hierarchy has important consequences for cognitive and behavioral tendencies (for reviews see, e.g., Fiske 2010; Keltner et al. 2003; Magee and Galinsky 2008). Among other things, power—typically defined as the ability of an individual to control outcomes in an interdependent relationship (Keltner et al. 2003)—is associated with greater perceived control over one's environment and future outcomes (Fast et al. 2009). For instance, participants who were primed with power by being randomly assigned to a manager role perceived heightened levels of perceived control, an effect that mediated optimism about future outcomes in an unrelated task (Fast et al. 2009; experiment 2). Furthermore, participants who were primed with power via a recall task, experienced an exaggerated sense of control which, in turn, mediated higher scores on a self esteem measure and enhanced action orientation (Fast et al. 2009; experiment 3). These findings, along with others (see, e.g., Anderson and Berdahl 2002), indicate that power produces the subjective perception—whether accurate or inaccurate—that one has control over things that matter. This mechanism had the potential to lead to a number of benefits as well as costs when it comes to decision making. We will begin by examining the former.

Benefits Associated with the Elevated Sense of Control

Enhanced Goal-Directed Action An enhanced sense of control over one's environment allows the power holder to attend more closely to rewards in the environment (Anderson and Berdahl 2002; Keltner et al. 2003) and, as a result, engage in more goal directed action (e.g., Guinote 2007). An elevated sense of control causes power-holders to experience social situations as less constraining (Galinsky et al. 2008; Whitson et al. 2013), enabling the power holder to take action to meet goals and achieve desired outcomes. For instance, when primed with power, participants were more likely to turn off or move a disturbing fan placed in the laboratory (Galinsky et al. 2003) or indicate plans to vote in an upcoming national election (Fast et al. 2009). Other work has shown that experiencing power in a negotiation situation leads individuals to make the first move, a tendency that results in a bargaining advantage (Magee et al. 2007). These findings are consistent with the approach/inhibition theory of power, which asserts that power leads to behavioral approach tendencies whereas powerlessness fosters behavioral inhibition tendencies (Keltner et al. 2003). A mindset that fosters goal-directed action can aid decision making in a number of ways. First, it leads to increased goal setting and pursuit, which has been shown to improve performance across multiple situations (Locke and Latham 2002, 2006). Secondly, power leads people to make judgments and decisions quickly and with certainty, which improves performance in situations that call for quick and decisive action. Finally, an increased goal orientation can focus people's attention

on what action or actions are necessary, leading to improved performance on particular tasks (Guinote 2007; Overbeck and Park 2001, 2006).

Reduced Perceptions of Threat The elevated sense of control that comes with power also reduces perceptions of threat relative to those who lack power (Anderson and Berdahl 2002; Keltner et al. 2003; Scheepers et al. 2012). For example, Anderson and Berdahl (2002, Study 2) examined the effects of dispositional power on participants' tendency to perceive partners in a threatening manner. Participants who scored higher on personality dominance as well as those assigned to a high-power position tended to perceive their relationship with their interacting partner in a positive light (i.e., that their partner liked them and had fewer threatening emotions) as compared to participants scoring lower on personality dominance and those assigned to the lower-power position. The tendency to be free from perceived threat may be advantageous to those with power, as threat often clouds decision making and leads to sub-optimal choices (Gladstein and Reilly 1985; Staw et al. 1981). For example, threat tends to hinder the ability to learn from mistakes (Edmondson 1999) and hinders executive functioning abilities (Smith et al. 2008). Supporting the notion that power may lead to some of these benefits, the powerful, relative to the powerless, have been shown to demonstrate superior executive functioning, in part because they are free from the need to monitor their actions vigilantly in order to avoid negative consequences (Smith et al. 2008).

Reduced Temporal Discounting One of the barriers to effective decision making is a tendency to discount the future. Temporal discounting refers to the tendency to make decisions based on present considerations rather than considerations for how the decision would impact one in the future. For example, people tend to prefer to take a smaller sum of money in the present rather than wait for a larger sum of money in the future (Frederick et al. 2002; Kirby and Marakovic 1995). This tendency occurs, in part, because people feel high levels of uncertainty about and disconnection with their future selves (e.g., Ersner-Hershfield et al. 2009; Griskevicius et al. 2013). However, to the degree that power elevates a sense of control, it should reduce this uncertainty and, in so doing, help one feel more connected with one's future self. Recent findings support such an idea. In a series of studies, Joshi and Fast (2013b) found that power holders experience greater connection with their future selves, resulting in a greater willingness to wait for future rewards and sacrifice immediate rewards for long term benefits. For instance, when participants were primed to feel powerful, they were more willing to delay gains, opting for larger sums of money in the future ($ 120 in a year) in lieu of smaller sums of money in the present ($ 100 now). Further, in a field study, participants who experienced power in their workplace on a routine basis were more likely to delay immediate consumption and accumulated greater savings for their future. Additional findings by Griskevicius et al. (2013) demonstrate that high levels of socioeconomic status serve as a buffer against temporal discounting during times of economic hardship. In short, experiencing power, and thus control over one's outcomes, reduces the tendency to fall prey to temporal discounting.

Costs Associated with the Elevated Sense of Control

Illusory Control and Risk Taking The reduced sense of situational constraints experienced by power holders may result in an illusion of control, where power holders exaggerate the extent to which they have control over the environment, being excessively proactive in seeking rewards, even when they are beyond their control. For instance, Fast et al. (2009) informed participants that they would receive a $ 5 reward for correctly predicting the outcome of a single die and asked participants to indicate whether they would prefer to roll the die themselves or allow the experimenter to do so. Participants who were primed to feel powerful were more likely to choose to role a die themselves than allow the experimenter to do so. Similarly, participants primed to feel powerful were more likely to perceive a sense of illusory control over outcomes that were hard to control, such as the economy, than those who were not primed with power. Such illusory perception could prove damaging in certain decision making contexts.

Indeed, research findings suggest that power holders' tendency to overestimate their control results in greater risk taking propensity. For instance, participants primed with power reported being more willing to engage in unprotected sex (Anderson and Galinsky 2006). Participants primed with power were also more willing to reveal interests in a negotiation context because they perceived lower risks (Anderson and Galinsky 2006). The optimism and risk taking tendencies among the powerful may help explain why CEOs and top management teams frequently make bad decisions, such as pushing for ill advised mergers and acquisitions (Hayward and Hambrick 1997) or engaging in career-ending unethical behaviors that turn into public scandals (Thompson 2000). In sum, although an elevated sense of control is often adaptive, it brings with it several risks.

Social Misperception As noted earlier, not only do those high in power feel more optimistic about situations and outcome possibilities, they also feel more positive about interpersonal relationships (Anderson and Berdahl 2002). More recently, researchers found that participants who scored high on general sense of power or those who were primed to feel powerful were more likely to perceive that group members were allied to them, a phenomenon referred to as "the illusion of alliance" (Brion and Anderson 2013). This illusion of alliance was further associated with negative consequences for the power holder including losing power and social exclusion. In related work, Petit and Sivanathan (2012) found that experiencing elevated status leads people to perceive more applause and more favorable facial expressions in relation to their own performance. These types of perceptual tendencies are psychologically appealing, yet they can lead to faulty decision making, especially when accurate assessment of one's social network is necessary.

Overconfident Decision Making Power holders also tend to be overconfident about the accuracy of their decisions. For instance, participants primed to feel powerful were more confident about their responses to general knowledge questions than participants primed with low power; even when there was no difference in the accuracy

of their responses. In addition, participants who experienced greater power in their workplace and whose roles were made salient were willing to bet more money on their responses to trivia questions, a tendency which resulted in monetary losses (Fast et al. 2012b). The experience of power and the associated optimism has also been associated with reduced perceptions of threats and losses in the environment. Inesi (2010) shows that participants who are primed to feel powerful are less likely to be loss averse, such that they place greater emphasis on obtaining gains rather than avoiding losses as compared to participants primed to feel powerless. For instance, priming participants to feel powerful resulted in reduced motivation to avoid losses such as poor grades (Inesi 2010, study 2). Participants primed with power are less motivated to avoid undesirable outcomes as compared to participants who are primed with low power, even though power does not influence the motivation to seek desirable outcomes.

One can even think of real world examples where individuals in power such as the CEO of a company may turn a blind eye to threats in their environment resulting in losses for the organization. For instance, Kodak, the film and photographic equipment company, was slow to transition to digital photography, even when the technology involved in digital photography was invented by one of its own engineering teams. In spite of adequate market research data to suggest that the film photography business may soon be sidelined by digital photography, the top management team at Kodak ignored the potential threat to its core business and did not make changes to its technology. In 2012, this once leading photographic equipment manufacturer filed for bankruptcy.

This elevated confidence also leads the powerful to reject the advice of others (See et al. 2011; Tost et al. 2012). For instance, participants who were primed to feel powerful in experimental situations were more likely to ignore advice given by others than participants primed with low power or those in the control condition. Additionally, participants primed with power were less likely to modify their original estimations based on advice provided by others, irrespective of whether the advice was provided by expert or novice advice givers (Tost et al. 2012).

Thus, having power may predispose the individual to overconfident and risky decisions, particularly when the threats and risks in the environment are not salient. Yet, in many real world scenarios, the power holder may be forced to attend to threats and risks, which low power members of a team may be particularly aware of. To the extent that high power members of a team are getting inputs from other group members, they may be less prone to make inaccurate decisions. Furthermore, situational factors as well as individual level characteristics of power holder may moderate the relationship between power and risky decision making.

Power and Prescriptive Role Expectations

In the previous section, we examined a mechanism—subjective sense of control—that has received a fair amount of attention in the literature on social hierarchy. In this section, we examine a mechanism that has received less attention but, in our

estimation, is just as important: role expectations. The term social role refers to the set of expectations people have for a particular position (e.g., manager, administrative assistant) or social category (e.g., gender, race) (Ashforth 2000; Biddle 1979; Eagly 1987). When enacting a role, people tend to experience a great deal of pressure to fulfill the expectations associated with the role (Biddle 1979, 1986; Stryker and Statham 1985). Such expectations can be both *descriptive*, indicating people's beliefs about how most role holders behave, and *prescriptive*, indicating the behaviors people demand of role holders. Research and theoretical work on the psychology of power and status has indicated that social role expectations represent an important mechanism that can influence the behavior of individuals at the top of the hierarchy (Fast and Chen 2009; Fast and Gruenfeld 2013; Fiske and Berdahl 2007; Joshi and Fast 2013a). We review relevant findings here and discuss the potential benefits and costs of role expectations for decision making.

It is important to note that, in contrast to the idea that power increases pressure to fulfill expectations, power holders often behave in a liberated manner. For example, researchers have found that power increases feelings of authenticity and, and as a result, leads to psychological well being (Kraus et al. 2011; Kifer et al. 2013). Related to the research summarized in the previous section on the elevated sense of control, power often provides freedom from situational pressures (Galinsky et al. 2008) and fosters behaviors that stem from one's own internal goals and values (e.g., Bargh et al. 1995; Chen et al. 2001). Taken together, these findings seem to suggest that power liberates people from prescribed expectations. However, a growing body of research shows that having power can also focus individuals on the pursuit of situationally relevant goals, leading to behavior that is more consistent with the demands of the situation (Guinote 2008; Guinote et al. 2012; Overbeck and Park 2001). Thus, it appears that there are certain pressures and/or situation-based expectations that the powerful are more, rather than less, likely to internalize.

Recent findings indicate that one set of expectations the powerful are particularly likely to embrace are the expectations that are connected to their high-power roles (Fast and Chen 2009; Joshi and Fast 2013a). Consistent with the notion that people tend to feel pressure to meet the expectations associated with their social roles—especially when these roles have desirable attributes—Joshi and Fast found that infusing roles with power, while holding the actual role expectations constant, led to increased identification with the roles as well as behavior that was consistent with the role expectations. In short, to the degree that those at the top of the hierarchy perceive that there are expectations for their behavior, there is reason to believe that they will be influenced by these expectations.

One nearly universal expectation associated with high-power roles is that of the need for competence (Fast and Chen 2009; Fast and Gruenfeld 2013). Here, competence is defined as a general capacity to be effective and influential (Cuddy et al. 2008; Fiske et al. 2002; White 1959). To illustrate, in one study, individuals at the top of their organizational hierarchies reported feeling a stronger need to demonstrate that they had high levels of competence, but this effect only emerged in a condition where participants' high (or low) power roles were made salient (Fast and Gruenfeld 2013). In other words, it is not simply the case that people with a

high need for competence seek out and gain power (an alternative account for a correlation between power and the need for competence)—instead, or additionally, having power increases the need to demonstrate that one is a good fit for one's role (i.e., has high competence). Moreover, these authors found that experiencing a lack of competence when in a high-power role was threatening (also see Cho and Fast 2012; Fast and Chen 2009).

In this section, we will examine the impact of the need for competence on decision making. As in the previous section, we first focus on some of the positive consequences of this expectation and will then turn to some of the potential detriments.

Benefits Associated with High-Power Role Expectations

Increased Effort on Competence-Related Tasks One of the most important decisions people face is how to allocate their time and energy. As noted previously, emerging research suggests that individuals high in the hierarchy experience a greater need for competence relative to others and we suggest that this need will influence people's decisions about how much time and effort to give various tasks in an adaptive way. One such decision is whether or not to exert effort on tasks that demonstrate and/or improve competence. For example, workers often face the need to influence others. This could include pitching a new idea at work, persuading one's colleagues about the best course of action, or encouraging others to work harder. We suggest that, due to the increased need to demonstrate competence, high-power individuals will exert greater effort on these types of persuasive tasks. This is consistent with early work by Kipnis (1972) which showed that managers with power were significantly more likely than those without power to make active attempts to influence their subordinates.

There are ways in which increased effort to demonstrate competence will bring benefits to actors. Not only will the extra effort cause them to be more influential in the moment, it will also likely increase their overall persuasion skills and influence over others, which adds to performance and elevates social status over time. Relatedly, to get better at something, one must remain motivated to persist in the face of difficulties. These are often the instances where people and organizations learn the most (Sitkin 1992). We suggest that the expectations for elevated competence leads individuals at the top of the hierarchy to continue to exert effort, rather than give up, when tasks become especially difficult, leading to improved performance and abilities over time.

More Likely to Seek to Add Value to Group One of the ways people gain power and status in group settings is to add value to the group (Anderson et al. 2006; Willer 2009). In this way, making choices with the aim of demonstrating competence can help one to climb to the top of a hierarchy. Following this logic, one might expect that those at the bottom of the hierarchy would try to add more value to the group as a way to gain power and status. However, we suggest just the opposite: Placing someone in a position of power will result in greater pressure to benefit the group,

leading to decisions that result in more success for the group. For example, a group or organizational leader may be more likely than others to allocate long hours of personal time toward projects as a way to experience success. Additionally, group leaders must often face the decision of whether to avoid distasteful organizational politics or embrace them as a means of bringing more resources on his or her own department or division. The expectation that he/she must demonstrate competence increases the likelihood of making decisions to engage in political behavior, leading to more power and status as a result. Consistent with these ideas, Willer (2009) found that providing group members with status led those individuals to become more committed and give more to their group members in a social dilemma.

In a similar way, the need to appear competent may also influence how one chooses to treat others, at least to the degree that the performance of these others has implications for how others will view the power holder. Recent work by Ferguson, Ormiston, and Moon (2010), for instance, showed that participants primed with powerful roles were more likely to select proactive methods of training and confrontation when dealing with a poor performer in their team as compared to participants who were assigned to a low power role. Similarly, in a field study, individuals who had higher power in their organization were more likely to train a poor performer in order to help them improve their performance. They were also more likely to confront the poor performer than individuals who did not have power.

Importantly, the sets of group enhancing behaviors described above lead to benefits not only for the group but also the individual, who boosts individual performance and gains additional power and status in the process.

More Motivated to Learn and Grow Another way in which the prescriptive need for competence may beneficially influence decision making is to increase the likelihood of choosing to spend one's time on learning and growth activities. In particular, people in positions of power may become more likely to pursue educational and training experiences, as doing so would help them to establish greater competence. Similarly, they may be more likely to adopt and pursue challenging goals, such as stretch goals (Sitkin et al. 2011). Goal setting research shows that when people pursue challenging goals, they tend to gain new skills and perform at higher levels (Locke and Latham 2002, 2006). In sum, it is likely that the role expectation that one be competent when at the top of the hierarchy leads to new knowledge and new skills and abilities that aid in performance and serve to provide even more power and status.

Costs Associated with High-Power Role Expectations

There are also costs associated with role expectations. In fact, many have written about the stress and demands associated with being at the top (e.g., Mintzberg 1973, 2009; Pfeffer 2010). The same is likely true for the expectation that one have a high degree of competence. One key factor that can turn expected competence from a positive into a negative is whether or not one feels personally capable of

demonstrating such competence. As noted above, having power likely encourages those at the top to allocate their personal resources in ways that lead to learning, growing, and increased status in the group. However, when one feels incompetent, unable to learn, or that the environment blocks growth, expected competence may lead to negative consequences.

Ego Threat One potential detriment associated with prescriptive competence expectations is the tendency to experience ego threat when unable to meet the expectations. According to self-discrepancy theory (Higgins 1987), a failure to meet one's ought-related self standards is threatening and leads to anxiety. Consistent with these ideas, Fast and Chen (2009) found that power holders who lack self-perceived competence respond with ego defensive aggression (also see Cho and Fast 2012). When people are blinded by ego threat they often make decisions that are sub-optimal because they are more focused on assuaging the aversive state than they are on making sound decisions. For example, a recent field study showed that managers in a large multi-national company who lacked managerial self-efficacy were less likely than others to solicit and receive helpful input from subordinates (Fast et al. in press). This tendency to suppress voice has been associated with a number of maladaptive consequences (Edmondson 1999; Morrison and Milliken 2000). Another possible tendency among power holders with "something to prove" may involve attempts to expand their divisions or organizations so that they appear more powerful and competent. As noted earlier, such decisions to merge with and/or acquire other companies are often maladaptive. In sum, lacking the perceived ability to meet the competence expectations associated with high-power roles can be threatening and, as a consequence, can hinder effective decision making.

Stress and Decision Making Beyond ego threat, the need to possess and demonstrate competence on a daily basis can create feelings of stress among the powerful, and this could lead to negative consequences. Existing research indicates that demands associated with one's role, although often positive, can produce stress (Meijman and Mulder 1998), which in turn often leads to negative consequences for health and well being (e.g., Sheldon and Wills 1985). Particularly relevant to the present chapter, researchers have demonstrated that stress also influences decision making. For example, stress reduces deliberative thought processes and leads to more automated decision making (Evans 2003; Kahneman and Frederick 2002; Reyna 2004) including increased risk-taking in loss domains and increased conservatism in gain domains (Porcelli and Delgado 2009). Given the need for reflective deliberation in the decision making process, this can lead to negative consequences. Although some research has shown that powerful leaders experience lower levels of stress than others (Sherman et al. 2012), other work has shown that the expectations associated with high-power roles can lead to heightened levels of stress (see Mintzberg 2009; Pfeffer 2010). Given these conflicting accounts, further research on the effects of stress on decision making among the powerful—when are the powerful most and least likely to experience stress, and with what effects—is warranted.

Effects of Decisions on Relationships Another possible challenge associated with increased demands and expectations is an increased difficulty in maintaining

positive relationships with others. The elevated pressure to demonstrate competence through their work-related performance may lead power holders to make decisions that involve "using" other people as a means to an end. As noted, research suggests that the powerful have a tendency to objectify others when pursuing goals (Gruenfeld et al. 2008). Other work indicates that the powerful tend to view people through the lens of agency (Cislak 2013). These tendencies can increase efficiency and bottom line results in the short-term, but they can also damage relationships, hinder trust, and reduce morale. In this way, the tendency to objectify and use other people as a means to the end of improving group or organizational performance can lead to negative interpersonal and organizational consequences.

Conclusion

The experience of being at the top of the hierarchy both provides individuals with a sense of control over the environment as well as creates a press for meeting role demands. These two factors associated with power influence decision making, resulting in a number of potentially positive and negative consequences. In this chapter, we have highlighted how these two mechanisms—sense of control and role expectations—influence decision making among power holders and indicate when and why power holders are likely to make good or bad decisions.

The experience of control as well as lower perceptions of social constraint experienced by the power holder may provide confidence to take action and pursue rewards in the environment. In addition, power holders are more flexible in their goal pursuit, being able to adapt flexibly to changing goals and reward sources. Yet, at the same time, they are likely to experience a sense of overconfidence and the tendency to ignore losses and situational constraints resulting in risky decisions and financial loss. Power holders may ignore threats in the environment, particularly when these threats are not salient, resulting in inadequate weighing of costs and benefits of decisions. Their tendency to ignore advice as a result of being overconfident in their own abilities may further perpetuate risky decision making.

As noted, power holders also tend to identify more strongly with the power-providing roles, leading to an increased need to meet role demands. A universal expectation associated with high-power roles is the need for competence, a demand that can have both positive and negative consequences. For example, power holders may seek to learn, grow, and add value to their groups in order to demonstrate competence and gain status in the eyes of others. However, the press for competence among power holders can also induce feelings of threat and stress, especially when one feels unable to meet one's role expectations.

The effects of power on decision making are moderated by situational factors, such as the extent to which the power hierarchy is perceived as stable as well as the perceived legitimacy of the power (Lammers et al. 2008). When power hierarchies are unstable, a factor that is likely to cause high power holders to be more sensitive to threats in the environment, high power individuals make less risky decisions than

low power holders (Sligte et al. 2011; Maner 2012). In addition, the personality of the power holder also influences the extent to which having objective power influences decision making. For instance, participants high in power motivation made less risky choices when given a high power role as compared to participants who had a low power motivation (Maner 2012). Along similar lines, participants with a high need for power are more likely to behave in ways consistent with role expectations associated with high power roles than participants with a low need for power (Joshi and Fast 2013). Thus, both individual and situational factors influence the effect of power on decision making.

Understanding the extent to which the effects of power on decision making are moderated by individual level and situational variables in real world organizations may allow researchers to provide clearer recommendations about ways in which people can shield against negative effects of power. Using survey methods and field studies, future research may benefit from examining the decision making of individuals who have power in work settings. It is also important to examine whether status and power differ in the extent to which they influence decisions and whether status moderates the effects of power on decision making.

Future research can also examine role expectations associated with high power roles and their influence on decision making. Competence is only one type of expectation associated with high-power roles. We chose to focus on this variable because it is perhaps the most universally held expectation for those in positions of privilege. However, future research should also consider how other expectations associated with elevated power and status that might be context and culture driven influence decision making. For example, if having a high-power role causes one to become aware of expectations that one behave ethically (such as in a well regulated environment or organization), it could lead to more ethical decision making. In contrast, if one has power in a domain in which power is associated with expectations that one act selfishly (such as in competitive environments or cultures characterized by corruption), power may lead to unethical decision making. These ideas have not been examined in the literature, but we think this type of question could lead to fruitful advances in the field.

Finally, future research should also seek to make a stronger empirical distinction between power and status. We have intentionally used the term power in this chapter to refer to the state of holding a position that is high in the social hierarchy. However, it is possible to have power without status and status without power (Magee and Galinsky 2008). Furthermore, the effects of power and status often interact to produce unique effects (Blader and Chen 2012; Fast et al. 2012a ; Fragale et al. 2011). The first mechanism we examined in this chapter—the sense of control—is likely to emerge under conditions of high status. Thus, we would expect status and power to lead to similar effects associated with an elevated sense of control. Similarly, because of the link between competence and status, it is likely that high-status roles come with the need to demonstrate competence. Thus, high status roles likely produce some of the same positive and negative tendencies associated with the need for competence. Where we would expect to see some interesting effects is when power and status are incongruent. In particular, when power holders lack status, we

would expect to see the sense of control diminished, thus eliminating the effects we described in the present chapter. In the case of competence, we would expect power holders who lack status to feel more threatened, leading to greater tendencies to treat others in negative ways (e.g., Fast and Chen 2009; Fast et al. 2012a). In sum, future research should further investigate both the main effects as well as the interactive effects of power and status on decision making.

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