2005

Social Identity and Misuse of Power: The Dark Side of Leadership

Michael A. Hogg

Follow this and additional works at: http://brooklynworks.brooklaw.edu/blr

Recommended Citation
Available at: http://brooklynworks.brooklaw.edu/blr/vol70/iss4/5

This Article is brought to you for free and open access by BrooklynWorks. It has been accepted for inclusion in Brooklyn Law Review by an authorized administrator of BrooklynWorks. For more information, please contact matilda.garrido@brooklaw.edu.
Social Identity and Misuse of Power

THE DARK SIDE OF LEADERSHIP

Michael A. Hogg

Corporations have enormous power over people’s lives—directly, through employment, and indirectly, through corporations’ relationships to and role in government and governance. In many respects the corporation is today’s dominant institution—replacing the role of Church, Monarchy and State in earlier times. It is, therefore, hardly surprising that people pay very close attention to how corporations conduct themselves—are they principled, are they moral, can they be trusted? Because corporations are hierarchical in nature, this attention is particularly focused on the behavior of senior management (CEOs, the Board, and so forth), and therefore on leadership. People worry about the motivations of senior management and, more generally, about the prevalence of “bad” corporate leadership. Corporations and corporate leadership are often viewed with profound suspicion, as is portrayed by Rachel Carson’s classic 1962 book Silent Spring.

© 2005 Michael A. Hogg. All Rights Reserved.
† School of Psychology, University of Queensland, Brisbane, QLD 4072, Australia.

This article is based on a paper presented at the Brooklyn Law School and Alfred P. Sloan Foundation conference on Corporate Misbehavior by Elite Decision-Makers: Perspectives from Law and Social Psychology. New York, USA. November 12-13, 2004. I wish to acknowledge grant support from the Australian Research Council for my research on social identity and leadership.


Rachel Carson, Silent Spring (1962).
and, most recently, the Sundance Film Festival award-winning documentary, *The Corporation*. 5

What is it about corporate leaders and corporate management that may produce unprincipled behavior and undesirable or ethically inappropriate outcomes? In this article I present a social-psychological perspective that views corporate leadership as a group process—a process in which individuals or cliques have a leadership role in a wider group that people identify with.

Social psychology, in common with lay psychology, has a long tradition of attributing aberrant and undesirable human behaviors to aberrant and undesirable human personalities—personalities that are formed early in life and remain resistant to change. Prejudice, aggression and so forth are reflections of prejudiced or aggressive personalities. In this vein, people who abuse power or succumb to corrupt practices do so because they cannot help it—they have personality dispositions to behave in this way. Behavior reflects individual differences in personality.

However, social psychology also has a long tradition of focusing on how responsive people are to the situations they find themselves in. Anyone can be prejudiced, aggressive, corrupt, and so forth if the situation constrains them to behave in this way. Behavior reflects differences in social context. In truth, most contemporary social-psychological theories subscribe to an interactionist metatheory—behavior reflects an interaction between contextual factors and what a person brings to the situation in terms of relatively enduring individual habits. Theories vary in their emphases on personal or situational factors.

In this article I describe an interactionist theory of group processes and intergroup behavior, social-identity theory, which places its emphasis squarely on contextual influences. 6 I briefly introduce key features of the social-identity approach in order to focus on its analysis of group leadership, with a particular emphasis on processes that encourage or inhibit leaders from abusing their position of power. The emphasis is primarily on conceptual review and development. Because corporations and organizations are groups, the social-identity analysis can be readily applied to

---

5 *THE CORPORATION* (Zeitgeist Films 2004).
organizational and managerial contexts. However, there is, as yet, little explicit discussion in the social-identity literature of corporate misbehavior by elite decision-makers.

I. SOCIAL-IDENTITY APPROACH

The social-identity approach is a general social-psychological analysis of the role of self-conception in group membership, group processes, and intergroup relations. It explains the behavior of groups and of people in groups in terms of the interaction of social-cognitive (e.g., social categorization), motivational (e.g., self-enhancement), social-interactive (e.g., social influence), and macro-social (e.g., intergroup beliefs) processes. Group behaviors, whether desirable (e.g., loyalty) or undesirable, (e.g., prejudice) reflect the operation of these normal psychological processes rather than enduring individual predispositions to behave in certain ways.

People cognitively represent human groups and social categories in terms of prototypes—fuzzy sets of attributes (e.g., attitudes and behaviors) that define and evaluate one category and distinguish it from other categories in a specific context. The content and configuration of prototypes obey the meta-contrast principle and thus enhance entitativity (the property of a group that makes it appear to be a distinct and coherent entity).

When we categorize a person as belonging to a particular group, either one that we ourselves belong to (an ingroup) or one that we do not belong to (an outgroup), we

---


9 They maximize the ratio of inter-category differences to intra-category differences.
assign to that person, to varying degrees, all the attributes of our prototype of the group, and thus view him or her through the lens of that prototype. This is a process of depersonalization in which, rather than viewing someone as an idiosyncratic individual (with whom we may or may not have a close personal relationship), we view that person as “merely” a more or less prototypical member of an ingroup or an outgroup. We assign that person a group membership, social identity, and all the attributes associated with the identity. Because group prototypes are tied to specific intergroup relations, people in one group tend to have shared prototypes of their own and other groups. Thus, prototype-based depersonalization underpins the more commonplace term, stereotyping.

One of the key insights of the social-identity approach is that we categorize ourselves just as we categorize other people, and thus we assume a social identity and depersonalize ourselves. Since our perceptions and evaluations of other people are almost always comparative, and, generally speaking, we are concerned about locating ourselves and understanding who we are with respect to others, social-categorization processes almost always involve self—either directly or indirectly. Thus self-categorization is intricately intertwined with social categorization in general.

Since the groups and categories we belong to furnish us with a social identity that defines and evaluates who we are, we struggle to promote and protect the distinctiveness and evaluative positivity of our own group relative to other groups. This struggle for positive distinctiveness and positive social identity unfolds with the guidance of our understanding of the nature of the relations between our own and other groups, and what strategies and behaviors seem possible. Social-identity processes are also motivated by a basic human concern to reduce uncertainty about ourselves, the world we live in, and our relations and interactions with others. Distinctive, high-entitativity groups with clearly prescriptive and consensual prototypes are particularly adept at achieving this social-identity objective.

Social-identity effects occur when, in a particular context, a specific social categorization becomes the salient basis for social perception and self-conception. Categories become salient, in this sense, if they are chronically accessible in memory (because we use them often and they are important to who we are) and immediately accessible in the current situation, make good sense of people’s behavior and of
similarities and differences among people, and reduce uncertainty and reflect relatively positively on self.

The social-identity approach has become well established in social psychology and enjoys substantial empirical support.10

II. SOCIAL IDENTITY AND GROUP LEADERSHIP

The implications of this analysis for leadership are quite straightforward and have been formulated into a social-identity theory of leadership that has attracted solid empirical support for its main features.11 Critically, as people identify more strongly with a group, they increasingly base their evaluations and perceptions of fellow group members on how prototypical those members are. The bottom line is that in high-salience groups prototypical members find it easier to be effective leaders, and leaders are more effective if they play up their prototypicality credentials.

High-salience ingroups are ones with which people identify strongly. These include groups that are central to overall self-definition, groups that saturate one’s day-to-day life, and groups that in a particular context experience a real or anticipated threat to their status and prestige or their very existence as a distinct entity. Since the world of work takes up much of our time and is critical to our existence and everyday life, it is quite likely that the organizations and corporations we work for play an important role in our social identity.


A. Influence, Popularity and Compliance

Prototypical members, by definition, embody central and desirable aspects of the group more so than other members. As such, their behavior is the standard for others’ behavior, and they appear to influence the rest of the group. Influence processes in salient groups cause people to conform to the group prototype.12

Prototypical members are consensually liked by the rest of the group. They are popular, in group terms,13 and this popularity allows them to be broadly influential because people tend to comply more with suggestions from people they like.14

B. Trust and Innovation

People tend to trust ingroup members more than outgroup members.15 Furthermore, within the ingroup, prototypical members are trusted more than less prototypical members. Because the identity of prototypical members is tightly meshed with the life of the group, it is assumed that whatever prototypical members do, however bizarre, must be in the best interest of the group and thus is unlikely to harm the group.16 Paradoxically, it is this very trust that affords prototypical members greater latitude to diverge from group norms and thus to be innovative17—an analysis that is


consistent with Hollander’s earlier notion that leaders who conform to group norms on the way up earn idiosyncrasy credits that can be spent when they reach the top. After all, a key feature of effective leadership is the ability to be innovative in order to transform the group and steer it in new directions. Trust plays a central role in this process. As Marar puts it, “If you want to lead . . . then you had better be someone people trust.”

C. Attribution and the Social Construction of Charisma

Finally, in salient groups people’s attention is drawn to highly prototypical members. People scrutinize prototypical ingroup members’ behavior closely because it is perhaps the most reliable and effective source of information about what the group stands for and how to behave as a group member. Because prototypical members are figural against the background of the rest of the group, their attributes (i.e., being influential, popular, innovative, and trustworthy) are more likely to be internally attributed to underlying dispositions that reflect invariant properties, or essences, of the individual’s personality, than externally attributed to situational or contextual factors. The fundamental attribution error, correspondence bias, or essentialism are more pronounced for individuals who are perceptually distinctive (e.g., figural against a background) or cognitively salient. There is evidence

---

31 Michael A. Hogg, All Animals are Equal but Some Animals are More Equal than Others: Social Identity and Marginal Membership, in The Social Outcast: Ostracism, Social Exclusion, Rejection, and Bullying (Kipling D. Williams et al. eds., forthcoming).
35 See Ralph Erber & Susan T. Fiske, Outcome Dependency and Attention to
that this tendency to make dispositional attributions is especially strong for attributions about leaders.\textsuperscript{26}

In this way, a charismatic leadership personality is constructed for highly prototypical leaders, further fuelling their leadership effectiveness. Conger and Kanungo, for example, describe how followers attributionally construct a charismatic leadership personality for organizational leaders who have a vision that involves substantial change to the group.\textsuperscript{27} It should be noted that the social-identity analysis of charisma views it as a product of social-cognitive processes operating under conditions of self-categorization, not as an invariant personality attribute that determines leadership effectiveness.\textsuperscript{28} And it should be noted that charisma alone may not be a reliable predictor of group performance. For example, CEO charisma has been shown only to predict the size of the CEO’s salary and, except for stock price, not the overall performance of the corporation.\textsuperscript{29}

D. Managing One’s Prototypicality

Because prototypicality is critical for effective leadership in high-salience groups, leaders of such groups pay close attention to how prototypical they are perceived to be. They engage in prototypicality management strategies that rest on communication,\textsuperscript{30} or what can be called “norm talk.”\textsuperscript{31}
Language and communication play a key role in this type of prototype and identity management.\textsuperscript{32}

In order to manage their prototypicality, leaders can talk up their own prototypicality and/or talk down aspects of their own behavior that are non-prototypical. They can identify deviants or marginal members in a manner that highlights their own prototypicality or constructs a particular prototype for the group that enhances their own prototypicality. They can secure their own leadership position by vilifying contenders for leadership and casting the latter as non-prototypical. They can identify outgroups that are most favorable to their own prototypicality as relevant comparison groups—that is, they can manipulate the social-comparative frame and thus the prototype and their own prototypicality. They can engage in a discourse that raises or lowers group salience. For highly prototypical leaders, \textit{raising} salience is advantageous because it provides them with the leadership benefits of high prototypicality. For non-prototypical leaders, \textit{lowering} salience is advantageous because it protects them against the leadership pitfalls of low prototypicality.

Reicher and Hopkins analyzed the rhetoric used by political leaders to show that such leaders are particularly prone to accentuate the existing ingroup prototype, pillory ingroup deviants, and demonize an appropriate outgroup.\textsuperscript{33} Furthermore, the use of these rhetorical devices is often viewed as convincing evidence of effective leadership. Reicher and Hopkins proposed that leaders are in this sense “entrepreneurs of identity”\textsuperscript{34}—they are experts in norm or prototype management through talk. In other research, Rabbie and Bekkers have shown that leaders whose positions are insecure are more likely to seek conflict with other groups,\textsuperscript{35} and Gardner and colleagues have shown that effective organizational leadership often rests on norm management

\textbf{Perspectives (Language as Social Action)} (Jake Harwood & Howard Giles eds., 2005).


\textsuperscript{34} See \textit{Reicher & Hopkins, supra} note 33, at 49.

through talk. Generally, leaders who feel they are not, or are no longer, prototypical, strategically engage in a range of group-oriented behaviors to strengthen their membership credentials.

III. LEADERSHIP AND MISUSE OF POWER

The previous section has shown how people who are viewed as highly prototypical tend to be more effective leaders in groups within which members identify strongly. These highly prototypical individuals are largely leaders who are trusted to be effectively innovative and therefore can lead through influence rather than coercion, fitting well the typical definition of leadership as “a process of social influence through which an individual enlists and mobilizes the aid of others in the attainment of a collective goal.” However, there are at least three paradoxical effects of prototype-based leadership in high-salience groups that can produce poor, and sometimes harmful, leadership. In addition, uncertainty can be a breeding ground for harmful leadership.

A. Dysfunctional Norms and Dysfunctional Leaders

Having good leadership skills is very useful in salient groups. However, while such qualities are critical in low salience groups, they are relatively less critical in high-salience groups. This can introduce a problem. Typically, elite decision-making groups are characterized by group norms that embody principles of ethical behavior and responsible leadership. In these instances, prototype-based leadership will be ethical and responsible if members identify strongly with such groups. However, if group norms do not embody principles of ethical behavior and responsible leadership, then increased salience and group identification may inhibit responsible and ethical leadership. This is one way in which social-identity-contingent leadership may be associated with poor leadership and corporate misbehavior. In salient groups, group norms not only

37 See Platow & van Knippenberg, supra note 17.
influence behavior directly (via conformity) but also indirectly by empowering as leaders those people who best embody those (deficient) norms. Shades of this process may be seen in Janis’s notion that groupthink may arise in highly cohesive groups that do not have strong norms for effective decision making.39 This is particularly so in groups where cohesion is based on group identification.40

B. The Trust Paradox

A second source of leadership deficiency in high-salience groups is, ironically, the strength of trust in and consensual liking for the leader. Although these processes allow the leader to be innovative (which is, of course, a positive attribute of leadership), these processes can also make it possible for the leader to “get away with anything” and lose sight of what is appropriate for the group and what is not. Pretty much whatever the leader does the group approves of, or at least does not openly disapprove of.

Under normal circumstances, leadership behavior which is too innovative will violate the limits imposed by the group’s identity (for example, the leader of a tight-knit vegan group advocating a shift to a purely carnivorous diet) and will quickly erode the leader’s prototypicality credentials and reduce his or her ability to influence. Reicher has used this analysis to explain the limits of crowd behavior—i.e., the way that collective behavior remains within the limits imposed by the social identity of the collective.41

However, in extremely cohesive groups characterized by ultra-strong identification (e.g., cults), consensual liking for the leader is so strong, and attribution to charisma so complete, that dissent and criticism are unlikely. The leader’s leadership potential is literally unbounded—he or she has the power to do whatever he or she wants, with little or no normative framing to help decide which decisions are wise or ethical. Even in

relatively abstract laboratory settings, research has shown that, so long as the leader of a group is considered highly prototypical, group members are willing to endorse leaders who behave in ways that are not in the best interest of the group.\footnote{Julie M. Duck & Kelly S. Fielding, \textit{Leaders and Their Treatment of Subgroups: Implications for Evaluations of the Leader and the Superordinate Group}, 33 \textit{EUR. J. OF SOC. PSYCHOL.} 387, 387-401 (2003).}

\section{Hierarchy and Power}

The third pitfall of prototype-based leadership in high-salience groups is the emergence of hierarchy and power-based leadership.\footnote{Michael A. Hogg, \textit{From Prototypicality to Power: A Social Identity Analysis of Leadership}, 18 \textit{ADVANCES IN GROUP PROCESSES} 1, 1-30 (2001); Michael A. Hogg & Scott A. Reid, \textit{Social Identity, Leadership, and Power, in The Use and Abuse of Power: Multiple Perspectives on the Causes of Corruption} 159, 164-65, 169-70 (Annette Y. Lee-Chai & John A. Bargh eds., 2001).} Prototypical leaders do not need to exercise power over others (i.e., persuade, gain compliance, coerce, or resort to force) to have influence. In addition, it is possible that they may be “unable” to exercise power. High prototypicality is associated with strong ingroup identification; self and group are tightly linked prototypically and thus fellow group members are to some extent internalized as part of one’s self.\footnote{Arthur Aron et al., \textit{Close Relationships as Including Other in the Self}, 60 \textit{J. OF PERSONALITY AND SOC. PSYCHOL.} 241, 241-53 (1991); Eliot R. Smith & Susan Henry, \textit{An In-Group Becomes Part of the Self: Response Time Evidence}, 22 \textit{PERSONALITY AND SOC. PSYCHOL. BULL.} 635, 635-42 (1996); Stephen C. Wright et al., \textit{Including Others (and Groups) in the Self: Self-Expansion and Intergroup Relations, in The Social Self: Cognitive, Interpersonal, and Intergroup Perspectives} 343, 345-54 (Joseph P. Forgas & Kipling D. Williams eds., 2002); see also Sabine Otten, \textit{“Me and Us” or “Us and Them”? The Self as a Heuristic for Defining Minimal in Groups}, 13 \textit{EUR. REV. OF SOC. PSYCHOL.} 1, 1-33 (2002); Maria Rosaria Cadinu & Myron Rothbart, \textit{Self-Anchoring and Differentiation Processes in the Minimal Group Setting}, 70 \textit{J. OF PERSONALITY AND SOC. PSYCHOL.} 661, 661-77 (1996).} Any harmful behavior directed against fellow members is effectively directed against self. There may exist an empathic bond between leader and followers that inhibits the leader from exercising coercive power over fellow group members.

However, there is a paradox. Occupying a highly prototypical position, particularly in an enduring and stable high-entitativity group with a focused and consensual prototype, makes one appear enduringly influential, consensually socially attractive, and essentially charismatic. Through structural role differentiation grounded in social attraction and attribution processes, there is a perceptual separation of the leader from the rest of the group. The leader
is gradually perceived as “other” rather than “one of us.” In corporate settings, this separation of the leader from the group as a whole can be strikingly evident. As Treviño puts it, it can be “eerily quiet at the top”—there is substantially more lateral communication within the leadership clique and between senior management of different corporations than vertical communication within the corporation itself. The leader can be markedly out of touch with the rank-and-file.

The person who originally embodied the essence of the group by being most prototypical has now become effectively an outgroup member within the group. There is an embryonic intergroup relationship between leader (along with his or her inner clique) and followers. This intergroup relationship is associated with a status differential that is perceived by the group to be consensual, stable, and legitimate—a potent mix that has potential for a conflictual intergroup relationship between leader(s) and followers in which the leader has most of the power. Although the seeds of autocracy are sown, they may not germinate. The relationship may still be viewed as a mutually beneficial role relationship in the service of superordinate group goals—everyone is on the same team, working for the same goals, but making different contributions to the greater good of the group. The leader may not be “one of us,” but he or she is certainly working with us and for us.

However, there are circumstances which may make power-based intergroup behavior a reality. A relatively inevitable consequence of role differentiation is that the leader realizes that he or she is being treated by followers as an outgroup member—a positive high-status exile, but nonetheless an exile who cannot readily share in the life of the group. The leader may try to re-establish his or her ingroup credentials by engaging in behaviors confirming his or her ingroup prototypicality. If this is unsuccessful, a sense of rejection by, and distance and isolation from, the group may occur (possibly also a recognition of reduced influence among followers). These feelings may then “embitter” the leader and, since the empathic bond is severed, allow the leader to gain compliance through the exercise of power over others. This may

---

Linda Klebe Treviño, Out of Touch: The CEO's Role in Corporate Misbehavior, 70 BROOK. L. REV. 1195, 1209-10 (2005); see also Linda Klebe Treviño et al., It's Lovely at the Top: Comparing Senior Managers' and Employees' Perceptions of Organizational Ethics, Academy of Management Annual Meeting Best Paper Proceedings (2000).
involve coercive behavior: because the interests of the leader and the group have diverged, the leader is effectively exercising his or her will over others. The influence process essentially becomes one of coercion rather than attitude change.

This transformation of leadership into power is stronger in hierarchical extremist groups where the leader-follower role and power differentiation is more tangible, stark, and impermeable. The effect will also be stronger in groups where there is a leadership clique rather than a single leader. This is because a typical inter-group relationship has emerged, and thus the relationship between leader(s) and followers is an intergroup relationship where one group (the leaders(s)) has disproportionate legitimate power over the other group (the followers). Such a relationship will be competitive and potentially exploitative, a situation far removed from prototype-based leadership.

Leaders generally react unfavorably to perceived threats to their leadership position. Where a leader is prototypically influential and there is no pronounced intergroup differentiation between leaders and followers, threats to leadership largely come from prototype slippage—social-contextual factors may reconfigure the group prototype and thus reduce the leader’s prototypicality. We described above how leaders then strive to redefine the prototype to better fit themselves—they accentuate the existing ingroup prototype, pillory ingroup deviants, or demonize an appropriate outgroup. These tactics generally do not involve coercion.

However, where there is a pronounced intergroup differentiation between leaders and followers, perceived threats to leadership are automatically perceived in intergroup terms as collective challenges or revolts on the part of the followers. This makes salient the latent intergroup orientation between leader(s) and followers, and engenders competitive intergroup relations between leader(s) and followers—competitive relations in which one group has consensually legitimate and overwhelming power over the other. Under these circumstances leadership becomes coercion, based on the relatively limitless exercise of coercive power over others. The dynamic is similar to the way in which a power elite “reacts” to a perceived challenge to its privileged position, but, because it

occurs within the power-legitimizing framework of a common group membership, the “reaction” is potentially more extreme.

This analysis suggests a series of steps that transforms prototype-based leadership into power-based leadership. Highly prototypical leaders of salient groups, particularly newly-emerged leaders, provide leadership through influence—they do not need to exercise power over followers, and indeed may not actually be able to behave in this way. Enduring tenure renders leaders more influential and facilitates normative innovation—leaders still do not need to exercise power over followers because they now have the capacity to ensure that they remain prototypical and thus influential. Further tenure differentiates the leader(s) from the followers. It creates an intergroup differentiation based on widening, reified and consensually legitimized role and power differences—the potential to use power is now very real. The conditions that translate this potential into reality are ones that make salient the latent power-based intergroup relationship between leaders and followers—for example, a sense of threat to one's leadership position, a feeling of remoteness and alienation from the group, or a sense of becoming less influential in the life of the group.

The exercise of leadership through coercion rests on the psychological reality (based on self-categorization and social-identity processes) of a sharp role, status, and power discontinuity between leader(s) and followers that reconfigures cooperative intragroup role relations as competitive intergroup relations. Such intergroup relations within a group provide ideal conditions for unilaterally exploitative intergroup behavior. This is because the overarching common group identity and the diachronic process of leadership emergence strongly legitimize the status quo—there exists within the group what social-identity theory refers to as a “social change belief structure without cognitive alternatives.” Because power and leadership are attractive to some people, this belief system can be coupled with a belief in intergroup permeability that encourages followers to try, as individuals, to gain personal admittance to the leadership clique—a process that marshals support for the leader(s) and prevents the followers from forming a united front.
D. Uncertainty and Poor Leadership

One important motivation for social-identity processes is uncertainty reduction. People strive to reduce feelings of uncertainty about who they are, how they should behave, how they should interact with others, and how others will treat them. Social identity reduces uncertainty because prototypes specify one’s self-concept and regulate one’s behavior and interactions with others. Research has shown that people are more likely to identify with groups and identify more strongly with groups as a function of increasing uncertainty, especially self-conceptual uncertainty.

An extension of this idea argues that where uncertainty is extreme, people form, modify, or identify with groups that have prototypes that are simple, highly focused and consensual, and that have high entitativity and hierarchical internal structural arrangements—that is, extremist or totalist groups that have rigidly ideological belief systems. Uncertainty is potentially a significant force for autocratic leadership. The reason for this is that, all things being equal, members identify very strongly under uncertainty or under the threat of uncertainty. Thus, prototypicality is a very powerful influence on leadership and the processes described above are all so much stronger. Indeed, leaders may invoke the specter of uncertainty precisely in order to maintain their position of power within the group.

Uncertainty is a pervasive feature of corporate life because modern corporations often operate in high-risk environments that make employment insecure and raise uncertainty about the nature and viability of one’s organizational identity.

48 For overviews of research see id.
52 See Kevin G. Corley & Dennis A. Gioia, Identity Ambiguity and Change in the Wake of a Corporate Spin-Off, 49 ADMIN. SCI. Q. 173, 173-208 (2004); Dennis A. Gioia et al., Organizational Identity, Image and Adaptive Instability, 25 ACAD. OF
their associated identities are often in flux as a result of takeovers, mergers and market forces,\textsuperscript{53} and there are strong mechanisms at play to make sense of identity uncertainty and change.\textsuperscript{54} Modern corporate life may be particularly, though not inevitably, prone to social-identity leadership processes.

IV. ORGANIZATIONAL AND CORPORATE LEADERSHIP

Organizations and corporations are groups, and therefore their leadership is subject to the social-identity processes described in this article. Typically, the nature of corporations is such that leaders are competent and moral individuals who have substantial leadership skills, qualities and experience. Furthermore, social-identity processes generate organizational identification, commitment and loyalty on the part of both leaders and non-leaders. Social-identity processes generate trust in and respect (consensual group membership-based liking) for the leader, construct a charismatic leadership personality for him or her, and provide an environment in which leadership-driven innovation can thrive. These are all good things—allowing the leader to lead rather than coerce, and to make wise consultative decisions about what the organization stands for and how it should conduct itself. Because of its grounding in consensus and accountability, this sort of leadership should conform to wider societal expectations for ethical conduct.

However, a number of problems may arise when members identify too strongly with an organization. These levels of identification are more likely to occur when organizational members invest too much of their lives in their organization and feel the threat of uncertainty about their future, their identity, and their future employment and organizational membership status. Under these circumstances, social-identification processes may create an atmosphere of unqualified trust and invest leaders with a sense of charisma that in turn makes them too consensually popular. Leadership


\textsuperscript{54} See Mary Jo Hatch & Majken Schultz, The Dynamics of Organizational Identity, 55 HUM. REL. 989, 989-1018 (2002); KARL E. WEICK, SENSEMAKING IN ORGANIZATIONS (1995).
becomes easy and normatively unbounded—it can be very
difficult for a leader to choose between wise and unwise
decisions and actions.

The problem can, however, become worse. A sharp
power differential may exist between leader and employees
that separates or isolates the leader from the rest of the group,
and instantiates an intergroup orientation within the
organization that gives the leader great power. Employees
often view this arrangement as legitimate and unchangeable.
Leadership can now mutate into coercion, liberating the leader
from normative accountability. Such power makes misbehavior,
cronyism, corruption and poor leadership a reality.

V. CONCLUSION

This has been a theory and overview article in which I
have described the social-identity theory of leadership. Because
organizations and corporations are groups, this analysis
applies to them just as much as to other groups. The key point
is that as people identify more strongly with a group, they
increasingly base their leadership perceptions on group
prototypicality—prototypical leaders are more effective than
less prototypical leaders because they are popular, viewed as
charismatic, and trusted to be innovative.

Within bounds, this kind of leadership is both desirable
and highly effective. However, a group with which people
identify too strongly has the potential to mutate into power-
based coercion in which the leader is effectively unfettered by
normative constraints and by accountability to the group.
When this happens, the ground is ripe not only for poor
decisions but also for unethical, exploitative and corrupt
behavior.

Let us finish this article on a more positive note. From a
social-identity point of view, corruption-based exploitative
leadership is probably not that common, particularly in well-
regulated Western organizations and corporations. Most
organizations are not associated with extreme identification—
employees have other aspects of their lives that provide them
with a certain sense of self in their social world (e.g., family,
ethnicity, recreational groups). Most organizations are not very
salient and are not that cohesive. They have a diverse
workforce in terms of ethnicity, gender, socio-economic status
and so forth. They encourage, or at least do not severely
punish, a degree of normative criticism—there are often formal
mechanisms in place to allow constructively critical discussion of normative practices. Employees have a voice, and thus organizational norms and prototypes can be grounded in common-sense principles of ethical conduct that reflect society’s values.

However, extreme uncertainty coupled with an all-embracing, highly cohesive, uniform and consensual organization will raise identification and set up a situation where the corporate leadership has too much power for its own or the organization’s good.