



Why Fair Bosses Fall Behind

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In management, fairness is a virtue. Numerous academic studies have shown that the most effective leaders are generally those who give employees a voice, treat them with dignity and consistency, and base decisions on accurate and complete information.

But there's a hidden cost to this behavior. We've found that although fair managers earn respect, they're seen as less powerful than other managers—less in control of resources, less able to reward and punish—and that may hurt their odds of attaining certain key, contentious leadership roles.

When Can Fair Bosses Get Ahead?

Managers whose style is based on fairness can still gain power under the following circumstances:

- When they cultivate a reputation for ethics and morality
- When the organizational culture is highly cooperative
- When they are going for positions that are relatively uncontentious and that draw on their mentoring and collaborative skills

Our research, which included lab studies and responses from hundreds of corporate decision makers and employees, began with the age-old question “Should leaders be loved or feared?” We went a step further, asking, “Can you have respect *and* power?” We found that it's hard to gain both.

Consider Hank McKinnell and Karen Katen, two rising stars at Pfizer during the 1990s. McKinnell, who'd served as CFO and run the company's overseas businesses, was known for his assertive negotiating style and no-nonsense, occasionally abrasive manner. Katen's performance had also won her numerous promotions, and she headed Pfizer's primary operating unit. She treated subordinates and colleagues with respect and was respected in turn.

In 2001, when it came time for a new CEO, the two were among the top candidates. McKinnell was chosen. One analyst told *Bloomberg*, “[Hank] is the right guy for the job...he's got a toughness about him.”

We heard this attitude expressed in a range of industries. Decisions about high-level promotions most often center on perceptions of power, not of fairness.

The same bias was exhibited by students in a laboratory setting. Each witnessed a “manager” telling an employee about a compensation decision. Manager A communicated the decision rudely, Manager B with respect. The students were then assigned to work in a group led by the manager they'd observed; afterward they rated their leader's power. Rude Manager A consistently scored higher than respectful Manager B—even though there was no difference in how they'd treated the participants themselves. Simply having witnessed the rude and respectful behavior was enough to create the bias.

We've long wondered why managers don't always behave fairly, because doing so would clearly benefit their organizations: Studies show that the success of change initiatives depends largely on fair implementation. Our research suggests an answer. Managers see respect and power as two mutually exclusive avenues to influence, and many choose the latter.

Although this appears to be the more rational choice, it's not always the correct one—and it poses big risks for organizations. At Pfizer, a cohort of promising executives associated with Katen resigned after McKinnell took over. He himself was pushed into retirement by the board in 2006 because of the company's disappointing performance. Shareholder outrage over his rich retirement package followed.

Companies can benefit from placing more value on fairness when assessing managerial performance. Our early follow-up research suggests that managers whose style is based on respect can gain power. Their path upward may be difficult, but it's one worth taking, for their company's sake as well as their own.

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