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Research

Change Takes New Leaders

By Alana Conner

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BY ALANA CONNER

MANAGEMENT

Change Takes New Leaders

► President Barack Obama’s iconic campaign poster summarized his platform in a single word: Change. He is likely to deliver on that promise, suggests a new psychology study. “Old leaders find it difficult to change because doing so implies that they were wrong in the past,” explains Dominic Abrams, a professor of social psychology at the University of Kent and the study’s lead author. “But when you have a new leader, you just have to say that the new leader is taking a new direction.”

Groups seldom like rebels in their ranks, the new study shows, and they like deviant leaders even less. But groups do grant new leaders special license to shake things up—at least at first. They are also willing to pay more money to new leaders who go against the group’s grain, the researchers find.

“People who are already members of a group are expected to conform to that group’s policies and norms,” says Abrams. “But new leaders have what we call an ‘innovation credit’ to make changes. That’s why businesses that are in trouble bring in a new chief executive. It’s very difficult for a board of directors to change strategy.”

To explore whether and when leaders can flout their organization’s status quo, the researchers asked undergraduates to read about fictitious group members who either agreed with or defied the group’s position on immigration policy. The



The bipartisan, ecumenical, multiracial inauguration of President Barack Obama hints at big changes ahead.

students then rated how much they liked each group member. Across five experiments, the researchers manipulated whether the rated targets were current leaders, former leaders, future leaders, or mere members.

Obama is already bucking business as usual, notes David Brady, a professor of political science at Stanford University and deputy director of the Hoover Institution: “He is making a genuine attempt to be bipartisan. He kept Robert Gates [as secretary of defense], as well as nominated a Republican [Raymond LaHood] to be secretary of transportation.” Obama also invited conservative evangelical Christian pastor Rick Warren to offer the opening

prayer at his inauguration. “Now that’s innovation,” adds Brady.

New leaders do not remain so forever. According to anecdotes, innovation credits last two to three months, says Abrams—hence the great store set by leaders’ first 100 days in office. But Brady thinks that the window for innovation opens wider. “Reagan didn’t get his most innovative policy [the Tax Reform Act of 1986] through until year six of his administration,” he says.

British Prime Minister Tony Blair also had an agenda for change that “he was rather good at propelling forward for a long time,” says Abrams. “It wasn’t until the Iraq War [in the sixth year of his term] that things began to go pear-shaped for him.” ■

Dominic Abrams, Georgina Randsley de Moura, José M. Marques, and Paul Hutchinson, “Innovation Credit: When Can Leaders Oppose Their Group’s Norms?” *Journal of Personality and Social Psychology*, 95, 2008.

GOVERNMENT

Partners Must Start Smart

► “The beginning is the most important part of any work,” wrote Plato in *The Republic*. This wisdom holds true for partnerships between governments and private entities, shows a new meta-analysis of studies on collaborative governance. The researchers find that cross-sector initiatives work best when partners start out with equal amounts of resources, comparable incentives to participate, and a previous history of cooperation. These starting conditions then foster the trust that is necessary for partners to work together over the long haul.

“Starting conditions aren’t always considered as seriously as they should be, but they sure pack a predictive punch,” says

Alison Gash, a graduate student in the department of political science at the University of California, Berkeley, and a study coauthor. “If you don’t develop the trust, shared understandings, and incentives early on, when the time comes to implement, it’s an utter nightmare,” she says, reflecting upon her own experiences brokering cross-sector collaborations.

For their review, Gash and her coauthor first compiled 137 case studies on collaborative governance, which they defined as public-private partnerships that aim to implement public policy or manage public programs or assets through democratic processes. They then examined under which conditions the partners actually collaborated.

When partners have unequal resources, the researchers find, the stronger actors can manipulate the collaboration for their own ends. In addition, when partners lack incentives, they have no reason to stick around for the duration of the project. And when partners have a history of conflict, their rancor gets in the way of the project’s progress.

“People tend to view collab-

orative governance as a cure for all the ills of centralized government,” notes Gash. And indeed, she too believes in the power of participatory governance. “But you need to make sure that all the pieces are there to make it work.” ■

Chris Ansell and Alison Gash, “Collaborative Governance in Theory and Practice,” *Journal of Public Administration Research and Theory*, 18, 2008.

DEVELOPMENT

No Profit for Her

► To lift families out of poverty, most microfinance institutions (MFIs) target female borrowers. Yet a new field experiment in Sri Lanka suggests that MFIs are courting the wrong clients: “Poor urban men with high ability stand to benefit a lot from microfinance,” concludes David McKenzie, a senior economist at the World Bank and one of the study’s authors.

After receiving large infusions of cash or equipment, women’s businesses on average did not become more profitable, the researchers found. But after random capital windfalls, men’s businesses did enjoy an average



Woman-owned microenterprises like this one in Nicaragua often don’t profit, perhaps because of their limited scale.

annual profit boost of 60 percent. In addition, men with fewer assets but more cognitive ability netted even greater profits after the “capital shocks.”

The poorest, smartest women also put their influxes of capital to profitable use, says McKenzie. Yet MFIs “aren’t going after the poorest of the poor” or the smartest of the smart—male or female. In-

stead, MFIs seek clients with some physical collateral. That’s because physical collateral predicts loan repayment—MFIs’ main measure of success.

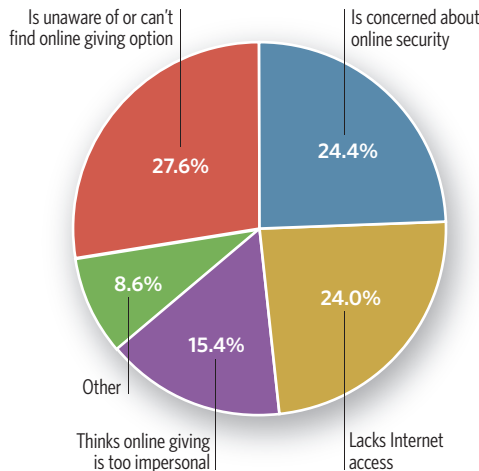
For the experiment, McKenzie and his colleagues randomly assigned 385 firms with less than \$1,000 in capital to receive either a \$100 cash grant, a \$200 cash grant, a \$100 equipment grant, a \$200 equipment grant, or, in the control condition, no grant. Women headed half of the firms. The researchers also assessed participants’ cognitive ability with a number recall test and measured their risk aversion with a lottery game. (Entrepreneurs’ risk aversion was not related to their businesses’ profits.) They then surveyed participants quarterly for the next two years.

The Sri Lankan experiment is the first randomized controlled trial to examine how microloan-like injections of capital affect the profits of small, poor businesses. Related studies in Mexico, Brazil, and Ghana similarly show that women-owned businesses generate smaller returns. But as McKenzie points out: “We’re looking at the aver-

FUNDRAISING

Why No Dimes Online

With online giving, donor pockets and nonprofit coffers are separated by a few easy keystrokes. Yet many philanthropists refrain from sending their money via the ether. A new survey shows why: Some 27 percent of 1,300 donors said they either didn’t know about or could not find their chosen charity’s online donation option. Researchers at the Center on Philanthropy at Indiana University call this problem the “information gap,” and urge nonprofits to communicate clearly about how to give on the Internet. The graphic at right shows respondents’ No. 1 reasons for not using the Web to make donations.



SOURCE: American Express Charitable Gift Survey, fall 2007, prepared by the Center on Philanthropy at Indiana University.

age poor business, not necessarily the average microfinance client. Microfinanciers may choose their clients well” so that borrowers benefit more from loans. As organizations increasingly rely on microfinance to alleviate poverty, however, they will reach more deeply into the general population of microentrepreneurs. This study suggests that many of these small business owners may have trouble repaying their loans—let alone rising above poverty.

In other research, McKenzie is exploring why blasts of capital do not help female-headed businesses as much as they help male-headed ones. His findings suggest that sex differences are not due to ability, access to finance, or risk aversion, but rather to the types of businesses women run. Exclusively female sectors such as lace making and food preparation are often difficult to scale up, he says: “You can’t really find more neighbors to sell food to.” In contrast, many male or mixed-sex enterprises, such as grocery stores, have room to grow.

“Women also don’t invest optimally,” he finds. “They invest in durable equipment rather than working capital, often because they are afraid their husbands will take the money.” ■

Suresh de Mel, David McKenzie, and Christopher Woodruff, “Returns to Capital in Microenterprises: Evidence from a Field Experiment,” *Quarterly Journal of Economics*, 73, 2008.

HUMAN RIGHTS

Not Racing to Help

► From every angle, the photographs of New Orleans in the days after Hurricane Katrina captured black people waiting for help—on overpasses and rooftops, in the Superdome and convention center, at bus termi-



Three days after Hurricane Katrina struck New Orleans, black residents were still stranded atop an apartment building.

nals and airports, everywhere. One year later, evaluations of governments’ responses to Katrina confirmed that help indeed dragged its feet.

Although incompetence and lack of preparation certainly stalled relief, racism was also a likely culprit, suggest the findings of three recent psychology experiments. Across these studies, “white participants were less likely and slower to help black people than white people—particularly in a severe emergency,” says E. Ashby Plant, a professor of psychology at Florida State University and one of the study’s authors. “Black participants didn’t do this,” she adds, noting that black participants responded to both black and white victims with equal frequency and speed.

The studies further showed why white participants tarried in their cross-racial rescues: “White students lack experience with black people and know the negative cultural stereotypes about them,” and so they are apprehensive about interacting, says Plant. To justify their failure to act, white participants then underplayed the severity of the

emergency—just as the Bush administration initially underreported the damage in post-Katrina New Orleans.

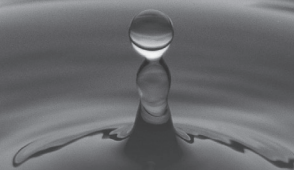
For the studies, Plant and graduate student Jonathan Kunstman crafted a dramatic

scenario. Undergraduate participants believed that they were solving puzzles with a fellow student in a different room, which they observed through a closed-circuit television. In reality, participants were viewing a carefully scripted video of either a black or white actor who, in the course of the experiment, fell out of her or his chair with a painful cry. The actor then proceeded to moan, pant, and curse off camera. In variations of this basic formula, the researchers manipulated the degree of the actor’s presumed injury and the race of the participants.

Although white participants on average helped black participants less and more slowly than they helped white victims, felt

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worse about helping across racial lines, and viewed the plight of black victims as less dire than that of white ones, “most white participants did help,” says Plant. “The question is, how do we make more white people respond, and respond more quickly?” She suggests that, in crises: “You have to make clear the need for help and encourage people to make it their responsibility. Even with Katrina, once it became clear how horrible things were, people started to step up.”

Dispelling the deep-seated antipathies that drive inaction, however, requires a longer-lived intervention: lots of friendly contact across racial lines. “You’re not going to have that negative effect if, when you see a black person, you think, ‘Oh, she’s like my friend Cindy,’” she says. ■

Jonathan Kunstman and E. Ashby Plant, “Racing to Help: Racial Bias in High Emergency Helping Situations,” *Journal of Personality and Social Psychology*, 95, 2008.

RELIGION

Saving Lives, Not Just Souls

► “If you’re in the trenches doing social service and you meet a drug addict who needs sweatpants and a T-shirt before going into detox, you know that religious organizations are really important,” says Steven B. Stritt, a lecturer in the School of Social Work at San Jose State University. Faith-based organizations (FBOs), he says, “fill in the gaps” by offering flexible, immediate aid such as clothing, shelter, and food.

Yet no one seemed to know exactly how much aid FBOs were offering. And so Stritt calculated the dollar value himself, estimating in a recent research article that FBOs deliver some \$50 billion in social services annually.

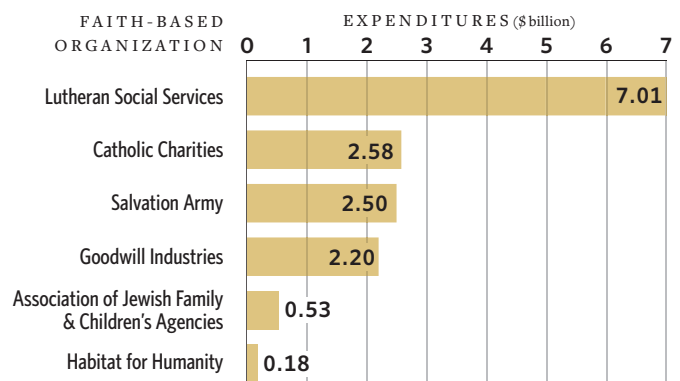
In comparison, the four federal departments that render the same services have a total budget of some \$138.2 billion, he finds.

Unlike several other researchers, Stritt accounted for the social service contributions not only of congregations, but also of national network FBOs such as the Salvation Army, as well as freestanding FBOs such as local interfaith coalitions. He also included the value of volun-

teer labor and in-kind donations, where possible. As a result, his estimate of the size of the social service FBO sector is higher than previous ones, which range from a mere \$322 million to \$37 billion.


“When you compile the information from all the different sources, it adds up to more than you would expect,” he says. ■

Steven B. Stritt, “Estimating the Value of the Social Services Provided by Faith-Based Organizations in the United States,” *Non-profit and Voluntary Sector Quarterly*, 37, 2008.




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VOLUNTEERS

Busy Jobs Send Most Volunteers

▶ Although managers, professionals, and military personnel are in “time-greedy occupations,” they are the people who are most likely to volunteer their time—“particularly the men,” reports Natalie J. Webb, an associate professor of economics at the Naval Postgraduate School, and her coauthor in a new study.

Using survey data from 11,520 U.S. respondents, the researchers initially show that social and community service occupations send the most volunteers to the nonprofit trenches (see graph at right).

But after controlling for factors such as education, income, and wealth, they uncover that managers, professionals, and

military personnel are actually the most likely to donate their time—despite the demands of their day jobs.

The study does not examine how much nature and nurture drive the relationship between jobs and volunteering. On the one hand, Webb says, managerial positions may attract people who are more self-directed and altruistic by nature. But on the other hand, the norms of managerial positions may in-

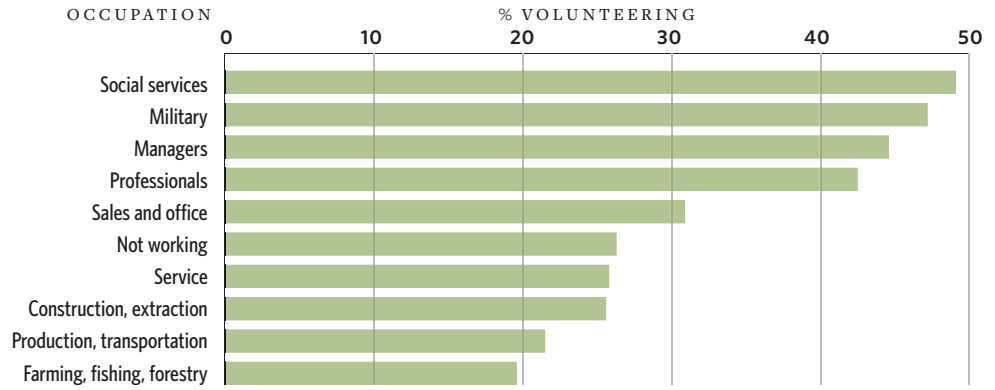
duce people to volunteer more.

Webb’s findings do suggest, however, that nonprofits should broaden their hunts for volunteers. “Don’t assume that a professional is too busy to help,” she says. At the same time, “nonprofits have to ask themselves, ‘Did we invite the construction workers to volunteer?’” Recruiters of free labor, she notes, often overlook people who are unlike them.

Most studies of volunteering

examine how factors such as income, wealth, or ethnicity affect people’s willingness to contribute their time. Yet thinkers as diverse as Adam Smith and Karl Marx have long agreed that the job makes the person, says Webb. Likewise, “the profession you are in influences the likelihood that you will volunteer your time to a charity.” ■

Rikki Abzug and Natalie J. Webb, “Do Occupational Group Members Vary in Volunteering Activity?” *Nonprofit and Voluntary Sector Quarterly*, 37, 4, 2008.



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