

# Where does expert power come from?

*Leaders often must rely on experts in their decision-making process, but they cannot always count on receiving unbiased advice. **Steven Callander, Nicolas Lambert, and Niko Matouschek** write that decision-makers do not have to avoid experts but must understand where their power comes from. They find that expert power comes not from their recommendations, but from the extra information they provide, which changes what decision-makers believe about the other options available.*

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In every aspect of life, we are at the mercy of experts. Whether it is a patient getting advice from a doctor, a CEO monitoring her direct reports, a policymaker receiving advice from a bureaucrat, or even when we are being prodded with recommendations by Netflix, in all aspects of life there are others who hold valuable information that can help us make the important (as well as the unimportant) decisions.

This reality has long been noted among students of bureaucracy and organisations. As the father of sociology, Max Weber, remarked, "Under normal conditions, the power position of a fully developed bureaucracy is always overtowering. The 'political master' finds himself in the position of the 'dilettante' who stands opposite the 'expert'."

So how can we make better decisions? How can a leader harvest the expertise within her organisation to make better decisions? In the information age, a failure to use information efficiently is a death knell for any organisation.

It would be wonderful if we could rely on expert advice to be impartial and fair. The world is complex enough without worrying about the distortions of experts. There is so much unknowable uncertainty about the world. The last thing we need is for the advice we receive on things that are knowable to be distorted, hidden, or twisted by an expert.

Unfortunately, the reality is that we cannot count on receiving unbiased advice. As Weber knew all too well, experts have their own interests and offer advice that serves those interests. Whether this is a CEO painting a rosy picture for her board, or a management consultant deliberately drawing out the length of an engagement, experts are conflicted. Helping us is in their own interests – else we wouldn't listen to, or pay, them – yet that alignment is imperfect. Surely, we cannot be the only ones who have doubted the necessity of some of the expensive car repairs that have been recommended to us by our mechanics over the years.

So, what can be done about it? How can we discipline experts and bend them to serve only our interests? One option is to avoid them altogether, to acquire the necessary information ourselves. In some cases, this is what we do. Policymakers hire their own in-house policy experts to avoid relying too much on bureaucrats. Often, we undertake minor home repairs ourselves, at considerable time, expense, and, for these authors, embarrassment. Yet becoming an expert in many circumstances is infeasible. One is not going to undertake years of medical training to avoid seeing a doctor about a minor medical problem. As Adam Smith taught us centuries ago in a different context, specialisation has its virtues.

Another option is to demand truthfulness. This can be achieved by verification of the information provided and accountability in the future, including through the courts. In our research we have shown that this is not sufficient to avoid the burden of experts. The problem with expert advice is not necessarily the lying—although that does add to the problem! Rather, it is the distortions, the misrepresentations, and the omissions of information that matter. We show that truthful but strategically constructed advice is still a major problem for decision-makers.

We argue that the path forward for a decision-maker is not to avoid experts but to understand where expert power comes from. By so doing, a decision-maker can then be in a position to counter it.

In our research, we use the tools of game theory to build a model to better understand where an expert's power comes from. Our insight is that an expert's power comes not from the expert's recommendation, rather it comes from the additional information that she provides along with it. We show that this additional information matters even when it cannot change what the decision-maker believes about the recommendation he receives. What this additional information does is change what the decision-maker believes about the other options available. Ultimately, expert advice is a matter of persuasion and dissuasion. To persuade a decision-maker to follow her recommendation, the expert must dissuade him from taking any other option. We show in our research that the ability to dissuade is from where the expert's power derives.

The great linguist Roman Jakobson argued that language performs many functions. One is to direct action, to make a recommendation, what he referred to as the conative function. Another function of language – the referential – is to describe the world. Our research shows that the expert's power resides in her ability to offer referential advice.

So, what is the lesson for our CEO? Our answer is to be wary of the extra information. Although it may seem harmless when your self-indulgent division manager talks about what will happen should you *not* rubber stamp his request, it is in this "harmless" information where his true power of persuasion lay. A remedy to this situation is, counterintuitively, to limit an expert's ability to communicate. Don't let him share too much information. We show in our research that, surprisingly, it is by limiting an expert to only provide a recommendation—to convey only conative advice—that a decision-maker is able to obtain all the power. So, relax and encourage the executive summary rather than a voluminous report. You will not only be saving yourself time, but you will be constraining an expert's ability to persuade and putting yourself in a position to make better decisions.

Of course, it is not all defensive for a CEO when it comes to expertise. In some circumstances, perhaps those that matter most, it is the CEO who is the expert. So next time you report to your board of directors, focus your presentation not only on what you recommend, but also on the actions the board might be tempted to adopt instead. It is in this referential advice that your power resides.



#### Notes:

- This blog post is based on "[The Power of Referential Advice](#)," forthcoming in the *Journal of Political Economy* (JPE).
- The post gives the views of its authors, not the position of LSE Business Review or the London School of Economics.
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