Patrick Dunleavy and Bernard Steunenberg

The elusive qualities of leadership: leaders and decision delegates

Working paper

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Patrick Dunleavy
London School of Economics and Political Science
and
Bernard Steunenberg~
Leiden University

Abstract: Organizational leaders in large corporations and government systems must normally operate with a number of 'decision delegates' who are not in any simple sense their agents, but rather have a legitimate scope to decide issues on their own, in default of the leader's involvement. A rational actor spatial model illuminates some of the dilemmas involved in this relationship. In simple situations pairs of delegates will often be able to decide issues between them in ways that can exclude the leader from recognizing that the issue exists or being able to exert influence. Even if the leader is actively involved, how far they are away from their decision delegates' optima and how they are positioned in relation to them will have strong impacts on where final decision outcomes are located in policy space. In multiple actor situations, leaders with positions inside their delegates' Pareto set will be more influential than those outside. To maximize their influence in simple or complex situations leaders should be able to choose delegates so as to 'play themselves in' to influence on subsequent decision-making, but in many situations this may not be feasible.

In general, leaders adopting strongly distinctive positions on issues will have less impact in fixing where outcomes occur when chosen by delegates acting on their own than leaders whose optimum point is closer to where decision delegates' interactions would end up anyway, without their involvement. A form of impossibility effect may operate, making it difficult for a leader to simultaneously fix an outcome precisely, to restrict her delegates' discretionary choices and to shift the outcome towards her own preferences in any distinctive way. This effect fundamentally underpins the elusive qualities of leadership, the difficulty in pinning down an unambiguous causal influence of leaders.

* Address for correspondence: Prof Patrick Dunleavy LSE Public Policy Group, London School of Economics and Political Science, Houghton Street, London WC2A 2AE, England. email: p.dunleavy@lse.ac.uk

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The Elusive Quality of Leadership: Leaders and Decision Delegates

> 'The choosing of ministers is a matter of no little importance for a prince; and their worth depends on the sagacity of the prince himself'.
> *Machiavelli* [1]

> 'The art of leadership is delegation'.
> *Blake's Seven* [2]

> 'Between a President and his "subordinates", no less than others on whom he depends, real power is reciprocal and varies markedly with organization, subject matter, personality and situation'.
> *Richard Neustadt* [3]

The role of leadership in organizations and political systems has been a central focus of debate for decades in modern social science, and perhaps centuries if we count in contributions from pre-modern political thinkers. Yet the voluminous extant literature remains intellectually troubling and devoid of many firm or useable concepts. And the links between political science and leadership studies have not been strong (Peele, 2005; Jones, 1989). Much of the literature on organizational leadership appears to be re-descriptive or rhetorical in a quasi-tautological way, arguing that quality X or characteristic Y defines leadership and is important to the success of organizations or polities – but where the initial definition of quality X or characteristic Y already incorporates some success aspect within it (van Maurik, 2001; Grint, 2000). The few studies that have systematically tried to measure the impacts of leadership have also tended to define it as a residual category, the variance unexplained that is left over when a plausibly comprehensive list of other variables has already been factored into the analysis. But there are obvious dangers here, both in formal models where estimates of leadership as residuum may incorporate many different areas of unknowing, and in informal explanations where premature resort to 'leadership' as some kind of catch-all explanatory category may generate completely unfalsifiable claims.

At best the large majority of the current literature on leadership in business studies and social science seems to be proverbial in character – that is, the scholars involved have condensed a certain wisdom or plausibility within relatively obvious-looking points that can secure widespread or conventional acceptance (for instance, Wexler, 2005).[4] Of course, the appropriate reiteration of proverbs and rhetorical propositions can none the less have some

useful or therapeutic effects in sensitizing analysts to possibilities. But as Simon (1957, pp. 20-44) noted earlier about public administration proverbs, and as Hood and Jackson (1997) demonstrated more systematically about most modern administrative arguments, the problem with proverbs is that many differently slanted ones will apply to the same situation at the same time. And in their generalized (that is, not closely contextualised forms) many proverbs will be (or will appear to be) directly contradictory, seeming to achieve any impact they have primarily through rhetorical grip rather than their reliance on any useful evidence base. 'Providing lists of the traits or skills that leaders should demonstrate is a favourite pursuit of scholars who study leadership' notes Kuohane (2006, p. 709), while seeming to add to the pile. But the absence of any agreed list of 'leadership' attributes and the literature's general insistence on case-specific explanations, both reinforce the impression that leadership has a very vague and elusive influence, if any such influence can be shown to exist at all. Little wonder then that sceptical voices have suggested in different ways that perhaps 'leadership' is nothing more than a kind of magic-realist category that we find it convenient to cite when otherwise at a loss to explain things (Gemmill and Oakley, 1992).

Can we do any better than this? A few standout works already structure a lot of academic discussion of these topics. For example, Graham Allison (1971)'s case study of the Cuba missile crisis of 1962 draws out the importance of three perspectives on leadership - as a factor defining a unitary rational actor account, or bridging across organizational repertoires, or organizing at an individual level a bewildering variety of personnel, ideas and forums.[5] In a different vein William Riker (1986) suggested that creative political leaders are manipulators who primarily achieve impacts by agenda-setting and strategic voting on choice alternatives. He also emphasized 'political heresthetics', especially the introduction of new issue dimensions into otherwise blocked, one-dimensional conflicts.[6] These and other major contributions (such as Burns, 1978) show the importance of well-developed theoretical ideas in achieving some greater degree of grip on the otherwise slippery quality of leadership influences.

Here we seek to firm up part of the discussion of leadership effects, and specifically to illuminate some of the elusive qualities of leaders' influence in organizations and political systems, using some relatively simple spatial analysis (Steunenberg, 2006). Given space limitations, our intent here is primarily theoretical and the discussion is relatively abstract, but all the ideas set out here are capable of immediate application in diverse practical contexts, as we attempt to show in brief applications scattered throughout the analysis. There are inescapable time, information, expertise and other resource constraints on the leader's

involvement in her organization's or government's decision-making, and so we first set up the 'leadership' problem as centring on the leader's relations with her 'decision delegates', that is colleagues with designated capacities for making decisions where the leader has not been directly involved. In the second and third sections we apply this framework to simple situations where a leader manages two decision delegates, calling attention to some inherent limitations of a leader's influence in achieving her preferred outcomes. In the fourth and fifth sections, we extend the analysis to apply to somewhat more complex situations, where a small number of delegates are involved in decision-making, analysing the extent to which leaders can specify the policies they want in situations involving groups of intra-governmental stakeholders. The conclusions draw attention to a set of propositions about leadership with some important parallels to 'impossibility' theses found elsewhere in rational choice.

1. LEADERS AND DECISION DELEGATES

The leadership context is distinguished here from the normal principal-agent situation by the fact that the leader is not empowered morally, institutionally or in practical terms to act as a fully authoritative principal in respect of the people she works most with. In principal-agent situations someone has the uncontested authority (but not necessarily of course the practical ability) to draw up a fully programmed set of behaviours for all other employed personnel to follow, who hence in their organization roles act just as agents concerned principally with implementation (Perrow, 1986, pp. 224-36).[7] This kind of situation we shall treat definitionally as not being a leadership problem, but something else – a management problem if you will. Perhaps a few political parties or corporations operate on some kind of *fuhrerprinzip* all the way up to the top, in which case they are excluded from this analysis. But far more commonly an organizational or political leader is not someone who is able to authoritatively enunciate a comprehensive set of instructions to a set of agents, who are then formally bound to implement these instructions.[8]

Instead a leader is someone who deals with a number (usually only a smallish number) of decision delegates each of whom is empowered to make decisions individually and collectively in the absence of the leader's involvement in the issue. In doing so delegates are *not* acting merely as agents exercising discretion, still less not the effort-minimizing or shirking agents hypothesized in most economic models. Rather they are legitimately using

their best judgement to set the organization's or government's policy, either individually in matters where authority is vested in them to decide, or collectively where the multiple organizations that they head need to concur on a decision. For example, in the UK Cabinet ministers have their own roles and spheres of action heading up discrete departments of state, for much of which they are individually responsible both legally and politically. And inter-departmental Cabinet committees composed of ministers can decide issues in ways that commit their colleagues, including the Prime Minister, to the chosen course of action.[9] In corporations there is more of a culture that all members of a board must be involved in significant decisions, but again individual board members are not agents of the CEO. They have their own distinct responsibilities and a collective board ability to over-rule the CEO in voted decisions. In these and other complex political and organizational contexts, decisions made without the organizational leader's involvement are likely to predominate numerically and in terms of their significance over those where the leader is explicitly involved.

If the leader does decide to intervene on a given issue then she necessarily has some kind of influence on the result, but it is a matter for analysis in any given situation how great this influence is. At a lower limit, L will have the same degree of influence as any other additional stakeholder whose voice or veto is added into a decision-making mix. At an upper limit L may have the capacity to resolve issues unilaterally, forcing through the implementation of her own optimal position, whatever the preferences of or the positions adopted by her decision delegates. In between these limits is the scope for leadership analysed here.

Of course, a leader often has the capacity to significantly influence the behaviour of their decision delegates. A key source of such influence occurs where the leader can pick and later periodically replace her decision delegates. The least constrained leaders are those who have the clear authority to choose their own decision delegates, as the US President does with Cabinet members and other influential appointments by virtue of her direct election, picking from an open field of congenial talent. A more typical, partly-constrained leader is the UK Prime Minister who is appointed to form a government by the head of state (the Queen) by virtue of leading the largest party in the House of Commons, and must then select her cabinet from amongst the senior members of that Parliamentary party. The PM picks decision delegates within a more constrained field than a US President. She must normally achieve a balance of factional representation in cabinet and accord suitable positions to some uncongenial personnel whose prominence or political muscle makes their selection in some cabinet role unavoidable (Mackintosh, 1968). Even when so constrained, the PM will usually

retain an ability to decide the precise role that any given individual plays, a key source of influence as we show below.

At the other extreme are those highly constrained organizational or political leaders whose decision delegates are picked by other actors, so that they have to work closely with people whom they may not have selected or preferred. In European political systems, for instance, because parties must often sign a binding coalition agreement, the premier in such a government is commonly forced to accept specific ministers nominated by her coalition partners, without any possibility of replacing them or shifting them to different roles, unless their own party (and party leader) should agree. In corporations it is also common for CEOs to have to work with decision delegates whom they are required to accept by institutional or dominant shareholders. At other times particular decision delegates' involvement in key roles (such as Chief Financial Officer or Chief Operating Officer) are *de facto* required by the scrutiny of financial analysts, whose commentaries commonly sway market reactions (Zorn and Dobbin, 2003). In UK corporations the Chairman and Managing Director roles are quite often allocated to people who have to work together with a degree of reluctance. Not having moveable decision delegates is a significant constraint on leaders' influence, for reasons we set our below.

Once a leader has appointed decision delegates they must remain in office for a certain minimum period of time and the selection of delegates cannot be changed simply at the leader's whim or without substantial costs. Delegates may often expect to serve a fixed term or contract period without removal, unless some major mistake or scandal has occurred. Even without formal terms of office, leaders' behaviour towards delegates is commonly constrained by restrictive political or organizational feasibility limits. Any departure from accepted norms for delegates' tenure of positions risks being interpreted by outside observers as a sign of political or organizational weakness. For instance, a British PM must normally undertake cabinet reshuffles only once a year (in either July or early autumn); and these changes can normally only involve a small proportion of ministers (around one sixth) without the government being perceived to be 'in crisis' (Mackintosh, 1968). Similarly, in corporations even if a CEO can sometimes force out a troublesome board member or decision delegate the results may damage the share price as well as imposing financial costs for breach of contract and perhaps occasioning reputational damage that restricts the firm's ability to secure suitable replacement talent. The more that delegates know that they can impose costs on a leader the more they may also be able to constrain the leader's behaviour through the threat of individual resignation or very occasionally joint resignation. In practice, such

situations seem empirically to arise in only a fairly small sub-set of the cases where leaders and decision delegates fall out (Berlinksi et al, 2005; Dowding and Dewan, 2005).

More fundamentally, delegates are informationally and organizationally advantaged relative to leaders by having the first chance to recognize, analyse and resolve issues. In many cases individual delegate will resolve many smaller decisions unilaterally, acting on powers that are institutionally delegated to them. Larger issues will often entail delegates interacting with each other, for instance a departmental minister seeking budgetary approval from a finance ministry or legislative time from a cabinet committee. Usually only a small proportion of issues involving delegates interactions will or can attract the leader's involvement. The leader (and the wider institutional set-up of a corporation or system of government) have to manage twin risks:

A. Delegates may bid too many decisions that they could resolve on their own up to the leader (or higher tiers of the decision system), thereby minimizing their personal responsibility, especially for difficult decisions - but in the process swamping the leader and clogging up the (or higher tiers of the decision system.
B. Delegates may resolve salient issues in interactions with other delegates in ways that do not conform to the leader's preferences (as well as making smaller decisions on their own). In spatial terms, the leader will want to recognize and pull significant decisions being made in the organization as close to her preference on that issue as possible, whereas delegates may have many rational grounds for settling issues at points closer to their own preferences.

The dialectic of these two risks necessarily runs through every large organization or executive governance system. Any leader must regulate risk A by imposing generally considerable transaction costs for delegates bothering her with issues that they could decide themselves. At any one point in time these costs will be regulated by a system of organizational or institutional rules specifying what issues can progress up the hierarchical decision chain. Specific sanctions for bothering the leader will always be underpinned by wider organizational systems for rationing out scarce resources, especially budgets and legislative time in executive governments, and typically budgets and scarce managerial talent in large corporations. But the higher the transactions costs are set the more likely it will be (ceteris paribus) that risk B will increase. In practical terms, any leader will have to operate both a normally high system of transaction costs to keep down the burdens acting on them to manageable levels, and at the same time to operate information systems for recognizing priority issues and pulling them in *selectively* so as to permit her involvement. To a large

extent the leader's personality or 'leadership style' will regulate the detailed operation of this system.

Thus leader-delegate interactions in any substantial government system or large organization will be shaped by five key variables, the first two of which we treat as fixed here, while for the remaining three we analyse the effects of variations:

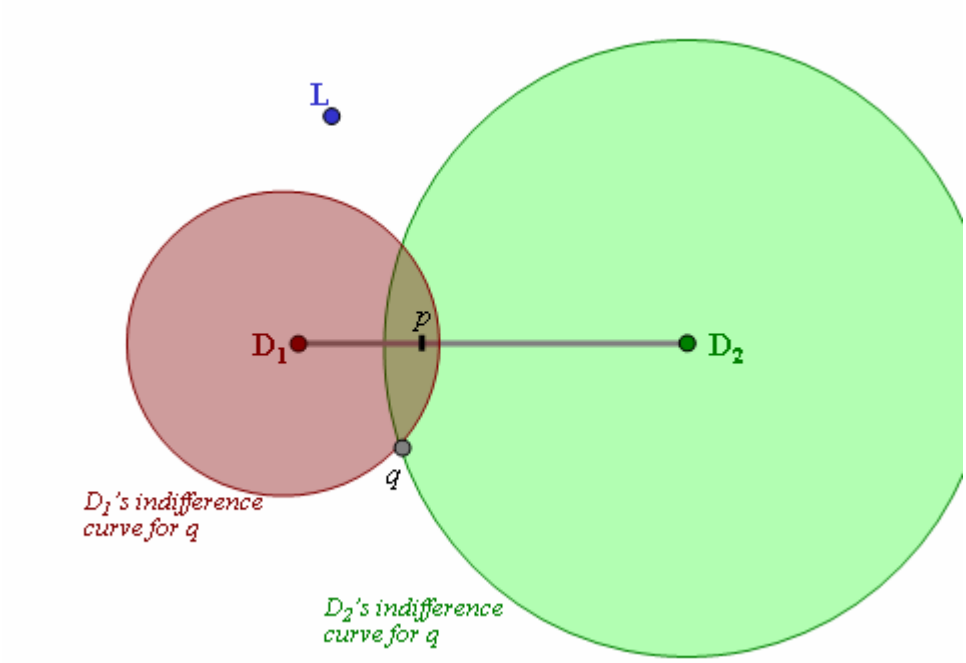
- *The number of decision areas that a leader is involved in*. The more numerous these are the more constrained a leader must be in the time, attention and other resources that she can devote to any one decision or issue. We assume here that this variable is fixed for the duration of the decisions that we analyse.
- *The transactions costs that leaders impose on delegates for bothering them*, and the more general institutional rules governing which issues can progress up the decision tree of the organization or government for resolution at higher tiers. We again assume that these elements are fixed for the duration of the decisions we analyse here.
- *The number of delegates that a leader must deal with in each decision area*, which can be 1, or 2, or multiple actors. Bilaterals between leaders and a single decision delegate will occur if the leader intervenes on executive action matters wholly within that delegate's competences. But in governments virtually all important issues fall into the latter two categories, on which we focus here. Most of the principal involvements of leaders typically lie in influencing the resolution of inter-departmental conflicts.
- *The power of the leader*. Again we simplify here greatly for analytic purposes. Where leaders are dealing only with two decision delegates we assume that *a strong leader* is one who if she becomes involved can pull the decision to conform completely with her own optimum preference. By contrast, a *weak leader* must secure the agreement of a pair of delegates to a solution she favours. Where leaders are dealing with multiple (three or more) decision delegates we simplify by assuming that all delegates are equally influential, denominated as a weight of 1. We then examine what happens if the leader has the same influence as each of her delegates or if instead she has 2, 3 or 4 times this power.
- *The policy preferences of the leader in relation to her delegates*, especially how far away the leader is from each delegate in specific relation to the existing policy status quo. This is the central variable on which we focus analysis below.

3. INTERACTIONS BETWEEN A STRONG LEADER AND TWO DELEGATES

We begin by considering the interactions between leaders and a pair of delegates, beginning with a strong leader. Annex A sets out the essential propositions for the next two sections in a formal and comprehensive way, and so we concentrate here only on showing some key propositions more diagrammatically and accessibly. A decision making process starts with the delegates, who (within a fixed framework of transaction costs) must consider whether to settle the issue between themselves or to involve the leader. Figure 1 presents spatially the preferences of two decision delegates (D_1 and D_2) and a leader (at L).[10] Each actor has an optimum point shown as a blob in a two-dimensional plane, the surface of the paper here. Each actor tries to achieve an outcome that is as close as possible to their own optimum point, so that distances express utility losses.

In the first stage of decision-making the delegates have the opportunity to resolve the issue between them and so move the outcome away from the status quo at q. At the same time, they also have an idea of what the leaders' position is on the issue. Here the decision delegates know enough to be confident that moving from q towards their own preferences at D_1 and D_2 will also shift policy towards L also. Yet the two delegates' preferences diverge from each other and from the leader's optimum. Because the leader is *strong* the delegates also know that if she becomes involved the outcome will move all the way to L, creating an incentive for them to reach agreement amongst themselves on the best attainable improvement on q. In this sense we say that the situation is *status quo focused* for the delegates. If the delegates bargain rationally between themselves then the set of points that are jointly welfare-maximizing for them, the best attainable set of points for them to consider jointly, is given by a straight line between their ideal positions, the contract curve. These points are *sustainable* outcomes, since the moment that the delegates can agree on one of them, no other point exists which is jointly preferred.

Figure 1: A strong leader (at L) and two decision delegates (at D_1 and D_2) – the two delegates settle the issue without the leader (at L) being involved, moving from *q* to *p*



To identify the relevant part of the contract line, for each delegate we draw a circular indifference curve, showing all the points that are the same distance from the actor's optimum point as *q* is. The shaded overlap area between the two circles is called the winset of *q* (denoted as *W*(*q*)) because by moving to any point in this area both D_1 and D_2 become better off in utility terms. The optimal set of points for them to settle at are those given where the winset intersects the contract curve from D_1 to D_2 (which equals the set of sustainable policies). The precise point within this range where they will agree is given by the balance of bargaining power between the two delegates – the resources they command, their skill in articulating their position, the strength of their case and feasibility of their solutions, and their ability to accept delay and outwait their opponent. For our purposes here the precise way in which they fix on a point within the intersection of the winset and the set of sustainable policies is not relevant - let's just assume that point *p* is the solution point. The salient implication here is that the position of *L* is so much further from either delegate as to make no difference to the outcome. Precisely because a strong leader can unilaterally resolve the issue, the two delegates agree a mutually beneficial policy change to ward off any leader involvement or knowledge of the issue.

As a strong leader's position gets closer to the delegates they can begin to make more of a change to the outcomes of D_1's and D_2's interactions, but not necessarily in an easily controllable way. In Figure 2 a distant leader at L_1 has no influence on the delegates who (as in the Figure above) resolve their interactions at some point on the two shaded parts of the contract curve labelled as *h* and *j*. A leader at L_2 is more proximate to D_2 than the status quo at *q* and so has an impact in changing the set of sustainable solutions. D_2's indifference curve through L_2 defines a very much smaller area of the contract curve *j* as points where the two delegates can jointly maximize their welfare in moving from *q*. The previous segment *h* is no longer viable because D_2 can get a better outcome from her point of view by calling in the leader to resolve the issue at L_2. In this sense this situation is now *leader-focused* for the delegates, with j being the only joint welfare-maximizing set of possibilities for the delegates.

An additional possibility is that D_2 may be able to leverage the leader's position at L_2, which is very distant from D_1 but closer to D_2, so as to force D_1 to concede solutions in the contract line segment *k*. A good deal may depend on the detailed decision context here – for example, D_2's influence will be greater if *q* has to be changed for external reasons, or the less likely it becomes that *q* can be sustained, or the longer that the delegates cannot agree, which risks the leader finding out about the issue and pulling it in for resolution at L_2 - an outcome much worse for D_1 than for D_2. In principle a rational actor at D_1 will be better off accepting an outcome at D_2 - that is, conceding everything that the other delegate wants – rather than risk an outcome at L_2.

Figure 3 shows what happens if a strong leader's position is more centrist, at L_3, still the same distance from D_2 as L_2 but now much closer to D_1 also. Here the focus down on joint welfare maximizing outcomes for both delegates in the line segment j is the same as in Figure 2. But now D_2 has a lesser bargaining capability to pull the outcomes closer to his optimum point, restricted to the line segment *n* – beyond this point D_1 is now better off if the outcome flips to L_3 with the leader's involvement than conceding more to D_2. Taken together Figures 2 and 3 show the considerable impact of a strong leader in a leader-focused (rather than a status quo-focused) situation in pulling outcomes towards a broad area of the contract curve between delegates closer to the leader's position. But the delegates still have strong incentives to settle the issue between themselves rather than let it be bid up to or resolved by a strong leader.

Figure 2: A strong leader at L_2 shifts the range of the delegates' sustainable solutions (from h + j to j + perhaps k)

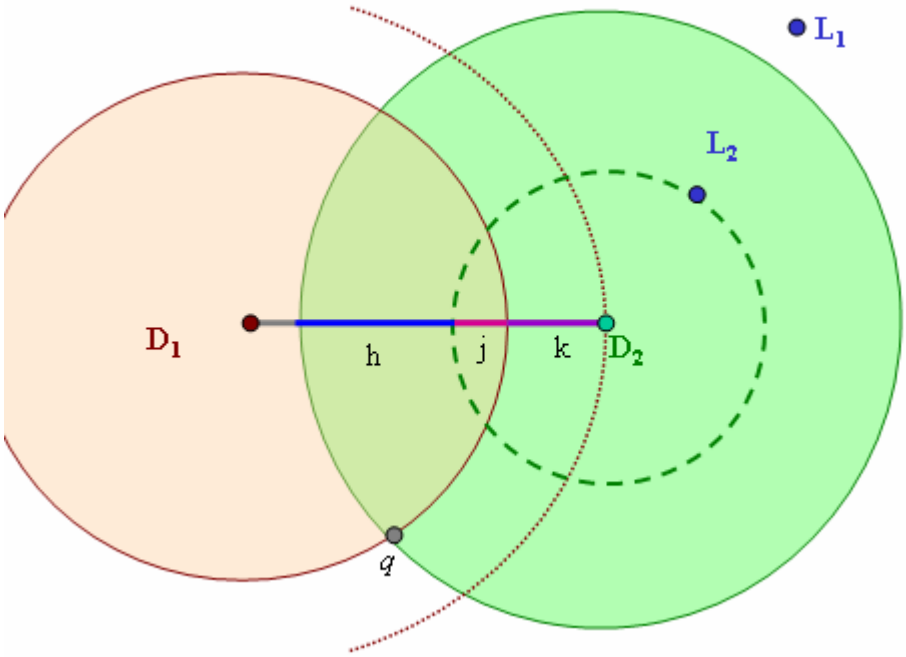


Figure 3: A strong A strong leader at L_3 shifts the range of the delegates' sustainable solutions (from h + j to j + perhaps n)

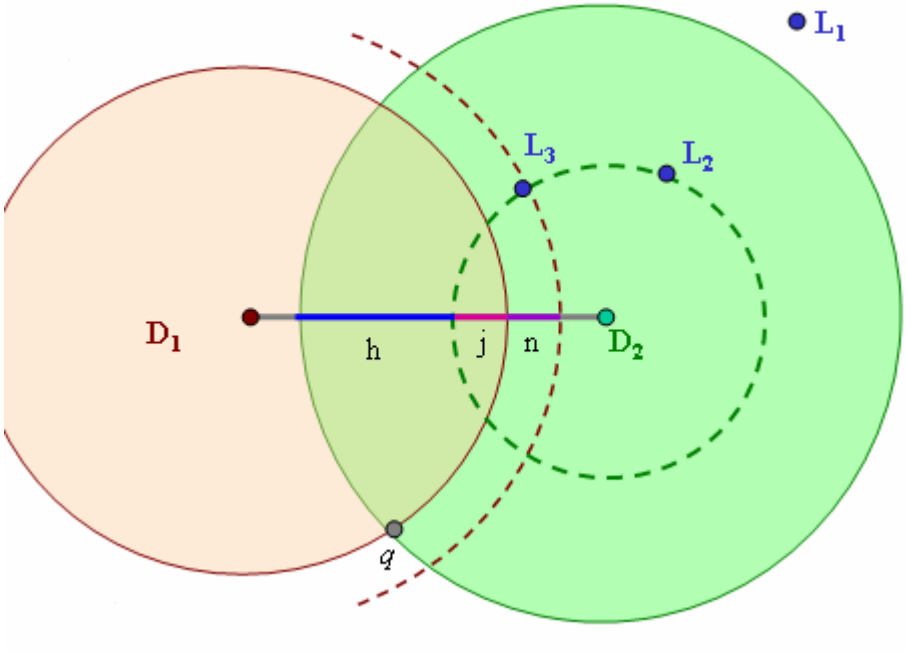
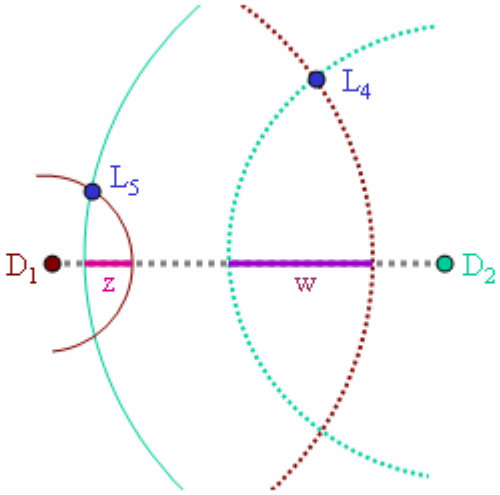


Figure 4 shows what happens when a strong leader's ideal point is relatively close to both delegates and falls within the winset of the status quo at *q* (not shown explicitly in this diagram in order to keep things simple). The detailed positioning of the leader's optimum point will have clear impacts in changing the length and positioning of the segment of the contract curve where the delegates are better off agreeing a resolution of the issue amongst themselves, rather than risking the leader becoming involved. Thus with the leader at L_4 the delegates' sustainable outcomes are at *w* and with L_5 the relevant range is the much shorter segment *z*. The closer that a strong leader's position is to the contract curve between the delegates (the range of outcomes that would have happened anyway) the more specifically they will fix the range where outcomes occur.

Standing back from the close analysis it is important to draw out the limitations on a leader's influence imposed by delegates' ability to resolve issues and problems at early stages, before the leader is aware of decisions. Delegates can also present the leader with a *fait accompli* that can only be unpicked at considerable cost (making it not worthwhile for the leader to seek to review or reverse or veto the decision). In Figure 4 even with a leader as close as L_5 rational delegates should pick outcomes that lie within the winset of the status quo on their contract curve, rather than let the leader's intervention pull the outcome to a diverging location. And delegates also control the implementation phase also, and once the spotlight of the leader's attention has moved off a decision they may be able to gradually 'drift' it back to a configuration they prefer.

If a strong leader cannot be omniscient or omni-involved in issues, then someone whose optimum point is a long way away from those of decision delegates will have little influence in moving the outcome off the contract line between $D_1$and D_2. If the leader is more skewed towards one delegate in the dimension of the D_1D_2 line, then their intervention may simply push the outcome from being a compromise one to the optimum point of the favoured delegate. The losing delegate will concede defeat at the first stage to avoid any worse outcome if the leader gets to actively shape the outcome. If the leader is not extreme in this sense, but is in a position off the contract line that is less good for both delegates than the threat of a strong leader's intervention will open up a space within which D_1 and D_2 make a discretionary choice of outcome, still on their contract line. The decision delegates will retain more discretionary scope on where exactly to resolve their differences the further off their contract line the leader is – that is the more distinctive the leader's views are. By contrast, the

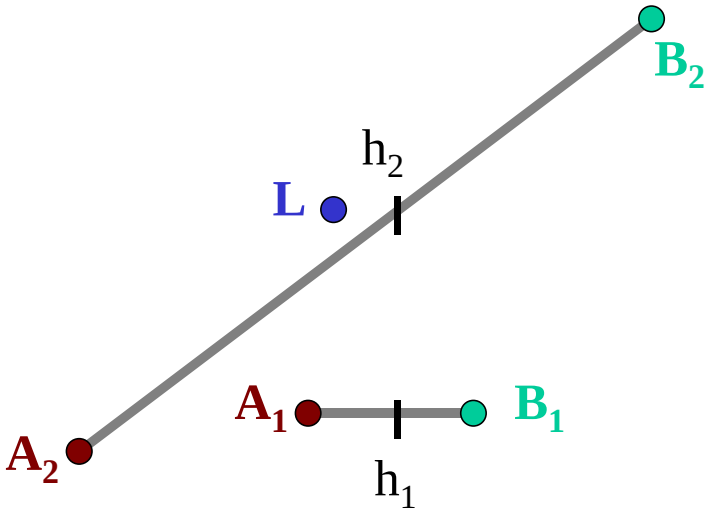
Figure 4: The closer a strong leader's optimum point is to the delegates' contract curve, the more narrowly she can fix the range of outcomes within which the delegates can agree amongst themselves



leader can only precisely specify where the outcome will result if her optimum point is from the outset very near to the contract line between delegates. In other words, the leader has a precise impact on the eventual outcome only when her view is not very distinctive, but closer to what the delegates would decide on their own anyway.

These implications highlight the importance of a leader's ability to choose who will act as decision delegates, where this choice is not heavily constrained by external actors. A rational leader who knows her own optimum point should sift through her available choices of decision delegates for a given policy area and pick D_1 and D_2 so as to 'play herself in' to influence. This may sometimes have counter-intuitive implications. One might expect that a leader is always best served by picking as decision delegates those actors who are closest to her own optimum point. Yet in fact it may be better to pick as delegates people who are further away from the leader's optimum point, but whose interactions are such that their contract line will run closer to *L* and their likely compromise point in making a joint decision without the leader will also be closer to *L*. Thus Figure 5 shows that if the leader picks A_1 and

Figure 5: Second stage - how a leader can pick decision delegates so as to 'play herself in' to influencing key policy outcomes



B_1 as her delegates the outcome can be predicted as point h_1 on their contract line. By contrast if the leader picks A_2 and B_2 as her delegates, whose optimum points are much further away from L, the result of their interactions and bargaining will nonetheless be an outcome at h_2, which is much closer to L. Of course, there can be major problems for the leader here in fine-tuning such choices. She must be able to accurately identify or predict where alternative decision delegates' optima will be in two-dimensional space in order to extrapolate how they will reach bargained compromises. Nonetheless in a simple situation like this a rational leader should select pairs of delegates who as far as possible will create a proximate contract line on a key policy issue, rather than necessarily just selecting as delegates people with the most proximate optima to her own.[11]

4. A WEAK LEADER INTERACTING WITH TWO DELEGATES

In many situations an organizational or government leader who becomes aware of an issue involving interactions between just two delegates may not be able to automatically or directly pull in the issue and resolve it at her personal optimum point, as the previous section assumed. Instead the leader's ability to decide the issue may be constrained by information

deficiencies, for instance, meaning that she must rely on the delegates to remedy problems in working out what possible viable solutions exist. Alternatively it may not be feasible in organizational or implementation terms for the leader to simply impose an outcome and have any chance of it sticking or being carried out on the ground. To cope with these situations we define a weak leader as one who needs to secure both decision delegates' agreement with the shift from the status quo – that is, the leader cannot over-ride a veto on the shift from q imposed by either delegate. The dominant conventional intuition here is that a weak leader will have less influence than a strong leader in shaping where outcomes take place. But once we recognize that delegates will seek to anticipate the consequences of the leader's intervention, and factor them into their decision-making about whether to call in the leader to an issue or resolve it on their own, is this prevalent assumption still correct?

Figure 6 shows what happens in a particular configuration with the weak leader's optimum point at L_1, further from the delegates than *q*. Initially the two delegates here will consider a large part of the contract curve between them (segments *k* and *j*) as preferable to an outcome where the leader became involved and might implement a solution at *L*. However, since a weak leader cannot hope to sustain *L* she must pick the closest veto proof point to her optimum if she is to maximize her utility – which is in fact *y*, the closest point in the two delegates' winset of the status quo. Here D_1 is indifferent between *y* and *q* and so would not oppose the move, while for D_2 an outcome at *y* is clearly preferable – D_2's indifference curve through *y* is inside his indifference curve running through *q*. So if the leader does get to hear about the issue and successfully recognizes an opportunity to intervene then *y* will be a veto proof outcome, which the leader and D_2 support and D_1 does not oppose.

However, assuming that the delegates can accurately anticipate this outcome, they can still do better by reaching an agreement amongst themselves so as to keep the leader uninvolved. The two delegate's indifference curves through *y* define segment *j* on their contract curve where they can jointly improve their welfare by settling the issue between them and forestalling any leader role. Note that (as Figure 6 is drawn) this change reduces the delegates' options, knocking out segment *k*, which would have been open for them to agree on if they were dealing with a strong leader. In other words, counter-intuitively, in at least this case a weak leader has more and not less impact in restricting their delegates' discretion to fix outcomes.

Figure 6: How a weak leader can restrict the range of outcomes when the delegates have veto power

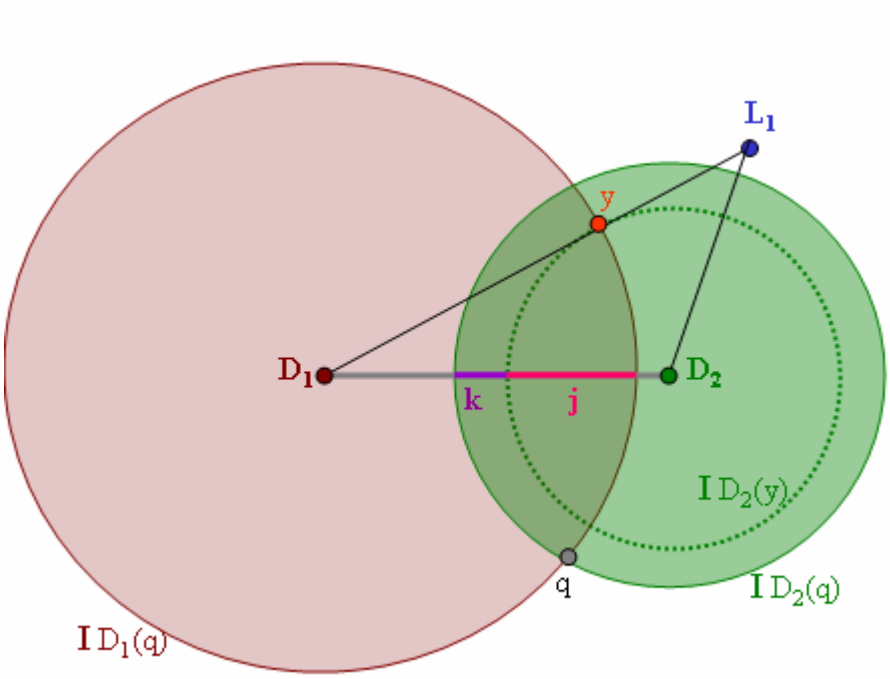


Figure 7: A weak leader closer to one delegate than the status quo can additionally restrict their delegates' range of outcomes

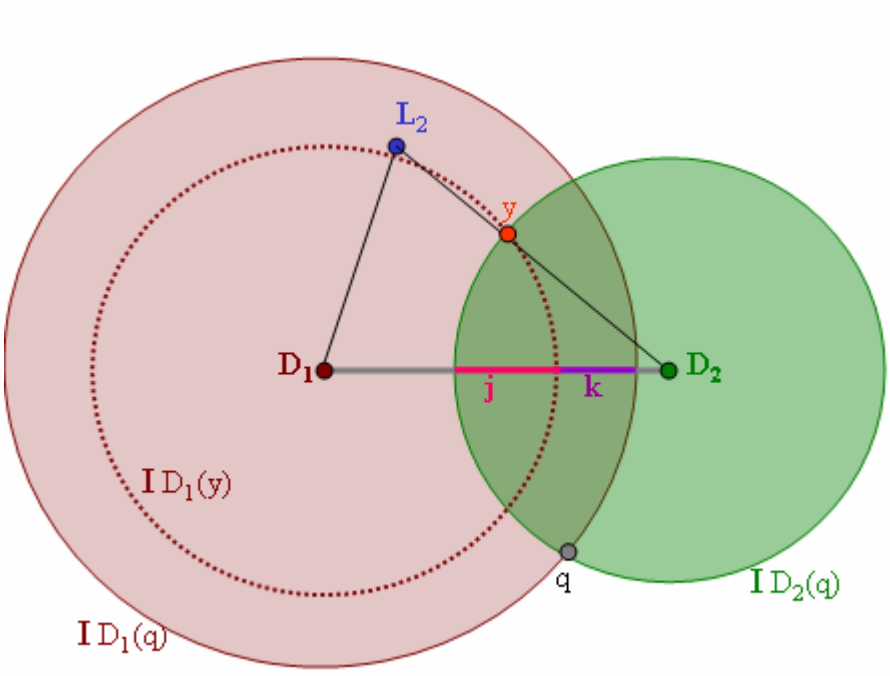


Figure 7 shows that the same logic works in an identical fashion if a weak leader's optimum point is closer to one delegate than the status quo, but still outside the winset of *q*. Again a weak leader would achieve greater focusing on segment j of the contract curve, knocking out points (segment k) that would have been open for delegates to agree on faced by the threat of a strong leader. Only if a weak leader has an optimum point inside the winset of the status quo, not shown here, will her impact on outcomes be the same as that of a strong leader (see Figure 4 above).

5. A 'MODERATE' LEADER INTERACTS WITH MULTIPLE DECISION DELEGATES, FROM INSIDE THE DELEGATES' PARETO SET

The more delegates that a leader must deal with, the more constrained she will normally be in her ability to move outcomes so as to reflect her preferences. In multi-delegate situations there will not be the same divergence between the stages of decision-making differentiated above. The leader's first chances of influence (if it is available to her) will lie in initially selecting who is to occupy each delegate's role. But multiple delegates typically get involved in issues because they are complex - for instance, requiring the heads of different ministries in a government or different divisions or departments within a corporation to agree a concerted position. It will often be difficult for leaders to accurately forecast how such complex issues will occur, how they will be structured and evolve, or how delegates representing different component bodies may adopt or change positions. At best a leader's choices are likely to be based on an inexact science for well-foreseen issues, while the positions that delegates adopt on unforeseen (or crisis) issues may be hard to predict.

The leader's second chance at influence lies in getting formally involved in the issue, using her leverage to try and pull the outcome towards her own optimum. Because complex issues tend to be important ones and involve cross-governmental or cross-organizational considerations, it is difficult or impossible for delegates to exclude the leader from involvement. So if a leader needs to interact with multiple decision delegates we assume she will be aware of the issue – for instance, because one delegate or another will have incentives to bid the issue up. There are two different situations, where

- (i) the leader's optimum point lies within the Pareto set for the delegates involved in the decision, either because the leader has a relatively 'moderate' optimum

point or the leader has successfully 'bid themselves' into a good position to influence her delegates' interactions by following the logic of Figure 5 above; or

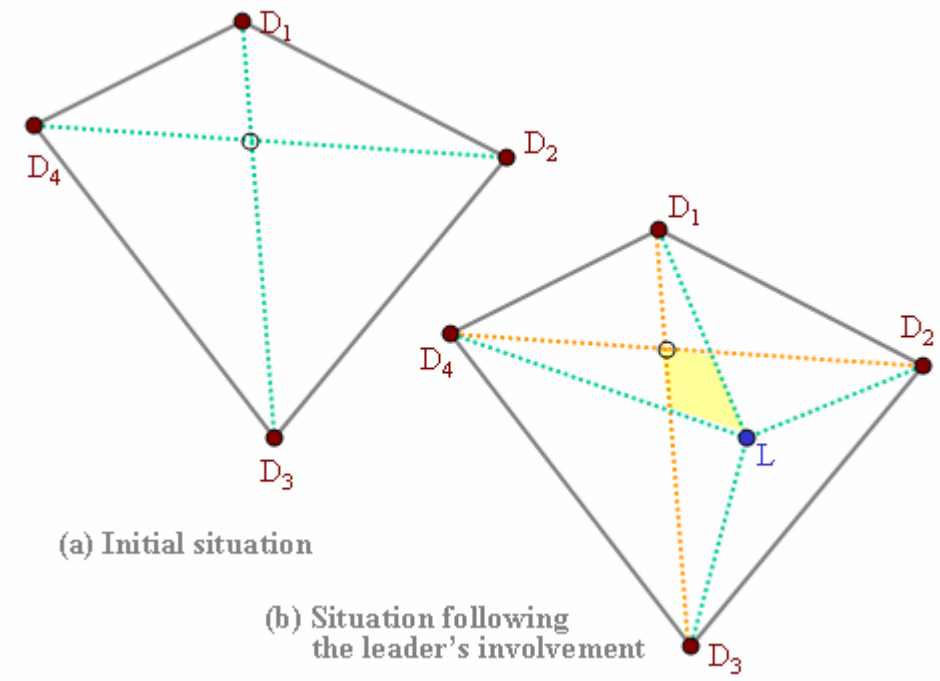
- (ii) the leader's involvement enlarges the delegate's Pareto set, meaning that her optimum position is 'extreme' in at least one dimension relative to the more convergent or differently located positions of her decision delegates.

In each case we start by assuming that the leader is maximally weak in the sense of counting equally as a decision-maker along with each of her delegates (assigning each a weight of 1). We then examine what difference is made to outcomes when the leader is more influential, when her weight is greater than 1.

Suppose a leader must deal with four decision delegates, each of whom has a distinct position shown by D_1 to D_4 in Figure 8a, which shows the Pareto set before the leader's involvement. Within the Pareto set we draw 'majority lines' where the actors on the line and to either side of it or another constitute a majority of those involved.[1] The Figure shows that with four actors only two majority lines are feasible (showing all possible coalitions of three actors). These lines intersect at a centrist position shown, which is actually 'the core' - defined as a point that if it is included within the optimum points of a coalition of actors is unbeatable by another coalition excluding it. Here there is no actor at the core point, making it hypothetical only, and yet it is likely that any three-actor coalition that is to survive challenge from other possible coalitions will tend towards the hypothetical core position.

Figure 8b shows that when a leader becomes involved whose optimum point is inside the previous Pareto set for the four delegates, they are bound to have an important influence upon the result. Even with the leader initially weighted at 1 along with each of the delegates, the internal L position becomes the focus of four new three-vote majority lines. It will often be easier for delegates to deal with an internally placed leader than with delegates on the other side of her. For instance, if D_2 and D_3 ally then they can deal more easily with *L* than with D_1 or D_4 who are further away. Since the same thing is true of any pair of delegates, *L* is in a commanding position. There are still possibilities for the delegates to form a majority excluding the leader – for instance if D_1, D_2 and D_4 picked a position somewhere along the line from D_4 to D_2. But it would be relatively hard to sustain such a coalition against the kinds of possible coalitions that a leader at *L* can offer in competition. Any coalition of three excluding *L* will entail adopting a position that the excluded losers (in this case *L* and one delegate) can relatively easily undermine with an offer of more gains to one of the winning

Figure 8: A leader whose optimum point is inside the Pareto set of four decision delegates

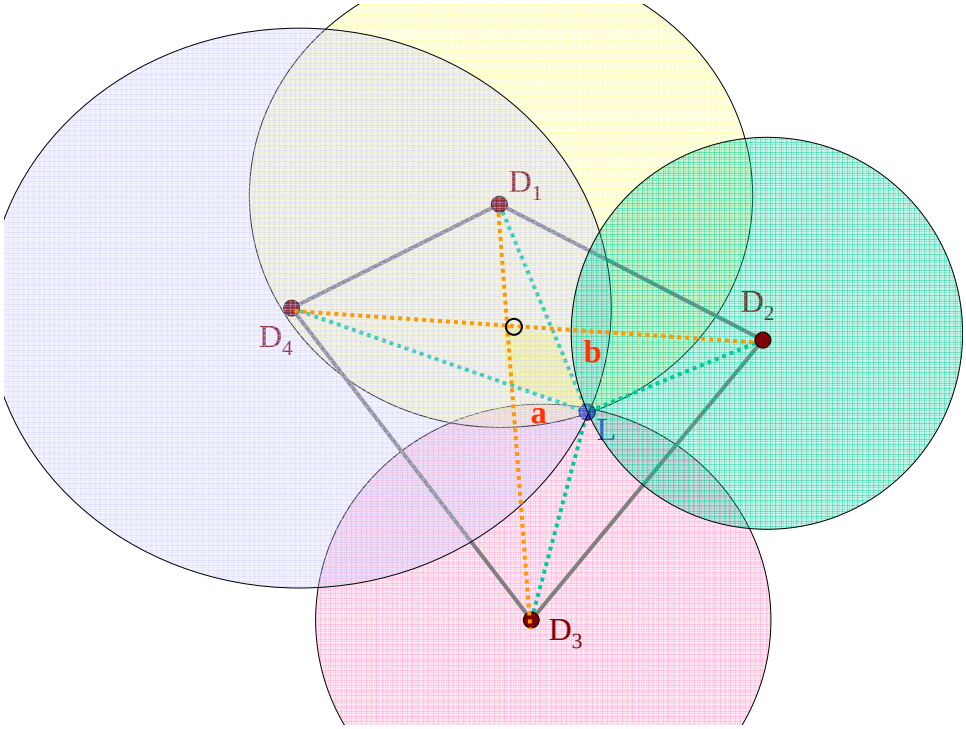


coalition. And because *L* is within the delegates' Pareto set the leader should be able to trade-off different offers from different pairs of delegates against each other so as to pull the outcome close to her optimum point.

The intersection of all the majority lines in Figure 9b defines an inner, centrist area inside the Pareto set called 'the heart', which is shown shaded yellow. There are good reasons to believe that the process of bargaining between actors will lead to outcomes that predominantly lie within or on the boundaries of the heart. The process of competitive bids will operate at each boundary of the heart area shown so as to pull back outcomes from going right out to the boundary of the Pareto set.

Of course, this does not mean that the leader's position at *L* is unbeatable, so long as she is weighted no more than 1 and a simple majority of actors is all that is needed to secure a victory. Figure 9 shows that there are outcomes preferred by majorities of three delegates to an outcome at *L* itself – there are two different three-vote 'winsets' of *L*, shown shaded darker and labelled as *a* or *b*. So L could be defeated in these narrow areas either by D_1, D_4 and D_2 acting together, or by D_1, D_4 and D_3 in concert.

Figure 9: Three-vote majority winsets for the leader's position in Figure 9b



However, note that there are no outcomes that all four delegates prefer to *L* here. So if the leader's weight in influencing the decision-making process is greater than that of individual delegates, then there is no winset for *L* at all. A leader with a weight of two delegate votes and a position inside the Pareto set can always summon support from at least one delegate to block any coalition against her and prevent it winning – since she would command 3 out of 6 votes. But if the leader's weight is two she still needs to engage two delegates' active support in order to command the majority of weighted votes (4 out of 6), falling to one delegate if the leader's weight increases to 3 or 4. Only if the leader outweighs all the delegates combined can she be completely certain of securing an outcome at L itself.

Nonetheless a leader whose optimum point is internal to the Pareto set of her delegates is in an advantageous position. She will automatically have an influential place in the construction of majority coalitions and considerable ability to trade off different coalitions against each other – much as would any other internally placed actor. However, when a

rational leader can pick her own decision delegates the likelihood is particularly high that she will be the only internal actor and that the 'heart' zone will lie adjacent to her position.

5. AN 'EXTREME' LEADER INTERACTS WITH MULTIPLE DECISION DELEGATES, FROM OUTSIDE THE DELEGATES' PARETO SET

We turn next to a situation where the leader's optimum point is outside the Pareto set for her delegates. Hence when the leader becomes involved she will necessarily extend the area of the Pareto set, as shown in Figure 10 below, where *L* lies outside the previous boundary between D_3 and D_4. How successful can the leader be in moving decision outcomes towards her point of view, given that she has only the same power as the other delegates (a weight of 1)? Figure 10 shows a situation where the status quo is at q, remote from the leader's position but closer to the delegates' original Pareto set. All actors might be able to agree on a single move from *q* to *h*, on the Pareto set boundary between D_1 and D_2, but thereafter their preferences will diverge. The leader needs a majority of weights to move the outcome closer to L, and so needs to attract the support of two delegates – the closest two being D_3 and D_4. As the Figure is drawn a large node of the *L*, D_3 and D_4 winset for *h* actually encompasses the leader's optimum point. But within this area a comparison of three illustrative points, *z* (the former core, and two points closer to *L* (*y* and *u*) shows divergent preferences. For the leader $u > y > z$ while for D_3 and D_4 $y > u > z$. For D_3 and D_4 a point on or close to the straight line between them may be jointly welfare maximizing, and they could count on support from $D1$and D2 in resisting a move beyond this line to *u* or *L*. There are other nodes of the winset for *h* in Figure 10, notably for *L* with D_4 and D_1, and for *L* with D_2 and D_3. But neither of these is as favourable for the leader. If the decision rule requires more than a simple majority of actors, Figure 10 shows that there are two small winsets for *h* where four actors prefer the outcome, and one of these areas might have to be adopted by a very weak leader who is constrained to achieve consensus outcomes. Again these areas would limit the leader from attaining any outcome close to her optimum in a single decision round.

Figure 10: Majority winsets where the leader extends the previous Pareto set of her delegates

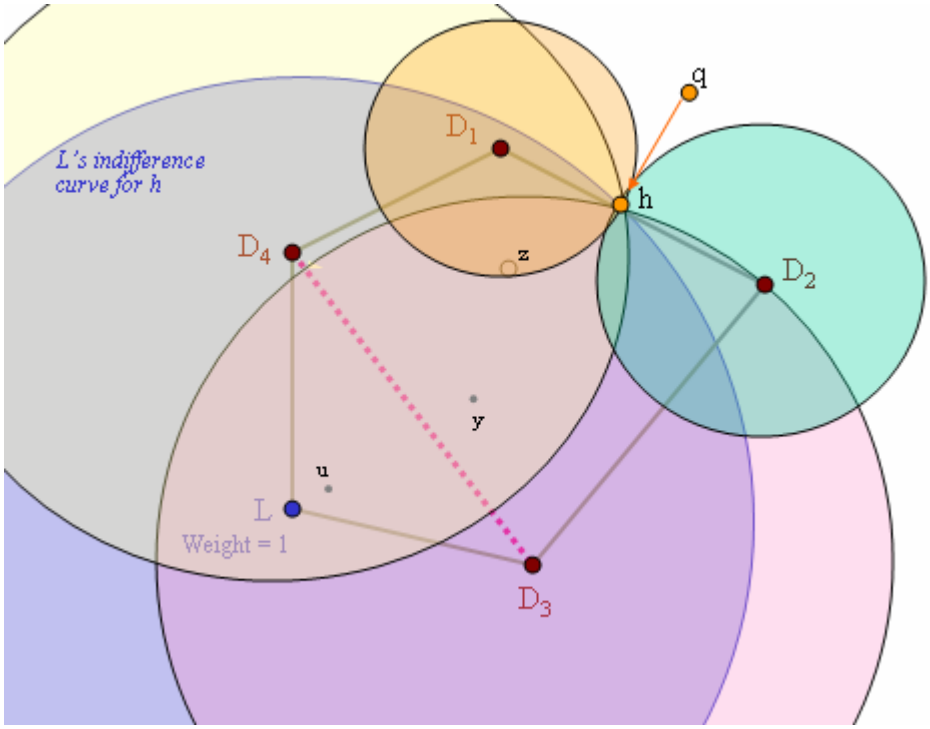
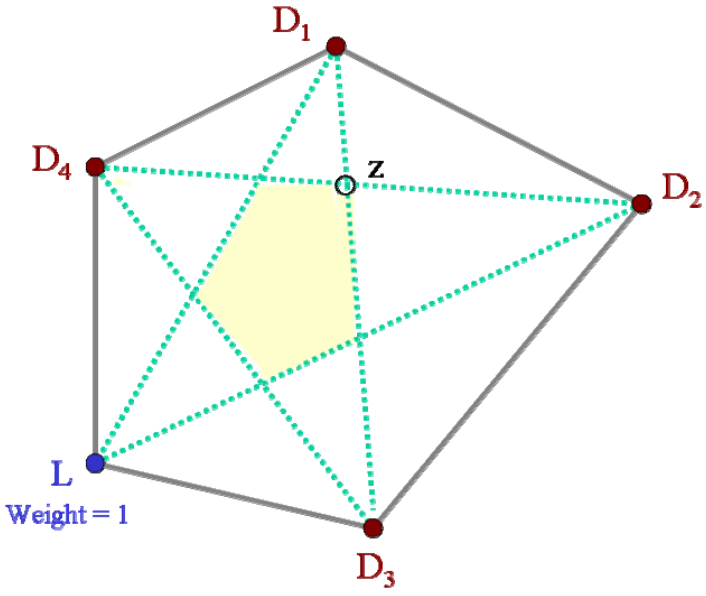


Figure 11: Identifying the 'heart' area for the situation shown in Figure 11



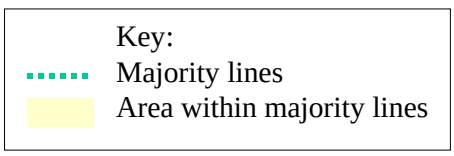


Figure 12: How the impact of a leader outside the original Pareto set of four decision delegates varies with the leader's influence

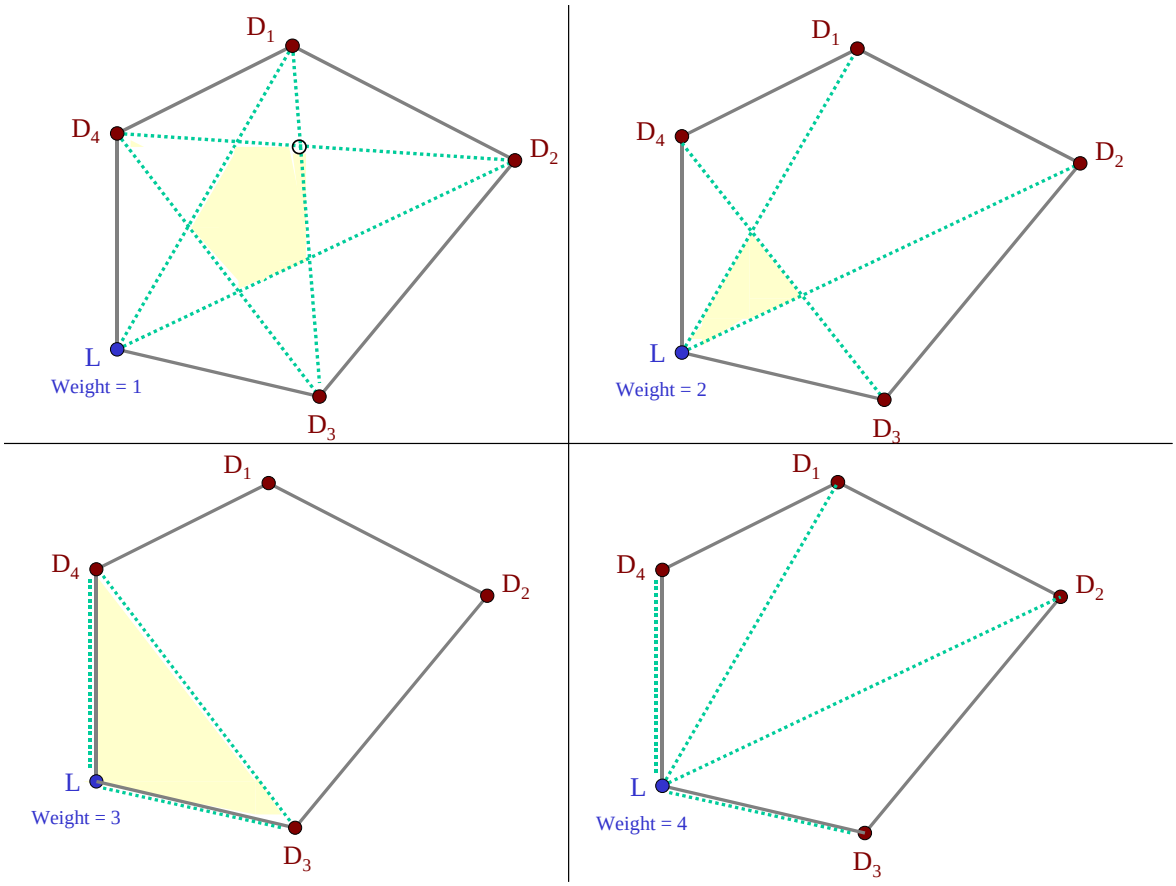


Figure 11 shows the majority lines for this situation, on the assumption that only 'connected' coalitions (that is, consisting of spatially adjacent actors) have some chance of working. Taken together these majority lines again define a centrist 'heart' area where we might expect most majority outcomes to be located. This area is much closer to the leader's optimum than the previous core point for the delegates on their own (at *z*). But it never gets closer to *L* than the straight line between D_3 and D_4. So a leader whose optimum point extends the Pareto set of her equally weighted delegates can shift outcomes in a favourable way but not necessarily achieve a close fit with her preferences.

Of course, we might more normally expect that the leader's influence counts for more than her delegates. Figure 12 shows how the 'heart' changes position and shape as the leader's weight increases. With the leader's weight at 1 the heart is very centrist and the leader has no special influence upon it. If it increases to 2 there is a major change, with the

heart here pulled strongly towards the leader's optimum point and confined to a small area very proximate to *L*. Note, however, that when the weight is 3, although there are fewer majority lines and all four delegates need to align with other to defeat the leader, the heart area increases to cover the whole area between the leader and her two nearest delegates. Thus there is not a simple or linear relationship in the spatial model between the leader's influence and the likely area where outcomes will mostly cluster. If the leader's weight increases to 4 then *L* becomes the core of the Pareto set, the point where all the majority lines intersect – signifying that no majority coalition can be formed without *L*'s involvement. The leader here needs only one delegate to back her in order to win, and with 4 suitors to choose from she should be able to play one off against another so as to achieve an outcome at or close to *L* itself.

In summary, a leader outside the Pareto set of her delegates will have less influence at low weights than a leader positioned inside the delegates' Pareto set. Even if the leader's optimum point falls inside the winset of the status quo *q*, or of *h* (the closest point on the Pareto set boundary to *q*), at low weights she will often not be able to move the outcome all the way to her optimum. In fact the leader will have to dispose of influence equalling that of all other actors involved in the decision process before being completely certain of securing an outcome at her optimum position.

CONCLUSIONS

The rational actor spatial approach to leadership and delegation uses a simple toolkit to generate some distinctive and original insights into the ways in which a leader's necessary reliance on decision delegates in large corporations or government systems can constrain her ability to get the outcomes that she wants. A recurring theme of the analysis is that an 'extreme' leader with preferences very distinct from those of a pair of delegates, or with an optimum point outside the Pareto set of multiple delegates, will be less influential in fixing outcomes at a specific or proximate point than a leader who has 'moderate' preferences close to what delegates would agree to do anyway without her involvement, or whose optimum point lies inside the Pareto set for the delegates. In simple situations a 'far out' leader simply gives her delegates wider scope to agree outcomes without involving her; and a leader whose preferences are at least partially aligned with one delegate will tend to have a more visible influence than one whose optimum lies in a direction orthogonal to the contract line between

delegates. In multi-actor situations unless her influence weight is a good deal more than that of delegates an extreme leader (outside the delegates' Pareto set) will also have less influence in moving outcomes towards her optimum point.

Put another way, the elusive quality of leadership arises because a leader who has few distinctive preferences from her delegates will be able to fix and specify the range or area where outcomes result, but her intervention will also make only a modest difference to the outcome anyway. By contrast, a leader who wants very distinctive or unusual outcomes risks being by-passed by her delegates before being involved; or seeing delegates agreeing outcomes within a very wide area of discretionary choice opened up for them by the leader's relative distance; or being outvoted by delegates in multi-actor situations. These propositions suggest that there is a strong logic behind the ambiguity and hard-to-pin down qualities of leadership influences noted at the start of the paper.

In particular, there are three different criteria that we might use for assessing a leader's influence on a particular decision:

- *counterfactual* - how much did her involvement make a difference to what would have happened anyway?
- *proximity* – how successfully did the leader's actual or possible intervention bring the outcome close to her optimum point? And
- *precision* – how far did the leader's involvement or potential involvement constrain the outcome to occur in a defined location, rather than allowing her delegates to fix the outcome?

Somewhat similarly to 'impossibility theorems' found in other parts of rational choice theory, our analysis implies that measuring a leader's influence on these criteria simultaneously will rarely yield convergent answers.

Yet the analysis here also points to some distinctive and perhaps counter-intuitive propositions about how leaders can achieve most influence over outcomes via their initial selection (and later re-designation) of decision delegates. In simple situations a 'weak' leader constrained by her delegates' veto powers may achieve more than a 'strong' leader, able to resolve issues unilaterally at her optimum point but informationally unable to prevent delegates agreeing issues without her involvement. And choosing delegates so as to 'play yourself in' to influence entails picking actors whose *interactions* will produce outcomes close to the leaders' optimum, rather than necessarily choosing actors whose individual optima are closest to the leader's position. In multi-actor situations, a skilled leader will again

choose delegates so as to ensure that her own optimum is internal to the Pareto set of delegate's optima.

These considerations show that a rational actor approach to leadership is valuable in generating non-obvious and systematically map-able propositions about the dynamics of leaders' interactions with their decision delegates. There is considerable scope for further theoretical work and empirical research to expand on and appraise the analysis here, especially in considering

- the impacts of constraints on leaders' appointment of delegates;
- the ways in which outcomes respond to an increasing weight for leaders compared with those of their delegates (including variable weights amongst delegates themselves);
- what happens when different institutional structures increase the transaction costs for delegates who bid up issues to higher tier decision-making mechanisms in corporations or government systems; and
- the impact of different leader preferences (or 'styles') in balancing out the twin risks of delegates deciding issues on their own or alternatively bidding everything up so as to overload the leader's capacity.

Annex A: Formal analysis of leader interactions with two delegates

Let i be a player who has simple Euclidean preferences for a two-dimensional the outcome space R^2, which are defined by a utility function $U_i(x)$, $x \in R^2$. The set D contains the delegates, who may decide on an issue. $P_i(r) = \{x | U_i(x) > U_i(r)\}$ is the preference set of delegate $i \in D$ with regard to some reference point $r \in \{q, y\}$; q is the initial state of affairs before the decision making process, while y is the outcome that could be imposed by the leader. Similarly, $P_L(r)$ is the leader's preference set. Let $W(r) = \cap P_i(r)$, $i \in D$, be the win set for the delegates with regard to r. D_i and L denote the ideal point of a delegate and the leader, respectively. Finally, define the set of sustainable policies—or Pareto set—for the delegates as $S = \{x \,|W(x) = \varnothing\}$. Note that since all delegates need to agree on a new policy, $S \neq \varnothing$.

The game is played sequentially, allowing the delegates to move first and subsequently the leader. The leader only becomes involved in the game the moment one of the delegates chooses to do so. This is structured in the following way:

1. the delegates decide on a policy by unanimity; if they agree, the leader is not involved and remains unaware of the decision making opportunity; if the delegates do not agree, they involve the leader (*gatekeeping power*); and
2. if one or more delegates involve the leader, this player decides on policy. For this stage, we use two different leadership modes: (a) the leader decides according to her own preferences (*strong leadership*), and (b) the leader negotiates an outcome with the delegates (*weak leadership*).

Furthermore, we assume that players know the structure of the game, the preferences of the other players and the fact that players behave in a rational way. We also assume, for the moment, that involving the leader is costless. The game can be solved using backward induction.

Strong leadership

If involved, the leader will decide in favour of her most preferred position, i.e. $y = L$. Whether delegates will involve the leader depends on location of the status quo. If none of the delegates prefers the leader's ideal position to the status quo, a threat to involve the leader will not be credible. Similarly, if at least one delegate prefers the leader's ideal position to the status quo while others do not, these delegates cannot credibly maintain that they will stick to the status quo. As one delegate is prepared to involve the leader, who selects policy $p = L$, it is beneficial for the other delegates to agree with the first on alternatives that make themselves less worse off.

To distinguish between these possibilities, we use the following definitions: a preference configuration is called *q-focused* if $\forall_{i \in D}\, U_i(q) \geq U_i(L)$; it is called *L-focused* if $\exists_{i \in D}\, U_i(L) > U_i(q)$.

We define $R_i(r)$ as delegate i's weak preference set with regard to r. The conditions defining both preference configurations can be rewritten as follows: (1) $L \notin \cup R_i(q)$ for q-focused preferences, which equals $q \in \cap P_i(L) = W(L)$; and (2) $L \in \cup P_i(q)$ for L-focused preferences, which equals $q \notin \cap R_i(L)$.

Proposition 1a. Under strong leadership and *q*-focused preferences, the delegates agree on a policy $p \in W(q) \cap S$ if $W(q) \neq \varnothing$, otherwise, the status quo is maintained, that is, $p = q$.

Having *q*-focused preferences, the leader will not be involved, since involvement will make the delegates worse off. If $W(q) \cap S \neq \varnothing$, or simply $W(q) \neq \varnothing$[1], delegates will select an outcome from $W(q) \cap S$, depending on their relative bargaining strength. If $W(q) \cap S = \varnothing$, delegates are not able to make a decision and maintain the status quo.

Proposition 1b. Under strong leadership and *L*-focused preferences, the delegates agree on a policy $p \in W(L) \cap S$ if $W(L) \neq \varnothing$; otherwise, the leader is involved, and $p = L$.

This result follows directly from the *L*-focused preferences of the players. If $W(L) \cap S \neq \varnothing$, the delegates are able to make a decision without involving the leader. The outcome will be a policy from $W(L) \cap S$ depending on the delegates' relative bargaining strength. If $W(L) = \varnothing$, delegates are not able to make a decision and, at least one of them, involves the leader. This occurs when $L \in S$, that is, the leader is found 'between' the delegates (in the case of two delegates, her ideal position is a point on the contract curve).

The impact of leadership on delegates

To explore these features, we limited our attention to *L*-focused preferences. The reason for this is simple: for *q*-focused preferences delegates do not involve the leader. We focus on the case of two delegates with ideal positions D_1 and D_2. We define $R_i(D_j)$ as one delegate *i*'s weak preference set with regard to the other delegate *j*'s ideal position, $i \neq j$ and $i, j \in \{1,2\}$. Note that $R_i(D_j) \supset S$, since it includes for each delegate the other delegate's most preferred position as well as all points that are more preferred by *i*.

Proposition 2. For *L*-focused preferences and if *L* is not an element of $R_1(D_2) \cup R_2(D_1)$, the leader does not constrain a policy choice.

If *L* is not an element of $\cup R_i(D_j)$, any element of $R_i(D_j)$ is also an element of $P_i(L)$ (that is, $P_i(L) \supset R_i(D_j)$). In addition, since $S \subset R_i(D_j)$, $S \subset P_i(L)$. Since this holds for any delegate *i*, *S* is also a proper subset of $W(L)$, which is defined as the intersection of individual preference sets. Moreover, since $P_i(L) \neq \varnothing$ for each delegate *i*, $W(L) \neq \varnothing$. Having *S* as a proper subset of $W(L)$ implies that possible equilibriums are not constrained by the leader's ideal position.

Proposition 3a. For *L*-focused preferences and if *L* is an element of $R_1(D_2)$ but not of $R_2(D_1)$, the leader constrains a policy choice through delegate 1's preferences (*a policy choice is D_1-constrained*).

[1] By definition, $S \neq \varnothing$. In addition, and if $W(q) \neq \varnothing$, the win set and the set of sustainable policies have a non-empty intersection, i.e. $W(q) \cap S \neq \varnothing$. This implies that the condition $W(q) \cap S \neq \varnothing$ can be reduced to $W(q) \neq \varnothing$.

In this case the leader's ideal position L is closer to D_1 than D_1 is to D_2. A policy choice is therefore constrained by delegate 1, who prefers L to some sustainable policies. Although $W(L)$ is non empty, it does not include all possible sustainable policies, that is, $S \not\subset W(L)$. Similarly, a policy choice can be D_2-constrained:

Proposition 3b. For L-focused preferences and if L is an element of $R_2(D_1)$ but not of $R_1(D_2)$, the leader constrains a policy choice through delegate 2's preferences (*a policy choice is D_2-constrained*).

Corollary 1. For L-focused preferences and if L is an element of $R_1(D_2) \cap R_2(D_1)$, the leader constrains a policy choice (*a policy choice is D_1 and D_2-constrained*).

The corollary follows directly from Propositions 2 and 3. It includes the case in which the delegates involves the leader: if $W(L) = \varnothing$, the leader decides as delegates cannot agree on policy (see also Proposition 1b).

Weak leadership

Since the leader is *only* involved in the case of L-focused preferences, we do not need to focus on q-focused preferences (see Proposition 1a). The outcome for this type of preferences is the same, irrespectively of strong or weak leadership.

For L-focused preferences, the leader if involved negotiates a policy with the delegates. In this case, we assume that the delegates act as veto players with regard to the leader's proposed policy.

Proposition 4. Under weak leadership and L-focused preferences the delegates agree on a policy $p \in W(y) \cap S$ if $W(y) \neq \varnothing$; otherwise they maintain the status quo, $p = q$.

In the last stage the leader decides on policy in the following way:

$$y = \begin{cases} \max\,(U_L(x) |\, x \in P_L(q) \cap W(q) \cap S') \text{ if } P_L(q) \cap W(q) \cap S' \neq \varnothing; \\ q \text{ otherwise,} \end{cases}$$

with $S' = \{x \,|W(x) \cap P_L(x) = \varnothing\}$. In the first stage, the delegates consider the outcome, which results from involving the leader. Depending on their relative bargaining strength, the delegates select a policy from $W(y) \cap S$ if $W(y) \neq \varnothing$. If $W(y) = \varnothing$, which occurs when the status quo is part of delegates' set of sustainable policies, they maintain $x = q$.

Differences between strong and weak leadership

In contrast to a strong leader, who imposes her ideal policy L on delegates the moment they involve her, a weak leader seeks for a policy that is jointly preferred to the status quo. This leads to a different decision when the leader is not able to successfully propose her most preferred policy, that is, $L \notin W(q)$, and thus agrees on a less preferred one.

Proposition 5. For L-focused preferences (i.e. $L \in \cup P_i(q)$) and if L is an element of $W(q)$, leadership styles do not differ in terms of outcome.

If $L \in W(q)$, the leader selects $y = L$, which is approved by the delegates. For this policy, there is not difference between Proposition 4 and Proposition 1b.

Corollary 2. For *L*-focused preferences and if *L* is not an element of $W(q)$, weak leadership may yield outcomes different from strong leadership.[2]

The corollary directly follows from Proposition 5. Whether the leader is able to constrain the delegate's choice, depends on the location of *y*, which is the new reference point for delegates. We explore these possibilities by focusing, as before, on the case of two delegates.

Proposition 6. For *L*-focused preferences and $L \notin W(q)$, and if $y \notin R_1(D_2) \cup R_2(D_1)$, weak leadership does not yield outcomes different from strong leadership as the leader does not constrain a policy choice by the delegates.

Proposition 7. For *L*-focused preferences and $L \notin W(q)$, and if $y \in R_1(D_2) \cup R_2(D_1)$, weak leadership yields outcomes different from strong leadership, as the leader constrains a policy choice by the delegates (which can be *D_1-constrained*, *D_2-constrained* or *D_1 and D_2-constrained*).

These propositions directly follow from Proposition 5 (and Corollary 2) and the results from Propositions 2 and 3.

Costly involvement

We assume that if a delegate involves the leader, all will face the same fixed cost, *c*. As a consequence, delegates only involve the leader if the resulting outcome is more preferred than alternatives for which the leader is not involved, that is, $U_i(y) - c > U_i(x)$.

We redefine a preference configuration *q-focused* if $\forall_{i \in D}\, U_i(q) \geq U_i(L) - c$ and *L-focused* if $\exists_{i \in D}\, U_i(L) - c > U_i(q)$. From these definitions, it follows that if $c \geq U_i(L) - U_i(q)$ for all $i \in D$, that is, the cost of involving the leader is the same or larger than the utility difference between *L* and *q*, delegates will not involve the leader at all (or, in our terminology, preferences are *q*-focused). Outcomes as described by Proposition 1a apply.

For *L*-focused preferences we redefine $P_i(y) = \{x | U_i(x) > U_i(y) - c\}$, which affects the win set $W(y) = \cap P_i(y)$ with *y* as the outcome imposed by the leader as used in Propositions 1b and 4. In addition, we redefine $W(q) = \cap P_i(q)$ for $P_i(q) = \{x | U_i(x) > U_i(q) + c\}$ and $R_i(z) = \{x | U_i(x) \geq U_i(z) + c\}$ for $z \in \{q, D_1, D_2\}$ as used in Propositions 3, 6 and 7, and Corollaries 1 and 2. Using these redefined sets, Propositions 1b-7 and both Corollaries apply.

[2] A complication is that, since we did not make any assumption about how delegates decide on policy based on their relative bargaining strength, we are not able to identify a unique policy as the equilibrium outcome of the game. We only show that an equilibrium policy is located in the intersection of the delegates' win set and the set of sustainable policies. Since these sets often overlap for different reference points, we cannot claim that actual outcomes based on the negotiations between the delegates are always different.

NOTES

1. Niccolo Machiavelli, *The Prince* (Harmondsworth, Middlesex: Penguin, 1961), translated by George Bull, p. 73.
2. The quote is from a character Orac in the cult kitsch British sci fi TV series, *Blake's Seven* (London: BBC, 1978), episodes3 and 4, 'Cygnus Alpha/Time Squad'.
3. Neustadt, (1980), p. 32.
4. Indeed, sometimes academics seem to want only to replace one set of proverbs with another, see Wildavsky (1984).
5. A UK application arguing for broadening beyond pluralist accounts is Dunleavy (1995).
6. This theme was followed up in a more historical way by McLean (2001) looking at policy breakthroughs achieved by UK Prime Ministers. Useful reviews of rational actor approaches to leadership are given by Shepsle and Bonchuk (1997, Ch. 14) and by Fiorina and Shepsle (1989). Frohlich et al (1971) initiated the genre.
7. Perrow's claim is denied by some authors who emphasize the 'spontaneous' or co-operative character of leadership in initiating joint work – see Bianco and Bates (1990): but their focus is primarily managerial. Principal-agent terminology is also widely used in economics downplaying the authority element, so making PA situations identical with *any* incentivization problem, as in Kreps (1990, Ch. 16).
8. For this reason, it seems unhelpful to use a vocabulary of 'leaders' and undifferentiated 'followers', contra Post (2004, p.6): 'A leader is not formed until he (sic) encounters his followers'. Note that this difference also strikingly limits the modern applicability of Machiavelli's musings in *The Prince* to modern leadership issues, contra Keohane, 2005.
9. For instance, Jones and Hudson (1996, p. 229) find that for UK premiers: 'the most [electorally] important personality attributes are those which contribute to the belief that the leader can govern in a business-like manner'.
10. To keep things simpler in exposition, we assume from here on in that the leader is feminine and the two delegates are masculine.
11. There is of course a wider literature on how leaders may pick delegates with positions different from their own as a form of pre-commitment designed to skew interactions with others so as to produce a favourable result. But this literature, notably Schelling (1960) and Vickers (1985), focuses on interactions with outsiders or rivals, not with other delegates inside the same organization or polity.

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