

2.1 Current state of research in the field

The statement "That was pure chance!" is seldom intended as a badge of good management in organizations. And yet results in organizations are far more random than we generally like to think. No less than half of the performance output of organizations cannot be explained by factors we find in management textbooks (Frank 2016; Liu and De Rond 2016b). Once we have understood this, the question is what seems more likely: that leaders in organizations have everything under control or that a deliberate use of lotteries can be effective in certain areas of organizational decision-making?

The aim of this project is to examine the potentials of using lotteries as a governance mechanism that regulates the amount of control that individual leaders exert over key decision-making processes in expert organizations. Our focus is on personnel appointments to leadership positions.

Most modern organizations today use purely competitive selection methods with the aim of identifying and selecting the most competent person. The declared aim of these procedures is usually to identify and appoint the one person with the best performance record as a leader. Such methods prevail in business organizations, governments, and other organizations. In practice, this usually means that a committee or panel selects one individual from a roster of candidates. While this is the predominant mode of selecting appointees in practice, it is not without its problems. The literature has identified four reasons why purely competitive selection processes can have undesired outcomes: problems of identification, problems of favoritism, problems of corruption of power, and problems of fundamental attribution bias.

Problems of identification. First, scholars agree that a top leader's marginal contribution to an organization's performance is difficult to assess (Liebersohn and O'Connor 1972; Liu 2016; Salancik and Pfeffer 1977). Organizational performance is affected not only by the leader's decisions but also by a number of risk factors at both industry and organizational levels (Bok 2002; Holmström 1982; March 1984; Weber et al. 2001) and by sheer luck or randomness (Coad 2009; Frank 2016; Geroski 2005; Liu and De Rond 2016b). Further, the better the selection process of top leaders is, the more the skill differences between candidates are reduced and thus the harder the attribution of success to the quality of the chosen individual becomes (relative to the contribution that another different candidate would have made). In other words, if only highly skilled leaders make it into a pool of possible top-candidates for leadership positions, then "almost random careers" (March and March 1977) might be the consequence.

Commented [A1]: Dear *****

Here are a few words about how I've proceeded with your text.

Changes in the main text are effectively corrections; they resolve grammatical or lexical problems or remove clear ambiguities or redundancies. As you see, your clean prose style doesn't require many of these at all.

Alternatives offered in comment boxes in roman type are recommendations, unless they are followed by a space and question mark, in which case they are just suggestions. You can take or leave these as you prefer, of course. Material in italics in comment boxes is my commentary to you.

There doesn't seem to be any set style for ***** , so I've generally followed the Chicago Manual of Style (CMOS) as a style guide offering a compromise between the conventions of history and economics. I may cite particular pages at a few points.

You've used US English, so I've retained/applied US English vocabulary and spelling conventions throughout.

All the best,

Simon

Commented [SM2]: exclamation ?

Commented [SM3]: delete, perhaps ?

Commented [SM4]: Less than half of the performance of organizations can be explained ?

Commented [SM5]: really ?

Commented [SM6]: degree

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Commented [SM7]: to identify and select

Commented [SM8]: are prevalent ? There's a slight shift in meaning between the verb and the adjective.

Commented [SM9]: However, although

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Commented [SM10]: delete?

Commented [SM11]: Or perhaps industrial and organizational ?

Commented [SM12]: narrower are the skill differences between candidates and thus

Commented [SM13]: may ?

Problems of favoritism. ~~On a related note,~~ many people find it hard to consider the multitude of variables that shape individual success (Denrell, Fang and Liu 2014; March and Sutton 1997; Meyer and Gupta 1994; Staw, McKechnie and Puffer 1983). Rather than assess each person on his or her individual merits, selection committees ~~will~~ often take the cognitively less demanding option of selecting candidates ~~with~~ whom they are already acquainted ~~with~~, or who are similar to them ~~in~~ salient attributes, for example, because they already know a person from former corporations, relationships, ~~or and~~ networks, or because the person shares ~~a~~ similar class-specific habitus (Hartmann 2000; Hartmann 2007). This can lead to favoritism, as insiders have a higher probability of being selected as leaders in competitive selections.

Problems of corruption of power. The term "inner circle" (Useem 1984b) describes ~~a group of~~ well-connected and highly influential ~~persons-individuals~~ in leading positions in the economy, ~~in~~ politics, and ~~in~~ administrative spheres (Hartmann 2000; Hartmann 2007). Social groups who, as a result of their position or resources, are able to influence the course of society or take decisions that are crucial for its development, can be a major problem in organizations and society (Bühlmann et al. 2017: 1). Insider relationships can lead to the corruption of power, defined as the misuse of power for personal gain, and to the detriment of overall social welfare (Bendahan et al. 2015). For this reason, elite networks have been charged with ~~the advancement of~~ particularist agendas (Useem 1984a), and ~~for with~~ fostering corruption and conflict (e.g. Fama 1970; Jensen and Meckling 1976; Jensen, Murphy and Wruck 2004; Smith 1776 (1976)). The formation of ingroups that assign positions of power to ~~ingroup~~ members is liable to lead to collectively undesirable outcomes, particularly if group membership is linked to ~~a~~ person's family background or social class rather than merit.

Sociologists have explained the persistence of elite networks in ~~the~~ economic, political, and administrative spheres by the efforts of social groups who sustain their identities via class-specific habitus (Bourdieu and de Saint Martin 1978). Class-specific habitus remains the key to securing a top-level position in today's organizations, and thus for the *classe dominante* to maintain its traditional leadership claim in societies. Those who possess ~~an upper social class background~~ know and master the written and unwritten rules of behavior for ~~those better~~ circles incomparably better than someone of ~~a~~ different social origin (Hartmann 2000; Hartmann 2007). In ~~the~~ households of larger business owners and directors, children receive much more information and ~~many more~~ impulses than their peers through dinner-table conversation, visitors, and leisure activities. Furthermore, those who grow up in an environment marked by entrepreneurial thinking and action ~~have absorbed~~ much of it. ~~The c~~Children of the upper classes ~~have~~ also ~~have~~ clearer ideas about the professional and social status they want to achieve, and a better grasp of the key requisites and requirements of an executive career. ~~Also, in terms~~ of their social access to executive elites, the offspring of the upper class ~~have~~ a head start.

Commented [SM14]: salient attributes. This may be because
-to shorten an otherwise 61-word sentence

Commented [SM15]: Habitus is a very unusual word in English, and its main sense is a specifically medical one (<https://www.merriam-webster.com/dictionary/habitus>; <https://en.oxforddictionaries.com/definition/habitus>). You could keep it, but it may sit oddly with your otherwise accessible vocabulary and style. An alternative might be to briefly gloss the term here, perhaps with a short quote from Hartmann - ?

Commented [SM16]: Or people – persons isn't wrong, but its use outside specific, mainly legal contexts is unusual and rather old-fashioned. It's typically better to use people as the general plural of person; if you want to emphasize that you are considering each of them individually, this is clearly signalled with individuals.

Commented [SM17]: advancing

Commented [SM18]: their

Commented [SM19]: members'

Commented [SM20]: habits

Commented [SM21]: habits remain

Commented [SM22]: upper class or elite ?

Commented [SM23]: an upper-class background

Commented [SM24]: Or such

Commented [SM25]: another

Commented [SM26]: the owners and directors of large businesses ? The current formulation doesn't make clear whether it's the businesses or the owners who are larger.

Commented [SM27]: opportunities ? impulse most frequently means an urge to an unconsidered or spontaneous act > "she acted on impulse" means she didn't think through the consequences before acting. Alternatively, simply delete and many more impulses; the same point is made at the end of the paragraph.

Commented [SM28]: Offspring is usually treated as a plural:
https://books.google.com/ngrams/graph?content=their+offspring+have%2C+their+offspring+has&year_start=1800&year_end=2000&corpus=15&smoothing=3&share=&direct_url=t1%3B%2Ctheir%20offspring%20have%3B%2C%3B.t1%3B%2Ctheir%20offspring%20has%3B%2C%3B

Commented [SM29]: The offspring of the upper class also have a head start in their social access to executive elites.

