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More Class in Management Research

The Relationship between Socioeconomic Background and Managerial Attitudes

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With a Preface by Prof. Dr. Martin Schneider

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Dissertation Universität Paderborn, 2015

ISBN 978-3-658-12062-7 ISBN 978-3-658-12063-4 (eBook)
DOI 10.1007/978-3-658-12063-4

Library of Congress Control Number: 2015955415

Springer Gabler

Printed on acid-free paper

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(www.springer.com)

Preface

Our parents' income, the education they afford us, the values they teach us and the people we meet as children, in short: our socioeconomic background, influences the way we think and decide as adults. By implication, socioeconomic background will influence the way in which even top managers and other organizational leaders see the world and act accordingly. Perhaps this is a truism. At any rate, management researchers have hitherto not had much to say about the importance of socioeconomic background for managerial decisions and economic outcomes. Topics such as the importance of class for organizations and the reproduction of inequality are usually discussed left of the mainstream, in so-called "critical management studies".

Things have begun to change since the start of the lingering crisis in 2008. Many observers feel that the crisis has dramatically exacerbated preexisting inequalities in income, wealth, and opportunities. Others have identified as the reason for the crisis a widespread misconduct among managers and other command post holders, i.e. among a small, socially closed elite. If on the one hand a failing social elite is at least partly responsible for the most severe economic crisis since 1929, and on the other hand management scholars are silent on the elite members' social background, then – as some argue – this points to a crisis also of management research as a discipline.

Yanick Kemayou seeks to make good this sin of omission and argues for a reintegration of socioeconomic background into management research. Managers' class roots and their experience when growing up, he argues, should be taken into account in order to understand top management decisions. More specifically, Yanick Kemayou explores if and how socioeconomic background influences important attitudes which are likely to shape top-management decisions, namely risk propensity, sense of control, and fairness perceptions. He unpacks the rather abstract concept of socioeconomic background by focusing not only on the class origin of leaders but also on key experiences during their lives. It does make a difference for their attitudes whether leaders are climbers (their parents were not among the organizational leaders) or not; whether climbers have received support to advance in their education and career; and whether reproduced leaders (their parents were already among the organizational leaders) experience contact with people of the "lower" classes.

There is so much to praise in this dissertation. The theory ingeniously combines management research, psychology, and sociology. Among other things, it rediscovers Max Weber's argument of self-legitimization to explain why different groups of leaders and non-leaders differ in their sense of control. The hypotheses are far from trivial. The easy ones Yanick Kemayou notes in passing. (Easy hypotheses are the finding that leaders differ in their attitudes from other people, and that social climbers differ from the reproduced leaders.) The identification of constructs in an existing dataset, the German Socio-economic Panel, can become klugy. But Yanick Kemayou succeeds elegantly by distinguishing in the data the four groups of leaders whose key experiences in their lives are likely to produce differing attitudes. He also knows his methods and how to illustrate effect sizes.

It was a pleasure to supervise Yanick Kemayou's first legs of his scientific journey. At first I could not believe that social background really is so seldom discussed and measured in management research. But Yanick Kemayou convinced me. Essentially, Yanick Kemayou's dissertation makes the convincing case for a new, socially sensitive micro-foundation of management strategy. This is a formidable but timely research program.

Prof. Dr. Martin Schneider Paderborn, September 2015

Abstract

Recent works criticize a disconnectedness of management studies from broader societal issues; a disconnectedness which might explain why it has little to contribute on pressing contemporary questions such as social reproduction or socioeconomic stratification. This in turn may be related to the recent macroeconomic turmoil experienced by many Western capitalist societies. With that backdrop, this thesis looks at how the socioeconomic background of organizational leaders can help explain their management-relevant attitudes. The thesis provides theory development and first empirical tests of the impact of socioeconomic background on leaders' risk propensity, sense of control, and justice perceptions. The theoretical model integrates sociological research on class dynamics and social psychological research on the links between socioeconomic class and management-relevant attitudes. More specifically, my argument is grounded on works about the intergenerational transmission of risk attitudes, the socioeconomic roots of sense of control, and the justice-related effects of social distance. On the conceptual side, I classify organizational leaders into four distinct groups. Firstly, organizational leaders from higher socioeconomic backgrounds, i.e. reproduced leaders, are divided into those who, due to intergroup contact, exhibit a lower social distance toward the broader classes of the society. The other group consists of leaders from higher backgrounds with a high social distance toward the broader classes. Secondly, organizational leaders from lower socioeconomic backgrounds, i.e. the social climbers, are divided into those who were formally or informally supported during their career and those for whom that support was absent.

Cross-sectional data from the German Socioeconomic Panel are used to empirically test the model. Probit, ordered probit and ordinary least squares regressions provide robust support for the theoretical ideas. For instance, results on sense of control show that reproduced leaders exhibit a stronger sense of control than their peers from non-upper class background. Moreover, reproduced leaders with a lower social distance toward broader classes, i.e. non-distant reproduced leaders, exhibit more favorable justice perceptions toward less privileged socioeconomic groups such as unskilled workers than distant reproduced leaders. These results, at the very least, lay bare that the students of management are forgoing some explanatory power by ignoring the socioeconomic background of their research subjects. At best, the results pave the way for a new avenue of research which would, hopefully, lead to a better understanding of the dynamics between social structures and the inner life of organizations.

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1 Introduction

The specter of the recent economic and financial crisis, the so-called Great Recession, is still haunting a number of industrialized Western countries. Since its outbreak in the years 2007-2008, the Great Recession has been determining not only political but also research agendas. Following both popular and scientific accounts on the crisis, it appears that a broad range of factors might have led to the disaster. For instance, not only neo-liberal oriented economic policies have been criticized but also the alleged lack of an ethical component in the science of economics. As rightly pointed out by Kirchgässner (2009), these arguments mainly come from the left side of the political spectrum. Of course, the political right also has found its own explanations for the economic fiasco. These include arguments such as the failure of governments and their regulatory agents (Vaubel, 2009). Looking at the events from both the perspectives of history and economic sociology, Mizruchi (2010) further argues that, at least for the USA, the recent crisis can be explained by a lack of coordination within the US-American corporate elite. Unlike their predecessors during the 1907 and 1929 crises, the contemporary US-American corporate elite was "[n]o longer constrained by the state and labor, and increasingly independent of the banks as well, the corporate elite became increasingly fragmented, its members focused primarily on their specific short-term interests" (Mizruchi, 2010: 132).

While the above accounts of the Great Recession mostly address structural issues such as the failure of the regulatory framework, the fragmentation of the elite, or the lack of ethics in economics, some commentators also make a case that specific individual attitudes and behaviours can be regarded as one of the major triggers of the crisis. A case in point is the discussion about managerial greed (Mennell, 2014; Suárez, 2014) or the risk attitudes of actors in the financial sector (MacKenzie, Garavan, & Carbery, 2014). Furthermore, Schmitz (2013) suggests that the empathy of individuals at the upper echelons of major banks is adversely affected by the fact that they form such a distinct social group and Lunn (2013) argues that the overconfidence of actors in the financial field can help explain the Irish banking crisis.

Considering those individual factors, the Great Recession therefore seems to be linked to issues such as excessive risk-taking behaviours, disconnectedness between the leaders of major organizations and the lay populations, and a strong belief of some influential economic actors in their own capabilities. These issues might well qualify as

Y. Kemayou, *More Class in Management Research,*
DOI 10.1007/978-3-658-12063-4_1, © Springer Fachmedien Wiesbaden 2016

research topics for management researchers. Since some of the issues debated as causes of the Great Recession fall in the realm of what management scholars have been studying, one could expect management research to cut a good figure in the wake of the crisis. However, this is hardly the case as discussed for instance by Kochan et al. (2009), MacKenzie et al. (2014), and Thomas & Wilson (2011). Indeed, when it comes to the crisis, management research seems to have its own crisis. A way to comprehend whether there is something such as a crisis in contemporary management research is to look at the field's major challenges, as stated by its own actors.

1.1 Major challenges of contemporary management research

The arguments in the discussion about the challenges of contemporary management research are mainly related to the rigor versus relevance debate which has been engaging management scholars for more than half a century now (Gulati, 2007). In this context, one of the main questions is whether too much focus of attention on rigor has shifted the field's attention away from matters which actually matter. This view is well grasped in Goodall's (2008) interrogation whether "management research has become too theory-led". With respect to the economic crisis, the main point to be identified in works debating on the challenges of management research is its disconnectedness from both other social sciences and broader social issues and the associated self-centrism.

Gulati (2007: 779), for instance, argues that while longing for relevance, management research has "lost touch" with its social sciences-based roots. Hinings & Greenwood (2002) make a similar case albeit not with respect to the relevance debate. The lamented disconnection from other social sciences may help to understand why in the rigor versus relevance debate, relevance mostly means being relevant for management practitioners (Gulati, 2007). Such an understanding of relevance is rather intriguing. Reading accounts such as Kochan et al. (2009), it is obvious that the scope of relevant management research can and should be extended as being relevant not only *for* management practitioners, but also being relevant *to* broader societal issues. But as noted by Lounsbury (2013), students of organizations have become largely disengaged from issues of broader societal relevance such as social stratification or social change.

The disconnection from the origins can only be worsened by the self-centrism

ascribed to contemporary management research. Starkey, Hatchuel, & Tempest (2009: 548), for instance, state that management research "lacks pluralism and diversity". This reported self-centrism is rather surprising since figures such as Karl Marx, Max Weber or Emile Durkheim, regarded as "key architects of some of the most influential theories" in modern management research (Gulati, 2007: 778), could barely be categorized as management researchers from today's perspective. According to the same Gulati (2007: 775), management researchers have even organized themselves in tribes, i.e. groups "that form around rigor and relevance, sequestering themselves into closed loops of scholarship and dismissing the work of outsiders". The emergence of these tribes and the associated tribalism within management studies has only worsened the situation ascribed to the reported self-centrism. Taken together, contemporary management research is not only disconnected from its origins and from broader social questions, but also represents a self-centered body further weakening itself through tribalist tendencies. This is, admittedly, a rather gloomy depiction of the relatively young discipline of management research. The possible gloomy state of affairs should not occlude that management research has been, by other accounts, a largely successful venture (see for instance the recent 'celebration' of organization theory by Lounsbury & Beckman, 2014). As formulated by Peter McKiernan, a former president of the European Academy of Management, "[t]he evolution of modern management has been slow but very successful. Management and business schools flourish, even in recession, as international products, conferences, journals and networks proliferate on the strength of strong demand" (McKiernan, 2009: 149). However, the same McKiernan further admits a "perceived weakness of management theory and research". Whether it be just a perceived weakness, or some real troubles, there seems to be a consensus that management research is going through its own crisis. The recent economic and financial crisis, then, may just have cast a light on issues which have already been troubling management scholars. Fortunately, a crisis is by its very definition a turning point; it creates both dangers and opportunities. The current economic crisis and the current state of management research therefore provide an opportunity to rethink some issues in the field – and to introduce some new, missing perspectives.

According to Kochan et al. (2009: 1088), if management scholars are to take advantage from the rebuilding of organizations, which is likely happening as a result of the crisis, and to play an active role in this process, they should "reframe and broaden the dominant paradigm guiding management research in recent years". More concretely,

Lounsbury (2013: 3) states that much of the research in the field of organization and management theory lacks "imagination or deeper engagement with broader societal and political issues" and hence in order to move both forward and toward more social relevance, management scholars could, for instance, address issues such as economic inequality and ecological sustainability. Similar points have been raised by scholars such as Walsh, Weber, & Margolis (2003) who reconsider the narrow focus on firm performance as the main outcome variable and reintegrate the notion of social welfare, Goodall (2008) who studies the issue of climate change in management studies, and Knights (2008) with his research on the consequences of inequality in both business and society. In an inspiring piece of research, Zald & Lounsbury (2010) convincingly developed that the above mentioned concerns share as their common denominator the issue of social stratification and the role of elite in contemporary societies.

The question is then how to face up to these issues; how the issues of social stratification and elite can be addressed in order to produce a less disconnected, i.e. more socially inclusive management knowledge. Issues of social stratification and elites are closely related to the question of social reproduction which itself grounds on the study of the socioeconomic background of those at the top. In this thesis, I argue that looking at how the socioeconomic background of organizational leaders might affect organizational processes and outcomes is one of the paths toward a less disconnected study of organizations.

Following the idea that the attitudes and behaviors of "small groups of influential people" have favored the crisis (Krugman, 2011), it appears worthwhile to look at these groups of influential people. Krugman's "influential people" possibly coincide with Zald & Lounsbury's (2010) "command posts holders" and we can assume that they are highly likely to be members of their respective national business elite, i.e. influential organizational leaders. Empirical studies consistently report that the business elites in industrialized Western countries mainly come from the upper classes of the society. Hartmann (2009), for instance, reports that in France, Germany, and the USA more than 75 percent of the business elite were brought up in upper class backgrounds. In a British-French comparative study Harvey & Maclean (2008) find similar results, despite a different operationalization strategy. The distinct groups of influential individuals therefore mostly come from a very distinct socioeconomic background.

Almost three decades ago, Hambrick & Mason (1984) conjectured in their now

seminal paper about a possible influence of the socioeconomic background of organizational leaders on the strategic choices of their respective organizations. In the 2007 update of their paper, Hambrick (2007) observes the persistent lack of research on the issue and restates the case of the possible relevance of socioeconomic background of organizational leaders. More specifically, he asks how executives from modest backgrounds may differ from their counterparts from wealthier ones with respect to their reactions to compensation strategies. Other recent accounts such as Côté (2011) and Gray & Kish-Gephart (2013) call not directly for research on socioeconomic background, but on class matters in the organizational context. Overall, these calls may suggest that having a close look at the socioeconomic background of managers is a promising route to improving extant knowledge on real-world organizational phenomena.

Having introduced the case for a study of socioeconomic background, the next section will further motivate the topic by discussing how contemporary management research could be enhanced through the study of the socioeconomic background of its subjects, and more specifically of organizational leaders.

1.2 Improving management research by introducing socioeconomic background

The effects of managers on organizational outcomes have long been a subject of academic dispute. While some streams of research such as the population ecology (e.g. Hannan & Freeman, 1977) and the neo-institutional theory (e.g. DiMaggio & Powell, 1983) minimize the role of managers on organizational outcomes, the scholars drawing from the strategic choice perspective argue that managers do play a role for organizational outcome (see for instance the above mentioned paper by Hambrick and his late colleague). However, even scholars from the population ecology stream have recognized that managers can shape their organizations. In a theoretical contribution on the "population ecology of organizations", Hannan & Freeman (1977) term research focusing on the role of managers "adaptation perspective". Even if they argue that organizational outcomes cannot be adequately explained by the adaptation perspective, they do recognize that "[c]learly, leaders of organizations do formulate strategies and organizations do adapt to environmental contingencies" (Hannan & Freeman, 1977: 930). Indeed previous research findings have shown that focusing on individual-level

characteristics of executives such as ethnicity, race, gender, age, tenure, professional background or even physical height leads to fruitful ideas and insights.

Management research shedding a light on ethnicity and race has for example shown that US-American corporate directors from ethnic minorities, i.e. from non-Caucasian backgrounds are less rewarded in terms of additional board appointments when they give advice or engage in ingratiatory behaviors. Non-Caucasian directors are also found to be more punished, i.e. receiving less board appointments when they engage in monitoring and control behaviors (Westphal & Stern, 2007). Works on gender issues have brought up helpful insights about topics such as the persistent underrepresentation of women in the corporate elite (Westphal & Stern, 2007), gender and firm-level outcomes such as organizational risk taking (Berger, Kick, & Schaeck, 2012, who also report an impact of executives' age), or corporate social responsibility (Manner, 2010). Additionally to gender, Huang (2013) further reports that the social responsibility of organizations is also associated to the educational specialization of the top leaders. Professional background has been found to be related, for instance, to top management team performance (Boone & Hendriks, 2009), competitive strategy (Govindarajan, 1989), or acquisition activities (Jensen & Zajac, 2004). Further research report relationships between the physical height of managers and, for instance, their perception as leader by others (Blaker et al., 2013) and their ascribed status (Lindeman & Sundvik, 1994). These cited examples show that a broad range of individual-level variables have been indeed studied by management scholars, from ethnicity to gender and even height.

However, socioeconomic background is missing in the discussion. Hambrick & Mason (1984) name seven observable leaders' characteristics which could influence their strategic choices, viz. age, functional background and other career experiences, education, socioeconomic background, financial position and the diversity of top management teams. Out of the list, socioeconomic background seems to be the attribute getting the short end of the stick. This could explain why Hambrick recalls the possible relevance of socioeconomic background in his 2007 update. A simple comparison shows that the lack of studies on socioeconomic background is intriguing. As mentioned above, there is a wealth of research about the functional background of organizational leaders. Researching the influences of leaders' professional background is, in fact, acknowledging that the environment and experiences of their most recent years of life could be of importance for management research. Does not researching their

socioeconomic background imply that where leaders spend the formative years of their life does not matter? The conspicuous lack of research on socioeconomic background within management studies is even more intriguing if we consider the different hints suggesting its possible relevance.

For instance, an early study by Labovitz (1972) relates managerial attitudes to background variables and reports partial evidence for an impact of family background in the managerial context. More specifically, Labovitz (1972: 297) reports that "[a]lthough it cannot be proven that family orientation affects managerial attitudes, the results indicate that the superiors" tend to view how they work differently than their subordinates. Moreover, empirical works such as Berger et al. (2012) and Vroom & Pahl (1971) report empirical links between the age of an executive and their risk attitudes. However, findings by Ellersgaard, Larsen, & Munk (2013) suggest that some of the relationships reported and attributed to the age of executives might be triggered by another, usually not controlled variable: the socioeconomic background of executives. In fact, Ellersgaard, Larsen, & Munk (2013: 1064) find that individuals with "very little inherited capital" who climb till the top of a company are on average seven years older than other CEOs.

The reported absence of socioeconomic background in management studies is even more surprising taking into account that a closely related variable, status, has been researched by management scholars (e.g. Park & Westphal, 2013; Plaksina, Gallagher, & Dowling, 2013). It is questionable that the current status of an individual has an impact on attitudes and behaviors, whereas the status they had during socialization in the early years of the life is assumed to be a matter of no importance. It is similarly surprising that several studies demonstrate that socioeconomic background plays a major role in the selection dynamics for accessing the business elite (Hartmann, 2009; Harvey & Maclean, 2008; Maclean, Harvey, & Kling, 2014), while virtually no studies broach the resulting effects of this selection dynamics for organizations. A notable exception is the recent piece by Kish-Gephart & Campbell (2014) who study the effects of CEO socioeconomic background on the strategic risk taking of firms.

Taking together the arguments on the centrality of social stratification, social reproduction and power in contemporary Western societies and organizations and the observed lack of research on the socioeconomic background of individuals in position in power, it seems to me that studying the latter, i.e. the socioeconomic background of

individuals in position of power, may respond to calls for linking broader social issues to our study of organization and management. Indeed, management research might be forgoing much needed socially relevant explanatory power by overlooking the socioeconomic background of managerial actors. In order to address the issue, the following research question is therefore derived:

Does socioeconomic background influence management-relevant attitudes of organizational leaders?

In this context, socioeconomic background encompasses the direct environment in which individuals spend their formative years, i.e. the timespan from birth to their leaving of the parental household after adolescence to set up their own household. It is therefore similar to the well-researched sociological and social psychological concept of social class of origin. The term "socioeconomic background" is used, first, to make the economic consequences of origin more salient. It is broadly accepted that conditions of life are shaped by the economic conditions and constraints individuals are subject to. For example, the mind-opening experience of a round-the-world trip is, in most of the cases, open only to those who have the necessary economic means for such an endeavor. Secondly, socioeconomic background expresses the fact that the object of interest is the environment in which the individuals were socialized and not their own, current environment, which would be their achieved class. Socioeconomic background therefore designates the class origin of individuals, by emphasizing the role of economic means in the possibilities of experiencing different socializing circumstances. My understanding of socioeconomic background is in line with other conceptualizations of socioeconomic background to be found in the management and organization literature. Forret & Dougherty (2001: 287), for instance, define socioeconomic background as "the economic level of an individual's family as he or she was growing up."

Management-relevant attitudes are those reported in the research to have an impact on the behaviors of organizational actors. The concept of "attitude" which enjoys great popularity in management studies originates from the social psychological literature. Common understandings of attitudes acknowledge that they represent psychological tendencies that individuals revealed through their evaluation of specific situations, objects, or subjects (Eagly & Chaiken, 2007; Hitlin & Pinkston, 2013). Management-relevant attitudes are therefore evaluative psychological tendencies which have been shown to affect organizational processes or outcomes. The range of

organizationally-relevant attitudes which has been studied includes, for instance, risk attitudes (e.g. Gilley, Walters, & Olson, 2002; Graham, Harvey, & Puri, 2013; Nadkarni & Herrmann, 2010), attitudes toward change (e.g. Musteen et al., 2006), perceptions of justice and fairness (e.g. Fein et al., 2013; Wayne et al., 2002), attitudes toward corporate social responsibility (e.g. Groves & LaRocca, 2011) and attitudes toward control (e.g. Cherry & Fraedrich, 2000; Perks & Hughes, 2008; Terpstra, Rozell, & Robinson, 1993).

The term "leaders" in the research question is used to designate individuals at the upper echelons of their organization. As already discussed in Chapter 1.1, there is substantive research evidence supporting the idea that the attitudes and cognitions of the individuals at the top of organizations matter for organizational processes and outcomes. Leaders are therefore those individuals who have enough discretionary power to influence their organizations on the base of their individual attitudes, whether consciously or unconsciously.

This thesis therefore analyses how the class origin and class-related socializing experiences of organizational members with high level of discretionary power affect their social psychological evaluations of objects relevant for organizational processes and outcomes; objects being understood here in broader terms since those evaluations might be targeted at situations as well as at individuals.

Having presented and clarified the research question, the next section presents the state of research concerning the focal variable of the thesis, i.e. the socioeconomic background of organizational leaders.

1.3 Socioeconomic background in management research: What has been done so far?

Up to now, I have argued that socioeconomic background is a variable which is under-researched in management studies. Socioeconomic background understood as class origin is indeed so alien to management researchers that the expression "socioeconomic background" is sometimes used to designate, for example, nothing more than the professional background, as in Engelen, Berg, & Laan (2012). This section discusses, firstly, the scant research findings related to the concept of socioeconomic background

in management studies. Secondly, the structure is presented, which this thesis will follow to contribute toward filling up the void around socioeconomic background in management research.

Most of the arguments on the relevance of the socioeconomic background of leading organizational members to be found in the literature are conjectures, sometimes not even supported by theoretical considerations. For instance, Doytcheva (2009: 115) argues that the social class origin of organizational members is a factor of diversity, similar to gender, age, or ethnic origin. Even if her work is generally empirical, this particular assertion regarding social class origin is not based on any empirical test. It is rather an argumentation based on the definition of discrimination to be found in the 21st Article of the Charter of Fundamental Rights of the European Union, which, among other dimensions, forbids any discrimination based on social origins (The European Council, 2000). The approach of Doytcheva (2009) is hence to consider the dimensions on which discrimination is forbidden as potential sources of diversity. Since looking at variables such as age, gender, or ethnic origin as dimensions of organizational diversity has yielded new insights about organizations, it can be argued that looking at social class origin through similar glasses might also yield new knowledge. Another (non-empirical) contention on the relevance of socioeconomic background is to be found in Huang (2013: 8–9) who asserts that "a manager's upbringing and past experiences influence his or her value system." He derives his assertion from the stakeholder theory which "suggests that managerial values and belief systems help to shape the way managers attend to various stakeholder demands" (Huang, 2013: 8–9). Since "upbringings" and "past experiences" mostly overlap with the idea of socioeconomic background as the possibilities of experiencing different socializing circumstances, Huang's claim makes salient that socioeconomic background might affect not only the attitudes of managers but also organizational processes and outcomes.

Empirical evidence for the impact of socioeconomic background comes from Le Loarne-Lemaire (2012). She finds in a qualitative study of French social entrepreneurs that the propensity to engage in social entrepreneurship is related to social origin. Grounding her arguments on the habitus concept, she reports that social entrepreneurs are mostly from wealthy families. From her perspective, being raised in a wealthy family provides the future social entrepreneurs with the symbolic and social capital they later need to establish their ventures. This finding shows how focusing on socioeconomic

background might help generate new knowledge on an issue such as the making of the entrepreneurial mindset, an issue certainly relevant for management research. Further evidence on the role of leaders' socioeconomic background comes from Kish-Gephart & Campbell (2014). They survey a sample of managers in the US-American context and find that socioeconomic background has an influence on individual preferences such as the tendency to take risks.

Still in the realm of empirical research, socioeconomic background and related variables such as the attendance of elitist educational institutions and status have been used to explain different levels in career success (Norburn, 1989). Researchers such as Whitely, Dougherty, & Dreher (1991) do not even seem to conceptually differentiate between socioeconomic background and socioeconomic status. In their work on the relationship between career mentoring and early career outcomes of managers in the USA, they use the term "socioeconomic status" as perfect synonym for "socioeconomic origin" (see pp. 334 & 337). Whitely et al. (1991) report that managers from upper-class backgrounds do benefit, in terms of career progress, more from career mentoring than their peers from lower-class backgrounds. Although, as they mention, the generalizability of their findings might suffer from a lack of variability in the socioeconomic background of their research subjects, the reported results suggest that the environment in which managers were early socialized might matter for organizational processes and outcomes. A more recent study of the effects of socioeconomic background on managerial attainment comes from Bennett (2009). In a research piece on "factors facilitating the progression of marketing executives to senior positions in British companies", Bennett (2009: 46) finds that elite educational credentials "are associated with promotion to board-level positions." He measures elite credentials by executives having attended private institutions, the status of the institutions they attended, the highest level of qualification and the possession of an MBA. In the backdrop of several empirical findings, Bennett (2009) concludes that managers from wealthier backgrounds have a facilitated progression toward board-level positions. The faster progression is explained by factors such as attending elitist educational institutions and use of ingratiatory activities by executives from wealthier backgrounds. In a similar vein, Westphal & Stern (2007) demonstrate how ingratiation, among other behaviors, leads to the social discrimination against minority groups within the corporate elite. These findings corroborate the effect of socioeconomic background on career-adjuvant networking behavior. Forret & Dougherty (2001), for instance, study

socioeconomic background as correlate of networking behavior for managerial and professional employees. Their empirical findings show that socioeconomic background is a significant predictor of networking behavior, more specifically individuals from higher socioeconomic backgrounds engage significantly more in networking behaviors aimed at maintaining contacts. These studies therefore suggest that socioeconomic background seems to play a role in the career progression of senior-level employees.

The broader field of social sciences provides further insights into links between socioeconomic background and individual-level variables relevant for organizations. In the area of political science, Hayo & Neumeier (2013) argue that the identity of political leaders as a determinant of government performance receives increasing attention within the economic literature. This indirectly points to the role of socioeconomic background since it can be considered as a major determinant of identity. This is similar to Doytcheva (2009) observing that socioeconomic background can be considered as a dimension of diversity within organizations, alongside gender, age or ethnic origin. Although they empirically do not find an effect of the socioeconomic background of political leaders on the deficit policies of the governments they run, Hayo & Neumeier (2013) still hold to the conjecture that the socioeconomic background of political leaders may affect their deficit policies. In the area of sociology, Johnson & Mortimer (2011), for instance, research the relationship between social origin and judgment about work of individuals aged between 21 and 22. They report that individuals from higher income families display stronger intrinsic work orientations and that those from highly educated families display weaker extrinsic work orientations. Considering the importance of employees' work orientations for the acceptance and success of organizational practices, Johnson & Mortimer's (2011) findings point to the relevance of the socioeconomic background of organizational members.

Two further status-based pieces of research to be presented here, even though they only indirectly relate to the realm of management studies, are Kraus et al. (2012) and Trautmann, van de Kuilen, & Zeckhauser (2013) who investigate possible links between social class and unethical behaviors. As the result of running different experiments, Kraus et al. (2012: 561) assert that "upper-class individuals may be more likely to think injustice and unfairness in society are matters of personal choice rather than a moral problem of right and wrong" and also that upper-class individuals are more likely to act in unethical ways. Trautmann et al. (2013) research a similar question but

with a sample representative of the Dutch population and come to quite contrasting results. Trautmann et al. (2013) do not find evidence of upper class individuals being more unethical, even though they are able to replicate previous findings such as the stronger self-focus of upper-class individuals. The diverging results might be due to the operationalization strategy of Trautmann et al. (2013) who divide the population in two classes, those with high status and those with low status. For their variable "Income", Trautmann et al. (2013) put the low vs. high class split at the level of the median income. For their variable "Employment Type", individuals with high status are "defined by permanent employment contract, self-employment, being independent professional or by holding directorship in own company". Individuals with low status are those with temporary employment contracts. This gross view on societal classification, e.g. the median income as the dividing line between lower and upper classes, is not the one intended in this thesis since it might be unable to grasp the very dynamics ignited by the differences between those members at the top and the broader socioeconomic groups. Notwithstanding the partially contrary findings, the studies by Kraus et al. (2012) and Trautmann et al. (2013) indicate an effect of the availability of socioeconomic resources on the attitudes of individuals. Since the socioeconomic background is associated to the level of resources which was available in the environment in which individuals were socialized, we can conjecture that the above findings might indirectly apply to socioeconomic background. Indeed, it has been found that the class-related circumstances individuals experience in their early life, i.e. their socioeconomic background, leave a "biological residue" still affecting their life even in adulthood (Miller et al., 2009).

Summing up the above discussed research pieces, it can be stated that socioeconomic background is mostly absent from management research. Even in the field of sociology, where the constructs can be said to be primarily based, there are voices complaining about insufficient research. Ferree & Hall (1996: 929), for instance, report that when it comes to research on class in mainstream sociology, there is a high level of concentration on the macro-level. This might partly explain why the individual effects of class or socioeconomic background on attitudes and behaviours (of organizational leaders) are not well-researched. Another tentative explanation might be that social class is a topic of discomfort in today's presumed classless societies (Faber & Prieur, 2012). However as pointed out by Côté (2011), this discomfort might be a sign that studying social classes and hence socioeconomic background is particularly

valuable for contemporary organizations. Through the lens of theories science, particularly social sciences, fundamentally alter the way we see the world (Ferraro, Pfeffer, & Sutton, 2005; Starkey et al., 2009). Hence, if our theories do not work with socioeconomic background, we would therefore not see it in our eyes. Socioeconomic background would just be something invisible, something without relevance. However, as presented here, there are some scarce hints suggesting that having a close look at the socioeconomic background of managers is a promising route to improve extant knowledge on organizational phenomena. By studying how socioeconomic background affects management-relevant attitudes of organizational leaders, this thesis undertakes a first step to fill up the void around socioeconomic background in management research. It therefore contributes to what McDonald & Westphal (2011: 686) term a "more expansive social and psychological perspective on corporate leadership".

My thesis proffers novel explanations of how the socioeconomic background of organizational leaders affects their management-relevant attitudes. It provides theory development and first empirical tests of the impact of socioeconomic background on leaders' attitudes. I argue and empirically show that there is enough evidence to question the tenability of the idea that socioeconomic background is a variable management scholars can afford leaving aside. The remaining chapters are structured as follows. The next chapter reviews the literature by showing, first, the relevance of the three dependent variables risk propensity, justice perceptions, and sense of control in management studies. The review shows that the variables are important and have been found to influence various issues such as firm strategy, leadership's ethical behavior, employees' organizational commitment etc. Second, the literature review focuses on the main determinants of the dependent variables as discussed by management researchers. The results of this section lay bare the absence of research on socioeconomic background as such a determinant and therefore call for novel ways of thinking if we are to understand its effects on leaders' attitudes and behaviors.

The research model and hypotheses are presented in Chapter 3. First, the chapter introduces a novel model of the relevance of socioeconomic background for management research. The theoretical model integrates sociological research on class dynamics and social psychological research on the links between socioeconomic class and management-relevant attitudes. More specifically, my argument is grounded on works about the intergenerational transmission of risk attitudes, the socioeconomic roots

of sense of control, and the empathy-related effects of social distance. On the conceptual side, I classify organizational leaders into four distinct groups. Firstly, organizational leaders from higher socioeconomic backgrounds, i.e. reproduced leaders, are divided into those who, due to intergroup contact, exhibit a lower social distance toward the broader classes of the society. The other group consists of leaders from higher backgrounds with a high social distance toward the broader classes. Secondly, organizational leaders from lower socioeconomic backgrounds, i.e. the social climbers, are divided into those who were formally or informally supported during their career and those for whom that support was absent. Based on this 4-group classification of organizational leaders, ten research hypotheses linking socioeconomic background to risk propensity, sense of control, and justice perceptions are derived. The next chapters of the dissertation deal with the empirical test of the research hypotheses.

Chapter 4 introduces the dataset, the operationalization strategies and the methods. The data used to test the theoretical conjectures are from the German Socioeconomic Panel. The German Socioeconomic Panel is a longitudinal and representative survey of private households and persons in Germany. It is one of the most renowned surveys of its kind worldwide. The second section of Chapter 4 discusses the operationalization issues associated with measuring the variable socioeconomic background. Then the operationalization of the dependent and control variables is discussed. The last two sections of the chapter discuss empirical strategies to measure the 4-group classification of organizational leaders and the methods chosen for the empirical analysis. Due to the diverging nature of the measures for the dependent variables, different methods are used. The hypotheses related to risk propensity are tested through ordered probit models, whereas the hypotheses on sense of control are tested through ordinary least squares regressions and those on justice perceptions through probit models.

The empirical findings are reported in Chapter 5. After having presented descriptive statistics about both the sample and the variables, I discuss to which extent the theoretical conjectures stand the empirical test. The analysis provides robust support for six of the ten research hypotheses. In a nutshell, I find that leaders are more risk prone than the lay population and that they exhibit a stronger sense of control and less favorable justice perceptions toward the less privileged socioeconomic groups than the lay population. The empirical work robustly supports that reproduced leaders exhibit a

stronger sense of control than other leaders. As for the conceptualization of social distance, non-distant reproduced leaders do exhibit more favorable justice perceptions toward less privileged socioeconomic groups than distant reproduced leaders. Interestingly, the data suggest that socioeconomic climbers and reproduced leaders do not differ with respect to their risk propensity. In the last section of the chapter, different sensitivity checks are discussed in order to assess the consistency of the results. These tests underline the robustness of the reported findings.

Chapter 6 concludes the dissertation by addressing the reported findings in four steps. First, the reported empirical findings are discussed against the backdrop of extant knowledge. The empirical findings clearly indicate that management scholars should no longer leave the socioeconomic background of their research subjects aside. However, more work remains to be done if we are to fully comprehend to which extent the social origin of organizational leaders does matter for organizations. Hence, in the second part of Chapter 6, I show how our understanding of issues such as top management diversity, corporate governance, and inequality in organizations can be enhanced by integrating the socioeconomic background of organizational leaders in our thinking. Notwithstanding the need for further research, managerial implications can be derived from the present study. Those managerial implications are addressed in the third section. The bottom line for organizations is that leaders are likely to assess situations and persons differently because of their own socioeconomic background. Specific managerial implications are therefore derived for each of the three dependent variables risk propensity, sense of control, and justice perceptions. In the last section of Chapter 6, I conclude the thesis with a final remark on the necessity of further studying the socioeconomic background of organizational leaders.

2 Literature Review

This chapter reviews the literature on specific attitudes which can be related to the issues of social stratification and social reproduction. Attitudes have long been playing a major role in organization research. Different types of attitudes such as job attitudes, customer attitudes, or managerial attitudes have been researched from different perspectives. According to Brief (1998), job satisfaction tops the list of the most researched attitudes in the context of organizations. The present thesis focuses on managerial attitudes. There is a broad stream of research linking attitudes to actions-related outcomes. In the case of managerial attitudes, especially works related to the upper-echelon theory (Hambrick & Mason, 1984) can help to understand how the attitudes of managers can have an impact on the organizations. Although not strictly following the perspective of the upper-echelon theory, Lewin & Stephens (1994) also suggest a link between the attitudes of organizational leaders and attributes of organizational design. It should be mentioned here that there is an on-going discussion about the processes through which individual-based managers' attributes such as attitudes and beliefs influence organizational outcomes (see for instance Hodgkinson & Healey, 2007; Boal, 2000; and Markóczy, 1997). This thesis does not intend to take part in that discussion. All it does in that perspective is to assume the importance of managerial attitudes for organizations, whether it be related to factors such as organizational culture, organizational performance, or any kind of organizational processes and outcomes.

2.1 Managerial attitudes and the recent crisis

The literature on managerial attitudes shows us that there are a number of managerial attitudes which can have an impact in and on organizations. Those are, for example, attitudes toward corporate social responsibility and environmental protection, risk attitudes, justice-related attitudes, and self-related attitudes such as locus of control, core self-evaluations, or self-efficacy. Going back to the initial argument of the thesis, the question to be asked is how specific managerial attitudes can be related to the societal structures of Western capitalist societies or even to the recent macroeconomic turmoil experienced by those societies.

There is extended support for the idea that the recent crisis has its roots in the US-American mortgage market, especially in the subsector of subprime mortgages.

Y. Kemayou, *More Class in Management Research,*
DOI 10.1007/978-3-658-12063-4_2, © Springer Fachmedien Wiesbaden 2016

Following the related 2008 collapse of the US-American financial firm Lehman Brothers and the subsequent meltdown of the global financial system, much has been discussed about risk-related attitudes and behaviors of banks' top employees. As response to that, national and supranational organizations from both sides of the Atlantic Ocean have designed and implemented measures targeted at monitoring the risk behaviors of those individuals operating in the banking sector (see for instance Murphy (2013) for an account of the post-crisis banking regulation in the European Union). Following public debates about the role of top managers in the recent crisis, it becomes however clear that not only the banking sector is concerned by excessive risk taking. The debate can actually be extended to the broader economic elite. Hence, in the context of the recent crisis scholars have written about the risk attitudes and behavior of those individuals at the upper echelons of Western economies (e.g. Lewellyn & Muller-Kahle, 2012).

A further attitudinal aspect being discussed in the context of the recent crisis involved the belief of managerial elites in their own capabilities. The salaried intelligentsia, i.e. academic scholars and business journalists (Williams, 2013), have discussed that some aspects of the crisis might be explained by self-related attitudes of top managers. Self-related attitudes are for instance (over)confidence, locus of control, self-efficacy, or the more recent core self-evaluations. In this context, Lunn (2013) argues that the overconfidence of actors in the financial field can help to explain the Irish banking crisis. This argument can be linked to the academic discussion on the role of managers' overconfidence, which is in turn related to issues of self-efficacy (Stone, 1994). The present thesis focuses on the idea of locus of control since its basic tenets are to be found in the mentioned belief in one's own capabilities. Moreover, locus of control seems to have been more extensively studied by scholars of organizations than the related variables such as self-esteem or self-efficacy. Even if termed 'sense of control' in the present thesis, the concept used here can be directly traced back to Rotter's (1966) locus of control. The term 'sense of control' has already been used in the literature as a synonym to locus of control, for instance by Pedersen et al. (1989). Likewise, Murray-Gibbons & Gibbons (2007) use 'having a strong sense of control' as a synonym to 'having an internal locus of control'.

Another stream of the discussion on the role of the top managers in the developments leading to the Great Recession is linked to issues of other-centered

concerns such as empathy or fairness. For instance, some commentators have argued that due to a disconnectedness to broader classes, the economic elite might not fully be capable of understanding or feeling the problems or the needs of those broader classes. The German newspaper *Süddeutsche Zeitung* suggests, for example, that the empathy of individuals at the upper echelons of major banks is adversely affected by the fact that they form such a distinct social group (Schmitz, 2013). Similarly, Hirn & Müller (2012) discuss the issue of the disconnectedness of the German corporate elite from the broader classes. Hirn & Müller (2012) point to potentially strong divergences between the corporate elite and the rest of the society in the way they live, feel, think, and act. This argument can be linked on a broader level to the academic literature on managers' justice perceptions.

In the light of the aforementioned, this chapter reviews the literature on the risk attitudes, sense of control, and justice perceptions of organizational leaders. There are hints in the literature that those attitudes might be particularly relevant in the managerial context. For instance, the attitudes toward risks and control are among those attitudes which Lewin & Stephens (1994) deem important for organization design. In this vein, they postulate that organizational leaders with low risk propensity will "tend to implement centralized organization designs characterized by high control intensity and supervision", whereas leaders with strong sense of control "are likely to believe in the concept of strategy, engage in strategic planning (…) and restructure their organizations to fit the contingencies of their chosen strategies" (Lewin & Stephens, 1994: 195 & 197). Although they do not explicitly mention justice perceptions, these can be related to the issue of egalitarianism, the third of the eight attitudes they discuss.[1] While reviewing the literature on the risk attitudes, sense of control, and justice perceptions of organizational leaders, I will proceed in two steps. The first step consists in reviewing the effects of the three variables of interest. This should highlight the relevance of those variables for both management research and practice. The second part of the chapter deals with the antecedents of the dependent variables. The aim here is to locate the contribution that could be made by focusing on socioeconomic background as explaining factor.

[1] The eight attitudes discussed by Lewin and Stephens (1994) are need for achievement, machiavellianism, egalitarianism, trust in people, tolerance for ambiguity, locus of control, risk propensity, and cognitive moral development.

2.2 Dependent variables – Effects

This section reviews the literature on the effects of risk attitudes, sense of control, and justice perceptions. Whenever possible, studies conducted in a top management context are used. For ensuring and stressing the relevance of the quoted studies for the thesis, contextual information about the studies reviewed are provided.

2.2.1 Risk propensity

Following Gummer (1986: 100), an "important feature of modern organizations is the degree of uncertainty and indeterminacy surrounding their operations." In an uncertain world, decision making is mostly influenced by the subjects' willingness to undertake risky behaviors or not, i.e. by their risk propensity. Uhlig, Solga, & Schupp (2009) note that there is an increasing importance of risk-related attitudes for explaining education and job-related decisions. This is even more relevant in an organizational context since top managers' risk propensity can be considered as "the underlying phenomenon that drives a firm's level of risk" (Gilley et al., 2002: 98). According to Sitkin & Pablo (1992: 11–12), there are three main factors influencing risky behavior: individual, organizational, and situational characteristics. Risk propensity therefore belongs to the individual-level characteristics of factors influencing actors to engage or not in risky behaviors. In the same work, Sitkin & Pablo describe risk propensity "as the tendency of a decision maker either to take or to avoid risks" (Sitkin & Pablo, 1992: 12) or "the general likelihood of a person's behaving in more or less risky ways" (Sitkin & Pablo, 1992: 15). Similarly, risk propensity is understood in this thesis as the willingness to undertake a specific course of action associated with an uncertain and relevant outcome. The argument that risk perception operates within boundaries set by risk propensity shows the importance of the risk-propensity construct (Sitkin & Pablo, 1992: 29). Das & Teng (2001: 518) stress it further by stating that "[a]lthough a risk seeking propensity does not automatically result in high-risk behaviour, risk propensity is probably the single most important attribute that contributes to risk behavior". Several scholars have empirically shown that the risk propensity of managers can help to explain some organizational level outcomes.

In a survey of the relationships between attitudes of organizational leaders and

corporate actions, Graham et al. (2013: 114) report that risk-tolerant CEOs tend to increase the M&A-activities of their companies by undertaking more acquisitions. They further report that there is a matching between the risk aversion of CEOs and the compensation packages offered by firms (Graham et al., 2013). Another study focusing on the risk propensity of CEOs has been conducted by Nadkarni & Herrmann (2010). They investigate the relationships between CEO personality and firm-level outcomes such as strategic flexibility and firm performance in the Indian business process outsourcing industry. Even if they do not have a hypothesis on risk propensity, they theorize that "[p]sychological attributes such as risk propensity and need for control may influence whether CEOs interpret specific environmental changes as threats or as opportunities and which strategic responses they prefer" (Nadkarni & Herrmann, 2010: 1053).

Using an alternative measure of risk propensity, Cain & McKeon (2014) also report a relationship between managerial risk-taking propensity and organizational outcome. Grounding on the idea of behavioral consistency, they find that managers who privately engage in a risky activity like piloting an aircraft lead to higher firm's return volatility as measured by an increase of mergers and acquisitions activities. This result therefore supports their argument that behavioral patterns managers exhibit in non-work contexts are consistent to the behavioral patterns they exhibit as managers in the firms (Cain & McKeon, 2014).

Gilley et al. (2002) further report significant relationships between the risk taking propensity of the top management team and firm performance. Their study uses a sample of US-American manufacturing firms; the risk propensity is measured through a six-item scale whose items are found to load on two distinct factors, one measuring a general risk taking propensity and the other a risk taking propensity related to products and processes. The findings by Gilley et al. (2002) suggest, on the one hand, that the general risk taking propensity of the top management team is associated with a higher firm performance with respect to innovation. On the other hand, risk taking propensity related to processes and products is found to be positively linked not only to innovation, but also to further facets of financial and non-financial firm performance. Furthermore, Gilley et al. (2002) test whether the relationship between top managers risk propensity and firm performance is moderated by environmental dynamism and find only moderate and inconclusive support for the moderation hypothesis. The positive relationship

between the risk propensity of the top management team and organizational performance is attributed to the competitive advantage resulting from risk prone top managers engaging in "behaviors that lead to process enhancements, highly competitive new products or services, [and] innovative marketing techniques" (Gilley et al., 2002: 99).

On the methodological side of the discussion on the effects of executives' risk attitudes, MacCrimmon & Wehrung (1990), for instance, argue that risk propensity is too complex to be adequately captured by a single measure, even though, as reported, many studies published in well-renown outlets do use this strategy.

Overall, the cited works show that the risk-related attitudes of leaders are a way to understand organizational outcomes. Although as shown above, focusing on individuals' risk propensity can yield meaningful insights, there is a debate on the meaningfulness and validity of leaders' risk propensity. In a research based on data collected in Greek companies through a multi-method approach, i.e. interviews, questionnaire-based surveys, and archival sources about the importance of CEOs and top managers for the process of making strategic decisions, Papadakis & Barwise (2002: 87) report that the CEO's risk propensity "seems to have no measurable influence" on the process of strategic decision making. However, they report a statistically significant correlation between the CEO's risk propensity and the competitive aggressiveness of the top management team (Papadakis & Barwise, 2002). Nevertheless, their results run against a significant number of empirical findings as those reported in this section showing a link between the risk propensity of organizational leaders and organizationally relevant outcomes. Hence, this thesis follows the reported works which demonstrate the relevance of leaders' risk propensity for organizational outcomes.

2.2.2 Sense of control

The second dependent variable of this study, sense of control, has also been demonstrated to be related to managerial outcomes (Elkins & Cochran, 1978). Sense of control describes to what extent individuals believe that they can control their own life. The idea of sense of control is typically a variable researched by scholars of the fields of psychology and social psychology such as Rotter (1966) and Lerner & Reavy (1975).

However, there are some works displaying the relevance of sense of control for management studies. A range of works shows that a high sense of control is empirically associated to entrepreneurial tendencies. In this vein, Caliendo, Fossen, & Kritikos (2014) report that individuals with a more internal and less external locus of control, i.e. with a higher sense of control, display a higher probability of entering in self-employment. Their study is based on the analysis of data taken from the German Socioeconomic Panel, a large representative survey of the population in Germany. Much earlier, Evans & Leighton (1989), for instance, have reported a similar finding based on US-American data. Considering the importance which entrepreneurial managers have for companies (see for instance Perks & Hughes (2008) for a study of the effects of entrepreneurial decision-making on firm internationalization), the reported findings on the relationship between sense of control and entrepreneurial tendencies suggest a high relevance of sense of control for organizations.

A related range of works reports relationships between sense of control and organization-level outcomes such as organizational risk, innovation or strategic choice. In a survey of top managers in 33 Canadian firms, Miller, Vries, & Toulouse (1982) find that internal executives, i.e. those with a high sense of control, tend to be associated with more organizational risk taking. Boone, Brabander, & van Witteloostuijn (1996) study a sample of 40 CEOs of Belgian companies and find for instance that CEOs with a higher sense of control are more likely than those with a lower sense of control to follow a differentiation strategy. This corroborates earlier findings also presented by Miller et al. (1982) who report that organizations run by executives with a strong sense of control tend to engage more often in product-market innovations.

The early leadership literature also features accounts of the effects of sense of control on organizationally relevant variables. Mitchell, Smyser, & Weed (1975) conduct a study of locus of control on 900 employees of an US-American public utility. They report, for example, that employees with a stronger sense of control have a higher job satisfaction and are likewise more satisfied with a participatory management style of their supervisor than their counterparts with a weaker sense of control. Howell & Avolio (1993) study 78 leaders and 322 leadership subjects in a large Canadian financial institution and report, among other findings, that leaders with a strong sense of control tend to exhibit more transformational-leadership behaviors. In the same vein, Kinicki & Vecchio (1994) report a significant positive relationship between the sense of control of

employees and the quality of the leader-member exchange, i.e. the quality of the supervisor-subordinate relations. In their meta-analyses of the relationships between locus of control and various job-related outcomes, Judge & Bono (2001), Ng, Sorensen, & Eby (2006) and Ng et al. (2005) find that a strong sense of control is positively related to favorable job outcomes such as job satisfaction, job motivation, or job performance.

Several research pieces suggest a link between sense of control and the ethical tendencies of individuals. Surveying a sample of 201 business students of an US-American university through a vignette-based approach, Terpstra et al. (1993: 383) find that individuals "with an external locus of control were more apt to engage in insider trading than those with an internal locus of control." This finding therefore suggests that individuals with a high sense of control could be less likely to engage in an unethical behavior such as insider trading. Similarly, Hegarty & Sims (1978) report, surveying a student sample in an experimental setting, that external individuals are less ethical than internals. According to Trevino (1986), these findings could be explained by the higher reliance of individuals with lower sense of control to external factors. The higher reliance on external factors leads to a lower consistency between moral judgment and moral action (Trevino, 1986). This contended reliance of individuals with lower sense of control on external factors is in line with Cherry & Fraedrich (2000) who examine how control orientations can help to predict the moral reasoning of managers and its impact on ethical decision-making. They use a self-administered questionnaire sent to a sample of 375 sales managers in the USA to find several relationships between the control orientation of the managers and their moral reasoning concerning bribery. Consistently with the aforementioned studies, they report that externally controlled managers, i.e. those with a lower sense of control, are more teleological in their moral reasoning than their counterparts with a high sense of control. More specifically, while "making their ethical judgments and forming behavioral intentions toward the illicit payment", managers with a lower sense of control "attached more importance to the consequences of bribery than internally-oriented sales managers" (Cherry & Fraedrich, 2000: 180). Managers with a lower sense of control therefore assess the correctness of a decision based on situational, i.e. external, characteristics, whereas those with a higher sense of control are more deontological, basing their assessment of the situation on the intrinsic properties of bribery and not on its situational consequences (Cherry & Fraedrich, 2000).

Recalling that individuals with a lower sense of control are those who are more likely to attribute events affecting their life to external factors such as luck or powerful others, the arguments on the lower ethicality associated with lower sense of control can be traced back to the writings of Thorstein Veblen. In the eleventh chapter of his seminal "Theory of the Leisure Class", Veblen (1899/2007) characterizes the belief in luck as something pertaining to a barbarian and undifferentiated state of human nature. It is obvious that such a state of human nature cannot be associated with high level of ethicality since the idea of the collective does not have much of a worth in a world made up by individuals "predatorily" pursuing their own interests. As stated by Veblen (1899/2007: 180), the belief in luck is "more or less of a hindrance to the fullest efficiency of the collective economic life of the present." Considering Veblen's idea, we can hence better apprehend the positive link between ethicality and sense of control as discussed in the literature.

Additionally to the aforementioned studies on the effects of sense of control, that is sense of control as explanatory variables, it should not be overlooked that sense of control has a history of being researched as a moderator or mediating variable. For instance, Brownell (1981) finds in an experimental setting that the control orientation of employees moderates the relationship between participation and performance, with budgetary participation having a positive effect on individuals with a stronger sense of control while having a negative effect on those with a weaker one. Ng & Butts (2009) further report, surveying a sample of 190 employees in an US-American company, the relevance of sense of control as moderator between HR practices designed for improving organizational commitment and employee retention. A case of sense of control as mediating variable is to be found in the experimental study by Kraus, Piff, & Keltner (2009), who report among other findings that the sense of control mediates the relation between subjective socioeconomic status and contextual explanations of economic inequality.

To sum up, we can observe that the sense of control of organizational members has important direct as well as indirect effects on variables of interest for organizations. Especially the sense of control of organizational leaders is revealed to be of particular relevance since it affects factors as broad as the strategies chosen by the organization or unethical behaviors linked to organizational outcomes.

2.2.3 Justice perceptions

There is a substantial stream of research linking perceptions of justice to organizational outcomes such as perceived organizational support and leader-member exchange (Wayne et al., 2002; Fein et al., 2013), organizational commitment and intention to leave (Loi, Hang-Yue, & Foley, 2006; Simons & Roberson, 2003), or even product quality (Cowherd & Levine, 1992). While researching justice perceptions, students of organizations typically differentiate between distributive, procedural, and interactional justice. Whereas distributive justice is related to norms of resource allocation, procedural justice is related to voice during decision-making processes, and interactional justice to how individuals treat each other (Colquitt, 2001). Schmitt et al. (2010: 212) describe these views on justice by asserting that individuals "want to get what they deserve and deserve what they get. They also prefer that others be treated fairly. Moreover, they are eager to be perceived as fair and decent members of society, and they want to be able to trust in the fairness of others." In this thesis, justice perceptions are understood as self or other-centered judgments about specific processes or outcomes. Hence, justice perceptions can be oriented toward oneself as well as toward third parties. Moreover, justice perceptions can be related to processes within an organization as well as to the state of resource allocation within a given context.

It is noteworthy that organizational research linking perceptions of justice to organizational outcomes is almost exclusively focused on the employees' or non-leaders' perceptions of justice. A focus which is quite surprising for at least two reasons. First, there is some evidence as suggested for instance by Kassing & McDowell (2008) that justice perceptions have different consequences for managerial and non-managerial employees. They find that, on the one hand, managers respond to issues of justice by expressing upward dissent, i.e. they voice their dissent to their superiors. On the other hand, non-managerial employees express displaced dissent, i.e. they voice their dissent to relatives outside the workplace. This is explained by the fewer opportunities conferred to non-managerial workers by their lower organizational status (Kassing & McDowell, 2008). Second, recent psychological research has documented that individuals perceive justice from different perspectives. The main perspectives to be found in the literature are the victim's, the perpetrator's, the beneficiary's and the observer's justice sensitivity (Schmitt et al., 2010). Thinking from this multi-perspective view of justice, much of the justice-related organizational research has focused on the victim's perspective, for

instance, how employees perceive whether they are befallen by any kind of unfairness. The observer's perspective has also been used, for example, in research on the effects of lay-offs. In this vein, Skarlicki, Ellard, & Kelln (1998) focus on third-party non-organizational members, whereas van Dierendonck & Jacobs (2012) concentrate in their meta-analytical review on survivors. Furthermore, van Knippenberg, Cremer, & van Knippenberg (2007) point out the lack of research on leadership and fairness in their review of the empirical literature. They argue that "[m]ost organizational justice research seems to treat outcomes as deriving more from institutionalized processes than from leader decisions" (van Knippenberg et al., 2007: 117). This view leads to a focus on the systemic aspects of justice, thereby blending out the role of the leader's perception of justice.

Although the observer's perspective has been studied in the case of third-parties' or peer employees' perceptions of justice toward other employees, justice perceptions from the perspective of the leaders has been far less researched by management scholars. Nevertheless, there are some hints in the literature that the justice perceptions are related to organizationally relevant variables such as prosocial behavior (Gollwitzer et al., 2009) and role perception (Erhard & Sinai, 2012). Assuming that organizational leaders can be classified as individuals with power, it can be conjectured with Kraus et al. (2012) that leaders might engage in unethical behaviors because of a low-level of compassion and empathy. Of course, compassion and empathy are neither justice nor justice perceptions. It can however be argued that they are, as other-centered concerns, linked to justice perceptions from the observer's perspective. And it has been shown that other-centered concerns matter. As a case in point, Edele, Dziobek, & Keller (2013) run dictator games with a sample of 35 university students in Germany to study the relationships between altruistic sharing behavior and other-centered concerns such as empathy and justice sensitivity. Their results show that whereas there is no relationship between self-regarding justice and altruistic sharing, justice sensitivity regarding others do significantly predict altruistic sharing.

Studies on perceived fairness in the context of organizational leadership often focus on the effects of whether leadership subjects perceive their leader to be fair. Den Hartog & De Hoogh (2009), for instance, study among others the effects of leader fairness perceptions in Dutch organizations and report a positive association between perceived leader fairness and the normative commitment of the leadership subjects. In a

similar vein, Duan et al. (2010: 1294) further report perceived leadership justice to "be negatively related to employee silence and organizational retaliatory behavior", even though the relationship is partially mediated by the affective commitment of the leadership subjects. It should be noted that the sample of Duan et al. (2010) consists of employees from organizations located in China. Another study in the Western context comes from Tanner et al. (2010) who study the relationships between ethical leadership and the job attitudes and outcomes of 592 leadership subjects in Swiss organizations. Their findings suggest that perceived ethical leadership, which includes aspects of fairness, has a positive effect on factors such as job satisfaction, affective organizational commitment, and work engagement.

I shall conclude this brief discussion of the effects of organizational leaders' justice perceptions with two comments. First, even though the effects of managerial perceptions of justice have barely been studied with managerial samples, the reported findings suggest that how leaders perceive issues of justice concerning other employees are likely to matter for organizational outcomes. Second, it should be mentioned that the issue of justice is often discussed as synonym to fairness by management scholars and even by social psychologists (see for instance Heslin & VandeWalle, 2011 and Korsgaard, Roberson, & Rymph, 1998). A case in point is Sheppard & Lewicki (1987) with their paper entitled "Toward General Principles of Managerial Fairness" which is classified, according to the article's key words, in the area of procedural justice. Further examples are the following quotes by Wijn & van den Bos (2010: 1294): "Generally, people are sensitive to justice. This statement should lead to no surprise as fair and unfair events can be observed regularly and often have a big impact on people." Or by Den Hartog & De Hoogh (2009: 205): "Also, justice research shows that procedural fairness is positively linked to trust". This suggests that some arguments discussed in this thesis under the label of justice perceptions might also be found under the label of fairness in the extant literature.

This review of the literature developed in the Sections 2.1.1 to 2.1.3 shows that risk propensity, sense of control, and justice perceptions are all relevant in the managerial context, explaining a broad range of organizational outcome such as organizational risk taking, firm strategies and performance, unethical behaviors, etc. Having assessed the managerial relevance of risk propensity, sense of control, and justice perceptions, one of the questions likely to come up is what the actual

determinants of those variables are. The next section reviews the literature about these determinants.

2.3 Dependent variables – Determinants

Reviewing the determinants of the variables, the aim is to identify any interfaces in the literature between socioeconomic background and one of the dependent variables (risk propensity, sense of control, and justice perceptions).

2.3.1 Risk propensity

A broad range of variables have been identified by previous research to be linked to the risk attitudes of organizational leaders. Some of these variables are age, gender, and even physical stature. An example of research establishing a link between physical stature and risk attitudes is Dohmen et al. (2011) who report that taller individuals exhibit a higher willingness to take risks.

As for age, Ionescu & Țurlea (2011) study the relationship between age and risk attitudes of financial sector's managers and report a positive association between age and self-reported risk attitudes. In an early study with a sample of US-American managers from different corporations, Vroom & Pahl (1971) suggest that there is a negative relationship between age and risk taking. Vroom and Pahl provide a developmental explanation for the relationship. In fact, they argue that "as a person gets older, he gets married, has children, and acquires responsibilities to persons other than himself that militate against his taking risks that he might well have taken earlier in his development" (Vroom & Pahl, 1971: 404). However, they also observe that the explanation might be sociocultural, i.e. that individuals from different age have different risk taking attitudes because of the different sociocultural events they have gone through in the course of their life. In this vein, a generation having experienced a shock such as a war might have different attitudes toward risks than a generation whose lifetime is characterized by stability and affluence.

Gender has also been discussed as a major determinant of risk taking tendencies.

Byrnes, Miller, & Schafer (1999) have conducted a meta-analysis of 150 articles, mainly from the psychological literature, about gender differences in risk taking and conclude that "at a general level" men are more likely than women to take risks. They further report that gender differences in risk taking vary not only with the context but also with the age of the individuals. While studying risk taking propensity, it would therefore be reasonable to account for both the context and the gender of the research subjects. Similarly, Powell & Ansic (1997) report gender difference in risk propensity in financial decision making. Studying a sample of US-American undergraduate and postgraduate students with the help of experiments, they find that males tend to be more risk prone than females. It is noteworthy that they conclude their discussion with two caveats. They note, first, that the differences they find should not be extended to other areas than financial decision making. Second, they draw the attention of the reader to the small magnitude of the differences between males and females on risk propensity. In the same vein, Kowert & Hermann (1997) also study the links between gender and risk preferences but from the perspective of personality research. Surveying a sample of 126 undergraduates, they report that male subjects are more likely than female subjects to prefer risky options when facing decision-making. Their findings further show that individuals might react differently to framing due to personal characteristics (Kowert & Hermann, 1997). Li & Liu (2008: 682) also present findings supporting the idea of risk propensity being "rooted in personality". Similar results on gender and risk propensity are reported by Wang, Kruger, & Wilke (2009), even though their study is anchored at the broader theoretical level of evolutionary psychology. Discussing the results of a survey administered to a sample of students at an US-American university, they report that men display a greater risk propensity than women in all the five domains of their study (between-group competition, within-group competition, environmental challenge, mating and resource allocation, and fertility and reproduction).

The finding of male managers being more risk prone than their female counterparts has also been reported by researchers from non-Western settings. Surveying ethnic Indian managers in India and Singapore, Williams & Narendran (1999) also find that male managers are more willing than female managers to take risks. Williams & Narendran (1999) further report cultural values and organizational factors as further determinants of the risk preferences of managers. However, contrarily to their theoretical conjectures, they do not find any significant relationships between age, education, locus of control and managerial risk preferences.

While the aforementioned studies mostly focus on the organizational context, some researchers have used broader samples to study the link between factors such as age, gender and risk attitudes. Weber (2014), for instance, studies the determinants of risk propensity by using representative German data from the German Socioeconomic Panel. His results suggest that a couple of individual level factors such as age, gender, marital status, wealth, among others are related to risk propensity. Women are, for instance, found to be more risk averse than men. While there is a negative relationship between age and risk propensity, both wealth and income are positively related to risk propensity. Weber (2014) further reports that cultural factors such as religion and nationality also matter in explaining attitudes toward risks. Although similarly working with a broader sample, Johnson & Powell (1994) report more differentiated findings concerning risk propensity differences between men and women. Their research with a sample consisting of 5695 individuals from the general population in the UK shows men to be more risk prone than women, whereas a study with a second sample of 130 business students show no significant difference between men and women on risk propensity.

Grounding on the idea that the risk propensity of individuals might vary across situation and time, Nicholson et al. (2005) study the relationships between individual level variables and six domain specific risks (recreation, health, career, finance, safety, and social risk taking). Administering their research instruments to a sample of more than 2000 individuals in the UK, they find several significant relationships. First, Nicholson et al. (2005) report that, compared to women, men exhibit significantly greater risk taking not only in the overall scale but also in the specific domains related to health and safety. They also find that risk taking decreases with age and that there is a relationship between professional occupations and domain specific risk taking.

There is some evidence suggesting a link between socioeconomic background and risk propensity even though the empirical literature is not yet substantial. On the theoretical side, Hartmann & Kopp (2001) suggest that coming from a wealthy background positively influences the risk attitudes of individuals. They argue that the abundance of resources would allow individuals from upper social background to cushion out eventually adverse effects of risky attitudes and behaviors. Additionally, Laferrère (1998) argues that risk attitudes are part of an informal capital transmitted within the family. Forret & Dougherty (2001) and Pfeffer (1977) also conjecture a link

between socioeconomic background and the willingness to take risks. As expressed by Pfeffer (1977: 703), socioeconomic background, that is the socioeconomic level of the family where an individual was brought up, "may also be correlated with experiences tending to produce more self-assurance and willingness to take risks". These theoretical ideas are marginally addressed by Dohmen et al.'s (2012) finding that risk attitudes are to some extent transmitted from parents to children. Marginally, because even if they report the intergenerational transmission of risks, their research does not give any insights on how different socioeconomic background might affect risk taking attitudes, as suggested for instance by Hartmann & Kopp (2001).

Results from research by Cecil (1972), MacCrimmon & Wehrung (1990) and more recently by Grable (2000) show significant relationships between different socioeconomic factors and managers' risk taking attitudes and behavior. Cecil (1972) reports that factors such as class standing, academic major, family income, and rural home environment can help explaining differences in individual risk attitudes. He surveyed 234 undergraduates from an US-American university using the Kogan and Wallach's Choice Dilemmas Questionnaire. An important non-significant finding of his study, which is relevant for the present thesis, addresses the relationship between the occupation of the head of household and the risk taking propensity of the respondents. However, Cecil (1972) does report some statistically significant relationships between family income and risk taking propensity. His results suggest that students from families at both extremes of the income distribution exhibit higher risk taking propensities. MacCrimmon & Wehrung (1990) perform linear discriminant analyses on a sample consisting of 509 top managers in Canada and the USA. Their results show that managers ranking high on the success factor tend to take more risks than others. The contrary holds for the maturity factor with more mature respondents being less likely to take risks. Although those results are interesting and especially relevant for this thesis, their interpretation is problematic due to the factorization of the variables. The success factor, for instance, encompasses the variables wealth, income, position, and authority, whereas the maturity factor consists of the variables age, seniority, and dependents. Obviously, the unique effects of variables such as age or wealth cannot be identified in the study of MacCrimmon & Wehrung (1990), even though the presented results give a hint about possible relationships and their directions. Grable (2000) also performs discriminant analyses using data from a sample of 1075 faculty and staff members of an US-American university. He reports significant links between a range of socioeconomic

factors and financial risk tolerance. Among others, Grable (2000) shows individuals with high income and education to be more risk tolerant than their counterparts with low levels of income and education.

The surveyed studies exhibit the broad range of variables used to explain the risk propensity of individuals. Depending on the theoretical field on which the researchers are acting, those variables range from demographics such as age and gender to psychological, organizational, or cultural variables. However we can note that, at least in the research explicitly addressing managerial issues or using managerial samples, a narrower set of variables is usually used in attempts to explain individual level risk propensity. It is further noteworthy that notwithstanding the theoretical hints, the empirical literature on the link between the socioeconomic background of organizational leaders and their risk propensity is rather sparse. Based on the available theoretical arguments, the present thesis aims at enriching the management literature by linking the socioeconomic background of organizational leaders to their risk propensity.

2.3.2 Sense of control

Sense of control has been found to be influenced by variables such as culture, race, and socioeconomic status. Kraus et al. (2012) argue that lower-class individuals are characterized by contextualist tendencies which make them believe that "one's actions are chronically influenced by external forces outside of individual control and influence." Current research does not give insight about the link between socioeconomic background and sense of control. However, considering sense of control to be a stable attribute (Caliendo, Cobb-Clark, & Uhlendorff, 2010), it might be increased by socialization in an upper class environment as it will be discussed below.

Lachman & Weaver (1998), for instance, survey a sample of the US-American population and report significant differences in sense of control by the economic situation of the respondents. They find that individuals with higher income tend to have a stronger sense of control, even though there is notable variability among the groups in the sense that some individuals from the lower income groups exhibit a strong sense of control, whereas some from higher income groups exhibit a weak sense of control. Lachman & Weaver (1998) discuss two ways by which social class can be linked to

sense of control. First, they argue that institutions such as higher education and higher paying jobs teach subjects about the desirability of a link between one's actions and related outcomes. Since individuals from lower classes are less likely to go through those institutions, they end up being less exposed to those social settings fostering their sense of control. Second, Lachman & Weaver (1998) suggest that the availability of resources might influence the sense of control of individuals. Individuals disposing over resources such as financial means more often have the possibility to influence events affecting their life than those lacking those resources. As a result, individuals disposing over resources, who will most likely be from higher socioeconomic grounds, would develop a strong sense of control based on their experience of successfully influencing their own life. Both arguments presented by Lachman & Weaver (1998) support Rotter's original claim that the development of the locus of control can be explained from the perspective of social learning theory (Rotter, 1966). In Germany, Lauterbach & Tarvenkorn (2009) compare individuals from the middle classes and a sample of wealthy individuals on several factors. One of their results is the clear contrast between both groups when looking at locus of control. They report that the wealthy individuals do not only tend to exhibit a high internal locus of control, i.e. a strong sense of control, but also that this high internal locus of control is stable across different fractions of the wealthy sample. Based on their descriptive study, they conclude that wealthy individuals have a stronger belief than those from the middle class that they can control the course of life; wealthy individuals hence tend to act more and to react less (Lauterbach & Tarvenkorn, 2009).

Whereas Lauterbach & Tarvenkorn (2009) relate sense of control to wealth, McInish (1982) focuses on occupation. In a study on the locus of control of investors in the USA, he reports that investors tend to be more internally controlled than college students. In the terminology of this thesis, this means that investors tend to have a stronger sense of control than students. It should be noted however that this result is an indirect finding resulting from a comparison between McInish's own results and former research with students samples since the sample of McInish (1982) does not contain students. He further reports that women in his sample tend to be more externally controlled than men, i.e. women tend to have a lower sense of control.

Further past works have described sense of control as something individuals learn from both family and the broader social environment. Pedersen et al. (1989) use a twin

research approach to study individual differences in sense of control and find that even if genetics can account for some of the variance, the bigger part of the variance remains to be explained by environmental influences. Early studies with US-American adolescent samples show, for instance, a relationship between race and locus of control. Zytkoskee, Strickland, & Watson (1971), among others, report that black adolescents appear to be more externally controlled than their white counterparts. The authors tentatively attribute these findings to the awareness of black subjects about living in "a predominantly white-oriented and white-controlled culture" (Zytkoskee et al., 1971: 97).

Another stream of research suggests that those individual level variations in sense of control along socioeconomic status and related variables such as social class or income level are valid across countries. Following Pearlin & Kohn (1966), class-based differences in sense of control can be explained by class-related parenting styles. In a cross-national research, they show that in both the Italian and US-American contexts "middle-class parents put greater emphasis on the child's self-direction and working-class parents on the child's conformity to external proscription" (Pearlin & Kohn, 1966: 478). These results suggest that working-class parents are more likely to raise individuals who will attribute a higher relevance to external factors affecting their life than those raised with the emphasis on self-direction. Due to class-specific parental values, individuals socialized in higher socioeconomic environments should hence exhibit a stronger sense of control than those from lower socioeconomic environments. Another pan-cultural piece of research by Smith, Dugan, & Trompenaars (1997) unveils not only status-related but also gender-related differences on sense of control. Studying a large sample of more than 4000 employees of business organizations in fourteen countries, they report that "[f]emales and lower status employees tend to score more externally on Rotter's locus of control scale" (Smith et al., 1997: 72). According to their findings, female employees in their sample therefore tend to have a weaker sense of control than their male counterparts. Smith et al. (1997) provide two explanations for their findings on gender-related differences in sense of control. First, drawing from the discussion on communal and agentic traits, they suggest that an internal locus of control is similar with agentic traits, i.e. characterized by assertiveness and independence. Since men have been found to be more agentic than women, the former should score higher on internal locus of control than women. Second, Smith et al. (1997) suggest that the external locus of control displayed by women in their sample might be the result of

experiences in the professional life. In the course of their professional life, women experience that access to top level positions is restricted for female employees. Acknowledging such a powerful external constraint can therefore weaken the sense of control of female managers. However, Guagnano et al. (1986) remark that the findings on the relationship between gender and locus of control in the literature are inconsistent. They sustain their claim by quoting early and mostly North-American studies which, similarly to their own study, fail to find a relationship between gender and locus of control.

Looking at locus of control from a cross-cultural lens, Mueller & Thomas (2001) study a sample of students in nine countries and find that subjects in individualistic cultures are more likely than those in collectivistic cultures to score high on internal locus of control. This can be explained by the stress of individualistic cultures on factors such as personal initiative, individual freedom of action and independence (Mueller & Thomas, 2001), which all can lead to a high sense of control. This corroborates early findings reporting a greater internal orientation in individualistic societies when compared to collectivistic ones (see for instance Parsons & Schneider, 1974).

Additionally to factors such as gender, culture, or parental style, locus of control has also been found to be related to emotional intelligence. Mohapatra & Gupta (2010) survey a sample of 69 executive level officers in a public service organization in India and find that those managers who score high on emotional intelligence also tend to be internally controlled. They conclude that "[b]eing in charge of one's emotions leads a person to believe that he's in control of his/her life and can attain his/her goals by well-directed efforts" (Mohapatra & Gupta, 2010: 16). This conclusion is however to be cautiously taken since their research design does not allow the interpretation of causal inference.

Age and ethnicity have also been found to influence locus of control. Since we already discussed studies such as Mueller & Thomas (2001) and Parsons & Schneider (1974) which link culture to locus of control, it is not surprising that ethnicity has been found to be linked to control orientations (Kraus, Piff, & Keltner, 2009). As for age, Lumpkin (1986), for instance, reports that elderly are more externally oriented than younger individuals. Nevertheless, as noted by Guagnano et al. (1986), a look at the literature shows that the findings on the relationship between age and locus of control are rather inconsistent.

The surveyed studies exhibit the broad range of variables used to explain the sense of control of individuals. Variables such as age, gender, and other variables related to socioeconomic background (e.g. parental values, socioeconomic status, or income) act as determinants of sense of control. In the context of management studies, however, current research does not give insight about the link between the socioeconomic background of organizational leaders and their sense of control. The present thesis intends to address this gap.

2.3.3 Justice perceptions

As already discussed in the sections above (1.2 and 2.1.3), issues of justice have been broadly debated in the area of management studies. Hereby, researchers have elicited several determinants of justice and justice-related concepts. Kluegel, Mason, & Wegener (1999) differentiate between collective and individual determinants of market justice beliefs. The collective determinants are factors shaping opinions of whole societies such as cultural attributes and economic conditions. Individual determinants are variables such as gender, education, and socioeconomic status (Kluegel et al., 1999). A similar study comes from Verwiebe & Wegener (2000) who show that justice evaluations depend not only on broader cultural factors but also on individual factors such as social class, household income, and employment situation.

If we consider justice perceptions from the observer's perspective as an other-centered concern, looking at findings on the determinants of further other-centered concerns such as compassion, empathy, or role-taking could suggest hints on the determinants of justice perceptions. In this vein, Kraus et al. (2012) report that "lower-class individuals are more accurate judge of other's emotions" and therefore present social class as an important determinant of compassion.

Until now the determinants of perceptions of distributive justice by organizational leaders have been barely studied by management scholars. Even the similar concept of observer's justice sensitivity as discussed, for instance, by Schmitt et al. (2005) has been barely used by management scholars. Justice-related studies in management research have focused mainly on issues such as organizational justice or individual self-related perceptions of justice. For instance, Žitný & Halama (2011) study

self-esteem, locus of control, and personality traits as determinants of sensitivity to injustice. However, similarly to the vast majority of extant studies they consider injustice to one self and not injustice from the perspective of the observer.

Although the concepts of distributive, procedural, and interactional justice have been vastly studied on the organizational level, to the best of my knowledge, there is no published work on the observer's justice sensitivity of members at the upper echelons of organizations. If we assume that there is a similarity between the discussion of how organizational leaders perceive issues of justice with respect to lower-level organization members and the concept of observer's justice sensitivity, then the conspicuous lack of research on the justice perceptions of organizational leaders might be explained by at least two reasons. First, the differentiated conceptualization of justice in observer's, perpetrator's, and victim's justice sensitivity is a relatively new concept. Although already discussed by Mikula (1994), it has been conceptualized and tested only in 2005 by Schmitt and colleagues in an article published in the European Journal of Psychological Assessment (Schmitt et al., 2005). This particular outlet leads to the second possible reason for the lack of research on observer's justice sensitivity in the management studies. Even though some researchers have been undertaking studies based on the conceptualization by Schmitt and colleagues, it is obvious that those studies are limited to psychological research and closely related realms (e.g. Edele et al., 2013 and Faccenda & Pantaléon, 2011). This can therefore explain why discussing issues of justice perceptions from a third-party perspective as intended in this thesis does not have a tradition in the management research. More specifically, the thesis aims at enriching the literature on managerial justice perceptions by linking the latter to the socioeconomic background of managers.

Of course, due to the cross-sectional and correlational nature of most of the studies presented in this section, causality might well not be assumed in any direction. However, the evidence is clear that the relationships between the variables at hand are worth of interest. There are theoretical hints that the three variables risk propensity, sense of control, and justice perceptions are related to the socioeconomic background of individuals. But these links are hardly discussed in the literature. A model designed to fill up this research gap is presented in the next section.

3 Theoretical Model & Hypotheses

"A model is a simplified representation of the real world. Models are created by speculating about processes that could have produced the observed facts." Lave & March (1993: 19)

In the preceding chapters, the conspicuous absence of socioeconomic background in management studies has been discussed. Moreover, effects and antecedents of three management-relevant variables which seem to be associated with socioeconomic background have already been presented. This chapter, first, introduces a novel model of the relevance of socioeconomic background for management research. Making an analogy on Gupta's (1988) assertion that the question is not whether managers matter but how they matter, the model discusses not only whether but also how the socioeconomic background of managers matters. Second, the proposed model allows us to speculate about processes linking the socioeconomic background of organizational leaders to their risk propensity, sense of control, and justice perceptions. The chapter hence has two aims: to introduce the research model and to present the hypotheses.

3.1 Research model

As the literature review has shown, attitudes among organizational leaders such as risk propensity, sense of control, and justice perceptions do influence organizational outcomes. It is therefore worth understanding how these attitudes come about. The main proposition of this thesis is that the socioeconomic background is an important explanatory factor for these attitudes. In what follows, I elaborate a model which explains how socioeconomic background influences differences in attitudes among organizational leaders. The model is therefore focused on the micro-level of individual attitudes.

This focus on the micro-level raises the question about the concept of human nature underlying the research model. Several views of human nature have been proposed by organization scholars (for an overview see, for instance, Kirchler, Meier-

Y. Kemayou, *More Class in Management Research,*
DOI 10.1007/978-3-658-12063-4_3, © Springer Fachmedien Wiesbaden 2016

Pesti, & Hofmann, 2004). The model of economic man is considered as the basic conceptualization of the human nature in economic and managerial thinking (Basel & Brühl, 2013; Kirchgässner, 2014). According to the model of economic man which is also termed "homo oeconomicus", individuals are rational and self-interested atomized entities aiming at maximizing their utility through involvement in market relationships. However, economic man in its strict form as the dominant view of human nature has been criticized on several grounds such as its assumption of the all-informed individual and its abstraction from social considerations such as trust or altruistic concerns which cannot be generated by strictly contractual negotiating (for a detailed account of the issue, see for instance the third chapter of Iseke, 2007).

Human beings as conceived in the present thesis are affected by the psychological effects of social class. On the one hand, the influence of social class can occur directly through the impact of an individual's place in the stratification system on their psychological characteristics. Such a view has been developed, for instance, by Bourdieu (1979) who argues that behavioral characteristics are influenced by the level of socioeconomic resources available to the individuals, i.e. by their endowment with different resources such as economic, cultural, and social capital (Bourdieu, 1979). On the other hand, social class might also affect individuals indirectly through the intergenerational transmission of class and class-related characteristics. Sociological works discussing the issue of social reproduction have shown that class is to a certain extent intergenerationally transmissible (see, for instance, Bourdieu, 1979; Hartmann, 2000; Maclean, Harvey, & Kling, 2014). Findings from these studies highlight that the current class position of individuals is largely influenced by the class position in which the individuals were socialized. This in turn would most likely be their family's class position. This view is sustained by Bourdieu's (1979) concept of habitus which can explain an intergenerational transmission of class-related characteristics such as preferences. In this context, habitus expresses "the system of schemes of perception and appreciation of practices, cognitive and evaluative structures which are acquired through the lasting experience of a social position" (Bourdieu, 1989: 19). Due to the close link between social class and habitus as a characteristic of the former, the posited differentiation between the influence of socioeconomic background on the future position within the stratification system, i.e. a transmission of social class membership induced by socioeconomic background, and the class-related intergenerational transmission of habitus might look fuzzy at first glance. However, a closer look justifies

the differentiation. Whereas a transmission of social-class membership is highly likely to be accompanied with a transmission of the habitus of that respective class, habitus can also be transmitted without objective social-class membership. An example of such a situation is what Bourdieu (1979: 122) terms the "Don Quixote effect", i.e. when an individual displays a habitus which is linked to past objective conditions no longer experienced. This illustrates that the transmission of habitus does not always go hand in hand with the transmission of a position within the stratification system. Hence, both processes are not identical. The views developed in this paragraph therefore suggest that human beings are affected, first, by the level of resources associated with membership to a specific social class. Second, the socioeconomic settings in which individuals were socialized, i.e. their socioeconomic background, are also to be considered since the socioeconomic background affects both the future position within the stratification system and the preferences through an intergenerational transmission of habitus.

Notwithstanding the crucial role of social structures on individuals' attributes as formulated here, human beings as conceived here are also rational actors capable of exhibiting specific stances for their own benefit. For instance, individuals hailing from lower socioeconomic backgrounds might purposefully undertake risky paths in order to better their position since they have only limited access to less risky alternatives with similar payoffs.[2] Such a view of human nature as simultaneously rational and influenced by social structures is consistent with prior theorizing in the context of organization and management research.

As a case in point, I can cite the research on individuals' attitudes and decisions toward volunteering. In their elaboration of what they term a "hybrid theory" of volunteering, Einolf & Chambré (2011) observe that social theories, individual characteristics theories, and resource theories all have to be considered for a comprehensive understanding of the issue. Whereas the former two groups of theories address the role of societal and social psychological factors, the last one resorts to the ideas on the rationality of man (Einolf & Chambré, 2011). Although integrating different theoretical perspectives to inform our view of human nature surely enhances our understanding of man, such a strategy also faces some challenges. Hustinx, Cnaan, & Handy (2010) suggest that issues of definition and disciplinary heterogeneity, for

[2] This idea will be discussed thoroughly while developing the hypotheses on the risk propensity of organizational leaders.

instance, might hamper attempts to understand a phenomenon such as volunteering by linking theories originally grounding on divergent models of man. Quoting DiMaggio (1995), Hustinx and her colleagues however also recognize that those attempts are worth undergoing since they can enrich our understanding of complex phenomena.[3] The present thesis follows this path since it seeks to explain managerial attitudes by drawing on a multidisciplinarily informed understanding of mankind. More specifically, I posit that to understand the attitudes of organizational leaders, we need to consider their rational tendencies as well as social class-related aspects such as their contacts to other classes or their socioeconomic background.

Consistent with the view of human nature posited in this thesis, the main assumption is hence that individuals are embedded in social settings largely influenced but not determined by their social class. The embeddedness in social settings then affects individual characteristics such as attitudes and behaviors. This view is consistent with Granovetter's (1985: 482) embeddedness position which postulates that behavior is "constrained by ongoing social relations". Even if Granovetter's (1985) argumentation is oriented toward behavior and not toward attitudes as this thesis is, I posit that attitudes as determinants of behavior are similarly socially embedded, i.e. largely influenced by the social class to which the individuals belong.

Social class here is not understood in its classical, Marxist sense. In fact, such an understanding of social class is hardly used by today's management or economics scholars. Even in sociology, where class could be said to be 'at home', researching about class entails facing daunting adversities. As expressed by Waters (1991: 141), "[c]lass is both the most enduring and the most controversial of sociological concepts." It has been almost twenty years since Pakulski & Waters (1996) celebrated the funeral of social class, claiming the "death of class". Social class might be irrelevant for today's organizational or sociological research; it might even be dead. This thesis does not engage in that debate since class here is not understood in association with the elements of struggle or exploitation. The proposed model just assumes that the socializing experiences made by individuals in a particular socioeconomic context might have

[3] Interested readers might turn to Iseke (2007) for another account of how multidisciplinarily informed models of man can enhance our understanding of organizationally relevant issues. In the third chapter of her book, Iseke (2007) provides an extensive account of how models of man based on economic as well as sociological literature can help to understand a phenomenon such as the emergence of social capital within organizations.

implications for their psychological characteristics. In other words, grouping individuals according to socioeconomic factors representing their social class should matter for aspects of the self. This argumentation follows Côté's (2011: 47) definition of social class as "a dimension of the self that is rooted in objective material resources (…) and corresponding subjective perceptions of rank vis-à-vis others." From this perspective, it is obvious that social class is a major marker of social stratification in Western capitalist societies. This view is supported by researchers such as Kohn and his colleagues (1990: 965) who understand social stratification as the "hierarchical ordering of society as indexed by formal education, occupational status, and job income." Kohn and colleagues further suggest that due to its generalizability, social stratification is a concept which might be conceptualized similarly in all industrialized societies (Kohn et al., 1990).

Following the preceding thoughts, we could therefore expect a group of individuals occupying leading positions in comparable organizations to be homogeneous with respect to their psychological tendencies related to social class, since they all occupy the same position within the social stratification system. However, I argue that not only the current position but also the socioeconomic background influence the attitudes of organizational leaders. Hence, the organizational leaders are to be differentiated with respect to their socioeconomic background.

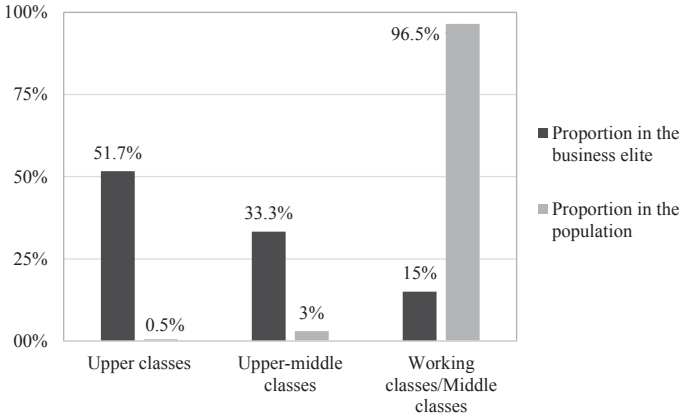
The second assumption is that the group of organizational leaders can be divided into two subgroups to be specified in the following. As mentioned in the introductory chapter of the thesis, there is extensive evidence that elite production in Western capitalist societies is characterized by a marked self-reproduction. For instance, consistently more than 70 percent of the business elite in countries such as the USA, Great Britain or Germany are themselves from an upper-class background. Although still present, the self-reproduction seems to be less marked for elites in the fields of politics or science (Hartmann, 2007). The model therefore grounds on the idea of the business elite in Western capitalist societies being composed of two distinct groups: a majority of self-reproduced organizational leaders and a minority of social climbers originating from the lower socioeconomic backgrounds. Table 1 shows results from a study displaying figures on the reproduction of the business elite and Figure 1 shows the overrepresentation of the upper socioeconomic class in the business elite.

Table 1: The socioeconomic background of top managers (Hartmann's study)

Social class \ Country	France	Germany	USA	Great Britain
Upper class	57.0	51.7	50.0	53.2
Upper middle class	30.3	33.3	25.7	31.2
Working class / middle classes	12.7	15.0	24.3	15.6

Observation year: 2005. Numbers are percentages.
Source: (Hartmann, 2009: 75).

Figure 1: The overrepresentation of the upper classes in the German business elite



Own representation based on data from Hartmann (2009 and 2010).

Another study by Maclean, Harvey, & Press (2006) shows results for the reproduction of the business elite in France and Great Britain. The numbers in Table 2 show the social origin, i.e. the socioeconomic background, of the top 100 directors of French and UK companies in 1998. According to the authors, the presented findings

> "focus on the top 100 most powerful directors in each country in 1998, typically the CEOs and Chairmen at the summit of the corporate hierarchy who engage most vigorously in what Giddens terms 'elite circulation' – the 'phenomenon of multiple holding of elite positions (as in interlocking directorships, or where political leaders hold business appointments)' – who function as something of an

'elite within an elite'" (Maclean et al., 2006: 89).

Table 2: The socioeconomic background of top managers (MacLean & Harvey's study)

Country / Social class	France	Great Britain
Upper class	42.55	35.17
Upper middle class	34.04	28.57
Lower middle class and lower	23.41	36.26

Observation year: 1998. Numbers are percentages.
Source: (Maclean et al., 2006:91).

Even if Table 2 displays numbers, at first sight, different from those in Table 1, both tables do show a clear over-representation of the upper classes in the business elite.[4] The seemingly less accentuated reproduction in Table 2 might be explained by diverging classification strategies. As a point in case, Hartmann works with a broader understanding of the upper class. In his studies, those belonging to the upper class are "large scale entrepreneurs, the directors and upper-level managers of large corporations, big landed proprietors, top-level civil servants, generals and prominent liberal professionals" (Hartmann, 2010: 107). This differs from Maclean et al. (2006) who see the upper class strictly as "a small minority of families with substantial wealth and a large income based on inheritance or a parent occupying a leading position in society" (Maclean et al., 2006: 90). Furthermore, whereas Hartmann includes groups such as merchants and senior civil servants in his upper middle classes, the latter are restricted in Maclean et al. (2006) to families with one or more parent holding a prestigious job and high earnings.

Mastekaasa (2004) shows that even in a reportedly egalitarian Scandinavian country such as Norway, there is a positive relationship between class origin and membership in the business elite.

The research findings mentioned above therefore corroborate the idea that the economic actors within Western capitalist societies can be divided into two main groups: a dominant class including the group of organizational leaders, which could be broadly

[4] According to Hartmann (2010), the upper class has consistently accounted for roughly 0.5 percent of the population in the German context (see Figure 1).

similar to Maclean et al.'s (2006) upper class, and a broader rest, where middle and lower classes are regrouped. The results also point to the reproduction of the elite, and that this elite reproduction is particularly relevant in the case of the corporate elite.

However and more interestingly, the results also show that there is not such a thing as total reproduction in a sense that all organizational leaders originate from upper socioeconomic backgrounds. On the contrary, it is noticeable that in all the researched countries there is always a proportion of organizational leaders originating from the broader socioeconomic groups, even if this proportion does vary across the different countries. For example, according to Hartmann (2009), 12.7 percent of the French top corporate leaders originate from the broader middle classes or the working class. The similar figures for Germany and the USA are respectively 15 percent and 24.3 percent. Besides those reported empirical findings, the theoretical case can be made that in any Western capitalist society there would always be a certain proportion of the organizational leaders originating from lower socioeconomic backgrounds. At least three arguments can be constructed to support this claim. First, if the upper class in a society is considered as a body consciously acting to secure its own position, it can be the case that it from time to time allows certain individuals from broader and lower backgrounds to integrate its ranks. This could happen as a strategic device used by the upper class to avoid open confrontation with the broader and lower classes. Secondly, the organizational elite might also actively try to recruit some individuals from traditional outgroups, i.e. from lower backgrounds, in order to bring 'new blood' within its structures. The two previous arguments are in line with the instrumentalist view of the business elite which considers the latter as an "organized and self-conscious business class (…) capable of perceiving its long-term interests" (Useem, 1982: 199; see also Jaquet, 2014 for an argumentation on the utility of social climbers for the dominant class). The third argument, may be less cynical, is related to a belief widespread and said to be the major legitimating norm in today's Western capitalist society: meritocracy. According to Son Hing et al. (2011), meritocracy is a distributive principle based on intelligence, effort, ability, training and experience and "considered by many to be an ideal justice principle". Hence, if meritocracy does have some merit, it will always be possible for some remarkably intelligent, hardworking, able, well-trained and experienced individuals to ascend to leading positions, may they be from lower socioeconomic backgrounds.

Even if a total reproduction of the organizational elite is a conceivable scenario, there are therefore arguments suggesting that in any Western capitalist society, the group of the organizational leaders will always be composed of two subgroups: a majority of 'reproduced leaders', i.e. those originating from upper socioeconomic background; and a minority of 'socioeconomic climbers', i.e. those leaders originating from lower and middle background. Hence, the first two major components of the classification are known: the reproduced leaders and the socioeconomic climbers.

The socioeconomic climbers, i.e. those organizational leaders hailing from the less privileged backgrounds, could be described as individuals in "class-discrepant positions" (Gray & Kish-Gephart, 2013: 692). As examples of individuals in class-discrepant positions, Gray & Kish-Gephart (2013: 692) mention "a member of the upper classes employed as a clerical worker or a member of the lower classes working as a corporate executive". The present study diverges from that since, according to the previously developed ideas, an organizational leader is per definition a member of the privileged class. An organizational leader from the lower classes is a socioeconomic climber who might not fit fully into their new class, but who is certainly not a lower class individual since they do not experience the socioeconomic conditions of the lower classes anymore.

A further differentiation of organizational leaders

Up to this point I have assumed, first, that individuals are embedded in social settings largely influenced, but not determined by their social class. And second that the group of organizational leaders can be divided into the two subgroups of reproduced leaders and socioeconomic climbers. To understand the dynamics of how the issue of socioeconomic background of organizational leaders interacts with risk propensity, sense of control, and justice perceptions, a further differentiation beyond reproduced leaders and climbers is however necessary.

Following Jaquet (2014), socioeconomic climbers might be considered as atypical cases of the social reproduction. However, the implausibility of a total reproduction as posited in this thesis leads us to consider both the social reproduction of the majority of organizational leaders and the upward mobility experienced by a

minority of them as typical trajectories. Notwithstanding this typicality, I argue that individuals' attributes such as attitudes resulting from these trajectories are subjected to the specific experiences made by the respective individuals. Bourdieu (1979) makes a similar point by contending that individual trajectories can be influenced not only by collective events such as wars and crises, but also by individual events such as encounters with possible future acquaintances or benefactors. In the present work, both the reproduced leaders and the socioeconomic climbers are therefore further differentiated to account for these effects of individual events on individuals' attributes.

As suggested, I argue that the socioeconomic climbers do not build a fully homogeneous group. Due, for instance, to dissimilar access to information, some individuals experiencing socioeconomic climbing might have received some forms of support and some others not. This leads us to the third assumption which introduces a differentiation between supported and non-supported climbers. The support may be of institutionalized form such as grants, stipends or institutional forms of mentoring; but also of an informal nature such as the availability of a private mentor or the support of random acquaintances. Although not in the realm of organizational leaders, results reported by Maschke et al. (2012) point out that support from outside persons such as teachers or random acquaintances might help individuals toward the goal of a successful educational biography. It is obvious that not every individual would have the chance of making those random acquaintances. The literature on career mobility of groups underrepresented in the top organizational levels such as racial minorities or women discuss similar issues. Several authors in those streams suggest and provide evidence for the importance of factors such as informal network support or mentorship for the climbing of the organizational ladder. Carbado & Gulati (2009), for instance, theoretically discuss the issue of mentorship. In their work with data from executives of an US-American corporation, Lyness & Thompson (2000) discuss among others the importance of informal networks and mentorship for the career success of women.

A real-life example addressing the issue of support as discussed here comes from the trajectory of Rüdiger Grube, a top manager who, among others, served as the CEO of the German railway company. Working as an apprentice, he wrote an article in the apprentices' magazine which the wife of the company's head happened to read and to appreciate. This later provided the apprentice Grube with the opportunity of meeting the company's head. As their relationship developed, the company head offered Grube to

financially support his higher education (Kuhr & Öchsner, 2012). According to Grube's own words, this spontaneous help from a random encounter was the very basic foundation of his successful career (Grube, 2014).

Following the preceding argumentation, the socioeconomic climbers may hence be divided, first, into those who received any kind of formal or informal support for their ascension toward becoming an organizational leader. Second, they are the socioeconomic climbers whose ascension is primarily a result of own efforts. So far no empirical findings on this proposed differentiation can be found. However, anecdotal evidence, common sense, and the scant academic evidence presented above suggest that individuals experiencing socioeconomic mobility would follow paths with different levels of support. The socioeconomic climbers therefore consist of those who were actively supported and those who primarily did it "on their own".

The idea of support might be linked to issues of social capital. It is possible that those climbers who have been supported during their upward social mobility were able to find support because of their social capital. However, if social capital is a main source of support, there are also some arguments to comprehend how an individual can enjoy formal or informal support in spite of possible lack of social capital. In a qualitative study on the family background of entrepreneurs and its impact on the profitability and growth of their ventures, Anderson & Miller (2003) report a respondent saying that she received "assistance from casual acquaintances" in early stages of her entrepreneurial career. Following the accepted understanding of social capital, assistance from *casual acquaintances* does not fall in the realm of assistance linked to what has been conceptualized as social capital. According to Bourdieu (1980), social capital is characterized by durable, permanent, and valuable links between agents. Social capital therefore has a long-term component lacking from support received, for instance, from casual acquaintances. An agent disposing over a certain degree of social capital is highly likely to derive utility in the form of support from her social capital if needed. In contrast, an agent lacking social capital might also be able to receive support from random acquaintances or formal institutions. In the latter case, receiving support clearly differs from disposing over social capital.

The fourth and last assumption to be discussed addresses a differentiation on the side of the reproduced leaders. More specifically, it is assumed that reproduced leaders can be either distant or non-distant to less privileged socioeconomic groups. At the latest

since Bourdieu's (1979) large field works on "distinction", it has been widely recognized that one major function of upper class institutions is to differentiate the upper class from the others. Socioeconomic classes are characterized by their homogeneity and clear delimitation from each other. The very definition of a dominant class lies in its ability to create and maintain a high social distance between its members and those at lower levels of the societal spectrum (Hartmann, 2000; Martineau, 1958). Hence, the social distance between individuals from different socioeconomic classes is likely to be higher than between the members of a same class. Social distance expresses how close people feel to each other (Small & Simonsohn, 2008). The concept of social distance has been analyzed in several contexts. Small & Simonsohn (2008) study the link between social distance and donations. Similarly, Jones & Rachlin (2006) study the link between (perceived) social distance and generosity, finding that the "amount of money a person was willing to forgo in order to give $75 to another person decreased as a hyperbolic function of the perceived social distance between them" (Jones & Rachlin, 2006: 283). Social distance has also been researched in leadership studies. For instance, Shamir (1995) reports, based on the study of an Israeli students sample, that social distance does matter for charismatic leadership; distant charismatic leaders being often characterized as having, among others, rhetorical skills, an ideological orientation and sense of a mission, whereas close charismatic leaders are, for instance, characterized by "being sociable, open and considerate of others, having a sense of humor" (Shamir, 1995: 31). Furthermore, researchers have discussed issues of social distance between leaders and followers in the context of team commitment (Christie & Barling, 2010) or employees' wellbeing (Byrne, Barling, & Dupré, 2014).

In the context of this study, reproduced organizational leaders as both offsprings and current members of the dominant class can lower their social distance to individuals from broader and lower socioeconomic groups by any occasions leading to intergroup contacts with the latter. Those intergroup contacts could happen in different institutions and moments of life. In the realm of education, for instance, some offsprings from privileged socioeconomic backgrounds could attend non-elitist educational institutions. It has been shown that elitist educational institutions are characterized by an overrepresentation of students from the most privileged backgrounds (see for instance Hartmann, 2007 and van Zanten, 2010 for the cases of the France, Great Britain and the USA). Offsprings from privileged socioeconomic backgrounds attending non-elitist educational institutions might engage in various types of regular social exchanges with

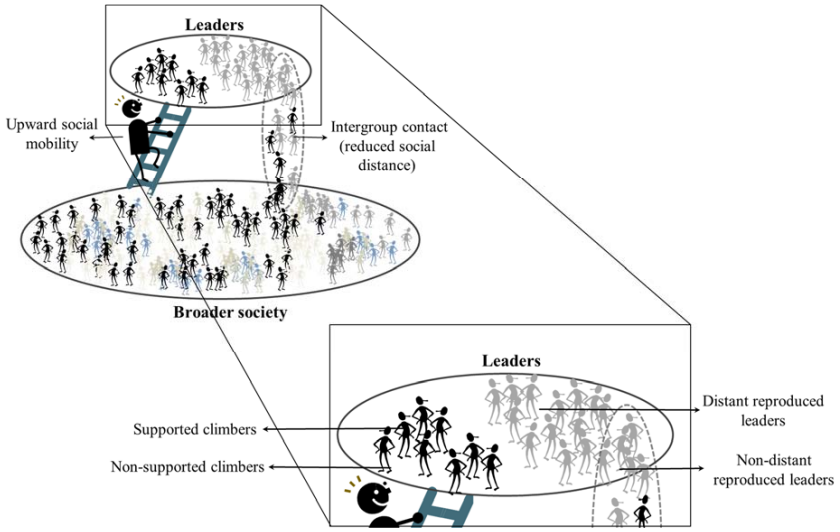
offsprings from broader and lower socioeconomic backgrounds. The argument here is not that attending these non-elitist institutions can force those from privileged backgrounds into social relationships with those from less privileged backgrounds. The point being made is rather that attending these institutions might increase the likelihood that such relationships might develop, for instance, as result of working together closely for particular study projects.

In daily life, there are other possibilities of intergroup contacts leading to a reduced social distance between an individual from privileged socioeconomic groups and another from a less privileged group. The plot of the French movie "The Intouchables", directed by Olivier Nakache and Éric Toledano (2011), provides an adequate illustration of this idea. It is the story of a rich and quadriplegic man developing a close and friendship-like relationship to his live-in caregiver (Nakache & Toledano, 2011). This scenario might theoretically happen in situations where an individual from privileged groups develops any type of close relationships to a lower class individual, whether they be their live-in caregiver, cook, cleaner, servant, or even valet.

Based on the argumentation above, the group of the reproduced leaders may therefore theoretically be thought to consist of two subgroups: a group of reproduced leaders with a high social distance to broader and lower socioeconomic groups and another group of reproduced leaders who have reduced their social distance to lower groups through any type of intergroup contacts.

To sum up, the model developed here first starts from widely accepted sociological findings about the reproduction of organizational leaders leading to the existence of two groups at the top echelons: a majority of reproduced leaders and a minority of socioeconomic climbers. It then argues that within the latter supported and non-supported climbers will be found, whereas the former may consist of distant and non-distant reproduced leaders. Figure 2 displays the presented group classification.

Figure 2: The 4-group classification of organizational leaders



The lower part of Figure 2 shows four distinct groups, which may be identified within the population of organizational leaders. Firstly, the supported climbers are those leaders whose current position is not only the result of upward social mobility, but who have also experienced formal and/or informal support during their ascension. Secondly, the non-supported climbers are leaders who, hailing from less privileged backgrounds, have managed to reach the top of an organization without particular formal or informal support. Thirdly, the distant reproduced leaders were socialized in privileged backgrounds, i.e. similar to their current environment, and exhibit a high social distance toward individuals from less privileged backgrounds. Lastly, the non-distant reproduced leaders are those equally socialized in privileged backgrounds but whose experiences have led them to have frequent interactions with individuals from less privileged backgrounds, thereby reducing their social distance toward the latter.

Obviously, other groups could be identified within the population of organizational leaders. For instance, the climbers could be divided along the line of social distance, or the reproduced leaders could also be divided along the line of support. Hence, the discussed 4-group classification of leaders does not claim to be exhaustive. The reason for the chosen strategy is twofold. First, I assume that due to their origins

from lower backgrounds, socioeconomic climbers should have a markedly low social distance toward less privileged backgrounds. As described above, the case is less clear for the reproduced leaders and their social distance toward less privileged socioeconomic groups. This makes a comparison grounding on social distance more interesting for the reproduced leaders than for the climbers. Second, I deem the issue of support to be more interesting in the context of climbers since the reproduced leaders dispose, per definition, over resources such as financial as well as social capital. This obviously makes the issue of support less relevant for them. Moreover, reproduced leaders as offsprings from wealthy backgrounds are excluded from some institutional support programs as it is the case with the German federal system of student grants.

The proposed research model introduces a new perspective in the discussion of class-related effects of social stratification in the context of organizational leaders. Based on the three streams identified by Useem (1982), the argument is neither instrumentalist nor structuralist, and also not based on classwide rationality. Instrumentalist accounts of the relevance of (the upper) class for organizations are linked to elitist and Marxist discussions on how a particular group of individuals can use their position within the society (as an instrument) to maintain and reproduce their advantages. More precisely and in the context of the business elite, the instrumentalist approach "describes business as reasonably united and capable of perceiving its long-term policy interests" (Useem, 1982: 199). Structuralist accounts are based on the assumption that the state is an independent actor able to pursue its own agenda against a disorganized business elite.

It is obvious that the research model presented here is not based on structuralist arguments since the state is not seen as major actor; an eventual disorganization of the business elite is also not part of the model. The model furthermore differs from the assumptions of classwide rationality since it does not aim at explaining the behaviors of organizational leaders as a class. The major diverging point between the model developed in this thesis and the three main streams presented above is the focus on the micro-level. Indeed, it can be argued that instrumentalism, structuralism, and classwide rationality all operate at the macro or meso level of analysis, whereas the presented 4-group classification of organizational leaders is useful in explaining effects at the micro-level of attitudes.

To summarize, the present research, which posits a view of human nature as

simultaneously rational and influenced by social structures, is based on a set of four assumptions. First, I have assumed that individuals are embedded in social settings largely influenced, but not determined by their own social class. Hence, this thesis suggests that not only the rational tendencies of organizational leaders, but also the dynamics associated with social class might have an impact on management-relevant attitudes of the leaders. Second, I have postulated that organizational leaders can be divided into the two subgroups of socioeconomic climbers and reproduced leaders. The third and fourth assumptions further differentiate these subgroups in respectively the supported and non-supported climbers and distant and non-distant reproduced leaders. Based on this 4-group classification of organizational leaders, the next section presents the research hypotheses to be empirically tested and discussed in the following chapters.

3.2 Hypotheses

The main premise underlying the development of the research hypotheses is related to the social psychological effects of social class. As I will develop later in this section while deriving the hypotheses, the argumentation made here also accounts for experiences made in the close environment such as the family or the institutions which individuals happen to come in contact with in the course of their life. As already discussed, the model of man underpinning the argumentation also considers the rational tendencies of human nature.

In order to derive the hypotheses, the research model presented in the last section is now linked to the idea that the socioeconomic background of organizational leaders is related to their attitudes; the attitudes discussed being risk propensity, sense of control, and justice perceptions. Before going on speculating about theoretical connections based on the four groups discussed, it should first be argued how the organizational leaders as a whole differ from the respective lay population. It would be indeed more difficult to sustain the idea of the 4-group classification of organizational leaders if those leaders as a group do not markedly differ from the broader rest of the population. The exercise therefore consists of leaving the ground of socioeconomic background for a while and to focus just on the current position of the organizational leaders and how their position in the social stratification leads them to differ from the broader rest of the population on the attitudinal variables considered. First, I conjecture about differences in the risk

propensity, second in sense of control and finally about differences with respect to justice perceptions.

Differentiating organizational leaders from the lay population

As discussed in Section 2.1.1, research accounts such as Grable (2000) and MacCrimmon & Wehrung (1990) report a positive relationship between socioeconomic endowments and risk-related attitudes such as risk propensity. Individuals who dispose over significant social and economic resources can, ceteris paribus, afford to take riskier stances than resource-poor individuals. Hence, the former are likely to display a higher risk propensity than the latter. The rationale is that those who have resources have the necessary means to cushion any adverse effects of risky behaviors. Moreover, following MacCrimmon & Wehrung (1990), I contend that those individuals who reach the top of organizations take some risks in doing so. The very ones ascending to the top of organizations shall take, on average, more risks than those individuals in the population who do not follow such a career.

Furthermore, it is conjectured that organizational leaders will have a higher sense of control than the broader rest of the population. The duality of solipsism versus contextualism might help explaining this. Individuals with high socioeconomic status are often ascribed solipsistic tendencies (Kraus et al., 2012). They will therefore tend to have a strong belief in their own capabilities which will lead them to develop a high sense of control.

Since the group of organizational leaders is made up by a majority of reproduced leaders and a minority of socioeconomic climbers, we can further conjecture that, on the average, they will tend to feel less concerned about issues relevant for less privileged socioeconomic groups. This in turn will result in less favorable justice perceptions toward less privileged socioeconomic groups. Comparing the group of organizational leaders and the broader rest of the population on their justice perceptions toward less advantaged socioeconomic groups might appear problematic. It could indeed be argued that there is no point in looking at the justice perceptions of less privileged socioeconomic groups toward themselves. That comparison is however, at least for two reasons, an exercise worth going through. First, as its denomination indicates ‘the broader rest of population’ is a very diverse set comprising individuals from what would be termed the working classes and the middle classes. Hence it must not be the case that

we are looking at the justice perceptions of less advantaged socioeconomic groups toward themselves since it will depend on the level where the comparison is anchored. Second, since we know that the group of organizational leaders consists of a minority of individuals formerly affiliated with the broader rest of the population, one cannot readily assume that the group of organizational leaders will differ from the broader rest in their justice perceptions toward the less advantaged socioeconomic groups. The above elaborated arguments lead to the derivation of the first set of research hypotheses.

Hypothesis 1: **Organizational leaders differ from the broader rest of the population by a) being more risk prone, b) exhibiting a stronger sense of control, and c) by exhibiting less favorable justice perceptions toward less privileged socioeconomic groups.**

Based on the literature review of Chapter 2 and the 4-group classification of leaders, seven further hypotheses are derived. The hypotheses bring the 4-group classification of leaders together with the issues of risk propensity, sense of control, and justice perceptions.

Risk propensity and socioeconomic background

There are theoretical arguments to sustain that being a reproduced leader as well as a socioeconomic climber might have a positive impact on the individual's risk propensity. To develop those ideas, I will start with the effect of being a reproduced leader on risk propensity. Subsequently, the case of the effect of being a socioeconomic climber on risk propensity will be presented.

Grounding on the transmission of risk attitudes from parents to children, it can be conjectured that those leaders who grew up in an upper-class family which can be supposed to dispose over major socioeconomic resources, i.e. the reproduced leaders, would have more positive attitudes toward risk than other leaders. This conjecture is consistent with the afore discussed intergenerational transmission of class and class-related characteristics since risk attitudes can be seen as a part of habitus. Moreover, a positive relationship between socioeconomic endowments and risk propensity has been reported in the literature (Grable, 2000 and MacCrimmon & Wehrung, 1990). In this

vein, Dohmen et al. (2012) discuss the intergenerational transmission of risk attitudes and show that even the context-specific risk attitudes of the parents are related to the same context-specific risk attitudes of children. In a study based on German data, they conclude that "there is a strong and significant relationship between children's and parents' risk attitudes, controlling for similarity across generations in a wide range of personal and environmental factors" (Dohmen et al., 2012: 656).

In a model discussing the determinants of individual risk propensity, Sitkin & Pablo (1992) theorize the relevance of "inertia" since similarly to organizations, human beings tend to behave along specific routines. They argue that due to inertia, individuals are likely to act consistently over time even in occasions where there is a "special stimulus to try something different" (Sitkin & Pablo, 1992: 17). In the context of this thesis, the idea of inertia is captured in the risk socialization of individuals. The reported transmission of risk attitudes from parents to children supports it. Growing up in an environment where people tend to have positive risk attitudes, individuals might develop similar attitudes by incorporating and emulating observed behavioral patterns. Another determinant of risk propensity discussed by Sitkin & Pablo (1992) is the outcome history, i.e. the risk-related successes and failures. Based on findings showing that "decision makers will seek risks in the domain of gains if prior risk-seeking actions were successful" (Sitkin & Pablo, 1992: 17)[5], they conjecture that risk propensity is positively associated to the degree of outcomes success triggered by past risk propensity. In the context of this thesis, we can conjecture that disposing over resources soften possible adverse outcomes from risky behavioral patterns. A background from higher socioeconomic classes is therefore likely to lead to a positive outcome history than a background from lower socioeconomic classes.

This argument based on outcome history can be related to the judgmental heuristic of availability discussed by Tversky & Kahneman (1974) in their seminal paper. Availability as a judgmental heuristic explains how decisions made by individuals might be biased based on information (available) on former instances of a similar decision. In this context, I argue that individuals who can recall more information

[5] Sitkin and Pablo (1992) discuss "risk preferences" as another determinant of risk propensity. However, since risk preferences seem to be conceptually not clearly delineated from risk propensity itself, it was not discussed here. For instance, Nieß and Biemann (2014) and Dohmen, Falk, Huffman, and Sunde (2012) use the same measure from exactly the same dataset to measure 'risk propensity' in the case of the former and 'risk preferences' in the latter.

on positive effects of risk taking behavior will be more prone to undertake risky behaviors. Individuals from affluent backgrounds are likely to recall if not more situations with positive effects of risk taking, at least less situations of precarious situations resulting from risk taking, since disposing over resources soften possible adverse outcomes from risky behavioral patterns. Hence, the judgmental heuristic of availability and the outcome history will likely lead individuals from privileged socioeconomic background to have more positive attitudes toward risks, i.e. a higher risk propensity.

For the sake of illustration, let us assume that we are observing two individuals with similar preferences and who come from different socioeconomic backgrounds, one being from the upper socioeconomic groups and the other from the lower and less privileged groups, which implies that the former disposes over more resources than the latter. Since they have the same preferences, they will, ceteris paribus, take decisions with a similar level of riskiness. However the one with more resources will be more able to cope with any negative situations resulting from the choice made based on their risk propensity. Moreover, the previously discussed role of "inertia" which might be linked to the risk socialization also suggests that the individual hailing from the upper socioeconomic backgrounds will exhibit a higher risk propensity. This leads us to the next hypothesis.

Hypothesis 2a: **Reproduced leaders are more risk prone than other leaders.**

Some arguments can be found in the literature, which are at odds with the argumentation leading to Hypothesis 2a. To prevent the analysis being biased by the theoretical choice, the phenomenon of interest, i.e. the relationship between socioeconomic background and risk propensity, should be considered from the perspective of those diverging arguments (Miller & Tsang, 2011). The arguments suggesting a stronger risk propensity of socioeconomic climbers will now be presented. Discussing racial minorities in the race to the top of corporate ladder, Carbado & Gulati (2009), for instance, suggest that executives from racial minorities who reach the top are likely to do so by engaging in strategies riskier than those assumed by the executives from the dominant group. Carbado & Gulati (2009: 245–246) write:

> High-risk projects, when performed successfully, yield high returns. Taking on and successfully completing a difficult project that people at low levels of

> experience do not usually attempt might catch the attention of the corporate leaders and cause them to rethink their racial assumptions. It makes sense, then, for people of color seeking advancement to make this high-risk choice.

An analogy can be made between Carbado & Gulati's (2009) race-related discussion of minority versus majority and the way organizational leaders are treated in this thesis. In both cases there is an established group holding the majority of the seats (white males versus reproduced leaders) and a minority of newcomers forming a distinct group (racial minorities versus socioeconomic climbers). Hence, the suggestion is that some of the processes characterizing racial minorities in their race to the top also apply for socioeconomic minorities. In this line of argumentation, managers from lower socioeconomic backgrounds who reached the level of being organizational leader might have succeeded in that ascension partly due to a higher risk propensity. This argumentation parallels Ryan & Haslam's (2007: 559) point that women in managerial positions might end up undertaking risky projects since the latter might be seen as "golden opportunities" for their careers as a group facing discrimination in access to leadership positions. This therefore leads to the following hypothesis.

Hypothesis 2b: **Socioeconomic climbers are more risk prone than other leaders.**

Sense of control and socioeconomic background

While discussing the dependent variables of this study in Chapter 2, it became clear that differences in sense of control between individuals from lower and upper socioeconomic backgrounds are mainly explained through the dual lens of contextualism and solipsism. The contextualism vs. solipsism hypothesis advocated by Kraus et al. (2012) suggests that on the one hand, members from lower social classes tend to have a lower sense of control because of their belief that life is shaped by external factors. On the other hand, members from upper classes tend to exhibit solipsistic tendencies, i.e. they believe in the individual differences and not contextual differences in life (Kraus et al., 2012). Assuming that sense of control is a stable attribute (see for instance Caliendo, Cobb-Clark, & Uhlendorff (2010) for a similar assumption), being socialized in an upper class environment would lead to a high sense of control.

The solipsism versus contextualizing argument is further supported by Kohn (1963). He reports that while comparing parental values in the middle class and in the working class, it can be observed that middle class parents tend to motivate their children to govern themselves, whereas working class parents tend to stress the fact that the children "should not transgress externally imposed rules" (Kohn, 1963: 475). In this case, those raised in the environment with more resources will therefore display solipsistic tendencies, while those raised in the less privileged environment, i.e. from the working class, will likely be more contextually oriented. The previous research findings therefore suggest that individuals from lower socioeconomic backgrounds with their focus on the context might develop a lower sense of control than individuals from upper socioeconomic backgrounds with their focus on the self. This reasoning motivates the next hypothesis.

Hypothesis 3a: **Reproduced leaders exhibit a stronger sense of control than other leaders.**

Whereas the previously cited literature such as Kraus et al. (2012) suggest that reproduced leaders will exhibit a stronger sense of control due to solipsistic tendencies, the present dissertation enriches the discussion by arguing that upper class individuals are to develop a strong sense of control due to the need for self-legitimization. According to Weber (1921/1972), individuals have a need to legitimize any positive situation they experience by ascribing it to their own efforts. Since meritocracy is a major legitimacy norm in modern Western societies, leaders from an upper-class background would have a stronger need for self-legitimization to hold against views that they owe their socioeconomic position to their family background. In a study of support for gender-related affirmative action in the US-American context, Kane & Whipkey (2009) report a negative relationship between socioeconomic status and support for gender-related affirmative action. The results are however to be taken with a caveat. In fact, Kane & Whipkey (2009) measure socioeconomic status through education and class identification, but only education provides consistent and significant results. A clearer case of the preference for meritocracy as a means for legitimizing own advantages is Knowles & Lowery's (2012) study. In experimental settings with adult US-Americans, they find that in the context of racial discrimination, "self-defensive motives intervene between affinity for meritocracy and perceptions of privilege" (Knowles & Lowery, 2012: 206). These self-defensive motives are considered responsible for triggering the

association between disposing over socioeconomic resources and self-legitimizing this privilege. And since we conjecture that the individuals would do so by ascribing their owning of resources to self-related factors, it would result in them having a stronger sense of control than less privileged individuals. A related argument is made by Banfield et al. (2011) who argue that for those believing in meritocracy, evidences of it might positively affect the self through an increase of self-esteem.

Self-legitimation as understood here can be related to at least two major streams of literature, viz. the attribution theory and system justification theory. First, there is an obvious similarity between the just discussed argument of self-legitimization in the context of sense of control and the attribution theory. More specifically, the concept of 'locus of causality' which represents an attributional dimension, addresses the idea whether individuals tend to make internal or external attributions for success and failures (Weiner, 1985). Hence, the question could be raised how self-legitimization as explanation for sense of control, i.e. for an internal locus of control, is to be delineated from attributional processes. In their extensive and informative review of attribution theory in leadership, Martinko, Harvey, & Douglas (2007) clarify the issue. In their own words (Martinko et al., 2007: 571), "[t]he major distinction between the two concepts is that locus of control is a persistent trait whereas locus of causality is concerned with causal ascriptions for the outcomes of specific events." This points out that even if attribution-styles are sometimes characterized as trait-like dispositions (Martinko et al., 2007), they still differ from the concept of sense of control since the former are related to specific situations.

Second, the idea that individuals from the more privileged socioeconomic groups are likely to exhibit stronger meritocratic beliefs than from the less privileged groups stands in sharp contrast to the system-justification theory. In a series of publications, Jost and his colleagues (Jost & Banaji, 1994, Jost et al. 2003, and Jost, Banaji, & Nosek, 2004) have made the case that individuals from lower socioeconomic groups should exhibit strong meritocratic beliefs since it helps them holding to the view of a fair social system. The scientific debate about system-justification theory is still ongoing. And two recent studies (Brandt, 2013 and Jetten, Haslam, & Barlow, 2013) have pointed out inconsistencies in findings and raise serious doubts concerning the validity of the system-justification theory.

The argumentation on self-legitimization can be illustrated with an example

given by Max Weber himself. Even if the example does not directly relate to an organizational context, it helps to clarify the case. Weber (1921/1972) argues that individuals tend to self-legitimize every advantage they have, even if the advantage is based on pure randomness such as the basic health condition, i.e. if they are member of what Young (1994: 88) calls the "lucky sperm club". Further, Max Weber (1920/1972) elaborates in the introduction of his essays on the sociology of religions that the lucky individuals do rarely only enjoy the outcome of their luck. They also have the basic need to feel that they deserve it, especially when comparing to other individuals who did not have their luck. Testing Weber's idea on self-legitimization is fully in line with the idea of scholars such as Kohn (1989) who suggest that contemporary scholars should study those problems discussed by the founding fathers of organization theory which still have not been clearly addressed. We could agree with Kohn (1989: 28) that

> [t]he problems that so preoccupied Marx and Weber have not decreased in either scientific or social importance; the only thing that has changed is that we now have the methodological tools to deal rigorously with problems that Marx and Weber could only speculate about. The sad irony is that, now that we are methodologically equipped to grapple with these problems, we mainly ignore them.

In a recent publication, Gray & Kish-Gephart (2013) make a similar case by suggesting that acknowledging class distinctions might pose threats for both lower and upper class individuals. In order to counter those threats, upper class individuals can use three different cognitive strategies: "disavowing the rigged game, redistributing responsibility, and minimizing class differences" (Gray & Kish-Gephart, 2013: 678). While the strategy of minimizing class differences might not be directly related to the foregoing argumentation, the first two strategies, i.e. disavowing the rigged game of social class and redistributing responsibility can be explained by Weber's idea of self-legitimization. This claim is supported by the way Gray & Kish-Gephart (2013) define those strategies. On the one hand, disavowing the rigged game" expresses the tendency of upper class individuals to explain their privileged position by attributing it "to individual effort and ability, assuming that others' circumstances and capabilities are similar" (Gray & Kish-Gephart, 2013: 679). On the other hand, 'redistributing responsibilities' implies putting the blame on individuals from lower classes for their own location in the socioeconomic system. The transfer of responsibility leads potential

hardships associated with the life of lower classes individuals to appear just in the eyes of their upper class counterparts (Gray & Kish-Gephart, 2013). Both disavowing the rigged game and redistributing responsibility are therefore processes which upper class individuals might go through while self-legitimizing their privileges, the former being linked to own actions and the latter to actions of those not in similarly privileged positions.

While developing Hypothesis 3a, I have argued that, based on the contextualism versus solipsism duality, reproduced leaders are expected to have a stronger sense of control. Now taking the idea of self-legitimization into account, we can conclude the same since reproduced leaders who originate from privileged backgrounds would have developed throughout their biographies self-legitimizing ways of explaining their initial privileged positions. This in turn would lead them to develop a stronger sense of control than those individuals who did not have the initial luck. Hence, if we are to disentangle the explanatory power of both argumentations, contextualism versus solipsism and self-legitimization, we need to introduce a different perspective. Based on the contextualism vs. solipsism duality and the described process, individuals who were socialized in privileged environments will develop a strong sense of control. Assuming sense of control to be a relatively stable attribute (see for instance Caliendo et al., 2010 for a similar assumption), any individual socialized in privileged environments will exhibit that particular attribute. This is a straightforward solipsistic reasoning. The self-legitimization will depart from that by focusing not so much on the socializing environment and its resources but rather on the current endowments of the individuals. Hence, some individuals socialized in privileged backgrounds and now in privileged positions, such as organizational leaders, will exhibit a strong sense of control. Some other individuals also socialized in privileged backgrounds but now experiencing less privileged socioeconomic conditions might show a weak sense of control due to self-legitimizing strategies ascribing their socioeconomic decline to sources other than self. Hereafter, these individuals socialized in privileged backgrounds but now experiencing less privileged socioeconomic conditions will be named socioeconomic descenders. The contextualism vs. solipsism duality and the idea of self-legitimation therefore seem, in a context of socioeconomic downwards social mobility, to lead to conflicting predictions. In order to test the validity of the contextualism vs. solipsism duality in this context by disentangling both explanations, the following is conjectured. Socioeconomic descenders exhibit a weaker sense of control than other individuals who

have been socialized in similar environments but now still are part of privileged socioeconomic groups, such as the reproduced leaders. [6]

Hypothesis 3b: **Socioeconomic descenders exhibit a weaker sense of control than reproduced leaders.**

The next hypothesis to be discussed addresses the sense of control of socioeconomic climbers, i.e. those organizational leaders originating from lower socioeconomic backgrounds. The 4-group classification of organizational leaders suggests a certain heterogeneity in the groups of the climbers. This heterogeneity goes along the dimension of having received any formal or informal support during their socioeconomic ascension. Here it is argued that having received support or not might influence the attitudes of socioeconomic climbers; more specifically, non-supported climbers are expected to exhibit a stronger sense of control than supported climbers.

The supported climbers experience that the course of their life is sometimes determined by external factors such as formal or informal support. Formal support might for instance be grants, stipends, or institutionalized mentorships. Informal support might, for instance, be related to the help of friends, family members, or mentorships evolving out of private relationships. The experience of support could lead the individuals to reconsider their beliefs about life being self-decided or contextually determined. Let us assume we are comparing two organizational leaders, both originating from lower socioeconomic backgrounds. We call them Rick and Ross. Rick has received help during the last high-school years from a local association which has, for example, given him the possibility to advance his foreign languages skills through the sponsoring of stays abroad. Once at university, Rick has been granted a full scholarship for the entire length of his studies. In the first years of his professional career, Rick has then enjoyed the support of a mentor who provided him with advices and a network which helped him to substantially advance his career. Now, let's turn to Ross who has quite a similar biography. Ross also has enhanced his foreign languages skills through stays abroad. However, in order to be able to finance those travels, he had to hold a part-time job at a local restaurant. Further, once at university, he had to finance

[6] Obviously, the hypothesis does not closely fit in the close context of this thesis of focusing on organizational leaders. However, it was deemed necessary to conduct such a theoretical test in order to adequately assess the theoretical explanation based on contextualism versus solipsism which, as argued in this text, might not fully grasp the processes at hand.

himself through part-time jobs since his family could not afford financing his studies. Ross managed to make a career as successful as Rick, even though he did not have a mentor providing him with assistance to move up the organizational ladder. I assume that Rick and Ross have similar abilities, but dissimilar access to information. According to the 4-group classification of leaders, Rick is a supported socioeconomic climber whereas Ross is a non-supported one. I conjecture that the support Rick has received might lead him to have a weak sense of control since he made the experience that major turning points in his life were influenced by external factors such as the helping local association or the supportive mentor. Ross on the other hand might exhibit a strong sense of control since he could tend to believe that since he managed to get his way to the top, life is primarily the results of one's actions.

Experiencing support can therefore lead to a reduced sense of control, even though the afore discussed self-legitimization might lessen the effect. In this context, Carbado & Gulati (2009: 256) suggest that minorities, who reach the top of the corporate world, would engage in less mentorship targeted at other minorities due to the belief that if they did it on their own merit, other minorities "do not or should not need any mentorship". However, in their argumentation there are no words on those successful minorities having received previous help or not.

Indeed, consistent with the self-legitimization, we should expect every socioeconomic climber, notwithstanding whether supported or not, to reason in a way leading them to express that they fully deserve their current privileged position. The fine distinction being made here is on the level of this self-legitimizing reasoning. I conjecture that non-supported climbers will have stronger self-legitimizing tendencies than the supported climbers. Their self-legitimizing tendencies might indeed be stronger due to the fact that they are closer to reality. It should be easier to convince oneself to hold on to a certain belief if real life experiences provide direct support for that belief. According to this argumentation, the real life experiences of supported climbers are likely to mitigate their self-legitimizing processes; a mitigation which does not apply for non-supported climbers. This conjecture leads to the next research hypothesis.

Hypothesis 3c: **Non-supported climbers exhibit a stronger sense of control than supported climbers.**

Justice perceptions and socioeconomic background

In this thesis, I shall argue that the justice perceptions of organizational leaders, more specifically their justice perceptions toward less privileged socioeconomic groups, will be affected by their position within the 4-group classification of leaders. The two hypotheses to be developed in this context predict, first, that socioeconomic climbers exhibit more favorable justice perceptions toward less privileged socioeconomic groups than reproduced leaders. Second, non-distant reproduced leaders are expected to exhibit more favorable justice perceptions toward less privileged socioeconomic groups than distant reproduced leaders.

While explaining the relationship between the position within the 4-group classification of leaders and justice perceptions toward less privileged socioeconomic groups, the concept of social distance plays a major role. In the context of this thesis, social distance describes how close individuals feel to each other and it can be reduced by both personal experience and intergroup contact (Small & Simonsohn, 2008). This definition differs markedly from another well-accepted understanding of social distance mostly used in the area of economics. By way of illustration, Hoffman, McCabe, & Smith (1996), for instance, define social distance "as the degree of reciprocity that subjects believe exist within a social interaction." The definition of social distance used in this thesis does have some elements of interaction but the focus on reciprocity is not as relevant as in Hoffman et al.'s (1996) definition. The concept of social distance as closeness between individuals has been used to explain a broad range of outcomes. For instance, Shamir (1995) studies the link between social distance and charisma in an experimental setting with a sample of Israeli students and reports that the social distance between a leader and their followers should be taken into account when discussing issues of charismatic leadership. Also in an experimental setting, with US-American students, Jones & Rachlin (2006) show that social distance is related to altruism. They report that people will forgo a hypothetical amount of money to the advantage of a third person and that the amount of money people will be ready to forgo will be negatively associated to the perceived social distance to the receiver. In different experiments within the US-American context, Small & Simonsohn (2008) find social distance to be negatively related to both sympathy and prosocial behavior. In the area of justice research, Markovsky (1985) reports comparable findings, viz. that individuals tend to be more justice-sensitive on issues affecting others with whom they have a sense of shared fate.

In order to better understand how the justice perceptions of leaders are related to social distance which itself is related to issues of social stratification, we shall have a closer look at the concept of social distance. The representation of the antecedents and effects of social distance to be found in Figure 3 is based on Small & Simonsohn (2008). Social distance, as understood in this thesis, can be affected by personal experience and/or intergroup contact. On the side of the antecedents, I argue, first, that individuals having experienced a particular situation will likely have a lower social distance to other individuals who also experienced the same situation. Second, intergroup contact might also lead to a reduced social distance. If one individual has regular intergroup contact with individuals from a group actually different from his ingroup, it is likely that this will lead them to have a reduced social distance toward this outgroup and its members. On the side of the effects, we can see from Figure 3 that a reduced social distance is expected to lead to an increase of sympathy and prosocial behavior toward the focal individual or group. Going back to the afore described cases of Rick and Ross, Figure 3 therefore implies that both Rick and Ross are more likely to have a reduced social distance toward lower socioeconomic groups for at least two reasons. During their respective biography they both have experienced the conditions associated with a life in less privileged environments and it is likely that due to their background they still have more or less regular contact with individuals still living in less privileged socioeconomic environments. The argument being made here is that even with Rick and Ross now being organizational leaders, we can assume that their socioeconomic ingroups are likely to be more affluent than the ones they grew up in. However, due to friends or relatives who are still in those less privileged environments, since not everyone from lower backgrounds climb up the socioeconomic ladder, Rick and Ross will therefore engage to a certain level of intergroup contact with those friends and relatives. These relationships might then qualify as intergroup contact since they happen between individuals based in a privileged socioeconomic environment and others based in lower socioeconomic environments. Such an argumentation is supported by Jaquet's (2014) contention about the distance between individuals who move from one socioeconomic class to another and their distance to their class of origin. She argues that even though these individuals do not belong anymore to their class of origin, they remain attached to it, for instance through social relationships with friends or relatives still living in the class of origin or through a consciousness of situations experienced in their former class (Jaquet, 2014).

Figure 3: Antecedents and effects of social distance

Own representation, based on (Small & Simonsohn, 2008).

Discussing the effects of mentoring as a socialization process of executives from lower-level socioeconomic background into the business elite, Whitely et al. (1991) theoretically argue that mentoring reduces the social distance between the former and the latter. The reduced social distance then leads to an increase in perceived similarity. The conjecture made here can therefore be contested on the ground that the increased perceived similarity between the climbers and the business elite as a whole, including the majoritarian reproduced leaders, might further distance the climbers from the less advantaged backgrounds they originate from. This phenomenon is termed "associational distancing" by Gray & Kish-Gephart (2013: 692). However, it is unlikely that this will lead to socioeconomic climbers having no contact at all with their environments of origin, even if perceived similarity and reduced social distance to the business elite might lessen the scope and the impact of climbers' links to lower socioeconomic groups. As expressed by Lubrano (2004), socioeconomic climbers are 'straddlers', i.e. at home somewhere between their initial and current class. To sum up, both the argumentation based on personal experience and intergroup contact provide rationales for the nature of the relationships between climbers and their socioeconomic background of origin. By definition, socioeconomic climbers therefore have personally experienced the life circumstances of the less advantaged socioeconomic groups, whereas reproduced leaders who have been socialized in upper-class backgrounds have different early biographical experiences. As a result of the reduced social distance between climbers and less advantaged socioeconomic groups, we can conjecture that the former are likely to be more sensible to the concerns of the latter.

Hypothesis 4a: **Socioeconomic climbers exhibit more favorable justice perceptions toward less privileged socioeconomic groups than reproduced leaders.**

In the 2007 update of the upper echelons theory, Hambrick suggests that management researchers should look at the relationships between executive characteristics, including socioeconomic background, and compensation. He specifically suggests asking "how

do executives from modest socioeconomic backgrounds behave in the face of large incentive prospects compared to executives from wealthier backgrounds?" (Hambrick, 2007: 340). Against the backdrop of the current discussion on the expansion of low-pay sector in many Western capitalist countries (see for instance Schulten, 2012) and the here discussed dynamics of social stratification, we can ask a similar question. How do executives from modest socioeconomic backgrounds feel in the face of low-paid jobs compared to executives from wealthier backgrounds? Testing Hypothesis 4a might give us hints to answer such a question.

Whereas the just derived hypothesis focuses mostly on the personal experience and to some extent on the intergroup contact as determinant of social distance, the hypothesis to be presented now focuses on the second route to reduced social distance, i.e. intergroup contact. Going back to the figure displaying the 4-group classification of organizational leaders (Figure 2), we are now looking at the right part of the figure, i.e. the dynamics happening within the group of the reproduced leaders. The 4-group classification of leaders introduces the notion of distant versus non-distant reproduced leaders. Distant reproduced leaders are those organizational leaders originating from privileged socioeconomic backgrounds with a high social distance to broader and lower socioeconomic groups. Non-distant reproduced leaders are organizational leaders from privileged socioeconomic backgrounds who have reduced their social distance to lower groups through any type of intergroup contacts. This is in line with Schnittker's (2013: 98) contention of "the importance of interaction between individuals" in the shaping of beliefs by the stratification system.

According to the idea that a reduced social distance leads to an increase in the level of sympathy and prosocial behavior, I argue that reproduced leaders who engage in intergroup contacts with individuals from less advantaged socioeconomic groups are likely to be more sensitive to the concerns of those less advantaged socioeconomic groups. Recent works both in sociology and organization studies have addressed this influence of segregation and intergroup contact on other-centered concerns. In the realm of sociology, McVeigh et al. (2014: 19) call for research linking "segregation and individual perceptions of inequality and justice" since "[i]n a highly segregated society, individual understandings of what is fair and just tend to be formed and reinforced within homophilous networks and structures". This view is supplemented by the organizations scholars Gray and Kish-Gephart who argue that a reduced social distance,

i.e. less segregation, increases "the opportunity for interaction and the creation of meaningful relationships" among individuals (Gray & Kish-Gephart, 2013: 690). In the context of the present research, intergroup contacts might happen, for instance, in non-elitist educational institutions where offsprings from both privileged and less privileged socioeconomic groups might come together. Another conceivable scenario of intergroup contact is a situation in which an individual from privileged groups develops any type of close relationships to lower class individuals, whether they be their live-in caregiver, cook, cleaner, servant, or even valet. This scenario is exemplified by the plot of the movie "The Intouchables" (Nakache & Toledano, 2011).

Taking together, the preceding arguments lead us to the next and last conjecture: The non-distant reproduced leaders should therefore be more sensitive to the concerns of less advantaged groups than those reproduced leaders who do not engage in intergroup contacts.

Hypothesis 4b: **Non-distant reproduced leaders exhibit more favorable justice perceptions toward less privileged socioeconomic groups than distant reproduced leaders.**

Based on the 4-group classification of organizational leaders and the focal dependent variables of this study, i.e. risk propensity, sense of control, and justice perceptions, ten hypotheses to be empirically tested were derived. Table 3 provides a summary of the research hypotheses.

Table 3: Summary of the research hypotheses

H1a: Organizational leaders differ from the broader rest of the population by being more risk prone.
H1b: Organizational leaders differ from the broader rest of the population by exhibiting a stronger sense of control.
H1c: Organizational leaders differ from the broader rest of the population by exhibiting less favorable justice perceptions toward less privileged socioeconomic groups.
H2a: Reproduced leaders are more risk prone than other leaders.
H2b: Socioeconomic climbers are more risk prone than other leaders.
H3a: Reproduced leaders exhibit a stronger sense of control than other leaders.
H3b: Socioeconomic descenders exhibit a weaker sense of control than reproduced leaders.
H3c: Non-supported climbers exhibit a stronger sense of control than supported climbers.
H4a: Socioeconomic climbers exhibit more favorable justice perceptions toward less privileged socioeconomic groups than reproduced leaders.
H4b: Non-distant reproduced leaders exhibit more favorable justice perceptions toward less privileged socioeconomic groups than distant reproduced leaders.

The preceding argumentation has focused on the socioeconomic background, the main variable of this study, and on the three dependent variables risk propensity, sense of control, and justice perceptions. However, as can be derived from Chapter 2.2, there are some variables other than socioeconomic background which can be associated with the dependent variables. For empirically testing the research hypotheses, these variables therefore have to be controlled. The next section introduces the variables treated as control variables in this study.

3.3 Control variables

The literature review on the determinants of risk propensity, sense of control, and justice perceptions has shown that there are variables consistently reported to be linked to those

variables. In order to properly disentangle the explanatory value of socioeconomic background, these variables have to be addressed. According to recommendations by Becker (2005), this section introduces the control variables in the context of the research hypotheses.

To achieve theoretical parsimony in the models, control variables which are studied as common determinants of the three dependent variables are preferable. This will allow estimating models based on the same control variables while changing only the substantive independent variable across the different hypotheses. Collectively, the literature review as documented in Chapter 2 suggests some variables which can be used in models estimating risk propensity, sense of control, and justice perceptions. These variables are income, wealth, education, age, and gender.

With respect to income and wealth, Grable (2000), for instance, shows that higher levels of income are associated with higher risk tolerance. Similarly, Dohmen et al. (2011) identify positive relationships between income and willingness to take risks. In the same vein, they also report positive associations between wealth and risk. Income and wealth are also discussed in the context of sense of control. As an example, Guagnano et al. (1986) report that income is positively associated with internal tendencies, i.e. with a stronger sense of control. As for the relationship between wealth and sense and of control, Kraus et al. (2009) suggest a positive link. Income and wealth have also been related to justice perceptions as in Wegener (1987) who reports that more affluent individuals are more likely to judge their income as fair than their less affluent counterparts. Together these findings suggest that positive relationships are to be expected between both income and wealth and risk propensity and sense of control, whereas negative relationships are expected between income and wealth and justice perceptions toward less privileged groups.

Education has also been reported to be related to the three dependent variables of this research. Grable (2000) reports a positive association between educational attainment and risk tolerance. Le, Miller, Slutske, & Martin (2011) also document a positive relationship between education and attitudes toward economic risk; the more educated the individuals the more they are favorable to economic risk taking. Contrarily, Weber (2014) fails to find significant associations between education and risk attitudes. On the side of sense of control, a wealth of evidence indicates a positive link between the level of educational attainment and sense of control (see for instance Caliendo et al.,

2010 or Lachman & Weaver, 1998). Even so, Guagnano and his colleagues (1986) failed to find a similar relationship. According to findings by Kluegel et al. (1999), highly educated individuals tend to oppose egalitarian principles. In another vein, Schmitt et al. (2010) report that justice sensitivity from the perpetrator's perspective increases with education. Collectively, this evidence indicates that a positive relationship is to be expected between educational attainment and both risk propensity and sense of control. As shortly presented above, the evidence is less conclusive as for justice perceptions.

As for the variable age, negative associations to risk propensity have been reported for instance by Dohmen et al. (2011) and Nicholson et al. (2005). However, the former observe that age only has a small impact on the domain-specific risk propensity with respect to financial matters. Weber (2014) similarly finds a negative link between age and risk tolerance. With respect to age and sense of control, Guagnano et al. (1986) report non-significant findings. However as formulated by Skaff (2007), "[t]here is evidence to suggest that, as people age, their sense of control increases, decreases, and stays the same." Schmitt et al. (2010) report that justice sensitivity from the victim's perspective decreases with age. Studying fairness-of-pay perceptions, Paul (2006) suggests that older employees have higher fairness-of-pay perceptions than their younger counterparts. Contrarily, both Korsgaard et al. (1998) and Williams, Pitre, & Zainuba (2002) document negligible and non-significant correlations between age and perceptions of justice. Overall, the studies cited in this paragraph seem to suggest at least a negative link between age and risk propensity. As for age and sense of control and justice perceptions, the extant literature seems to remain inconclusive.

Issues of social class are linked to gender and race (Gray & Kish-Gephart, 2013). Therefore gender is introduced in the models. Race is not introduced since the issue of race is not as salient in all Western capitalist societies as in the USA. A wealth of research demonstrate that women are less risk prone than men (Eckel & Grossman, 2008; Le et al., 2011; Williams & Narendran, 1999). Johnson & Powell (1994) found similar results in a non-managerial sample. On the contrary they report no difference in risk propensity between women and men, when studying a managerial sample. It should be noted that their managerial sample does not consist of actual managers, but of final-year undergraduates from a class of commerce. In the same vein, Schubert et al. (1999) report findings at odds with research showing that women are more risk averse. As for gender and sense of control, Johnson & Powell (1994) reveal that women and men who

have gone through the same level of formal education do not differ in their control orientations. In a more recent study, Murray-Gibbons & Gibbons (2007) find that women are more likely to have a lower sense of control than men. With respect to justice perceptions, Schmitt et al. (2010) report women being more justice sensitive than men. Women are also reported to be more supportive of egalitarian principles (Kluegel et al., 1999). Korsgaard et al. (1998) find a negative, albeit non-significant, association between being a man and level of fairness perceptions. Together these findings suggest that women tend to exhibit a lower risk propensity, even though the literature is not fully consistent. The literature seems to be similarly inconsistent on the link between gender and the other dependent variables, viz. sense of control and justice perceptions.

Following the previous arguments, income, wealth, education, age and gender are related to the dependent variables of the present research and are therefore included in the analysis as control variables. It should be noted that considering their importance in prior findings, those variables are better understood as ‘control variables’ from a merely statistical point of view. From a theoretical point of view, they well qualify as substantive variables and could therefore account for high proportions of the variance in the empirical models. A first step toward the estimation of empirical models is the clarification of both operationalization-related and methodical choices. The next chapter addresses these issues.

4 Operationalization & Methods

Having presented both the research model and the hypotheses in the last sections, this chapter is the first of the two empirically oriented chapters in the thesis. The next sections focus on the introduction and description of the different measures used to run the subsequent analysis. The first section of the chapter introduces the German Socioeconomic Panel which supplies the data. The second section discusses the operationalization issues associated with measuring socioeconomic background. Then the operationalization of the dependent and control variables is discussed. The last two sections of the chapter discuss empirical strategies to measure the 4-group classification of organizational leaders and the methods chosen for the analysis.

4.1 The GSOEP and its use in management research

Data from the German Socioeconomic Panel are used to test the research hypotheses developed in this thesis. The German Socioeconomic Panel is a longitudinal and representative survey of private households and persons in Germany. It is reported to be "the largest and longest running panel survey in the word"[7] (Headey, Muffels, & Wagner, 2010). The first wave was administered in 1984 in West Germany. Upon reunification the study was extended to former East Germany in 1990. The yearly survey consists of a stable set of questions and additional topical module changing every year. The stable set of questions covers, among others, areas such as population and demography, education, training and qualification, labor market and occupational dynamics, earnings, income and social security, and preferences and values. Examples of additional topical modules are social networks, working conditions, family and social services, and networks. The German Socioeconomic Panel is similar to the British Household Panel Survey in the UK and to the Panel Study of Income Dynamics in the USA (Wagner, Frick, & Schupp, 2007). More information on the German Socioeconomic Panel can be found in both Wagner et al. (2007) and Haisken-DeNew & Frick (2005).

[7] Wagner, Frick, and Schupp (2007) mention however that the Panel Study of Income Dynamics in the USA is the oldest household panel study. The main difference with respect to the GSOEP is that within the latter all the members of a given household are surveyed, whereas in the Panel Study of Income Dynamics only one respondent per household is interviewed (Wagner et al., 2007).

Y. Kemayou, *More Class in Management Research,*
DOI 10.1007/978-3-658-12063-4_4, © Springer Fachmedien Wiesbaden 2016

The German Socioeconomic Panel (GSOEP) is widely used by researchers from different fields, including management studies. Due to the broad range of the questionnaire, management-related topics as diverse as risk attitudes of entrepreneurs, gender in employment issues, or job satisfaction have been studied with the GSOEP. Caliendo, Fossen, & Kritikos (2009) use the waves 2004 and 2005 to study the links between risk aversion and entrepreneurial behavior, i.e. the decision to become self-employed. Iseke (2013) studies the relationship between part-time employment and job satisfaction throughout the waves from 1985 to 2008. Humpert & Pfeifer (2013) use the waves 2007 and 2008 of the GSOEP to explain gender differences in employment rates. The GSOEP has also been intensively used by scholars seeking to understand the gender-related issues in organizations such as career advancement or gender pay gap. Fietze, Holst, & Tobsch (2011), for instance, exploit the 2007 wave to uncover the link between personality and gender career gap. The above mentioned pieces of research illustrate that the GSOEP has been used by scholars intending to explain a wide range of organizationally relevant issues.

Although management scholars have done substantial research with data from the GSOEP, GSOEP-based studies focusing on the upper bound of organizational memberships, i.e. on those individuals I shall call organizational leaders, are quite scant. Those studies then mostly focus on explaining gender-related issues. Additionally to Fietze et al. (2011), a case in point of this stream of research is Holst, Busch, & Kröger (2012). Their study is published by the research institute running the GSOEP and is titled "Führungskräfte-Monitor 2012: Update 2001-2010"; a title which might let the readers expect a broader overview of leaders according to the GSOEP. However, the 'Führungskräfte-Monitor' clearly focuses on gender-related issues such as the underrepresentation of women in managerial positions and the gender pay gap.

The lack of studies using the GSOEP for explaining dynamics at the upper echelons of organizations is even more surprising considering that some researchers have used the data for studying the upper bounds of the income distribution. Bach, Corneo, & Steiner (2009), for example, study the distribution of market income in Germany over the timeframe from 1992 to 2003. However, similar works focusing on individuals at the upper echelons of their respective organizations are vastly inexistent.

From this quick overview of the GSOEP's use in the management research, I shall conclude that my study is among the first to focus on both social stratification and the

attitudes of organizational leaders by using GSOEP-data. In the remaining of this chapter, the strategies used to operationalize the different theoretical constructs of the present research are introduced.

4.2 Operationalizing 'socioeconomic background'

Extant research shows that there are various ways of operationalizing ideas of socioeconomic background, social class, or social origin. Variables such as the educational level of the parents (Uhlig et al., 2009) or respondents' self-rating of their family's social class during their youth (Forret & Dougherty, 2001 and Whitely et al., 1991) have already been used for this purpose. Moreover, some researchers have measured socioeconomic background with a combination of different variables. Mortimer & Finch (1986), for instance, employ the education of both parents together with the father's occupational prestige measured through the Duncan Socioeconomic Index. Büchner & Gerlitz (2005) use the educational status only of the father, his International Socioeconomic Index and parental help with homework. Similarly, Johnson & Mortimer (2011) rely on several indicators such as family income, parents' educational attainment, and parents' occupational prestige to measure respondents' socioeconomic background. As for parents' educational attainment and occupational prestige, the authors use the higher one when comparing those from mothers and fathers. In a research piece on the differences between the characteristics of British CEOs and their subordinate top management teams, Norburn (1989) summarizes different variables related to the socioeconomic background into what he terms "domestic influences". Variables belonging to this set are, for example, education, parental occupation, and locality of upbringing. Kiker & Condon (1981) also discuss several indicators such as father's occupational status, educational attainment, parental income or father's intelligence test score under the label of "socioeconomic background factor".

Subjective ratings are likewise utilized to classify individuals along socioeconomic lines. A case in point for this line of thought is the MacArthur Scale of Subjective Socioeconomic Status (Adler et al., 2000). The MacArthur Scale of Subjective Socioeconomic Status is described by Kraus et al. (2012: 548) as the "most widely-used index of social class rank". The subjective socioeconomic status is the result of the respondents' assessment on where they themselves belong on a ladder with

ten rungs representing the social hierarchy. Following this line of thought, socioeconomic background can be operationalized by asking respondents to assess not where they stand on the ladder, but where their parental household during their childhood and adolescence stood. Studies using such a strategy to measure socioeconomic background or class origin are for instance Kraus et al. (2012) and Shane & Heckhausen (2013). An alternative way of subjectively measuring socioeconomic background can be found in Forret & Dougherty (2001) and Whitely et al. (1991). Instead of asking respondents where their families belonged on a ladder, those authors ask them to self-rate their families' social class in one of six categories. These categories go from underclass, defined as "families depending primarily on the welfare system, having living standards below the poverty line and family members with no regular employment and a low level of schooling", to the upper class, defined as "[m]embers of the social elite, with incomes primarily from earned or inherited assets" (Whitely et al., 1991: 337–338).

Whereas the former studies use survey measures of socioeconomic background, Stern & Westphal (2010) go a different way by looking at archival data. In their study of the interpersonal influence behavior of executives in US-American companies, they measure upper-class background through the presence of the respondents in the Social Register[8] and their attendance of exclusive preparatory schools. A similar strategy based on the same indicators is followed by Useem & Karabel (1986).

Using data from the GSOEP, Cornelissen, Jirjahn, & Tsertsvadze (2008) discuss the issues of parental background and earnings. They try to capture 'parental background' by using several variables such as parents' years of schooling, mother's labor force participation, the managerial position of the parents and their fertility. In a study also using the GSOEP, Uhlig et al. (2009) operationalize social origin through the highest educational attainment of the parents. They compare the educational attainment of a respondent's father and mother and classify the respondent according to the higher attainment. A further study using the GSOEP (Zumbühl, Dohmen, & Pfann, 2013), measures socioeconomic background through the educational level of both parents and the income per capita of the parental household.

[8] The Social Register is described by Useem and Karabel (1986: 189) as "the nationally accepted bluebook of America's first families" which "has long been the accepted arbiter of established status".

Since socioeconomic background is mostly operationalized through variables closely related to both the parents’ socioeconomic status and social class, a further way to examine the socioeconomic background of individuals is to look at variables used to classify individuals into different socioeconomic groups or social class. Subsequently, this can be applied to their parents to measure the socioeconomic background of the respective individuals. In a recent study on the effects of partner resources on re-employment of individuals, Jacob & Kleinert (2014) operationalize social class through the annual mean income per month of the respondents as reported in the GSOEP. In their study, income incorporates “labor earnings, social security pensions, private retirement income, individually granted public transfers, and private transfers” (Jacob & Kleinert, 2014: 848). This shows that socioeconomic background could also be measured through parents’ income.

In this thesis, socioeconomic background is measured by the occupational position of the parents when the respondents were fifteen years old. Employment is one of the major determinants of status within modern societies and it is also related to education, income level, and the associated habitus. Hence, the occupational position of the parents during the respondent’s youth is an adequate and widely accepted proxy of the socialization processes linked to socioeconomic background. Specifically, the occupational position of the mother and of the father are compared; the higher one being the one used in the present study. For instance, if a respondent states that, when she was fifteen, her father was an untrained worker while her mother was a managerial employee, the occupational position of the mother will be used to determine the socioeconomic background of that respondent. A similar comparison strategy is used, for instance, by Uhlig et al. (2009) who operationalize social origin through the highest educational attainment of the parents. Similarly to Hayo & Neumeier (2013), I do not differentiate if the respondents were raised by biological or stepparents.

Operationalizing socioeconomic background through the highest occupational position of the parents fits my understanding of socioeconomic background as the class origin of individuals. It emphasizes the role of economic means in the possibilities of experiencing different socializing circumstances. Several examples in the literature support my choice of operationalizing socioeconomic background through parents’ occupational position. In addition to the already mentioned studies, we can further cite, for instance, Strein (2005). She measures socioeconomic background by the

employment characteristics of the respondent' father when the respondent was fifteen years old. The answers are then classified into six categories such as 'highly qualified employees with managerial position' or 'workers and small-scale farmers'. In her study of the biography of German editors-in-chief, Lueg (2012) similarly uses the occupational category of the father to measure social origin.

Until 2000 GSOEP surveyed only the job market biography of the respondents' fathers. The information about the job market of the mother has been surveyed only after 2000 (see for instance Cornelissen et al., 2008). Hence, for cases where information about the occupational position of the mother could be missing, the occupational position of the father will be used.

4.3 Operationalizing the dependent variables

While the last section addressed the issue of operationalizing the socioeconomic background, this section introduces and discusses the strategies used to operationalize the three dependent variables of the research, i.e., risk propensity, sense of control, and justice perceptions. Similarly to the preceding section, I will first give an overview of how the different variables have been operationalized by various researchers before discussing the strategies used for the present research.

4.3.1 Risk propensity

Researchers from the field of organization and management have used archival and survey as well as behavioral measures of risks. For each of these variants, different instruments have been developed by researchers. As for the survey-based instruments, Graham et al. (2013) in their study on the relationships between attitudes of top executives and corporate actions, for instance, use an approach based on gamble over lifetime income to measure risk attitudes. They ask their respondents a set of questions about scenarios in which they might lose or maintain their income level. Using different probabilities for the different scenarios, they are then able to classify their respondents based on the derived risk tolerance. There is also a range of works using survey instruments non-related to gamble issues. Gilley et al. (2002), for instance, use a set of

six items to measure risk taking. Their items ask, for example, whether "top executives have a strong preference for high-risk projects" or whether they "prefer to carefully analyze a situation before moving" (Gilley et al., 2002: 101). In the same line, Papadakis & Barwise (2002: 94) select, based on previous research, fifteen items "approximating the reality of business situations" to measure the risk propensity of top executives. A similar use of business scenarios to measure risk propensity can be found in Williams & Narendran (1999). Moreover, they also ask their respondents how they would rate their willingness to take risks as compared to their colleagues on a scale from one to five. They then use the answers as a measure for risk preferences (Williams & Narendran, 1999).

A further case in point of a study using survey-based measures of risk propensity is MacCrimmon & Wehrung (1990). Although they use gamble-related questions, they also use self-reported attitudes toward taking risks as measures of risk propensity. Similarly, Slattery & Ganster (2002) assess risk propensity through hypothetical standardized situations and the self-reported willingness to take risks. They report "a statistically significant, but small, convergence" ($r = 0.15$; $p < 0.01$) between both measures (Slattery & Ganster, 2002: 97). Grounding on the idea that individuals might have different risk attitudes in different domains of life, Nicholson et al. (2005) survey domain-specific risk attitudes through their Risk Taking Index. The Risk Taking Index is a self-appraisal questionnaire consisting of six items using a five-point Likert scale ranging from strongly disagree to strongly agree (Nicholson et al., 2005).

As for the behavioral measures, Cain & McKeon (2014) measure risk preferences by looking if the CEOs they study engage in a risky activity, more specifically in piloting a small aircraft. Johnson & Powell (1994) use gambling decisions collected at betting offices. Although in an experimental setting, the measures used by Powell & Ansic (1997) can be classified as behavioral. They conduct two studies in which they assess risky behaviors, first, through an insurance setting in which they look at how participants maximize their wealth when facing risk of loss and the possibility to secure their wealth by buying insurance. Second, they look at the behaviors of their participants in a setting simulating a currency market; thereby focusing on decisions to exit the market as measure of risk.

Using the GSOEP to study the links between individual risk attitudes and self-employment, Caliendo and his colleagues (2009) use four survey questions to measure

risk attitudes. They do not only use risk attitudes specific to the contexts of financial matters and occupation which they deem relevant for the issue of self-employment, but also the general willingness to take risks. The last question they use is the one measuring risk attitudes through a hypothetical investment decision.

In the present research, four GSOEP-items are used to measure risk propensity. As I will show, all of the four items have already been used in the literature as measure of risk attitudes. Moreover, the used items are consistent with the present understanding of risk propensity as the willingness to undertake a specific course of action associated with an uncertain and relevant outcome. The first item is the question about the general willingness to take risks. In the GSOEP-questionnaire, the question has the following wording: ‘‘How do you see yourself: Are you generally a person who is fully prepared to take risks or do you try to avoid taking risks? Please tick a box on the scale, where the value 0 means: ‘risk averse’ and the value 10 means: ‘fully prepared to take risks’’’. In a recent study, Dohmen et al. (2011) find that this general measure of risk generates the best results as predictor of risky behaviors across different domains, when compared to the other risk-related items in the GSOEP.

The second and third items are domain-specific risk measures. These specific items measure the risk propensity related to circumscribed domains of life (Nicholson et al., 2005). Since the risk propensities with respect to career and financial matters are about concerns of relevance for organizations, the present research works with these two specific measures of risk propensity. To survey the items, the following question is used: “How would you rate your willingness to take risks in the following areas?” Subsequently a list of areas is presented. The list includes the areas driving, financial matters, leisure and sport, occupation, health, and faith in other people. Similarly to the question on the general willingness to take risks, respondents are asked to tick a box on a scale, where the value 0 means: ‘risk averse’ and the value 10 means: ‘fully prepared to take risks’. The two specific risk items selected for this study, risks related to career issues and to financial matters, are deemed organizationally relevant and cover similar aspects of previous researches on the risk propensity of organizational leaders, as for example in MacCrimmon & Wehrung (1990). Furthermore, Weber (2014) suggests that the general willingness to take risks and the willingness to take risks in financial matters are the most important risk propensities in the economic context. Since the present research focuses on organizational leaders, it is obviously that the willingness to take

risks in career matter shall supplement the two risk dimensions discussed by Weber (2014).

The last measure for risk propensity is derived from a question related to an investment decision. Respondents are asked how much of an endowment of 100,000 euros they would be willing to use for a risky investment that, with the same probability, will either double or return the half of their investment. This measure of risk propensity is reported to be linked to actual behaviors deemed to be risky such as the holding of stocks (Dohmen et al., 2011).

Self-reported measures of risks such as the ones I intend to use have been criticized in the past. Concerning the investment question, for instance, Powell & Ansic (1997: 610) contend not only that gambling-like questions lack salience "if they do not involve winnings" but also that even if real winnings are involved, the results might be mitigated because gambling-like experiences have a leisure dimension which could be absent in financial decisions. Although the criticism might hold for some instruments to be found in the literature, there is evidence for the predictive power of the GSOEP's risk measures. Results by Dohmen et al. (2005) have shown satisfactory consistency between the self-reported measures of the GSOEP and real behavior in a field experiment with a representative sample of 450 individuals. For example, they have compared the answers on the hypothetical investment decision as delivered in the survey with paid real-stakes lotteries and report consistent findings. They also report a correlation of 0.26 between the investment question and the question assessing the general willingness to take risks (Dohmen et al., 2005; Dohmen et al., 2011). These findings address the skeptical voices to be found in the literature and underscore the behavioral validity of the presented measures of risk propensity.

4.3.2 Sense of control

Scholars have used a wide spectrum of instruments for measuring ideas related to locus or sense of control.[9] In a meta-analysis of the relationships between locus of control and

[9] The reader shall be reminded that sense of control is very similar to the construct discussed in some parts of the literature as locus of control. The reasons explaining this choice of terminology have been presented in Chapter 2.

work-related outcomes such as well-being, motivation, and behavioral orientations, Ng et al. (2006) report that the most used measure for locus of control is Rotter's I-E scale. The I-E Scale of Rotter (1966) consists of 29 forced-choice items asking respondents to choose which statements better describe their beliefs. The original Rotter's scale includes six filler items "to make somewhat more ambiguous the purpose of the test" (Rotter, 1966: 10). Other scales for locus of control are, for instance, the 16-item work locus-of-control scale by Spector (1988) or the 4-item scale by Levenson (1973). Among the studies discussed in the sections on the determinants and effects of sense of control, McInish (1982), Mohapatra & Gupta (2010), or Mueller & Thomas (2001), for instance, work either with the Rotter's scale or with a modified version of it to measure locus of control. The modified Rotter's scale used by Mueller & Thomas (2001) consists of ten items such as "[m]y life is determined by my own actions" and "[w]hen I get what I want, it is usually because I worked hard for it" (Mueller & Thomas, 2001: 64). Mohapatra & Gupta (2010) also use ten forced-choice items adapted from the Rotter's scale for measuring locus of control. Although a wide range of studies work with a reduced version of the original Rotter's scale, some authors such as Boone et al. (1996) use an extended version by adding more filler items.

The idea of sense of control has also been measured along the dimensions of personal mastery and perceived constraints. This way of measuring sense of control is based on works by Lachman & Weaver (1998) and is used, for instance, by Kraus et al. (2009). In that line of thinking, personal mastery "refers to one's sense of efficacy or effectiveness in carrying out goals" whereas perceived constraints "indicates to what extent one believes there are obstacles or factors beyond one's control that interfere with reaching goals" (Lachman & Weaver, 1998: 765). An example for an item measuring personal mastery is "[w]hen I really want to do something, I usually find a way to succeed at it." And an example for an item measuring perceived constraint is "[w]hat happens in my life is often beyond my control." Those examples illustrate the similarity between sense of control as measured by Lachman & Weaver (1998) and locus of control as measured by the works based on the Rotter's scale.

The measurement of locus of control in the GSOEP follows the same line of thinking as the discussed studies using a modified version of the Rotter's scale. The GSOEP features a battery of ten items measuring the construct locus of control. Six items measure external locus of control and further four items measure internal locus of

control. Table 4 shows the different items used to measure locus of control in the GSOEP.

Table 4: Items measuring locus of control in the GSOEP

Item 1	How my life goes depends on me
Item 2	Compared to other people, I have not achieved what I deserve*
Item 3	What a person achieves in life is above all a question of fate or luck*
Item 4	If a person is socially or politically active, he/she can have an effect on social conditions
Item 5	I frequently have the experience that other people have a controlling influence over my life*
Item 6	One has to work hard in order to succeed
Item 7	If I run up against difficulties in life, I often doubt my own abilities*
Item 8	The opportunities that I have in life are determined by the social conditions*
Item 9	Inborn abilities are more important than any efforts one can make
Item 10	I have little control over the things that happen in my life*

Source: SOEP v28.
* denotes items loading on a factor to be identified as external locus of control and used in the subsequent analysis.

For each of the items, the respondents are required to indicate on a seven-point scale if they disagree completely or agree completely with the statements. Unfortunately, previous research, for instance by Budría & Ferrer-i-Carbonell (2012) and Heineck & Anger (2010) has shown inconclusive validity of the GSOEP-items measuring internal locus of control. Similarly, a factor analysis I have performed shows a clear pattern of six items loading on a factor to be identified as external locus of control; these are items 2, 3, 5, 7, 8, and 10. The loadings of the remaining items are less clear. 1, 6, and 9 load on a factor seeming to measure an internal orientation whereas item 4 does not load on any of the previous factors. Moreover, as shown by Table 5, the alpha reliability coefficients differ greatly across the different dimensions, as identified by the factor analysis.

Table 5: Reliabilities of the locus of control's measurements

	Average interitem covariance	Number of items in the scale	Scale reliability coefficient
Items loading on external locus of control	0.54	6	0.67
Items loading on internal locus of control	0.20	3	0.34

Own calculations based on GSOEP-data, wave 2005. The sample consists of organizational leaders (N = 1832; see Chapter 4.4 for the operationalization of organizational leaders). The items loading on external locus of control are the items 2, 3, 5, 7, 8, and 10 from Table 4. The items loading on internal locus of control are the items 1, 6, and 9 from the same table.

This study therefore uses only those items measuring external locus of control.[10] As a review of the survey items suggests, the operationalization is consistent with the present understanding of sense of control as the extent to which individuals believe that they can control their own life. A similar strategy has previously been used in the literature. Caliendo et al. (2010: 10), for instance, build their measure of locus of control based on the results of a similar factor analysis. In this thesis, the average of the items loading on the factor expressing an external sense of control is used as measure. The items are inverse recoded so that higher values mean higher internal locus of control, i.e., a stronger sense of control.

4.3.3 Justice perceptions

The management literature on justice-related issues in organizations mostly addresses the differentiation between distributive, procedural, and interactional justice[11] as it can be observed in meta-analyses such as Cohen-Charash & Spector (2001) or Colquitt et al. (2001). In these studies justice is operationalized through survey measures similar to

[10] By common standards, even a reliability of 0.67 is only 'acceptable'. A low reliability is likely to have an adverse impact on the effect size (Vroom and Pahl, 1971).

[11] Another line of thought conceptualizes interactional justice as being composed by the two facets of interpersonal and informational justice (Colquitt et al., 2001).

those in Colquitt (2001). Distributive justice, for instance, is measured among other items with "[d]oes your (outcome) reflect the effort you have put into your work?" The respondents are required to give their assessment on a five-point scale, from "to a small extent" to "to a large extent" (Colquitt, 2001: 389).

A further conceptualization of justice perceptions based on the perspective of the respondents has also been widely discussed in the literature, although less used in the management research than the formerly discussed. Schmitt et al. (2005), for instance, have developed a scale measuring justice sensitivity from the three perspectives of the victim, observer, and perpetrator. Schmitt et al. (2005) and related pieces of research such as Fetchenhauer & Huang (2004) or Gollwitzer et al. (2009) measure perceptions of justice from the three perspectives with Likert-type self-report survey items. Justice sensitivity from the observer perspective, for instance, is measured among other items with "I am upset when someone does not get a reward he/she has earned." The respondents are required to give their assessment on a six-point rating scale ranging from 0 for "not at all" to 5 for "exactly" (Schmitt et al., 2005: 203). An updated version of the Justice Sensitivity Inventory adds the beneficiary perspective as a new component to the aforementioned three components (Schmitt et al., 2010).

Having presented two major ways through which justice perceptions are operationalized in the literature, we can observe that none of them fits the construct we intend to analyze, i.e. the justice perceptions toward the less privileged socioeconomic groups of the society. However, a similarity can be established between justice from the observer perspective and the presented conceptualization of justice perceptions. The main difference lies in the focus on the less privileged socioeconomic groups of the society as those being befallen by a potential injustice. Based on that, I have developed a strategy to assess justice perceptions with the GSOEP-data.

Justice perceptions toward less privileged socioeconomic groups are not explicitly measured in the GSOEP. A proxy is therefore required to measure the justice perceptions of organizational leaders with respect to the concerns of the less privileged socioeconomic groups. The leaders' judgment whether the average income of unskilled workers is just or not is considered here to be an appropriate proxy. I argue that a leader's judgment whether the average income of an unskilled worker is just or not can be an expression of their justice perceptions about the concerns of the unskilled workers, who doubtless are among the less privileged socioeconomic groups of Western capitalist

societies.[12] Moreover, such an operationalization is consistent with the definition of justice perceptions given in Section 2.1.3 according to which justice perceptions can be understood as other-centered judgments about specific outcomes such as resource allocation.

The questionnaire of the GSOEP-wave 2005 shows respondents the following statement: "There has been ongoing discussion about what constitutes just and unjust income.
We would like a few estimates on this from you." Subsequently, respondents are asked "[h]ow high on average is the monthly net income of an unskilled worker?" and if they would "say that this income has a just relation to the job demands?" (SOEP, v28). The latter question is the measure of justice perceptions toward less privileged socioeconomic groups. As it can be observed, even the wording of the question directly addresses the issue of 'justice'. The question gives us a sense of justice of the respondents. Obviously, what we cannot study following that strategy is whether the estimates of just income that respondents also subsequently report represent the true idea of justice. Although this topic is of paramount importance for the justice research (see for instance Jasso, 2007), the question I focus on is what we need to assess the sense of justice of organizational leaders toward less privileged socioeconomic groups. Unfortunately, the question was only part of the 2005 GSOEP-wave and has since then not been asked again.

A similar question has been used by Cornelißen, Himmler, & Koenig (2011) to assess perceived unfairness in compensation. Additionally to the presented questions on the income of unskilled workers, the same set of questions has been asked concerning "the monthly net income of a manager on the board of directors of a large company" (SOEP, v28). Cornelißen et al. (2011) use the assessment whether the income of a manager is just or not as measure for "fairness perceptions of CEO compensation" (Cornelißen et al., 2011: 45). It is noteworthy that both the GSOEP-items I use and those used by Cornelißen et al. (2011) are also part of other major field surveys such as the International Social Justice Project and the International Social Survey Programme

[12] See the third chapter of Crouch (2004) for a fine account of the struggle of the manual working class in major Western societies. Although Crouch's argument is not limited to unskilled workers, it makes clear that manual workers, a group to which unskilled workers belong to, are among the less privileged socioeconomic groups of today's Western societies.

(Jasso, 2007).

Whereas the measures of risk propensity and sense of control are ordinal scales, the measure of justice perceptions is hence of binary nature with outcome 1 for the respondent indicating an unfair income and 0 a fair income. This implies the recoding of the original numbers where 1 stood for fair and 2 for unfair.

After having presented the strategies for operationalizing the three dependent variables of the present research, the next section elaborates on the operationalization of the 4-group classification of organizational leaders.

4.4 Operationalizing the 4-group classification of organizational leaders

The research model is based on a classification of organizational leaders in two broad groups (the social climbers and the reproduced leaders) which themselves each consist of two distinct groups: the supported vs. non-supported social climbers and the distant vs. non-distant reproduced leaders. For operationalizing the 4-group classification we hence need first to identify the organizational leaders and whether they belong to the group of the climbers or to the reproduced ones.

Defining and operationalizing "leader" as a theoretical construct present major challenges. This is succinctly expressed by Bass (1974/1990: 11) who points out that there "are almost as many different definitions of leadership as there are persons who have attempted to define the concept." Although this has been stated almost three decades ago, researchers such as Fietze et al. (2011) and Holst et al. (2012) observe that Bass' comment is still relevant. I shall remind the readers that according to the literature and for the purpose of the research question at hand, leaders are those individuals who have enough discretionary power to influence their organizations on the base of their individual attitudes, whether consciously or unconsciously. Fortunately, the GSOEP provides a way to operationalize the construct of organizational leaders according to this definition. Following extant literature, I therefore construct the pool of organizational leaders through the occupational position of the respondent. The GSOEP-question reads: "What is your current occupational status? If you are employed in more than one position, please answer the following questions for your main position only" (SOEP,

v28). Subsequently, the respondents are confronted with a list of occupational positions. To be considered as organizational leader, a respondent has to fit in one of the following three occupational positions:

1. Positions with extensive managerial duties (e.g. managing director, manager, head of a large firm);
2. Positions with highly qualified duties or managerial function (e.g. scientist, attorney, head of department);
3. Positions as executive-level civil servant (e.g. head of a federal office, Secretary of State).

The classification of organizational leaders according to positions 1. and 2. is concordant with accounts such as Fietze et al. (2011) and Holst et al. (2012). However, I differ from them by also considering organizational leaders from the public service (position 3). Since this thesis aims at studying the effects of socioeconomic background on organizational leaders, I do not see any compelling reason why the analysis should be exclusively focused on private sector actors. On the contrary, at least two reasons support considering also leaders from the public sector. First, public sector actors play an important role as regulators. Therefore, the way public organizations are managed is not only of importance for individuals working in those organizations but also for the society as a whole. Secondly, recent developments in Western capitalist societies show increasingly blurred lines between private and public service organizations and also between the logics to which they are subjected (Crouch, 2004).

Operationalizing the reproduced leaders

To draw the line between the reproduced leaders and the social climbers, I proceed accordingly to the afore discussed strategy for operationalizing socioeconomic background. The reproduced leaders are those who report that they had at least one parent in one of the three leading occupational positions when they were fifteen. So the reproduced leaders are those leaders indicating that either their mother or their father was herself or himself an organizational leader.

Social ties are used to differentiate between the distant vs. the non-distant

reproduced leaders. The reproduced leaders reporting that one of their main reference persons is either their paid assistant or a jobless person are classified as having a lower distance to the less privileged socioeconomic groups of the society than those lacking these ties. An illustration of how the evolving of a relationship between an upper class individual and their paid assistant can lower the social distance of the former toward less privileged groups of the society can be found in the French movie "The Intouchables" directed by Nakache & Toledano (2011). As suggested by Piketty (2013: 24) in reference to the vivid accounts of early capitalism in 19th century novels, the results of artistic production such as the cinema or the literature can provide a perspicuous form of contemporary witnessing.

In the waves 2006 and 2011, GSOEP-respondents are asked to give information on three of their main reference persons. The items used are, on the one hand, those asking "[w]ith whom do you talk about personal thoughts and feelings, or about things you wouldn't tell just anyone?" and "[w]ho can you tell the truth even when it is unpleasant?" (SOEP, v28). On the other hand, I also use the question on the employment status of the reference persons. Hence, it is possible to derive from the data whether the reference persons belong to less privileged socioeconomic groups. A reproduced leader who has a close relationship to individuals from less privileged groups is more likely to have a realistic assessment of the living conditions of the latter. Based on that, distant reproduced leaders are defined as leaders, first, not disclosing close social ties to less privileged individuals. Second, distant reproduced leaders also have to be in the group of individuals overestimating the average net monthly salary of an unskilled worker. This information is derived by centering the individual's estimates of the average net monthly salary of an unskilled worker and then considering those in the uppermost decile. These respondents' estimates are 476.75 euros above the mean. It should be noted that the guessing of the income was not used with respect to non-distant reproduced leaders. A leader might not overestimate the salary of an unskilled worker because of ties to the less privileged groups or also because she knows the right figure, for instance from reading the newspaper. Since the data does not allow us to disentangle those eventualities, only the disclosure of social ties was used to classify non-distant reproduced leaders. A reproduced leader is classified as socially non-distant from the less privileged socioeconomic groups when she discloses close social ties to a member of the less privileged groups, i.e. either paid assistants or jobless.

Operationalizing the socioeconomic climbers

In the present study, the social climbers are organizational leaders whose fathers were either jobless, untrained worker, semi-trained worker, or trained worker when they were fifteen years old. The partial lack of data on the occupational position of the respondents' mothers does not allow to limit the samples of social climbers to leaders originating from households where both parents were either jobless, untrained worker, semi-trained worker, or trained worker. However, I exclude those individuals about whom we know that the mothers were in one of the leading positions. This allows us to have a sample of reproduced leaders who have been socialized in the least privileged socioeconomic environments.

To differentiate between the supported social climbers and the non-supported ones, I use data about both institutional and non-institutional support. The supported social climbers are those, first, reporting that they received any stipend or student grants in the biography. The variable was built by summing up the months during which the respondents declared having received any kind for stipend or student grants. Nevertheless, the measure "having received any stipend or student grants" is per definition noisy since all German students from low-income families are under federal law eligible for student grants. According to the operationalization of social climbers in this study, most of them should therefore be eligible for student grants, assuming that low occupational position of the parents is related to a low family income. There could therefore be a bias in the data because those individuals from low-income families who decide not to receive financial aid might, for instance, have a stronger belief in their own competencies than those who decide to receive the aid. For this reason, the measure of institutional support is supplemented with a second one: a climber should also have received help in career matters from a third person at least once to be classified as supported climber. More specifically, I build a quotient of how many times an individual reports having found a new job with the help of friends and relatives divided by the number of job changes reported until 2005. This represents the measure for non-institutional support. The non-supported climbers are those reporting that they did not receive any stipend or student grants, that they do not receive any help in career matters, i.e. with a quotient of support in career matters equal to zero. The supported climbers are either in the fourth quartile of the distribution of institutional support or in the fourth quartile of the distribution of the variable representing support in career matters. By

classifying them in this way, I aim at ensuring that those supported leaders had experienced relatively significant support in the course of their life.

By now, the reader has certainly observed that we follow a reasoning related to extreme-group thinking, i.e. we operationalize the climbers as leaders originating from the bottom of the society, and not for instance from the middle classes. Extreme-groups thinking is deemed appropriate in order to maximize variance in measures of interest, especially in the measurement of socioeconomic background. This procedure has been shown to increase "statistical power in situations with constrained variability in measures of interest" (Mishra & Lalumière, 2011: 873). However, although I apply extreme-groups thinking, the present design cannot be fully qualified as extreme-groups design since I do not split a continuous variable in groups. Extreme-groups thinking lies rather in the nature of both the research question and the sample: the study of the effects of the socioeconomic background on those at the top of the society while using a representative mass survey. The methodological handling of class specifications in Whitely, Dougherty, and Dreher (1991) can be compared to the strategy used in this thesis. To have a clear distinction between managers from privileged families and those from less privileged backgrounds, the authors group the lowest classes as one group they then use as contrast group against a group consisting of the highest classes and another one consisting of the middle classes (Whitely, Dougherty, and Dreher, 1991).

In order to enhance the adequacy of the sample, ambiguous groups such as individuals still in education or pensioners are excluded from the sample when testing the hypotheses on the differences between organizational leaders and the lay population. These groups are deemed ambiguous since leaders currently taking MBA-classes, for instance, could as well be part of the group of individuals stating that they are still in education. As for pensioners, the group obviously encompasses individuals who have been organizational leaders. Similarly, individuals stating that they are not employed are retained in the analysis only if they are officially registered as unemployed. This accounts for the fact that a rich heir and a person actively looking for a position as unskilled worker can both be in the same group of individuals disclosing that they are not in employment. Moreover, farmers, freelance professionals and other self-employed with more than ten employees were excluded from the sample. The rationale is that in these groups we might have people running ventures employing far more than nine individuals and hence qualifying as organizational leaders. To sum up, all individuals

whose occupational positions do not give a clear hint whether they can be classified either as organizational leaders or as non-leaders are excluded from the sample.

Having clarified how the main variables of the present research are to be measured, the last two sections of this chapter respectively address the measurement of the control variables and the choice of the appropriate methods.

4.5 Control variables

As described in Chapter 3.3, the control variables in this study are the age, the gender, the education, the current household income of the respondents and their wealth. Age is leaders' age (in years) in 2005. Gender is a dummy variable with 1 indicating female organizational leaders and 0 indicating male leaders. Both age and gender have been reported to be related to the three dependent variables.

Education is measured through the Comparative Analysis of Social Mobility in Industrial Nations (CASMIN) classification. This CASMIN-classification consists of the following ten levels of the educational attainments: (0) in school, (1) inadequately completed, (2) general elementary school, (3) basic vocational qualification, (4) intermediate general qualification, (5) intermediate vocational qualification, (6) general maturity certificate, (7) vocational maturity certificate, (8) lower tertiary education, (9) higher tertiary education (Lechert, Schroedter, & Lüttinger, 2006; SOEP v28). Consistent with previous research using the CASMIN-classification of educational attainments (for instance Verwiebe & Wegener, 2000, Isengard, 2005, and Piatek & Pinger, 2010), I have reduced the number of categories by grouping them. Organizational leaders with an educational attainment from (0) to (5) are classified as being low educated. Those in the levels (6) and (7) are classified as being middle educated; and those in (8) and (9) as being highly educated. Since some individuals who already have a tertiary education might still be in the category (0), for example those taking an MBA, classifying (0) in the low-education group could therefore be misleading. But since that category (0) does not apply to any of the organizational leaders in the sample, the misleading effect is highly unlikely to happen. The educational attainment of the leaders is controlled because education has been shown to be related to risk propensity, sense of control, and justice-related concerns.

Income is measured through the monthly household net income generated by GSOEP. To lessen the effect of underreporting (Frick, Grabka, & Marcus, 2010), the imputed values of the income are used in the analyses. Similarly, I measure wealth through the imputed overall household net wealth. Both income and wealth are controlled because they have been shown to be related to risk propensity, sense of control, and justice-related concerns.

4.6 Methods

In order to determine which econometrical methods are best suited for the analysis, I have considered the following characteristics of the data. Firstly, two of the dependent variables are ordinal. As already mentioned, the general risk propensity, the domain-specific risk propensities with respect to career and financial matters and the investment question were assessed through ordinal scales. Similarly, sense of control has also been measured ordinally. This means that we cannot make any statement on the differences between a leader indicating a '6' on the scale of the general risk propensity and a leader indicating a '3' on the same scale. All we can say in this case is that the first leader has a higher general risk propensity than the second one. Secondly, we should note that notwithstanding the GSOEP being among the oldest running surveys, some of the variables have been unfortunately surveyed only once until now. This holds for the questions on the assessment of the income of the unskilled workers. Furthermore, the items used to operationalize the social distance of the organizational leaders to the less privileged groups of the society have been surveyed only twice. Table 6 shows the list of variables with both their respective scale and the GSOEP-wave(s) they are part of. The table shows that only five out of the eighteen variables presented are continuous, with three of these continuous variables being control variables. Table 6 also makes clear how the availability of the variables differs. Some variables were surveyed in several years and some only in one year. Those different availabilities lead us to select 2005 as central year for the upcoming analysis. That is, the operationalization of the 4-group classification of leaders is based on the occupational position of the respondent in the survey year 2005. As Table 6 shows, most of the variables used in this study were surveyed in or around 2005.

Table 6: List of variables: Scales and availability

Variables	Scales	Availability
General risk propensity	Ordinal	2004, 2006, 2008 – 2012
Domain-specific risk propensities	Ordinal	2004, 2009
Risk with lottery wins	Ordinal	2004, 2009
Sense of control	Ordinal	2005, 2010
Justice perceptions	Dichotomous	2005
Average monthly net income of an unskilled worker	Continuous	2005
Occupational position of the respondent	Nominal	1984 – 2012
Occupational position of the father when the respondent was 15 years old	Nominal	1984 – 2012
Occupational position of the mother when the respondent was 15 years old*	Nominal	1984 – 2012
Grant, stipends	Continuous	1984 – 2012
Help in career matters	Dichotomous	2006, 2011
Most important reference persons	Nominal	2006, 2011
Employment status of most important reference persons	Nominal	2006, 2011
Age	Continuous	1984 – 2012
Gender	Dichotomous	1984 – 2012
CASMIN-classification	Ordinal	1984 – 2012
Imputed net household income	Continuous	1984 – 2012
Imputed net household wealth	Continuous	2002, 2007

*It should be noted that before 2000 the GSOEP surveyed only on the occupational position of the father.

Based on the aforementioned elements, the research hypotheses related to risk propensity are tested through ordered probit regressions. This choice is consistent with previous research based on similar data such as Eckel & Grossman's (2008) and Paola's (2013) works on the determinants of risk attitudes. Following Brant (1990), I perform a test of the parallel regression assumption. The parallel regression assumption means that the ordered regression models assume that the regression coefficients for all the values of the dependent variable are the same. Williams (2006) suggests that if the assumption is violated, and this violation not accounted for, the model might lead to misleading

results. In case where the parallel regression assumption is violated, a generalized ordered logistic regression is used to assess the effect of the assumption's violation on the results.

The hypotheses related to sense of control are, despite its ordinal scale, tested through ordinary least squares (OLS) estimations. This follows Budría & Ferrer-i-Carbonell (2012) who argue that cardinality might be assumed running regressions with ordinal variables. More precisely, they use the probit adapted OLS to estimate a model with the variable 'life satisfaction' as dependent variable, a variable which is measured in the same way as the dependent variables risk propensity and sense of control. Their argumentation is based on a work with Ferrer-i-Carbonell and another colleague (Ferrer-i-Carbonell & Frijters, 2004) on the importance of methodology for estimating the determinants of happiness. Insights from their work can be used for the present research since both the measures of risk propensity and sense of control are comparable to the usual measures of happiness. In the GSOEP, for instance, both risk propensity and happiness (life satisfaction) are similarly measured through an eleven-point scale. Ferrer-i-Carbonell & Frijters (2004) demonstrate empirically with the same GSOEP-data that while estimating happiness with the usual set of explanatory variables, there are no substantial differences between using a simple OLS and using ordered logit or probit regressions. More specifically, they conclude that "the sign of the coefficients are the same; whether a coefficient is significant is the same; and the trade-offs between variables are roughly the same" (Ferrer-i-Carbonell & Frijters, 2004: 650). Smith et al. (1997) also assume cardinality when regressing locus of control on several factors such as gender and status. In this thesis, cardinality is similarly assumed for the dependent variable sense of control. This is necessary to run the calculations leading from a set of items to one single indicator. Results for the hypotheses related to sense of control are hence based on OLS estimations.

The hypotheses related to justice perceptions are tested through probit models due to the dichotomous nature of the outcome variable. Nevertheless, Chapter 5.4 will present some alternative results using different methods as part of the different sensitivity checks that were performed.

This chapter has presented not only the data to be used to test the theoretical conjectures, but also both the operationalization strategies and the methods chosen for

the analysis. The next chapter will therefore proceed with the empirical results of the present research.

5 Empirical Results

"When you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind." Sir William Thomson, quoted in Kuhn (1977: 178).

"Yes, and when you can express it in numbers, your knowledge is of a meagre and unsatisfactory kind." Frank Knight, quoted in McCloskey (1983: 484).

This chapter presents the empirical findings of the research. With the backdrop of the afore discussed operationalization's strategies, several analyses, including sensitivity checks have been performed to test the theoretical conjectures elaborated in Chapter 3. While some results are rather meagre and unsatisfactory, the analyses demonstrate strong support for most of the theoretical arguments. The presentation of the empirical results will unfold as follows. First, descriptive statistics about both the sample and the variables will be presented. Second, model results will exhibit the extent to which the theoretical conjectures stand the empirical test. Last, several sensitivity checks will be discussed in order to assess the robustness of the results.

5.1 Descriptive statistics

This section provides an overview on the exact nature of the dataset used to test the hypotheses, and tables and graphs about distributions of the main variables.[13] In a first step, Table 7 and 8 provide information about the sample size and the classification of organizational leaders into the different conceptual groups.

[13] All the presented tables and graphs are built with the software package Stata 12.

Y. Kemayou, *More Class in Management Research,*
DOI 10.1007/978-3-658-12063-4_5, © Springer Fachmedien Wiesbaden 2016

Table 7: Distribution of organizational leaders in occupational positions

Occupational positions	Size
Positions with extensive managerial duties (e.g. managing director, manager, head of a large firm)	190
Positions with highly qualified duties or managerial function (e.g. scientist, attorney, head of department)	1408
Positions as executive-level civil servant (e.g. head of a federal office, Secretary of State)	264
Total of organizational leaders	**1862**

Computed with data from SOEP v28, wave 2005.

Table 7 shows that the sample encompasses 1862 organizational leaders. The reader should be informed that the Version 28 of the GSOEP which is used for this research encompasses 2004 individuals in the three leading occupations. We however consider only those individuals from which data about the occupational positions of the parents or at least of the father is available. This restriction explains why the sample size as reported is slightly under the number of 2004 individuals. Following this information on the sample size of organizational leaders, Table 8 shows how the leaders are distributed according to the 4-group classification.

Table 8: Distribution of organizational leaders according to the 4-group classification

Groups	Group size
Climbers	401
Supported climbers	64
Non-supported climbers	28
Reproduced leaders	492
Distant reproduced leaders	39
Non-distant reproduced leaders	41

Computed with data from SOEP v28 (please see Chapter 4.4 for the empirical definition of the different groups).

Looking at Tables 7 and 8, it is obvious that the group of leaders consists of more than climbers and reproduced leaders. Those two groups only represent a subset of the total group of leaders. For example, an organizational leader whose both parents were clerks or low-level civil servants is represented in the group of leaders but neither in the

climbers nor in the reproduced leaders. This follows the idea of an extreme group comparison. An extreme group perspective is deemed necessary in the framework of this research to ensure sufficient variation in the variables of interest. As already pointed out, individuals at the upper echelons of the society are usually not well represented in large representative samples such as the GSOEP. As a result, the extreme group perspective helps having the necessary variation even if it is the case that the data would not allow to directly grasp individuals at the upper echelons.

A closer look at the GSOEP-data indicates that the well-researched phenomenon of social reproduction is observable in the sample. This might first be surprising since Table 7 suggests that 401 out of 1862 leaders, i.e. around 21 percent, qualify as socioeconomic climbers and that only 26 percent qualify as reproduced leaders. These proportions are of course dissimilar to those presented by researchers such as Hartmann (2009) and Maclean et al. (2006) who report that upper class' offsprings represent between 60 and 80 percent of the top managers of major organizations in countries such as France, Germany, Great Britain, or the USA. The main reason for the dissimilarity is the already mentioned fact that individuals at the upper echelons of the society are usually not well represented in large representative samples. The present sample hence focuses on organizational leaders at a level less selective than the top positions of major organizations as defined by the cited studies. The lower selectivity likely to happen at those lower levels explains the relatively high proportion of climbers among the group of organizational leaders as identified in the GSOEP-data. Notwithstanding, hints of social reproduction are observable in the sample. On the one hand, the proportion of organizational leaders in the whole GSOEP-wave 2005 is 9.5 percent. Assuming that this figure was similar in their parent's generation, we can therefore observe that 26 percent of the leaders come from a group accounting for 9.5 percent of the total sample. On the other hand, the lower socioeconomic groups such as the unemployed, the untrained and semi-trained workers and employees account for 34.5 percent of the total sample. Hence, whereas the 26 percent of reproduced leaders represent less than ten percent of the total sample, the 21 percent of socioeconomic climbers represent more than one third of the total sample. Though clearly dissimilar to the numbers reported in classical elites studies, the data give hints of social reproduction.

Having presented the sample of organizational leaders and their repartition according to the 4-group classification, the next tables and figures display descriptive

statistics on the different variables of interest.

Table 9 displays the pairwise correlation coefficients between the different risk measures. The moderate size of the coefficients is a hint that the measures grasp different aspects of the leader's risk propensity. Although the displayed coefficients are computed only for the sample of organizational leaders, other studies with GSOEP-data such as Caliendo et al. (2009) report similar results.

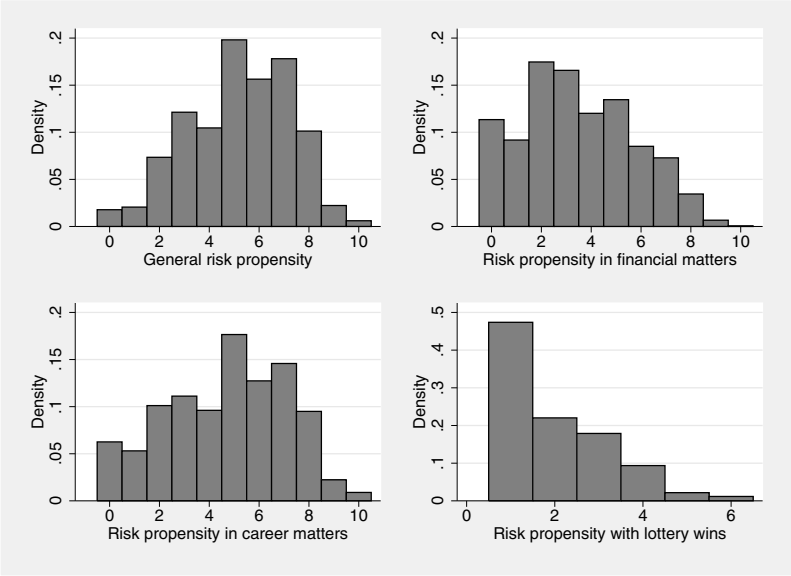
Table 9: Pairwise correlation coefficients between different measures of risk propensity

	Risk measures		
	General	Finance	Career
General			
Finance	0.46		
Career	0.63	0.42	
Lottery	0.22	0.35	0.18

Own calculations based on SOEP v28, wave 2004. Only individuals identified as organizational leaders are considered (N's range from 1790 for risk propensity in career matters to 1798 for risk propensity in financial matters). General risk propensity and the risk propensities in financial matters and in career are coded on an eleven-point scale from 0 (complete unwillingness) to 10 (complete willingness). The lottery measure indicates the amount the respondent would invest in a risky asset if they would win 100 thousand euros in a lottery (six choice possibilities from 1 = 0 euro to 6 = 100 thousand euros). The numbers are the pairwise correlation coefficients. All the correlation coefficients are significant at the one-percent level.

The distribution of the density of the three measures of risk propensities (see Figure 4) further suggests that measures might well be grasping different aspects of leaders' risk propensity. First, the histograms graphically show some variation in the sample. Second, the dissimilar distributions sustain the ideas of working with different measures of risk propensity. We can observe from the chart that leaders tend to express that they are more risk prone when asked about their general willingness to take risks than on specific items. And they seem to be less likely to invest a major proportion of their gains in a risky investment.

Figure 4: Distribution of the risk propensity's measures



Own representations based on SOEP v28, wave 2004. Only individuals identified as organizational leaders are considered (N's range from 1790 for risk propensity in career matters to 1798 for risk propensity in financial matters). General risk propensity and the risk propensities in financial and career matters are coded on an eleven-point scale from 0 (complete unwillingness) to 10 (complete willingness). The risk propensity with lottery wins indicates the amount the respondent would invest in a risky asset if they would win 100 thousand euros in a lottery (six choice possibilities from 1 = 0 euro to 6 = 100 thousand euros).

Addressing a further dependent variable of this study, sense of control, Table 10 provides an overview of the six items used to measure sense of control.

Table 10: Summary statistics: Sense of control's items

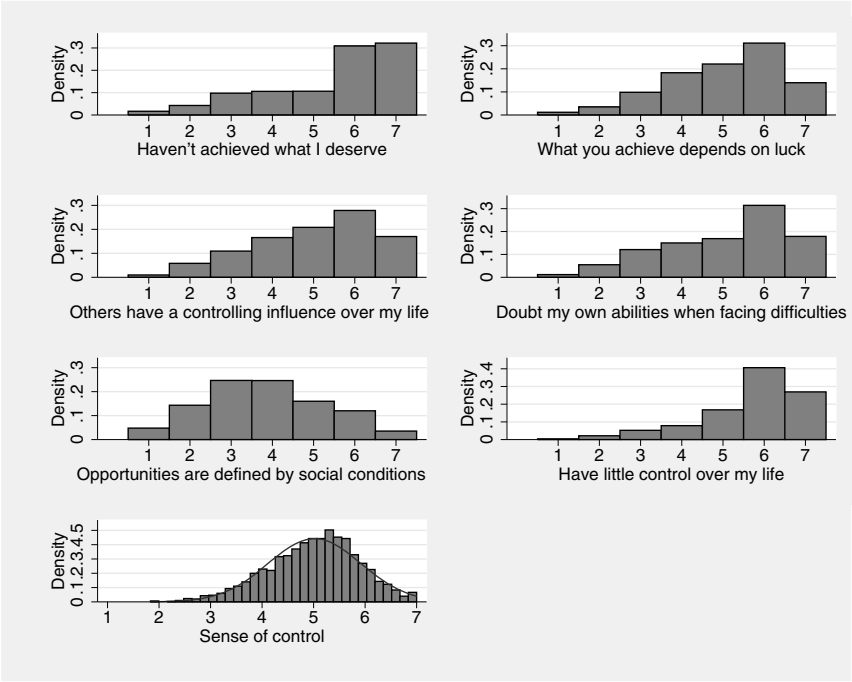
Items	Mean	Standard deviation
Compared to other people, I have not achieved what I deserve	5.456	1.593
What a person achieves in life is above all a question of fate or luck	5.058	1.396
I frequently have the experience that other people have a controlling influence over my life	5.021	1.496
If I run up against difficulties in life, I often doubt my own abilities	5.067	1.530
The opportunities that I have in life are determined by the social conditions	3.829	1.477
I have little control over the things that happen in my life	5.682	1.249
Sense of control (calculated measure)	**5.018**	**0.901**

Own calculations with SOEP v28, wave 2005. Only individuals identified as organizational leaders are considered (N = 1860 for the calculated measure). Respondents are asked to what degree they agree with the statements. The items are coded on a seven-point scale from 1 (disagree completely) to 7 (agree completely). The items displayed are inversely recoded so that higher values mean a stronger sense of control. The calculated measure is an individual-level average over the six items.

Since the values presented in Table 10 are inversely coded, it can be observed that organizational leaders tend to disagree with statements expressing an external locus of control. For the inverse scale, 1 expresses complete agreement and 7 complete disagreement. The mean values of five out of six items are greater than five. Only the statement that possibilities are determined by social conditions seems to find a relative agreement from the organizational leaders. Table 10's last row shows the variable used in the subsequent analyses. Sense of control is calculated as the average over the six items for each individual. The last row also displays a smaller standard deviation for the index measure than for the six single measures. By calculating means and standard deviations with those items, I surely assume that those originally ordinal scales can be considered cardinal. As already discussed in Chapter 4.3.3, this type of cardinality assumption is usual in the literature and has been shown to deliver proper results.

As a second set of descriptive information on the measurement of sense of control, Figure 5 displays the distributions of the single items and of the calculated measure. The graph in the last plot displaying the distribution of the calculated measure of sense of control also features the normal density plot. As already suggested by looking at the means from Table 10, the distributional plots point to a tendency of organizational leaders to disagree with the statements.

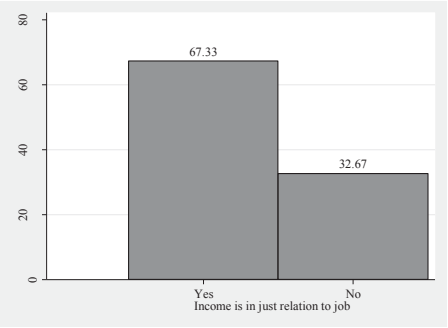
Figure 5: Distribution of sense of control



Own calculations with SOEP v28, wave 2005. Only individuals identified as organizational leaders are considered (N = 1860 for 'sense of control'). Respondents are asked to what degree they agree with the statements. 7 expresses the strongest sense of control. 'Sense of control' is an individual-level average over the first six items.

As for the third dependent variable, Figure 6 shows that more than sixty percent of the organizational leaders perceive that unskilled workers are fairly remunerated.

Figure 6: Organizational leaders' justice perceptions



Own calculations with SOEP v28, wave 2005. Only individuals identified as organizational leaders are considered (N = 1203).

The next tables and figures present descriptive statistics not only on the dependent variables as the former, but also on the further variables used in the study. Following Becker's (2005) recommendation, continuous and dichotomous variables are treated in a different table than categorical variables.

Table 11: Descriptive statistics and correlations (continuous and dichotomous variables)

Variables	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.
1. Sense of control	5.01	0.90								
2. Justice perceptions	0.32	0.46	-0.037							
3. Estimates of worker income	1095.91	373.48	-0.027	-0.12***						
4. Institutional support	2.493	10.80	0.03	0.03	0.04*					
5. Non-institutional support	0.19	0.34	-0.05	0.04	-0.05	0.00				
6. Income	4159.24	1898.86	0.11***	-0.10***	0.12 ***	-0.09***	-0.04			
7. Wealth	294346.7	772470.1	0.05**	-0.05**	0.07**	-0.06 ***	-0.02	0.19***		
8. Age	45.58	9.76	-0.01	0.00	0.16***	-0.22***	0.01	0.26***	0.13***	
9. Gender	0.30	0.45	-0.03	0.05**	-0.13***	-0.0239	-0.005	-0.04*	0.04**	-0.09***

Own calculations based on SOEP v28, waves 1984-2005. Only individuals identified as organizational leaders are considered (N's range from 484 for the correlation between justice perceptions and non-institutional support to 1862 for the correlation between formal support and age). Sense of control ranges from weak sense of control (1) to strong sense of control (7). Justice perceptions is a dummy variable with 1 = favorable justice toward the less privileged socioeconomic groups. Estimates of worker income is the respondent's estimate of the average monthly net income of an unskilled worker. Institutional support is the number of months during which a respondent received any kind of stipends or student grants. Non-institutional support is a quotient of how many times an individual reports having found a new job with the help of friends and relatives divided by the number of job changes reported until 2005. Income is the average of the five imputed values for the monthly net household income in 2005. Wealth is the average of the five imputed values for household net overall wealth as supplied by the SOEP v28. Age is the leader's age in 2005. Gender is a dichotomous variable with 0 for male and 1 for female. Correlations are pairwise. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

In addition to the control variables income, wealth, age, and gender which are part of

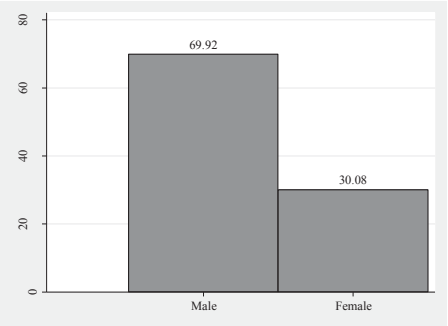
Table 11 on the descriptive statistics and pairwise correlations of the continuous and dichotomous variables, there is one more control variable, viz. education. Table 12 shows that more than seventy percent of the organizational leaders have attained the highest educational level, i.e. they have completed either lower or higher tertiary education. As for gender, Figure 7 suggests that the well-researched overrepresentation of males in leading positions also applies to our sample: roughly seventy percent of the organizational leaders are male.

Table 12: Educational level of the organizational leaders

Education (category)	Definition of the category	Frequency	Percent
1	In school, inadequately completed education, general elementary school, basic and intermediate vocational qualification, intermediate general qualification	346	18.69
2	General maturity certificate, vocational maturity certificate	157	8.48
3	Lower and higher tertiary education	1348	72.83
		1851	100.00

Own calculations based on SOEP v28, wave 2005. Only individuals identified as organizational leaders are considered. The originally ten levels of educational attainments of the CASMIN-classification were reduced to three according to the grouping definition presented in the second column.

Figure 7: Gender of organizational leaders



Own calculations based on SOEP v28, wave 2005. Only individuals identified as organizational leaders are considered (N = 1862).

Having given an overview of the data through the descriptive statistics just presented, it is necessary to also have a look at the relationships between the different covariates and the dependent variables. As suggested by Becker (2005), researchers should be cautious not to include impotent control variables into their models. Impotent variables are those not correlated with the dependent variables (Becker, 2005). Table 13 displays the correlations between all the covariates which will subsequently be included in the analysis.

Table 13: Pairwise correlations for model variables

	Variables	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
1.	Reproduced leader																
2.	Non-distant reproduced leader	0.25***															
3.	Distant reproduced leader	0.244***	-0.022														
4.	Climber	-0.308***	-0.07***	-0.068***													
5.	Non-supported climber	-0.074***	-0.019	-0.018	0.236***												
6.	Supported climber	-0.113***	-0.028	-0.028	0.36***	-0.023											
7.	Risk – general	0.02	-0.027	0.026	-0.016	-0.014	0.013										
8.	Risk – finance	0.029	0.012	0.05**	-0.004	0.007	0.005	0.46***									
9.	Risk – career	0.03	-0.011	0.001	0.006	0.012	0.028	0.636***	0.427***								
10.	Risk – lottery wins	0.062***	0.009	0.041*	-0.027	-0.016	0.018	0.23***	0.365***	0.195***							
11.	Sense of control	0.044*	-0.033	0.013	-0.012	0.00	-0.013	0.13***	0.055**	0.123***	0.012						
12.	Justice perceptions	-0.048*	0.059**	-0.065**	-0.014	-0.042	-0.048*	0.008	-0.027	-0.009	-0.021	-0.037					
13.	Income	0.029	-0.034	0.068***	-0.068***	-0.051**	-0.098***	-0.008	0.044*	-0.031	0.034	0.116***	-0.101***				
14.	Wealth	-0.004	-0.011	0.005	-0.007	0.047**	-0.04*	-0.062**	-0.034	-0.054**	-0.031	0.056**	-0.058*	0.19***			
15.	Education	0.199***	0.074***	0.057**	-0.202***	-0.029	-0.002	-0.025	0.032	-0.051**	0.057**	-0.011	0.023	0.162***	-0.001		
16.	Age	-0.121***	-0.059**	0.038	0.024	-0.03	-0.151***	-0.033	-0.082***	-0.133***	-0.088***	-0.016	0.007	0.262***	0.137***	0.029	
17.	Gender	0.024	0.029	-0.039*	0.004	0.015	-0.014	-0.127***	-0.244***	-0.068***	-0.087***	-0.031	0.059**	-0.045*	0.048**	0.054**	-0.092***

Own calculations based on SOEP v28, waves 1984-2005. Only individuals identified as organizational leaders are considered (N's range from 1158 to 1862). The first six variables are 1/0 dummy variables with 1 indicating membership in the respective group. Sense of control ranges from weak sense of control (1) to strong sense of control (7). Justice perceptions is a dummy variable with 1 = favorable justice toward the less privileged socioeconomic groups. Income is the average of the five imputed values for the monthly net household income in 2005. Wealth is the average of the five imputed values for household net overall wealth as supplied by the SOEP v28. Education is a three-group version of the CASMIN-classification. Age is the leader's age in 2005. Gender is a dichotomous variable with 0 for male and 1 for female. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Spearman's rank correlation coefficients have been computed for the categorical variables such as the different risk measures or education. Since the results were similar, all the coefficients presented in Table 13 are Pearson product-moment correlation coefficients. Table 13 shows that by including the control variables in the analyses, the risk of working with impotent variables might not be an issue since the former are correlated with the variables of interest.

Having now presented the different variables, the next table and figure give a representation of the leaders' profile in comparison to the non-leaders in the sample. Table 14 provides an overview on the difference between sense of control, justice perceptions and the dichotomous and continuous control variables whereas Figure 8 illustrates differences between leaders and non-leaders in the categorical measures of risk propensity.

Table 14: Profiles of leaders vs. non-leaders

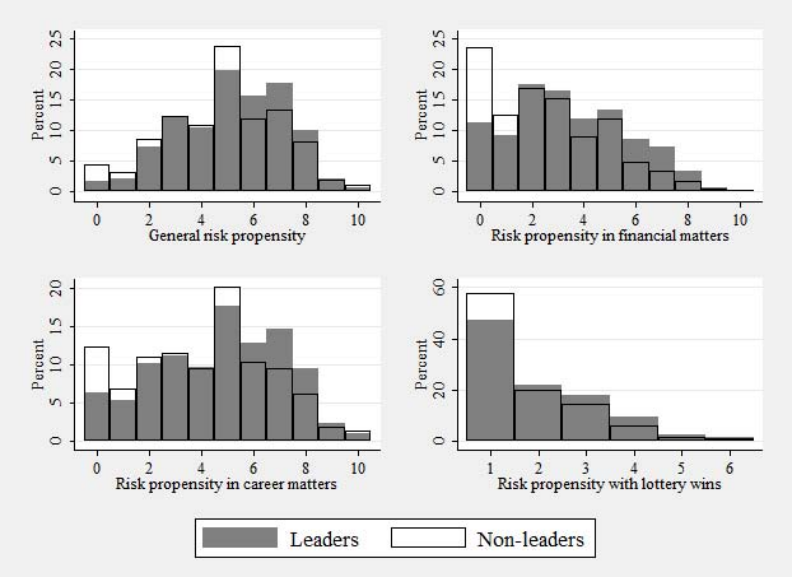
	Leaders		Non-leaders	
	Mean	**Standard deviation**	**Mean**	**Standard deviation**
Sense of control	5.01	0.90	4.54	1.03
Justice perceptions	0.32	0.46	0.44	0.49
Income	4159.24	1898.86	2740.27	1635.93
Wealth	294346.7	772470.1	189477.1	797198.1
Age	45.58	9.76	40.24	12.30
Gender	0.30	0.45	0.502	0.50

Own calculations based on SOEP v28, waves 1984-2005. N's for leaders range from 1203 to 1862 and for non-leaders from 4692 to 9515. Sense of control ranges from weak sense of control (1) to strong sense of control (7). Justice perceptions is a dichotomous variable indicating whether the respondent perceives the average income of unskilled workers as just (0) or not just (1). Income is the average of the five imputed values for the monthly net household income in 2005 (in Euro). Wealth is the average of the five imputed values for household net overall wealth as supplied by the SOEP v28 (in Euro). Age is the respondent's age in 2005. Gender is a dichotomous variable with 0 for male and 1 for female. All differences are significant at the 1% level.

The differences in Table 14 suggest that leaders do differ from non-leaders in all the variables of interest. *t*-Tests confirm that all the differences are significant at the one-

percent level. Accordingly, leaders exhibit a stronger sense of control, are in households with higher income, and are more likely to be older and male than non-leaders. As for risk propensity, Figure 8 suggests that leaders are likely to be more risk prone than non-leaders. The figure displays that non-leaders tend to be located at the less risk prone extremity of the scales. Because of the ordinality of the risk measures, Wilcoxon-rank-sum tests were performed to assess whether those graphically observable differences are significant. Tests results confirm all the differences at the one-percent significance level.

Figure 8: Distribution of risk propensity – Leaders vs. non-leaders



Own calculations based on SOEP v28, wave 2004. N's range from 1790 to 1798 for organizational leaders and from 8942 to 9072 for non-leaders. General risk propensity and the risk propensities in financial and career matters are coded on an eleven-point scale from 0 (complete unwillingness) to 10 (complete willingness). The lottery measure indicates the amount the respondent would invest in a risky asset if they would win 100 thousand euros in a lottery (six choice possibilities from 1 = 0 euro to 6 = 100 thousand euros).

The tables and figures discussed in this section have provided insights not only on descriptive statistics of the variables used in this study but also on some of the associational links to be found in the data. Following the theoretical argumentation

developed in Chapter 3, the next section focuses on those associational links by presenting the empirical tests of the research hypotheses.

5.2 Testing the research hypotheses

This section presents the empirical findings of the thesis. The results are presented following the order of the hypotheses as developed in the theoretical discussion. Before displaying the tables with regression results, the fitted models will be presented in their algebraic form. All the models have been estimated using the software package Stata 12.

Hypotheses 1a, 1b, and 1c

Since ordered probit regressions are used to test Hypothesis 1a, the fitted model takes the form

$$\Pr(risk\ propensity = m|x_i) = F(\tau_m - x\beta) - F(\tau_{m-1} - x\beta)$$

where

$$x\beta = \beta_{leader} leader + \beta_{income} income + \beta_{wealth} wealth + \beta_{education} education + \beta_{age} age + \beta_{gender} gender$$

That is, the probability for observing the level of risk propensity *m* for a given value of *x* corresponds to the region of the distribution where risk propensity falls between the pair of cut points τ_{m-1} and τ_m (see Long & Freese, 2006 for details).

Hypothesis 1b is tested using the following fitted OLS model

$$Sense\ of\ control = \beta_0 + \beta_{leader} leader + \beta_{income} income + \beta_{wealth} wealth + \beta_{education} education + \beta_{age} age + \beta_{gender} gender$$

The fitted model for testing Hypothesis 1c which features a dichotomous dependent

variable is the following probit model

$$\Pr(justice\ perceptions = 1) = F(\beta_0 + \beta_{leader} leader + \beta_{income} income + \beta_{wealth} wealth + \beta_{education} education + \beta_{age} age + \beta_{gender} gender)$$

In the above models, 'leader' is a dummy variable with value one for being an organizational leader and zero otherwise. Income and wealth enter the regression in their natural-logarithmic form to correct for skewedness. Education enters the regression as a set of three dummy variables. The included categories are 'middle educated' and 'highly educated'; the category 'low educated' is omitted as a reference. 'Age' is the respondent's age in years and 'gender' is a dummy variable with value one for woman and zero for man. Table 15 displays results for Hypothesis 1a.

Table 15: Ordered probit results of Hypothesis 1a

	General risk propensity		Risk propensity in financial matters		Risk propensity in career matters		Risk with lottery wins	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Leader	0.042	(0.033)	0.141***	(0.033)	0.116***	(0.033)	0.103***	(0.037)
Income	0.016	(0.025)	0.139***	(0.026)	0.003	(0.027)	0.065**	(0.029)
Wealth	0.021***	(0.008)	0.043***	(0.008)	0.022***	(0.008)	0.017*	(0.009)
Middle educated	0.099***	(0.035)	0.185***	(0.036)	0.201***	(0.035)	0.184***	(0.039)
Highly educated	0.171***	(0.030)	0.213***	(0.031)	0.247***	(0.031)	0.204***	(0.034)
Age	-0.011***	(0.001)	-0.009***	(0.001)	-0.014***	(0.001)	-0.009***	(0.001)
Gender	-0.399***	(0.022)	-0.441***	(0.021)	-0.276***	(0.021)	-0.205***	(0.024)
Cut point 1	-2.063	(0.185)	0.207	(0.188)	-1.596	(0.195)	0.449	(0.213)
Cut point 2	-1.788	(0.185)	0.597	(0.188)	-1.276	(0.194)	1.023	(0.213)
Cut point 3	-1.297	(0.184)	1.078	(0.188)	-0.907	(0.194)	1.690	(0.214)
Cut point 4	-0.852	(0.184)	1.511	(0.189)	-0.570	(0.194)	2.331	(0.216)
Cut point 5	-0.527	(0.184)	1.816	(0.189)	-0.323	(0.194)	2.686	(0.217)
Cut point 6	0.075	(0.184)	2.312	(0.189)	0.204	(0.195)		
Cut point 7	0.451	(0.184)	2.672	(0.190)	0.563	(0.195)		
Cut point 8	1.026	(0.184)	3.147	(0.192)	1.032	(0.196)		
Cut point 9	1.715	(0.187)	3.739	(0.197)	1.651	(0.198)		
Cut point 10	2.177	(0.192)	4.146	(0.209)	2.084	(0.202)		
Observations	8631		8611		8534		8627	
Pseudo-R^2	0.058		0.089		0.057		0.038	
LR X^2	505.406***		765.287***		482.170***		257.957***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on ordered probit regressions with the respective risk measure as dependent variable. Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. Significance levels for cut points are not reported. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.[14]

Hypothesis 1a, predicting that organizational leaders differ from the broader rest of the population by having a higher risk propensity, is supported. Empirical findings show that organizational leaders are more risk prone than non-leaders not only in financial ($z = 4.24$, $p < 0.01$ for a two-tailed test; $X^2 = 17.95$, $df = 1$, $p < 0.01$) and career matters ($z = 3.49$, $p < 0.01$ for a two-tailed test; $X^2 = 12.16$, $df = 1$, $p < 0.01$), but also in their investment tendencies with the hypothetical lottery wins ($z = 2.76$, $p < 0.01$ for a two-tailed test; $X^2 = 7.63$, $df = 1$, $p < 0.01$). The leaders do not significantly differ from the

[14] All the Pseudo-R^2 reported after the probit models in the present research are McKelvey-Zavoina-R^2. Hagle & Mitchell (1992) have used simulations to compare commonly accepted Pseudo-R^2. Their results demonstrate that the McKelvey-Zavoina measure performs better than the other Pseudo-R^2 in probit and logit analyses.

non-leaders only on the general risk propensity ($z = 1.26$, $p > 0.2$ for a two-tailed test; $X^2 = 1.58$, $df = 1$, $p > 0.2$). For the four models, the cut points have been tested on equality and results show that they are significantly different from each other.

Before going on to interpret those findings, the issue of parallel regressions should be addressed. As an ordinal response model, the ordered probit model works under the so-called parallel regression assumption. The parallel regression assumption implies that the slope coefficients for different regressions of the respective categories of an ordered variable are identical. In other words, it is assumed that the effects of the independent variables are constant across the different categories of the dependent variable. Although this assumption is not always tested, some authors such as Fullerton & Xu (2012) and Williams (2006) have observed that it is often violated in research practice.

Approximate likelihood-ratio tests (Wolfe & Gould, 1998) as well as Brant tests (Brant, 1990) were performed to assess possible violations of the parallel regression assumption. The approximate likelihood-tests suggest that the assumption is indeed violated in the models. Running Brant tests allows us to determine which of the independent variables are violating the parallel lines assumption. Results for general risk propensity show that the variables ‘middle educated’, ‘highly educated’, and ‘gender’ violate the assumption. Concerning risk propensity in financial matters, the variables ‘highly educated’ and ‘gender’ violate the parallel lines assumption. For risk propensity in career matters, ‘leader’, ‘highly educated’, and ‘gender’ violate the assumption. In the model estimating risk propensity in the hypothetical investment setting, the two variables ‘wealth’ and ‘gender’ violate the assumption.

As a consequence of the reported assumption’s violation by some variables, generalized ordered logit models were estimated. These models are also called partial proportional odds models. The generalized ordered logit model is less restrictive since it allows any coefficient which violates the parallel lines assumption to vary across categories of the dependent variable. By allowing only those coefficients to vary, the generalized ordered logit models are therefore more parsimonious than other nonordinal, i.e. unordered models such as the multinomial logistic regression which could be seen as alternative (Williams, 2006). Results of generalized ordered logit models are fully consistent with the ordered probit results presented. Allowing the respective coefficients of variables violating the parallel regression assumption to vary

across the category of the risk propensity measures, results clearly indicate that organizational leaders are more risk prone than non-leaders. Also for the case of risk propensity in career matters where the coefficient for the main independent variable 'leader' is allowed to vary, the results clearly indicate that leaders are more prone to take risks. Even the effects of the control variables in the generalized models are similar to those found through the ordered probit models. Results of the generalized ordered logistic regressions are reported in Appendix 1 to 4.[15] Based on this consistency between the results of the two models, I will proceed with the interpretation of the findings as presented in Table 15.

The fully standardized coefficients (reported in Appendix 5) indicate that the effect of being a leader on risk propensity is comparable to the effect of other well-researched variables such as education and income. For instance, the standardized estimates in the model of risk propensity in financial matters amount to 0.05 for being a leader or middle educated, 0.07 for income and 0.06 for wealth. Across all the models for Hypothesis 1a, only gender and age provide substantially higher fully standardized coefficients, viz. around or above the absolute value of 0.1.[16]

The relationship between the risk propensity and the covariates is further supported with respect to the marginal effects. Table 16 displays the discrete marginal effects of the covariates for the different levels of risk propensity in financial matters. Accordingly, being a leader reduced the probability of exhibiting the lowest possible risk propensity by 3.6 percentage points, whereas it raises the probability of exhibiting the highest possible risk propensity by 0.1 percentage point. The table shows that leaders are generally more susceptible to exhibit a higher level of risk propensity though the effect is attenuated toward the right extremity of the scale. The structure of the findings for the risk propensity in career matters and with lottery wins is similar and hence not reported.

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[15] In Chapter 5.3 more sensitivity checks are discussed. The parallel regression assumption has been addressed here and not later in that section because of the assumption's importance while working with ordinal response models.

[16] Although I acknowledge that the interpretation of standardized coefficients for dummy variables might be problematic, I deem it appropriate to assess the influence of the different predictors. As observed by Hilbe (2009: 101) in the context of logistic regression, even though the interpretation of "standardized binary and categorical predictors may not always be clear", they are employed by researchers "to assess predictor influence in the model."

Table 16: Marginal effects of the covariates on risk propensity in financial matters

	Outcome categories									
	0		1		2		3		4	
	Marginal effect	95% CI	Marginal effect	95% CI	Marginal effect	95% CI	Marginal effect	95% CI	Marginal effect	95% CI
Leader	-0.036***	[-0.052 – -0.020]	-0.012***	[-0.018 – -0.006]	-0.008***	[-0.012 – -0.004]	0.003***	[0.002 – 0.005]	0.008***	[0.004 – 0.011]
Income	-0.037***	[-0.050 – -0.023]	-0.012***	[-0.016 – -0.007]	-0.007***	[-0.009 – -0.004]	0.004***	[0.003 – 0.006]	0.008***	[0.005 – 0.011]
Wealth	-0.011***	[-0.016 – -0.007]	-0.004***	[-0.005 – -0.002]	-0.002***	[-0.003 – -0.001]	0.001***	[0.001 – 0.002]	0.002***	[0.001 – 0.003]
Middle educated	-0.046***	[-0.062 – -0.029]	-0.016***	[-0.023 – -0.010]	-0.011***	[-0.016 – -0.006]	0.003***	[0.002 – 0.004]	0.010***	[0.006 – 0.013]
Highly educated	-0.054***	[-0.069 – -0.039]	-0.018***	[-0.024 – -0.013]	-0.012***	[-0.016 – -0.008]	0.005***	[0.003 – 0.006]	0.011***	[0.008 – 0.014]
Age	0.002***	[0.002 – 0.003]	0.001***	[0.001 – 0.001]	0.000***	[0.000 – 0.001]	-0.000***	[-0.000 – -0.000]	-0.001***	[-0.001 – -0.000]
Gender	0.118***	[0.107 – 0.130]	0.036***	[0.032 – 0.040]	0.020***	[0.017 – 0.023]	-0.014***	[-0.017 – -0.012]	-0.025***	[-0.028 – -0.022]
Observations	8611									
Pseudo-R^2	0.089									
LR X^2	765.287***									

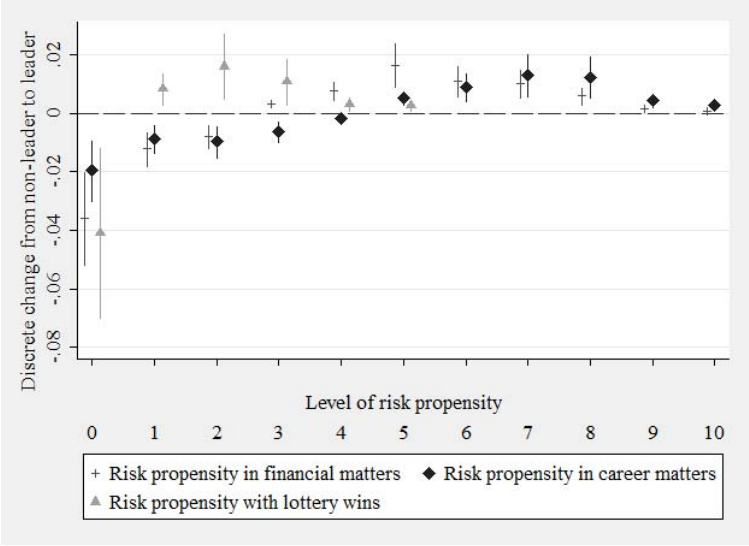
Table 16: Marginal effects of the covariates on risk propensity in financial matters (continued)

5		6		7		8		9		10	
Marginal effect	95% CI	Marginal effect	95% CI	Marginal effect	95% CI	Marginal effect	95% CI	Marginal effect	95% CI	Marginal effect	95% CI
0.016***	[0.009 – 0.024]	0.011***	[0.006 – 0.016]	0.010***	[0.005 – 0.015]	0.006***	[0.003 – 0.009]	0.001***	[0.001 – 0.002]	0.001***	[0.000 – 0.001]
0.016***	[0.010 – 0.022]	0.011***	[0.007 – 0.015]	0.009***	[0.006 – 0.013]	0.005***	[0.003 – 0.007]	0.001***	[0.001 – 0.002]	0.001***	[0.000 – 0.001]
0.005***	[0.003 – 0.007]	0.003***	[0.002 – 0.005]	0.003***	[0.002 – 0.004]	0.002***	[0.001 – 0.002]	0.000***	[0.000 – 0.001]	0.000***	[0.000 – 0.000]
0.021***	[0.013 – 0.029]	0.015***	[0.009 – 0.021]	0.014***	[0.008 – 0.019]	0.008***	[0.004 – 0.011]	0.002***	[0.001 – 0.003]	0.001***	[0.000 – 0.002]
0.025***	[0.018 – 0.032]	0.017***	[0.012 – 0.022]	0.015***	[0.010 – 0.020]	0.009***	[0.006 – 0.012]	0.002***	[0.001 – 0.003]	0.001***	[0.000 – 0.002]
-0.001***	[-0.001 – -0.001]	-0.001***	[-0.001 – -0.001]	-0.001***	[-0.001 – -0.000]	-0.000***	[-0.000 – -0.000]	-0.000***	[-0.000 – -0.000]	-0.000***	[-0.000 – -0.000]
-0.051***	[-0.056 – -0.045]	-0.033***	[-0.037 – -0.029]	-0.029***	[-0.033 – -0.025]	-0.016***	[-0.019 – -0.014]	-0.004***	[-0.005 – -0.003]	-0.002***	[-0.003 – -0.001]

Own calculations based on SOEP v28, waves 1984-2005. Marginal effects are based on ordered probit regressions with risk propensity in financial matters as dependent variable. Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. Model statistics such as observations, Pseudo-R^2 and LR X^2 are the same across the models. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Figure 9 summarizes the findings on the marginal effects for Hypothesis 1a. The results on general risk propensity are not considered since the respective hypothesis is not supported. Figure 9 shows that the discrete change from non-leader to leader, i.e. from leader = 0 to leader = 1, is first negative and then positive as the scale measures higher risk propensity. All the differences are significant at $p < 0.01$. The figure illustrates the conclusion that leaders are generally more risk prone than non-leaders though the effect is attenuated toward the right extremity of the scale.

Figure 9: Marginal effects: Non-leaders vs. leaders



The pluses, the diamonds and the triangles represent the point estimates of discrete change of the probability of exhibiting the respective level of risk propensity. The length of the lines illustrates the 95% confidence intervals of the respective estimates. As an example, point estimates and confidence intervals for risk propensity in financial matters are reported in Table 16. Risk propensities in financial and career matters are measured on an eleven-point scale. Risk propensity with lottery wins is measured on a six-point scale.

Hypothesis 1b, predicting that organizational leaders differ from the broader rest of the population by having a stronger sense of control, is also supported. As the second column in Table 17 indicates, organizational leaders exhibit a significantly stronger sense of control than non-leaders ($t = 7.13$, $p < 0.01$ for a two-tailed test; $F(1, 5887) = 50.79$, $p < 0.01$). The coefficient illustrates that, controlling income, wealth, education, age, and gender, being a leader linearly produces a 0.21 unit increase in sense of control.

The model uses robust standard errors clustered at the household level. Furthermore, a variable augmentation test was performed to assess the functional form of the regression's conditional mean. The results of the link test indicate that the model is, despite the relative parsimony, correctly specified. Indeed, the predictions squared have no explanatory power in a model regressing sense of control on the predictions and predictions squared.

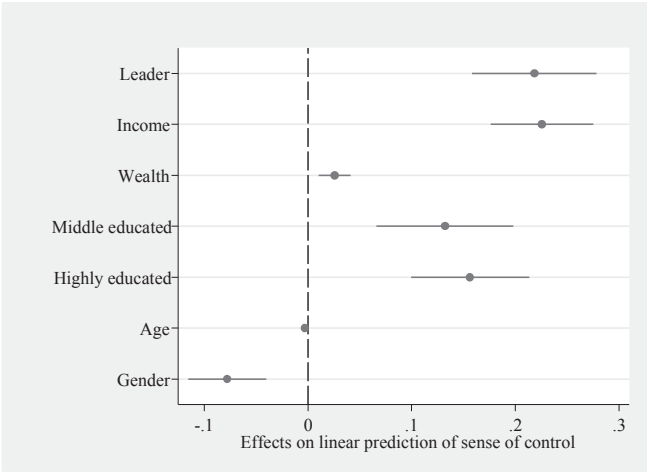
Table 17: OLS and probit results of Hypotheses 1b & 1c

	Sense of control (H1b)		Justice perceptions (H1c)	
	Coefficient	(SE)	Coefficient	(SE)
Leader	0.218***	(0.031)	-0.105*	(0.054)
Income	0.226***	(0.025)	-0.214***	(0.043)
Wealth	0.026***	(0.008)	-0.058***	(0.014)
Middle educated	0.132***	(0.034)	-0.149**	(0.063)
Highly educated	0.156***	(0.029)	-0.055	(0.052)
Age	-0.003***	(0.001)	0.004**	(0.002)
Gender	-0.078***	(0.019)	0.103***	(0.037)
Constant	2.672***	(0.184)	1.949***	(0.315)
Observations	8839		4617	
Adjusted R^2	0.052			
F	63.68***			
Pseudo-R^2			0.045	
LR X^2			130.884***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates for H1b are based on an OLS regression with sense of control as dependent variable, whereas estimates for H1c are based on a probit regression with dependent variable: favorable justice perceptions toward less privileged socioeconomic groups (0/1). Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. Standard errors are reported within parentheses. The reported results are robust estimates clustered at the household level. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

The fully standardized coefficients (reported in Appendix 7) indicate that the effect of being a leader on sense of control (0.08) is surpassed only by the effect of income. The standardized estimates range from -0.03 for age and gender to 0.12 for income. Figure 10 displays the effects of the covariates with their respective 95% confidence interval.

Figure 10: Covariates' effects on sense of control

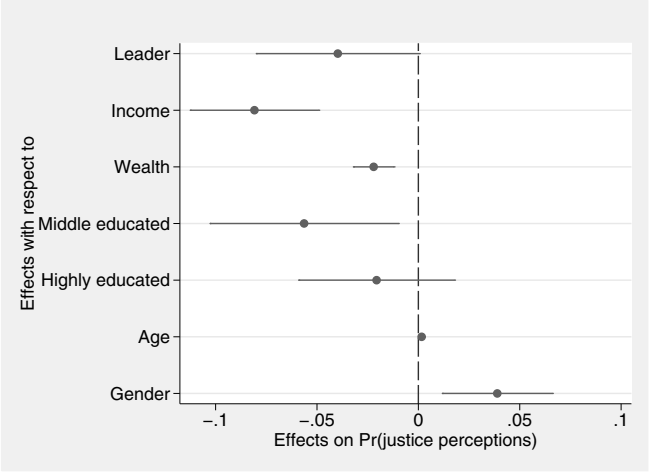


The displayed effects are raw OLS-coefficients. Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form.

Hypothesis 1c, predicting that organizational leaders differ from the broader rest of the population by having less favorable justice perceptions toward less privileged socioeconomic groups, is also supported. As shown in the third column of Table 17, leaders have significantly less favorable justice perceptions toward less privileged socioeconomic groups such as unskilled workers than non-leaders. The regression coefficient amounts to -0.10 (z = -1.94, $p < 0.1$ for a two-tailed test; $X^2 = 3.75$, $df = 1$, $p < 0.1$). The model uses robust standard errors clustered at the household level. Furthermore, a Hosmer-Lemeshow test was performed to assess the model fit. The results indicate that the model is correct (Hosmer-Lemeshow $X^2 = 12.47$, $df = 8$, $p > 0.1$). Additionally, a LOWESS graph comparing predicted probabilities to a moving average of the proportion of respondents with favorable justice perceptions suggests an appropriate model fit. However, the model seems to not performing perfectly in predicting the higher probabilities of having favorable justice perceptions, since in that area the proportion of respondents with favorable justice perceptions is below the predicted probabilities. The LOWESS graph for Hypothesis 1c is to be found in Appendix 6.

The fully standardized coefficients (reported in Appendix 7) indicate that the effect of being a leader on the justice perceptions toward less privileged socioeconomic groups (-0.04) is comparable to the effects of age or gender which for both amounts to 0.04. The standardized estimates range from -0.02 for 'highly educated' to -0.11 for 'income'. Calculating marginal effects demonstrates that being a leader indeed decreases the probability of having favorable justice perceptions toward less privileged socioeconomic groups by four percentage points, holding income, wealth, education, age and gender constant. Figure 11 displays the average marginal effects of the covariates with their respective 95% confidence interval. From a confidence-interval perspective, the results with respect to 'leader' are less optimal than from the point-estimate perspective. Nevertheless, the sensitivity checks to be discussed in Chapter 5.3 provide further support that organizational leaders differ from the broader rest of the population by having less favorable justice perceptions toward less privileged socioeconomic groups.

Figure 11: Marginal effects on Pr(justice perceptions)



Dependent variable: favorable justice perceptions toward less privileged socioeconomic groups (0/1). Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form.

Hypotheses 2a and 2b

The empirical models to test Hypotheses 2a and 2b are similar to those used to test the Hypothesis 1a since they share the same dependent variables. The two differences are with respect to the main independent variable and to the sample. For Hypothesis 2a, the main independent variable is 'reproduced leader' and for 2b 'climber'. For both hypotheses, the sample has been restricted to include only organizational leaders. Following the theoretical reasoning, reproduced leaders are hence compared to other, non-reproduced, organizational leaders in H2a. A similar logic applies to H2b with respect to socioeconomic climbers. Tables 18 and 19 report results for respectively Hypotheses 2a and 2b. Hypothesis 2a, predicting that reproduced leaders are more risk prone than other leaders is not supported by the empirical findings. The coefficients for being a reproduced leader are non-significant in all the four models explaining risk propensity (*p*-values between 0.17 and 0.57). Even in the models not controlling for income, wealth, education, age, or gender, reproduced leaders do not differ in their risk propensity from other leaders.

Table 18: Ordered probit results for Hypothesis 2a

	General risk propensity		Risk propensity in financial matters		Risk propensity in career matters		Risk with lottery wins	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Reproduced leader	0.045	(0.060)	0.033	(0.059)	0.063	(0.058)	0.086	(0.063)
Income	0.030	(0.064)	0.042	(0.064)	0.033	(0.072)	0.095	(0.071)
Wealth	-0.022	(0.021)	0.055***	(0.021)	-0.012	(0.022)	0.040*	(0.023)
Middle educated	0.014	(0.111)	0.168	(0.113)	0.014	(0.101)	0.074	(0.125)
Highly educated	-0.045	(0.068)	0.126*	(0.070)	-0.112*	(0.067)	0.178**	(0.076)
Age	-0.002	(0.003)	-0.018***	(0.003)	-0.012***	(0.003)	-0.014***	(0.003)
Gender	-0.304	(0.055)	-0.565***	(0.054)	-0.192***	(0.056)	-0.228***	(0.058)
Cut point 1	-2.376	(0.491)	-1.164	(0.478)	-2.144	(0.516)	0.621	(0.531)
Cut point 2	-2.023	(0.490)	-0.750	(0.479)	-1.779	(0.517)	1.209	(0.531)
Cut point 3	-1.449	(0.486)	-0.207	(0.478)	-1.366	(0.515)	1.852	(0.532)
Cut point 4	-0.954	(0.486)	0.236	(0.478)	-1.005	(0.515)	2.553	(0.534)
Cut point 5	-0.631	(0.486)	0.569	(0.478)	-0.749	(0.515)	2.973	(0.535)
Cut point 6	-0.116	(0.485)	0.996	(0.478)	-0.285	(0.515)		
Cut point 7	0.310	(0.485)	1.374	(0.479)	0.082	(0.516)		
Cut point 8	0.946	(0.485)	1.931	(0.480)	0.593	(0.516)		
Cut point 9	1.715	(0.486)	2.663	(0.487)	1.337	(0.520)		
Cut point 10	2.384	(0.501)	3.466	(0.552)	1.878	(0.534)		
Observations	1640		1639		1631		1636	
Pseudo-R^2	0.020		0.080		0.025		0.032	
LR X^2	32.899***		131.853***		40.206***		43.074***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on ordered probit regressions with the respective risk measure as dependent variable. Reproduced leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. Significance levels for cut points are not reported. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Further disconfirming evidence comes from Hypothesis 2b which predicts that socioeconomic climbers are more risk prone than other leaders; a conjecture which is not supported by the data as displayed by Table 19. The coefficients for being a socioeconomic climber are non-significant in all the four models explaining risk propensity (*p*-values between 0.45 and 0.78). Even not controlling for income, wealth, education, age, or gender, socioeconomic climbers do not differ in their risk propensity from other leaders.

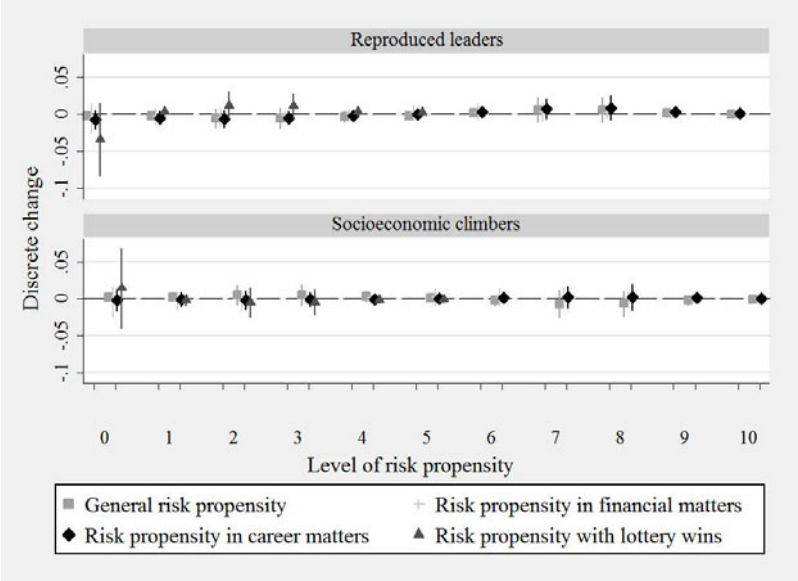
Table 19: Ordered probit results for Hypothesis 2b

	General risk propensity		Risk propensity in financial matters		Risk propensity in career matters		Risk with lottery wins	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Climber	-0.047	(0.063)	0.025	(0.061)	0.018	(0.064)	-0.036	(0.069)
Income	0.029	(0.064)	0.043	(0.064)	0.033	(0.072)	0.094	(0.071)
Wealth	-0.022	(0.021)	0.055***	(0.021)	-0.012	(0.022)	0.040*	(0.023)
Middle educated	0.012	(0.111)	0.175	(0.113)	0.023	(0.101)	0.077	(0.124)
Highly educated	-0.046	(0.068)	0.139**	(0.070)	-0.094	(0.067)	0.190**	(0.076)
Age	-0.002	(0.003)	-0.018***	(0.003)	-0.013***	(0.003)	-0.015***	(0.003)
Gender	-0.302***	(0.055)	-0.564***	(0.054)	-0.191***	(0.056)	-0.226***	(0.058)
Cut point 1	-2.417	(0.490)	-1.161	(0.481)	-2.153	(0.515)	0.578	(0.532)
Cut point 2	-2.064	(0.489)	-0.747	(0.481)	-1.789	(0.515)	1.165	(0.533)
Cut point 3	-1.490	(0.486)	-0.204	(0.481)	-1.377	(0.514)	1.807	(0.534)
Cut point 4	-0.995	(0.485)	0.239	(0.481)	-1.015	(0.513)	2.507	(0.536)
Cut point 5	-0.672	(0.485)	0.573	(0.481)	-0.760	(0.513)	2.926	(0.538)
Cut point 6	-0.156	(0.484)	0.999	(0.481)	-0.296	(0.514)		
Cut point 7	0.269	(0.484)	1.377	(0.482)	0.072	(0.514)		
Cut point 8	0.906	(0.484)	1.933	(0.483)	0.582	(0.514)		
Cut point 9	1.674	(0.485)	2.666	(0.489)	1.326	(0.518)		
Cut point 10	2.342	(0.501)	3.468	(0.555)	1.868	(0.532)		
Observations	1640		1639		1631		1636	
Pseudo-R^2	0.020		0.080		0.024		0.031	
LR X^2	32.886***		131.69***		39.156***		41.563***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on ordered probit regressions with the respective risk measure as dependent variable. Climber is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. Significance levels for cut points are not reported. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

For the Hypotheses 2a and 2b, the same tests presented while reporting the results for Hypothesis 1a have been performed. They show that the models predicting risk propensity through the characteristics of being either a reproduced leader or a socioeconomic climber are correctly specified. The cut points have also been tested on equality and results show that they are significantly different from each other. Generalized ordered logit models which relax the parallel regression assumption deliver substantively similar results. Figure 12 illustrates the findings by displaying the discrete change from non-reproduced to reproduced leaders and from non-climber to climber in the level of risk propensity. It is obvious that all the confidence intervals cross the zero line.

Figure 12: Summary of findings on Hypotheses 2a and 2b



The squares, the pluses, the diamonds, and the triangles represent the point estimates of discrete change of the probability of exhibiting the respective level of risk propensity. For instance, the upper graph displays the change from being a non-reproduced leader to be a reproduced one. The length of the lines illustrates the 95% confidence intervals of the respective estimates. General risk propensity and risk propensities in financial and career matters are measured on an eleven-point scale. Risk propensity with lottery wins is measured on a six-point scale.

To summarize, though most of the coefficients for the risk measures as presented in Tables 18 and 19 show in the right direction, the empirical analysis seems not to support the conjectures about differences in risk propensity of organizational leaders with respect to their socioeconomic background.

Hypotheses 3a, 3b, and 3c

Regression results for the three hypotheses on the sense of control are presented in Table 20. The empirical models to test Hypotheses H3a to H3c are similar to the model used for Hypothesis 1b since they share 'sense of control' as the dependent variable. The two differences are with respect to the main independent variable and to the sample. 'Reproduced leader' is the main independent variable in the model for Hypothesis 3a,

the role is taken by 'descender' in the model for Hypothesis 3b and by 'non-supported climber' in the model for Hypothesis 3c. The sample has been restricted according to the theoretical conjectures in the following ways. The sample for H3a consists of all organizational leaders. For H3b the sample encompasses reproduced leaders and socioeconomic descenders and the sample for testing H3c consists of non-supported and supported climbers.

Hypothesis 3a, predicting that reproduced leaders exhibit a stronger sense of control than other leaders, is supported. The second column of Table 20 shows that reproduced leaders have a significantly stronger sense of control than other leaders. The regression coefficient of 0.11 indicates a positive relationship between being a reproduced leader and sense of control ($t = 2.28$, $p < 0.05$ for a two-tailed test; $F(1, 1481) = 5.18$, $p < 0.05$). The coefficient illustrates that, comparing reproduced leaders against non-reproduced leaders and controlling income, wealth, education, age, and gender, being a reproduced leader linearly increases the sense of control by 0.11 units. The fully standardized coefficients (reported in Appendix 8) indicate that the effect of being a leader on sense of control is, similarly to the results for Hypothesis 1b, surpassed only by the effect of income. The standardized estimates of the other significant coefficients range from -0.06 for age to 0.13 for income. Figure 13 displays the effects of the covariates with their respective 95% confidence interval.

Hypothesis 3b, predicting that socioeconomic descenders exhibit a weaker sense of control than reproduced leaders, is also supported. The hypothesis assesses the issue of self-legitimization discussed in the theoretical chapter. Socioeconomic descenders are individuals who were socialized in privileged socioeconomic backgrounds but now belong to less privileged groups.[17]According to the idea of self-legitimization, the descenders will tend to attribute their current, less privileged situation to external factors, reflecting a weaker sense of control. Contrarily, a classical contextualist argumentation would stress the role of the context in which they were socialized, with being socialized in a privileged environment leading to solipsistic views, i.e. a strong sense of control (see for instance Kraus et al., 2012 and Piff et al., 2010). The fourth

[17] Socioeconomic descenders are jobless, untrained workers, semi-trained workers, or trained workers who report that one of their parents was in one leading occupational position (high qualified professional, managerial employees with high level of responsibility, or executive civil servant). The measurement of downward social mobility is therefore consistent with the measurements of both social reproduction and climbing, i.e. upward social mobility.

column of Table 20 shows that socioeconomic descenders have a significantly weaker sense of control than reproduced leaders. The regression coefficient of -0.44 indicates that negative relationship between experiencing downward social mobility and sense of control (t = -3.3, $p < 0.01$ for a two-tailed test; $F(1, 571) = 10.88$, $p < 0.01$). The coefficient illustrates that, comparing individuals socialized in the same privileged socioeconomic backgrounds, those who subsequently experience downward social mobility exhibit a sense of control which is by 0.44 units lower than the sense of control of those who remain in the privileged situation, even after controlling for income, wealth, education, age, and gender. The fully standardized coefficients (reported in Appendix 8) indicate that experiencing downward social mobility has the biggest effect on sense of control (-0.2). The standardized estimates of the other significant coefficients range from -0.06 for gender to 0.09 for income and 'middle educated'. This finding on Hypothesis 3b is a supportive hint for Weber's (1920/1972 and 1921/1972) idea of self-legitimization. Figure 13 displays the effects of the covariates with their respective 95% confidence interval.

Table 20: OLS results for Hypotheses 3a, 3b, and 3c

	Sense of control					
	Hypothesis 3a		Hypothesis 3b		Hypothesis 3c	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Reproduced leader	0.118**	(0.052)				
Descender			-0.441***	(0.134)		
Non-supported climber					0.407*	(0.239)
Income	0.275***	(0.062)	0.174*	(0.092)	0.893***	(0.330)
Wealth	0.020	(0.019)	0.028	(0.027)	-0.199***	(0.073)
Middle educated	-0.087	(0.092)	0.320**	(0.152)		
Highly educated	-0.085	(0.063)	0.102	(0.141)		
Education					0.064	(0.135)
Age	-0.007**	(0.003)	-0.005	(0.004)	-0.028	(0.017)
Gender	-0.045	(0.048)	-0.145*	(0.087)	0.086	(0.233)
Constant	2.874***	(0.462)	3.496***	(0.689)	0.831	(2.428)
Observations	1,672		604		76	
Adjusted R^2	0.0203		0.0812		0.168	
F	4.915***		7.383***		3.177***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on OLS regressions with dependent variable: sense of control. Reproduced leader, descender, and non-supported climber are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Education was entered in the model for Hypothesis 3c as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

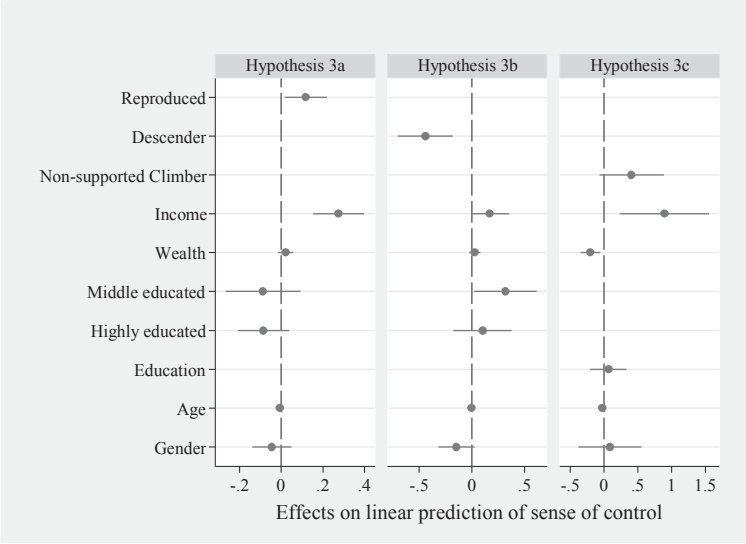
Hypothesis 3c, predicting that non-supported climbers exhibit a stronger sense of control than supported climbers is not supported. Although looking only at the point estimates would suggest that the hypothesis is supported with a regression coefficient of 0.4 (t = 1.71, $p < 0.1$ for a two-tailed test; $F(1, 73) = 2.91$, $p < 0.1$), the 95% confidence interval clearly includes the zero point. This non-significant finding suggests that when comparing individuals socialized in the same less privileged socioeconomic backgrounds and who have subsequently experienced upward social mobility, it does not matter for their sense of control whether or not they have been supported during their ascension. A surprising finding in the sixth column of Table 20 is the significantly negative coefficient for wealth. Indeed wealth, similarly to income, is expected to be positively related to sense of control. Having performed different checks such as specification tests and analysis of collinearity, outliers and influential observations to cast a light on the issue, the deviant coefficient sign is likely the result of both the small

size of the sample and minimal variance in some explanatory variables.

All the models used to test the Hypotheses 3a to 3c are based on robust standard errors clustered at the household level. Specification tests such as the link test and the Regression Equation Specification Error test suggest that the models are correctly specified.

To summarize, the empirical findings indicate, first, that organizational leaders' sense of control can be explained by their socioeconomic background since reproduced leaders exhibit a stronger sense of control. Second, not only socialization processes but also self-legitimizing aspects matter for the level of individual sense of control. Last, experience of support seems not to affect the sense of control of organizational leaders whose current position is the result of upward social mobility. Figure 13 illustrates the findings related to Hypotheses 3a, 3b, and 3c.

Figure 13: Summary of findings on Hypotheses 3a, 3b, and 3c



The displayed effects are raw OLS-coefficients. Reproduced, descender and climber are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Education was entered in the model for Hypothesis 3c as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form.

Hypotheses 4a and 4b

Regression results for Hypotheses 4a and 4b are presented in Table 21. The probit models to test both hypotheses are equivalent to the model used for Hypothesis 1c since the dependent variable of interest, justice perceptions, is the same across the models. As with the former hypotheses, the differences lie first in the change of the main independent variable and second, in the definition of the sample which has been restricted according to the theorizing. For Hypothesis 4a, the main independent variable is a dummy variable for being a climber; the sample consists of socioeconomic climbers and reproduced leaders. As for Hypothesis 4b, the main independent variable is a dummy variable for being a non-distant reproduced leader; the sample consists of both non-distant and distant reproduced leaders.

Hypothesis 4a, predicting that socioeconomic climbers exhibit more favorable justice perceptions toward less privileged socioeconomic groups than reproduced leaders, is not supported. The coefficient of 0.05 for being a climber, although showing in the right direction, turns out to be non-significant ($z = 0.4$, $p > 0.1$ for a two-tailed test; $X^2 = 0.16$, $df = 1$, $p > 0.1$). The disconfirming finding suggests that organizational leaders who were socialized in less privileged backgrounds, i.e. socioeconomic climbers, do not differ from reproduced leaders with respect to their justice perceptions toward individuals presently experiencing life conditions similar to those the climbers once experienced.

Table 21: Probit results for Hypotheses 4a and 4b

	Justice perceptions			
	Hypothesis 4a		Hypothesis 4b	
	Coefficient	(SE)	Coefficient	(SE)
Climber	0.050	(0.127)		
Non-distant reproduced leader			0.912**	(0.424)
Income	-0.264*	(0.150)	-0.822*	(0.448)
Wealth	-0.105**	(0.046)	-0.055	(0.143)
Middle educated	0.695***	(0.261)		
Highly educated	0.238	(0.162)		
Education			0.509	(0.322)
Age	0.014*	(0.007)	0.059**	(0.023)
Gender	0.210	(0.131)	0.093	(0.513)
Constant	1.941*	(1.105)	2.197	(3.504)
Observations	522		57	
Pseudo-R^2	0.068		0.383	
LR X^2	21.415***		13.234**	

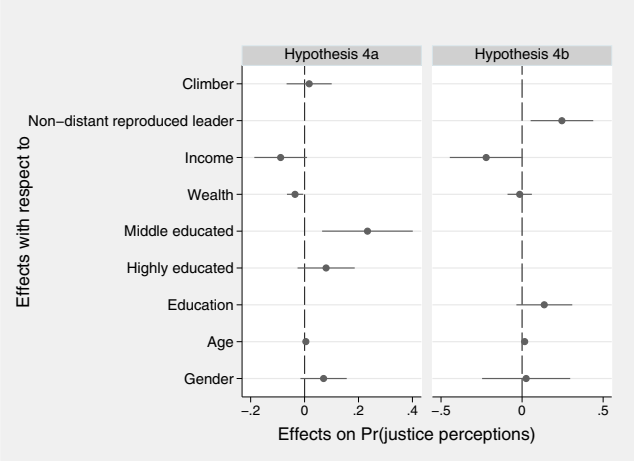
Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on a probit model with dependent variable: favorable justice perceptions toward less privileged socioeconomic groups (1/0). Climber and non-distant reproduced leader are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Education was entered in the model for Hypothesis 4b as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Hypothesis 4b, predicting that non-distant reproduced leaders exhibit more favorable justice perceptions toward less advantaged socioeconomic groups than distant reproduced leaders, is supported. The fourth column of Table 21 documents that non-distant reproduced leaders have significantly more favorable justice perceptions toward less privileged socioeconomic groups such as unskilled workers than distant reproduced leaders. The regression coefficient amounts to 0.91 ($z = 2.15$, $p < 0.05$ for a two-tailed test; $X^2 = 4.63$, $df = 1$, $p < 0.05$). The fully standardized coefficient of 0.35 (reported in Appendix 9) indicates that the effect of being a non-distant reproduced leader on the justice perceptions toward less privileged socioeconomic groups is comparable to and even bigger than the effect of income (-0.3). The marginal effects demonstrate that being a non-distant reproduced leader indeed increases the probability of having favorable justice perceptions toward less privileged socioeconomic groups by 24 percentage

points, holding income, wealth, education, age, and gender constant. Figure 14 displays the average marginal effects of the covariates with their respective 95% confidence intervals.

Similarly to the previously discussed models, the model fitted for Hypotheses 4a and 4b uses robust standard errors clustered at the household level to account for the eventual non-independence of observations coming from individuals living in the same household. Hosmer-Lemeshow tests were also used to assess the models' fit. The results indicate that both models are correctly specified (H4a: Hosmer-Lemeshow $X^2 = 12.5$, $df = 8$, $p > 0.1$; H4b: Hosmer-Lemeshow $X^2 = 2.5$, $df = 8$, $p > 0.1$). Since an inspection of LOWESS graphs (reported in Appendix 10 and 12) was less satisfactory than in the model for Hypothesis 1c, the model fit for Hypotheses 4a and 4b was further assessed through ROC analysis. This shows that the fit of both models is, with ROC values around 0.7 (see Appendix 11 and 13), acceptable (Hilbe, 2009). Figure 14 summarizes the findings on Hypotheses 4a and 4b in the form of the average marginal effects of the covariates.

Figure 14: Summary of findings on Hypotheses 4a and 4b (Marginal effects)



Dependent variable: favorable justice perceptions toward less privileged socioeconomic groups (0/1). Climber and non-distant reproduced are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Education was entered in the model for H4b as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form.

Taken together, the empirical results for Hypotheses 4a and 4b provide important insights about the relationships between social dynamics and the justice perceptions of organizational leaders. First, a clear effect of a socialization in less privileged backgrounds on the justice perceptions of leaders toward individuals belonging to less privileged socioeconomic groups could not be identified in the analysis. Second, reproduced organizational leaders who could reduce their social distance to the less privileged groups, for instance through intergroup contact, disclose more favorable justice perceptions toward the latter than distant reproduced leaders.

The results obtained from the empirical analysis are summarized below in Table 22. The next section discusses several checks which were performed to assess the sensitivity of the reported results with respect to changes in measurements and analysis methods.

Table 22: Summary of empirical findings

Hypotheses	Empirical findings
H1a: Organizational leaders differ from the broader rest of the population by being more risk prone.	Supported
H1b: Organizational leaders differ from the broader rest of the population by exhibiting a stronger sense of control.	Supported
H1c: Organizational leaders differ from the broader rest of the population by exhibiting less favorable justice perceptions toward less privileged socioeconomic groups.	Supported
H2a: Reproduced leaders are more risk prone than other leaders.	Not supported
H2b: Socioeconomic climbers are more risk prone than other leaders.	Not supported
H3a: Reproduced leaders exhibit a stronger sense of control than other leaders.	Supported
H3b: Socioeconomic descenders exhibit a weaker sense of control than reproduced leaders.	Supported
H3c: Non-supported climbers exhibit a stronger sense of control than supported climbers.	Not supported
H4a: Socioeconomic climbers exhibit more favorable justice perceptions toward less privileged socioeconomic groups than reproduced leaders.	Not supported
H4b: Non-distant reproduced leaders exhibit more favorable justice perceptions toward less privileged socioeconomic groups than distant reproduced leaders.	Supported

5.3 Sensitivity checks

The results reported in the previous section have shown significant findings supporting six of the research hypotheses. Several checks were performed to assess the sensitivity of the findings with respect to crucial assumptions on both operationalization and used methods. The discussion of the different checks is organized along the three dependent variables of the analysis, i.e. risk propensity, sense of control, and justice perceptions. The chapter ends with a summarizing assessment of potential concerns which might be raised with respect to the empirical work.

Risk propensity

First, alternative operationalizations of risk propensity were used to check the results for the risk-related hypotheses. MacCrimmon & Wehrung (1990) introduce debt ratio as a measure of risk propensity. However, even in their study debt ratio as risk measure seems to be a disputable measure. More specifically, MacCrimmon & Wehrung (1990) report a negative correlation of -0.14 between debt ratio as the "percentage of gross personal assets held as debt" and risky assets as the "percentage of gross personal assets held in riskiest asset categories" (MacCrimmon & Wehrung, 1990: 424). If debt ratio is a valid measure of risk propensity, one should expect it to be positively correlated with holding riskiest assets and not negatively as reported by MacCrimmon & Wehrung (1990). Unfortunately, MacCrimmon and his colleague do not discuss this issue. Notwithstanding this doubt on the validity of debt ratio as a measure for risk propensity, the risk-related hypotheses were tested with debt ratio as dependent variable. The new variable was obtained, first, by taking the mean values of the multiple imputations of individual debt and individual gross wealth, as supplied by SOEP v28. Given the individual values for debt and wealth, a quotient, expressing the share of gross personal wealth held as debt, was calculated. Among the sample of organizational leaders the strongest correlation between debt ratio and the four risk propensity measures used in the main analysis amounts to -0.06 ($p < 0.05$) for the association between debt ratio and risk in financial matters. This is also the only significant correlation since $p > 0.2$ for all the other correlations. The correlation analysis hence casts a light on the coarseness of debt ratio as a risk propensity measure as suggested by MacCrimmon & Wehrung (1990). Based on the aforementioned, the results presented in Table 23 are not

surprising. Not only are the hypotheses-related variables non-significant, but more importantly, the relationships between the control variables gender and wealth, which have been strongly consistent in the previous models (see Tables 15, 18, and 19) are of a new pattern. Measuring risk propensity through the debt ratio, the effect of gender is less significant and even non-significant when comparing leaders to non-leaders. Wealth now shows effects in a contrary direction. It is likely that the debt ratio is not measuring risk attitudes but the availability of economic capital. Unfortunately, this is an issue which I could not solve even by looking at the literature. Only one research work, Ozorio & Fong (2004), was found which used debt ratio as a measure of individual risk propensity as suggested by MacCrimmon & Wehrung (1990). However, even if Ozorio & Fong (2004) theoretically perceive debt ratio as an "indicator of respondents' willingness to take personal investment risks", they end up not using it as a measure because of contextual issues (Ozorio & Fong, 2004: 31). Therefore, we cannot properly assess whether measuring risk propensity with debt ratio is a suitable way to cross-check the findings. In this case, it is appropriate to find a more suitable alternative measure which has been already validated in previous research.

Table 23: OLS regressions with debt ratio

	Hypothesis 1a		Hypothesis 2a		Hypothesis 2b	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Leader	-0.048	(0.042)				
Reproduced leader			0.082	(0.067)		
Climber					-0.102	(0.077)
Income	0.376***	(0.043)	0.453***	(0.085)	0.448***	(0.086)
Wealth	-0.370***	(0.016)	-0.401***	(0.037)	-0.400***	(0.037)
Middle educated	0.052	(0.049)	-0.047	(0.127)	-0.057	(0.126)
Highly educated	0.097**	(0.042)	0.095	(0.088)	0.092	(0.083)
Age	-0.020***	(0.002)	-0.020***	(0.004)	-0.020***	(0.004)
Gender	0.009	(0.026)	-0.134*	(0.072)	-0.135*	(0.072)
Constant	0.889***	(0.339)	0.590	(0.688)	0.688	(0.700)
Observations	3795		956		956	
Adjusted R^2	0.249		0.244		0.244	
F	111.3***		30.30***		30.23***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on OLS models with dependent variable: natural logarithm of individual debt ratio. Leader, reproduced leader and climber are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Following Caliendo et al. (2009) who study the risk attitudes of entrepreneurs with GSOEP-data, I use the lottery-wins item to calculate an Arrow-Pratt coefficient of relative risk aversion. The coefficient of relative risk aversion is then used as an alternative measure to assess the robustness of the risk-related findings previously reported. Caliendo et al. (2009) suggest the following formula to approximate an Arrow-Pratt coefficient of relative risk aversion based on hypothetical investment decisions as reported by the GSOEP.

$$RRA \approx \frac{2}{5inv} \cdot 100\,000$$

inv represents the amount between 0 and 100 000 euros that individuals are willing to invest in a scheme with equal probability of doubling *inv* or losing half of it. According to this formula, the relative risk aversion (RRA) for individuals who reject the investment offer, i.e. *inv* = 0, cannot be calculated. Hence, RRA is set to 4 for those individuals. A RRA of 4 corresponds to the double of the RRA of individuals choosing

the smallest possible investment, i.e. *inv* = 20 000 euros (Caliendo et al., 2009).

Using the presented formula to calculate an approximation of individuals' relative risk aversion, a new risk measure is obtained. To clarify the relationship between the measures of risk propensity used in the main analysis and RRA, it should be noted that the latter is likely to grasp risk preferences while items measuring, for instance, the general willingness to take risks or the willingness to take risks in financial matters might grasp risk preferences as well as risk perceptions. As put by Caliendo et al. (2009: 156), calculating RRA based on the lottery-wins item "holds perceptions of the riskiness of a decision constant across individuals by giving explicit stakes and probabilities." The pairwise correlations between the new measure and the four measures used in the main analysis among the sample of organizational leaders range from -0.17 for RRA and career-related risk to -0.93 for RRA and risk after winning a lottery. All the correlations between RRA and the previous four risk measures are significant at the one-percent level. Table 24 documents results for the risk-related hypothesis tested using RRA as risk measure. Since the former risk measures assess risk propensity, while RRA assesses risk aversion, the coefficients should be in the contrary direction than in the main results.

Table 24: OLS regressions with relative risk aversion

	Hypothesis 1a		Hypothesis 2a		Hypothesis 2b	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Leader	-0.133***	(0.046)				
Reproduced leader			-0.072	(0.079)		
Climber					0.045	(0.085)
Income	-0.070**	(0.033)	-0.119	(0.089)	-0.118	(0.089)
Wealth	-0.018*	(0.010)	-0.043	(0.028)	-0.042	(0.028)
Middle educated	-0.232***	(0.049)	-0.070	(0.150)	-0.071	(0.150)
Highly educated	-0.242***	(0.041)	-0.233**	(0.091)	-0.238***	(0.091)
Age	0.011***	(0.001)	0.018***	(0.004)	0.018***	(0.004)
Gender	0.208***	(0.028)	0.243***	(0.072)	0.241***	(0.073)
Constant	3.160***	(0.246)	3.395***	(0.661)	3.347***	(0.664)
Observations	8627		1636		1636	
Adjusted R^2	0.027		0.019		0.019	
F	34.46***		5.54 ***		5.47 ***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on OLS models with dependent variable: coefficient for relative risk aversion. Leader, reproduced leader, and climber are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

The results documented in Table 24 fully corroborate the main findings. First, leaders have a significantly lower risk aversion than non-leaders, i.e. leaders are more prone to take risk than non-leaders. Second, neither reproduced leaders nor socioeconomic climbers seem to exhibit risk attitudes different from those of other leaders, as the non-significant findings suggest.

As suggested by Figure 8 (on page 112), the measurement of risk propensity through hypothetical investments is censored at zero. In the group of leaders and non-leaders, 56.21 percent of the individuals chose to invest nothing from the lottery wins. In the group of the leaders, the equivalent figure is 47.38 percent. To take this censoring into consideration, interval regressions were run, using the investment choices as dependent variable. Interval regressions have been used to correct for censoring in similar data for instance by Dohmen et al. (2012). Table 25 shows that the findings remain consistent when interval regressions are estimated to assess differences in risk propensity. Controlling education, income, wealth, age, and gender, leaders are ready to invest roughly two thousand euros (above two standard deviations) more than non-

leaders in a risky investment. Again, the interval regressions show no significant relationship between being either a reproduced leader or a climber and risk propensity. Following Dohmen et al. (2011), interval regressions with the general risk propensity, and the domain-specific risk propensities in financial matters and career as dependent variables were also calculated. The results remain fully consistent with the reported findings.

Table 25: Results of interval regressions

	Hypothesis 1a		Hypothesis 2a		Hypothesis 2b	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Leader	1969.8***	(758.197)				
Reproduced leader			2179.929	(1375.973)		
Climber					-610.595	(1423.761)
Income	1238.729**	(542.907)	1865.380	(1476.812)	1854.153	(1480.287)
Wealth	330.273*	(171.217)	878.739*	(473.267)	882.109*	(473.527)
Middle educated	3362.765***	(783.743)	1695.592	(2532.193)	1842.292	(2513.189)
Highly educated	3756.533***	(669.163)	3260.276**	(1501.685)	3610.704**	(1521.608)
Age	-177.233***	(22.302)	-291.548***	(71.805)	-303.540***	(71.716)
Gender	-4250.834***	(442.826)	-4954.480***	(1161.399)	-4918.060***	(1166.765)
Constant	10262.926**	(4034.085)	6028.451	(10977.623)	7058.166	(11031.460)
Observations	8627		1636		1636	
Log sigma	9.982***	(0.010)	10.060***	(0.020)	10.061***	(0.020)
LR X^2	267.120***		42.901***		40.509***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on interval regressions with dependent variable: amount of investment after a hypothetical lottery win of 100 000 euros. Leader, reproduced leader, and climber are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Sense of control

The findings on the hypotheses related to the dependent variable 'sense of control' have also been checked. Similarly to the risk-related hypothesis, both alternative measurements and methods were used. Here, the results will be checked, first with respect to a change of method, and second with respect to measurement issues.

As explained in Chapter 4.6, following extant literature (see for instance Ferrer-i-Carbonell & Frijters, 2004 and Smith et al., 1997), cardinality was assumed for sense of control which was measured through a 7-point scale ranging from 1 (disagree

completely) to 7 (agree completely). This assumption might be challenged on the grounds that variables measured on scales should be analyzed with ordered responses models and not with OLS regressions. To address this issue, the hypotheses on sense of control were tested using ordered probit regressions. As a reminder, sense of control was measured as an average of several (inversely recoded) items on a scale from one to seven. Although this averaging itself implies cardinality, the resulting averages were rounded up or down to the closest integer. Such a rounding to the closest integer to get back the 'original' ordinal scale has been used in recent research such as Hamersma et al. (2014), Oikonomou, Brooks, & Pavelin (2014), or Rassenfosse (2012). Ordered probit regressions were subsequently estimated with the sense of control measured on the original scale from one to seven. The results of testing the four hypotheses on sense of control (H1b and H3a to H3c) using ordered probit regression are documented in Table 26.

Table 26: Ordered probit regressions for sense of control

	Hypothesis 1b		Hypothesis 3a		Hypothesis 3b		Hypothesis 3c	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Leader	0.223***	(0.033)						
Reproduced leader			0.129**	(0.061)				
Descender					-0.401***	(0.145)		
Non-supported climber							0.602*	(0.310)
Income	0.235***	(0.027)	0.335***	(0.072)	0.238**	(0.099)	1.255***	(0.459)
Wealth	0.027***	(0.008)	0.021	(0.022)	0.023	(0.030)	-0.278***	(0.106)
Middle educated	0.120***	(0.036)	-0.101	(0.106)	0.407**	(0.169)		
Highly educated	0.158***	(0.031)	-0.088	(0.075)	0.153	(0.154)		
Education							0.106	(0.158)
Age	-0.003***	(0.001)	-0.008**	(0.003)	-0.005	(0.004)	-0.033	(0.024)
Gender	-0.078***	(0.021)	-0.041	(0.056)	-0.114	(0.096)	0.193	(0.258)
Cut point 1	-1.151	(0.224)	-0.131	(0.553)	-1.224	(0.812)	4.352	(2.724)
Cut point 2	-0.121	(0.198)	0.944	(0.533)	-0.408	(0.775)	5.534	(2.745)
Cut point 3	0.842	(0.195)	1.895	(0.534)	0.418	(0.758)	6.630	(2.797)
Cut point 4	1.817	(0.195)	2.987	(0.536)	1.371	(0.751)	7.954	(2.900)
Cut point 5	2.800	(0.196)	4.269	(0.541)	2.379	(0.751)		
Cut point 6	3.993	(0.199)			3.631	(0.756)		
Observations	8839		1672		604		76	
Pseudo-R^2	0.053		0.027		0.091		0.307	
LR X^2	440.922***		41.108***		52.631***		24.915***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on ordered probit regressions with dependent variable: rounded average of the items for sense of control. Leader, reproduced leader, descender, and non-supported climber are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Education was entered in the model for Hypothesis 3c as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. Significance levels for cut points are not reported. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Table 26 displays that the presented results for Hypotheses 1b, and 3a to 3c are insensitive to a change in the analysis method. Departing from OLS regressions and using ordered probit regressions, organizational leaders still significantly differ from the non-leaders by having a stronger sense of control. Moreover, reproduced leaders still exhibit a significantly stronger sense of control than other leaders. Socioeconomic descenders still exhibit a significantly weaker sense of control than reproduced leaders and non-supported climbers still seem to exhibit a stronger sense of control than supported climbers. Similarly to the main analysis, the later finding is however disconfirmed by the 95% confidence interval.

After having shown that the results for Hypotheses 1b and 3a to 3c are insensitive to changes in the analysis method, the next lines will address the issue of sensitivity with respect to measurement. As first alternative measurement, standardized items of sense of control were used. The standardized items are obtained by subtracting the mean and dividing the result by the standard deviation. The new measurement of sense of control is hence the average of those standardized items. A similar approach is followed, for instance, by Caliendo et al. (2010) in their GSOEP-based study of the effects of locus of control on job search strategies. As expected, the results are consistent with the main findings. As for the control variables, all but one significance levels remain unchanged. This can be observed by comparing Table 20 and Table 27.

Table 27: OLS regressions with standardized items for sense of control

	Hypothesis 1b		Hypothesis 3a		Hypothesis 3b		Hypothesis 3c	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Leader	0.129***	(0.018)						
Reproduced leader			0.070**	(0.031)				
Descender					-0.261***	(0.080)		
Non-supported climber							0.246*	(0.143)
Income	0.134***	(0.015)	0.164***	(0.037)	0.106*	(0.055)	0.541***	(0.198)
Wealth	0.016***	(0.005)	0.012	(0.011)	0.016	(0.016)	-0.117***	(0.043)
Middle educated	0.077***	(0.020)	-0.055	(0.055)	0.192**	(0.091)		
Highly educated	0.093***	(0.017)	-0.052	(0.038)	0.063	(0.085)		
Education							0.039	(0.081)
Age	-0.002***	(0.001)	-0.004**	(0.002)	-0.003	(0.002)	-0.017*	(0.010)
Gender	-0.049***	(0.011)	-0.029	(0.029)	-0.087*	(0.052)	0.049	(0.139)
Constant	-1.110***	(0.110)	-0.994***	(0.277)	-0.636	(0.413)	-2.279	(1.461)
Observations	8839		1672		604		76	
Adjusted R^2	0.051		0.02		0.08		0.167	
F	62.90***		4.935***		7.333***		3.172***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on OLS regressions with dependent variable: average of the standardized items for sense of control. Leader, reproduced leader, descender, and non-supported climber are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Education was entered in the model for Hypothesis 3c as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

A further test of the findings related to sense of control addresses a concern expressed by Piatek & Pinger (2010) in their study of the impact of locus of control on education decisions and wages. Piatek & Pinger (2010) contend that “researchers who use an

index, constructed for example as the standardized mean of the items, instead of a latent factor, force each of the measurement items to enter the index with an equal weight." Similarly to Piatek & Pinger (2010), a principal component analysis of the ten locus-of-control items was performed. The results show that a single factor measuring mostly external locus of control can be extracted. Based on this, factor scores were calculated following the regression method. Since the factor primarily reflects external locus of control, the lower the factor store, the stronger the sense of control. Table 28 displays regression results with these factor scores as the dependent variable.

Table 28: OLS regressions with sense of control as factor scores

	Hypothesis 1b		Hypothesis 3a		Hypothesis 3b		Hypothesis 3c	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Leader	-0.212***	(0.030)						
Reproduced leader			-0.104**	(0.050)				
Descender					0.422***	(0.132)		
Non-supported climber							-0.345	(0.230)
Income	-0.208***	(0.024)	-0.269***	(0.061)	-0.198**	(0.091)	-0.959***	(0.321)
Wealth	-0.025***	(0.008)	-0.025	(0.018)	-0.030	(0.027)	0.201***	(0.067)
Middle educated	-0.117***	(0.033)	0.091	(0.089)	-0.235	(0.150)		
Highly educated	-0.124***	(0.028)	0.105*	(0.061)	-0.055	(0.138)		
Education							-0.021	(0.129)
Age	0.004***	(0.001)	0.008***	(0.003)	0.007*	(0.004)	0.029*	(0.017)
Gender	0.064***	(0.019)	0.010	(0.047)	0.110	(0.084)	-0.136	(0.226)
Constant	1.673***	(0.177)	1.649***	(0.451)	1.203*	(0.681)	4.141*	(2.381)
Observations	8663		1645		594		75	
Adjusted R^2	0.047		0.022		0.077		0.188	
F	57.06***		5.019***		7.045***		3.468***	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on OLS regressions with dependent variable: factor scores of a factor measuring external locus of control. Leader, reproduced leader, descender, and non-supported climber are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Education was entered in the model for Hypothesis 3c as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

As it can be deducted through a comparison of Table 20 and Table 28, results for the Hypotheses 1b, 3a, 3b, and 3c are insensitive to the change in the strategy for measuring sense of control. Leaders still exhibit a stronger sense of control than the lay population. Reproduced leaders still exhibit a stronger sense of control than other leaders whereas socioeconomic descenders exhibit a lower sense of control than reproduced leaders. Hypothesis 3c is still rejected, i.e. there seems to be no significant relationship between

being a non-supported climber and the sense of control. We will now turn to the sensitivity checks for the third and last dependent variable.

Justice perceptions

An alternative measure was developed for testing the hypotheses on justice perceptions. A couple of studies (such as Liebig, Sauer, & Schupp, 2012; Liebig, Sauer, & Schupp, 2011; and Pollmann-Schult, 2011) based on GSOEP-data have sought to explain justice-related attitudes by using Jasso's (1978) justice evaluation function. The justice evaluation function expresses the result of a comparison between an actual reward and a reward that the observer perceives as just reward. Jasso (1978) proposes the following formula for calculating the justice evaluation function.

$$Justice\ evaluation\ function = \ln\left(\frac{A}{C}\right)$$

'A' denotes the actual reward and 'C' denotes the just reward (Jasso, 1978 and Jasso, 2007). If an observer's perceived just reward equals the actual reward, the justice evaluation is the logarithm of unity, i.e. zero. A positive justice evaluation indicates a ratio of actual reward and just reward larger than one. In this case, the respondent perceives the actual reward as unjustly high. Similarly, a negative justice evaluation indicates that the respondent perceives the actual reward as unjustly low. The GSOEP-data allow us to build the justice evaluation function of the respondents. The 2005 wave of the GSOEP shows respondents the following statement: "There has been ongoing discussion about what constitutes just and unjust income. We would like a few estimates on this from you." Subsequently, respondents are asked "How high on average is the monthly net income of an unskilled worker?" And if they would "say that this income has a just relation to the job demands?" In the case, they state that the income does not have a just relation to the job demands, they are asked "How high would a just monthly income of an unskilled worker be, from your point of view?" (SOEP, v28). Based on the responses for those items, justice evaluations of the average income of unskilled workers are calculated. Among the sample of organizational leaders, the mean justice evaluation amounts to -0.07 with a standard deviation of 0.185. The pairwise correlation between the variable justice evaluation and the dichotomous measure of justice

perceptions as used in the main analysis amounts to -0.63 ($p < 0.001$) for the sample of organizational leaders. Table 29 documents regression results for the hypotheses on justice perceptions, using the justice evaluation of the average income of unskilled workers as the dependent variable.

Table 29: OLS regressions with justice evaluation

	Hypothesis 1c		Hypothesis 4a		Hypothesis 4b	
	Coefficient	(SE)	Coefficient	(SE)	Coefficient	(SE)
Leader	0.028***	(0.008)				
Climber			0.012	(0.020)		
Non-distant reproduced leader					-0.203***	(0.065)
Income	0.022***	(0.008)	-0.015	(0.037)	0.004	(0.066)
Wealth	0.007***	(0.002)	0.013**	(0.006)	0.038	(0.030)
Middle educated	0.017*	(0.009)	-0.076**	(0.031)		
Highly educated	-0.007	(0.008)	-0.023	(0.025)		
Education					0.007	(0.030)
Age	-0.001***	(0.000)	-0.002***	(0.001)	-0.006**	(0.003)
Gender	-0.012**	(0.006)	-0.004	(0.018)	0.118	(0.082)
Constant	-0.305***	(0.057)	0.024	(0.288)	-0.223	(0.367)
Observations	4489		508		56	
Adjusted R^2	0.015		0.008		0.191	
F	11.16***		2.591**		2.907**	

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on OLS regressions with dependent variable: justice evaluation of the average monthly net income of an unskilled worker. Leader, climber, and non-distant reproduced leader are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Education was entered in the model for Hypothesis 4b as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Standard errors are reported within parentheses. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

The results of the main analysis are supported by the findings as displayed in Table 29. Hypothesis 1c is still supported, with leaders having less favorable justice perceptions toward less privileged socioeconomic groups than non-leaders. Hypothesis 4a is still not supported, whereas Hypothesis 4b is still supported. Contrary to the theoretical prediction, there is no evidence for climbers having more favorable justice perceptions toward less privileged socioeconomic groups than reproduced leaders. Supporting the main findings, Table 29 documents that compared to distant reproduced leaders, non-distant reproduced leaders have a lower justice evaluation of the average monthly net income of an unskilled worker. This means that non-distant reproduced leaders have

more favorable justice perceptions toward the less privileged socioeconomic group of the unskilled workers than distant reproduced leaders. These findings corroborate the reported main results and demonstrate that the latter are insensitive to changes in both measurement – from the dichotomous variable to the continuous justice evaluation and method – from probit analysis to OLS regression.

Taken together, the broad range of sensitivity checks does not alter the findings as presented in the previous section. To conclude this chapter on the empirical work, potential concerns related to issues such as common method bias and fit statistics will now be addressed.

5.4 Summarizing assessment of the empirical findings

In order to further assess the robustness and the validity of the presented empirical results, several topics are now to be addressed. These topics range from the issues of common method bias and control variables to the issues of model fit statistics and marginal effects size.

Firstly, the presented results might be affected by the issue of common method bias since the set of variables are taken from the same self-report-based survey. The independent variable, i.e. the membership based on the 4-group classification of organizational leaders, is based on the respondents' self-reporting of both their occupational position and those of their parents. The dependent variables risk propensity, sense of control, and justice perceptions are similarly based on respondents' self-reporting. As noted by Gilley et al. (2002: 109), "common method variance may not be as much of a limitation as once thought, because although common method variance inflates zero-order correlations, it also increases the shared variance among the independent variables". Regardless of the discussion about the general relevance of common method bias (see, for instance, Spector & Brannick, 2010), there is moreover a range of arguments suggesting that the problem of common method bias is highly unlikely for the present research. The different properties of the scales used to measure the different variables is such an argument (Podsakoff, MacKenzie, & Podsakoff, 2012). On the one hand, the dependent variables of this research, i.e. risk propensity, sense of control, and justice perceptions, are measured by scales with, for instance, a diverging

number of scale points and a dissimilar polarity. On the other hand, the right-hand-side variables consist of the individual categorization within the 4-group classification of organizational leaders and demographic variables such as education and gender.

In addition to the methodological separation, i.e. the use of variables with different scale properties, an eventual adverse effect of common method bias is further mitigated through another procedural remedy which is the psychological separation of the surveyed variables. While the use of scales with different properties accounts for a methodological separation of the variables, the extensiveness of the SOEP-questionnaire and the complexity behind the building of the 4-group classification of organizational leaders strengthen the psychological separation. In other words, they reduce "the perceived diagnosticity of responses to the measures of the predictor variable as cues for how to respond to the measures of the criterion variable" (Podsakoff, MacKenzie, & Podsakoff, 2012: 564). Both the extensiveness of the SOEP-questionnaire and the 4-group classification of organizational leaders therefore suggest that it is highly unlikely that respondents could have been able to second-guess the hypotheses tested here and to adjust their answer patterns accordingly. In fact, in order to second-guess the different research hypotheses, a respondent should have been able to anticipate that, for instance, due to her reporting of her father being a managerial employee with high level of responsibilities and herself being a highly qualified professional, she will be classified as a reproduced leader. Further, the same respondent should have been able to anticipate that her reporting of having a close personal relationship to her cook will let her to be classify as a non-distant reproduced leader. Finally, the respondent should have been able to second-guess the argumentation based on social distance to answer to the survey according to the hypothesis. The presented arguments can obviously not be considered as hard evidence or proof for the non-relevance of common method bias for the presented results. But they make a clear and strong case that in the context of this study the scenario of the results being affected by common methods bias is highly unlikely.

Secondly, for all the significant models presented here, the models have been also estimated without the control variables. This does not alter the results since both the directions and the decisions on statistical significance remain unchanged. Furthermore, the models estimated only with the control variables display, in five out of six cases, bigger coefficients than the models including them. This positive bias might be attributed to the omission of relevant variables. This therefore suggests that the control

variables successfully act as safeguards against model under-specification.

As an additional point on the control variables, I shall observe that the effects of the control variables are consistent with those found in the literature. For instance, across the different models reported here, women are found to be less risk prone than men. This finding is in line with a wealth of works such as Eckel & Grossman (2008), Le et al. (2011), and Williams & Narendran (1999). As a further example, income is found to be positively related to sense of control as in previous research such as Guagnano et al. (1986). As for age, Ellersgaard et al. (2013: 1064) report that individuals with "very little inherited capital" who climb till the top of a company are on average seven years older than their counterparts. In our sample of organizational leaders, climbers are indeed significantly three years older than reproduced leaders (see Appendix 14). These findings on the control variables, which are in line with previous research, strongly indicate that the reported results are not triggered by idiosyncratic characteristics of the sample.

The third remark addresses the issue of the model fit statistics. Although the lower size of the reported model fit statistics might raise concerns about the validity of the models, a look at the literature shows that researchers working in comparable settings have reported similar figures. Weber (2014) uses data from the GSOEP to estimate the relationships between several background variables and risk attitudes. Although including more than twenty independent variables in the estimated ordered logit models with sample sizes above 17000 observations, the reported Pseudo R-squared are in the range from 0.03 to 0.04. McInish (1982) reports R-squared ranging from 0.051 to 0.135 in a study of the risk taking and control orientation of investors. In her recent study of the determinants of risk attitudes using a measure similar to the one based on the lottery wins, Paola (2013) reports a Pseudo R-squared of 0.0008 for the estimated ordered probit model. Similarly, Zumbühl et al. (2013) use GSOEP-data to study differences in risk and trust attitudes and report R-squared ranging from 0.02 to 0.07, for models estimated with up to ten independent variables. This shows that the relatively low size of the model fit statistics reported in the present results are fully in line with the extant literature. In a similar vein, it might be a case against the relatively low number of observations available for some of the models. However, for all probit models, OLS models were estimated and the results were similar. This therefore suggests that the results are based on efficient standard errors even though they are

estimated with a low number of observations.

Fourthly and lastly, the presented results can be challenged on the base of the low marginal effects. Although such a comment might appear fair at a first glance, a closer inspection of the reported figures shows that the effects are far from being negligible. I shall explain this position with the example of the marginal effect of being an organizational leader on the probability of being at one of the extremities of the scale measuring risk propensity in financial matters. From Table 16 (on page 118) we can observe that being a leader decreases the probability of exhibiting the lowest possible risk propensity by 3.6 percentage points, whereas it raises the probability of exhibiting the highest possible risk propensity by 0.1 percentage point. From the distribution of the variable 'risk propensity in financial matters' we know that 11.35 percent of the leaders score the lowest possible risk propensity, whereas 0.06 percent scores the highest possible risk propensity (see Figure 4 on page 103). Considering the reported marginal effects of the regression model, the probability that in our sample any randomly chosen leader would exhibit the highest possible risk propensity therefore increases from 0.06 percent to 0.16 percent. But since we know from the distribution that a very small proportion of the leaders exhibited the highest possible risk propensity in the first place, we can and should account for this while interpreting the marginal effects. The marginal effects are therefore to be understood in relation to the distribution of the leaders throughout the categories of the depending variable. Doing this exercise, i.e. putting the marginal increase of 0.1 percentage point in relation to the frequency of 0.06 percent, we can observe that the 'true' marginal effect increases to 166 percent.[18] Being a leader therefore has a clear and substantial effect on the risk propensity in financial matters, especially when we account for the distribution of the leaders throughout the eleven categories of risk propensity.

The empirical results presented in this chapter provide robust support for six of the ten research hypotheses. In a nutshell, it has been shown that leaders are more risk prone than non-leaders, that they exhibit a stronger sense of control and less favorable justice perceptions toward the less privileged socioeconomic groups than non-leaders. The empirical work robustly supports that reproduced leaders exhibit a stronger sense of control than other leaders. As for the conceptualization of social distance, non-distant

[18] $Relative\ or\ 'true'\ marginal\ effect = \frac{0.16\% - 0.06\%}{0.06\%} = 1.66.$

reproduced leaders do exhibit more favorable justice perceptions toward less privileged socioeconomic groups than distant reproduced leaders. Interestingly, the data suggest that socioeconomic climbers and reproduced leaders do not differ with respect to their risk propensity. The next chapter will discuss these results by integrating them within the extant literature.

6 Concluding Discussion

This thesis aimed to study whether the socioeconomic background of organizational leaders matters for their management-relevant attitudes. The empirical findings presented in the last chapter provide robust support that the socioeconomic background of organizational leaders matters. This chapter concludes the dissertation by discussing the reported findings in four steps. First, the reported empirical findings are discussed against the backdrop of extant knowledge. The empirical findings clearly indicate that management scholars should no longer leave the socioeconomic background of their research subjects aside. However, more work remains to be done if we are to fully comprehend to which extent the social origin of organizational leaders does matter for organizations. Hence, in the second part of this chapter, I show how the findings discussed in this thesis pave the way for future research within the field of organization and management. Notwithstanding the need for further research, managerial implications can be derived from the present study. Those managerial implications are addressed in the third section. In this chapter's last section, I conclude the thesis with a final remark on the necessity of further studying the socioeconomic background of organizational leaders.

6.1 Integrating the findings within extant knowledge

The empirical results have shown that the social origin of organizational leaders, i.e. where they come from, and the social dynamics happening in their life can explain their management-relevant attitudes. This section comments on the findings by considering available knowledge on related issues. The discussion is arranged along the three dependent variables risk propensity, sense of control, and justice perceptions. Consistent with the emphasis of the present study on the socioeconomic background of organizational leaders, the following discussion focuses on the hypotheses addressing the differentiation of leaders with respect to their socioeconomic background.

The empirical work fails to find significant relationships between being either a socioeconomic climber or a reproduced leader and risk propensity. The data indeed suggest that there is no linkage between a leader's socioeconomic background and their risk propensity. This finding is both surprising and interesting since due to arguments

Y. Kemayou, *More Class in Management Research,*
DOI 10.1007/978-3-658-12063-4_6, © Springer Fachmedien Wiesbaden 2016

coming from Dohmen et al. (2012), Hartmann & Kopp (2001), Kish-Gephart & Campbell (2014), or Plaksina et al. (2013), one could expect at least significant effects of the socialization background. One possible explanation is that only individuals with a particular risk propensity are able to reach positions of organizational leadership. Relaxing the implicit assumption about the consistency of risk attitudes, another explanation might be that toward the process of becoming an organizational leader and while working as a leader, both climbers and reproduced leaders have their risk propensity equalized.

Another non-significant finding of this study is related to the contention that experiencing support might influence the control orientations of the organizational leaders hailing from non-affluent backgrounds. However, the idea of support should not be quickly discarded. Since there are some strong hints that the receipt of support matters for individuals (McDonald & Westphal, 2011), it might be that we need more adequate measurement instruments than the ones I had for the analysis to assess the construct. The disconfirming findings reported here are not a ground to discard the theoretical idea that support matters.

Statistically significant relationships have been found between leaders' socioeconomic background and sense of control. More specifically, the empirical results show that organizational leaders' sense of control can be explained by their socioeconomic background since reproduced leaders exhibit a stronger sense of control. Moreover, it was also found that not only socialization processes but also self-legitimizing aspects matter for level of individual sense of control. This study presents the first empirical evidence for Max Weber's (1920/1972 and 1921/1972) idea of self-legitimization in the context of control orientations. This finding enriches the literature on sense of control by showing that the duality of contextualism and solipsism, as discussed for instance by Kraus et al. (2012), might be incomplete for explaining why privileged individuals exhibit a stronger sense of control. The results of the analysis support the idea of self-legitimizing privileged individuals. Assuming that the legitimizing is based on meritocratic considerations, the reproduced organizational leaders exhibiting a stronger sense of control could tend to believe that they deserve their socioeconomic advantages. The following quote by Young (1994: 88) exemplifies the potential effects of such a situation:

If the rich and powerful were encouraged by the general culture to believe that

> they fully deserved all they had, how arrogant they could become, and, if they were convinced it was all for the common good, how ruthless in pursuing their own advantage.

As for justice perceptions, the empirical work, first, fails to find a distinct effect of a socialization in less privileged backgrounds on the justice perceptions of leaders toward individuals belonging to less privileged socioeconomic groups. Second, the findings show that reproduced organizational leaders who could reduce their social distance to the less privileged groups disclose more favorable justice perceptions toward the latter than distant reproduced leaders. This finding suggests that researchers aiming at understanding the justice perceptions of organizational leaders should consider their socioeconomic background and the related integration within the social structures. As discussed in the literature review of the present thesis (Section 2.2.3), this is clearly not yet the case. However, in the context of the present findings, an issue might be whether the operationalization of social distance really captures the construct. For example, it could be the case that those qualified in my study as non-distant organizational leaders are just "reaching down" to some lower class individuals. According to Gray & Kish-Gephart (2013) and their interpersonal way of class interactions, upper class individuals can engage in interactions with lower-class individuals in order to lessen the tensions appearing during cross-class encounters. As examples of reaching-down behaviors, Gray & Kish-Gephart (2013) suggest that the privileged individuals might spend time chatting with lower class individuals or being extra friendly to them, and extending one-time invitations. It is obvious that the measures presented here will grasp something else. The subjective variable based on the reference person addresses a deeper level of human interaction than the one we can assume to happen during reaching-down activities. Moreover, the use of the more objective variable on the estimation of the average unskilled worker's income leads us to safely rule out the possibility that we will be looking at mere attempts of upper-class individuals to reach down. However, reproduced leaders might get into contact with members from less privileged social groups in several other spheres that I could not control. The GSOEP-questionnaire exemplifies that individuals can find their confidants in the neighborhood, in the sport clubs, or in the extended family. It is possible that some inter-class encounters might happen in those circles. Even though I could have controlled whether the reproduced leaders find their confidants in those spheres, the data do not allow to identify the socioeconomic position of those confidants. Hence, the operationalization of social

distance as used in the analysis is appropriate with respect to both the related research hypotheses and what the data can give.

The findings on justice perceptions illustrate that the socioeconomic background of organizational leaders might affect issues of inequality within organizations. As suggested by Wegener (1987: 1), "if we perceive social distributions as just, even though this is not what they are, then nobody will attempt to strive for change." This is a strong hint that distant reproduced leaders are less likely to focus their efforts on improving the justice within their organizations whereas non-distant reproduced leaders might engage in justice-restoring behaviors. In the organizational context, these justice-restoring behaviors could be, for example, the introduction of a new compensation scheme or changes in the performance appraisal or promotion strategies.

The discussion on social distance suggests a further association with the literature, albeit a rather tentative one. As shown in Tables 1 and 2 (on pages 44–45), the degree of self-reproduction among the business elite of Western capitalist societies varies slightly. Table 1 shows, for instance, that in the USA there are relatively more business leaders originating from lower socioeconomic backgrounds (24.3 percent) than in Great Britain (15.6 percent). Considering Useem's (1982) argument that there is a greater social distance between labor and management in British companies, we can speculate that it is due to the lower number of socioeconomic climbers within the British business elite. This in turn can be related to results of Hypothesis 4b showing that a higher social distance is related to lower justice perceptions toward less privileged socioeconomic groups.

The non-significant findings on the effect of being a social climber on the justice perceptions toward less privileged groups can be explained by Martens's (2007) concept of the orthodoxy of the proselytes. The orthodoxy of the proselytes would describe a situation in which a socioeconomic climber's endorsement of the dominant views becomes even stronger than the level of endorsement of reproduced leaders. Hence, in such a situation the proselytizing climbers might even show less favorable justice perceptions than reproduced leaders toward individuals still experiencing the conditions in which the climbers were themselves socialized. Mavin, Grandy, &Williams (2014) develop a similar argumentation in the context of women in leadership positions. They argue that due to intra-gender competition, female leaders might dissociate themselves from other women and even adopt stances which could be detrimental for the ascension

of other women to the top. Moreover, grounding on studies researching belief in a just world, it is possible that reproduced leaders and socioeconomic climbers share similar justice perceptions since they both pertain to the privileged group of organizational leaders. As expressed by Faccenda & Pantaléon (2011: 495), "those who believe most strongly in a just world are generally those who are the most favoured. This strong belief enables them to maintain their psychological well-being by disregarding or denying inequality."

The discussed results underscore the importance of researching management-relevant variables such as attitudes within the larger framework of elite reproduction and social stratification. As suggested by researchers such as D'Aveni (1990) and Lewin & Stephens (1994), organizational leaders from elite backgrounds, i.e. those classified in my model as reproduced leaders, have a bigger discretionary space in shaping their organizations than their counterparts from lower backgrounds, i.e. the socioeconomic climbers. The reproduced leaders hence have a greater opportunity to influence organizations according to their views of the world. Even so, until now management scholars have remained mainly silent about House & Mortimer's (1990) call for social scientists to pay attention to the interrelationships between individual and macro-societal structures such as social stratification. This is even more surprising since the seminal paper of Hambrick & Mason (1984) discusses the importance of the "socioeconomic roots" of the upper echelons, i.e. the organizational leaders. For instance, they conjecture that organizational leaders from lower socioeconomic groups might tend to follow risky strategies such as acquisitions and unrelated diversification. My results, even if not related to organizational outcomes, at least suggest counterevidence for Hambrick & Mason's proposition about differences in risk attitudes and behaviors between leaders from lower socioeconomic backgrounds and those from more privileged backgrounds.

The introduced 4-group classification of leaders allows us to explain how both the early socialization experiences and related societal dynamics such as social support and social distance matter for managerial attitudes. The class origin of organizational leaders, i.e. their socioeconomic background, matters. That is the main contribution of this dissertation. But if class origin does matter, how to explain its conspicuous absence in management studies as described in Chapter 1.3? At least two reasons are to be identified: a restrictive view on the dimensions of diversity and the nature of eventual

findings. First, the field of management research seems not to acknowledge that the class origin, i.e. the socioeconomic background is a dimension of diversity. As stated by Knight et al. (1999), whereas popular accounts associate diversity mostly with gender and ethnicity, research has focused "on other forms of diversity including differences in age, education, firm tenure, and functional or technical background". Similarly, studying costs and benefits of the heterogeneity of director boards, Anderson et al. (2011) consider the dimensions education, work experience, profession, gender, ethnicity, and age. Both examples show that socioeconomic background is missing in the discussion. Second, as suggested by Côté (2011), research on social class in organizations can lead both to unethical and politically incorrect concerns. Unethical concerns can be raised for example if research on social class in organizations shows that members from one particular class are to be preferred over members from another class, whether it be because of characteristics leading to superior performance. Related to the last point, the politically incorrect side of the issue is that it can be perceived as perpetrating the status-quo (Côté, 2011). As an example, some works discussed in Chapter 2 clearly display that a strong sense of control is associated with traits such as entrepreneurial tendencies which are considered positive in Western societies. Hence, reporting that reproduced leaders exhibit a stronger sense of control can further exacerbate the social reproduction of leaders. Implications of research on socioeconomic background can be, and some certainly are, indeed politically incorrect or even ethically problematic. But covering them up does not help since it only means covering up the very issue of the importance of socioeconomic background.

My thesis contributes to the literature on social class and organizations by demonstrating that not only the current class but also the class origin of organizational leaders influence their attitudes in ways which should be relevant for organizations. Although previous research has shed light, for instance, on class as source of inequality within organizations (Côté, 2011; Gray & Kish-Gephart, 2013), the nuanced approach based on the 4-group classification of leaders delivers novel insights. This thesis enriches the literature by theoretically introducing and empirically discussing the effect of social dynamics on leaders' attitudes influencing organizational outcomes. Following the theoretical development and the nature of the used concepts, the ideas and findings of my research have a broad domain of validity. The assumed social structures and dynamics underlying the theoretical model are present in most of the Western capitalist societies, as indicated by the wealth of the cited sociological and social psychological

literature. The empirical findings resulting from research with the German Socioeconomic Panel can therefore be generalized to other Western capitalist societies.

6.2 Future research

This section shows how the findings discussed in this thesis pave the way for future research within the field of organization and management. More specifically, I will show how the discussed empirical findings can help address issues related to top management diversity, corporate social responsibility, corporate governance, and issues of inequality. Grounding on the empirical considerations of my research, I will moreover discuss how data-related issues can be handled to improve our understanding of the questions at hand.

First, the findings of the present research suggest a new way to enhance our understanding of top management diversity. Previous research findings about the self-reproduction of the managerial elite have been one of the starting points of the present study. This topic can be discussed within the broader framework of top management diversity, i.e. debates about the homogeneity vs. heterogeneity of the managerial elite. However, the discussion we have engaged into does not focus on the inherent value or undervalue of the resulting underrepresentation of individuals from less privileged socioeconomic groups within the managerial elite, even though this underrepresentation is sometimes debated as something unpalatable as such. Ahonen et al. (2014), for instance, suggest that the underrepresentation of individuals from lower socioeconomic groups in the managerial elite might not be of inherently detrimental value. Notwithstanding, the results of this thesis show that, for instance, having socioeconomic climbers as organizational leaders should matter. In other words, even if one could question the inherent value of diversity – in our context the diversity of socioeconomic backgrounds in the managerial elite –, as argued by Ahonen et al. (2014), we have seen throughout this thesis that diversity of socioeconomic backgrounds in the managerial elite is a topic of high organizational and societal relevance. A possible future path would be to research whether the mechanisms leading to the persistent underrepresentation of women and racial minorities in the corporate elite also apply to the underrepresentation of organizational leaders from lower socioeconomic backgrounds. For instance, it is possible that organizational leaders from lower

backgrounds are considered by the majority of the reproduced corporate elite as a distinct group, in the same vein in which a male majority might consider a female minority. This will therefore lead the mechanisms researched on the latter group to apply to leaders from lower socioeconomic backgrounds. Studying socioeconomic background could therefore help to disentangle the effect of other minority-related characteristics such as gender or ethnic origin. For example, Westphal & Stern (2007) report that US-American corporate directors from ethnic minorities, i.e. non-Caucasian, and female directors are less rewarded in terms of additional board appointments when they give advice or engage in ingratiatory behaviors. Both groups (ethnic minorities and women) are also found to be more punished, i.e. receiving less board appointments when they engage in monitoring and control behaviors. The results concerning directors from ethnic minorities are possibly triggered by the socioeconomic background, a variable the authors do not control. Of course, it might be that the directors from ethnic minorities originate from upper class background since it would be easier for them to reach the upper echelons than for an executive from lower classes. However, the fact that executives from ethnic minorities reportedly (Westphal & Stern, 2007) do not master behaviors of upper class environments points out that they might be lacking a socialization in a particular environment, which in turn points to a possible relevance of socioeconomic background. Hence, controlling for socioeconomic background might allow researchers to disentangle the possibly confounding effects of background and ethnic origins. Works in this vein will follow McDonald & Westphal (2013: 1187–1188) who show that "fundamental intergroup biases are at work at the highest levels of corporate America, and how these biases are leading to unfavorable career outcomes for minority-status corporate leaders."

Second, our knowledge on the micro-foundations of corporate social responsibility (CSR) might also be enriched though the integration of the socioeconomic background of leaders in the research models. As mentioned by researchers such as Huang (2013) or Manner (2010), demographic attributes of leaders influence the CSR-behavior of their organization. Since corporate social responsibility often involves a redistribution of resources from the organization to those in need, i.e. to less privileged socioeconomic groups, it can be asked how the CSR-commitment of organizational leaders could change along their socioeconomic origin. Particularly, the issue of social distance might play a role. Based on the findings, non-distant leaders could be expected to display more favorable attitudes toward CSR-activities targeting less privileged

socioeconomic groups than distant leaders.[19] In a recent publication, Christensen, Mackey, & Whetten (2014: 168) suggest that "[t]here is even some evidence to suggest that the early life experiences of firm founders (e.g., child of Christian missionaries, other life events that gave the leader a social agenda) may predispose these individuals to imprint their firms with an identity toward CSR." This should further encourage scholars of taking the socioeconomic background of leaders into account while studying the micro-foundations of corporate social responsibility.

Third, the arguments discussed so far could also be of interest for scholars of corporate governance. More specifically, it could be asked whether there are any links between the socioeconomic background and the identification with the corporate elite. McDonald & Westphal (2011), for instance, show that a leader's identification with the corporate elite influences their interpersonal behavior within that elite. The relationship between a leader's socioeconomic background and their identification with the corporate elite might be nonlinear. Organizational leaders from upper class backgrounds are likely to exhibit a stronger identification with the corporate elite, whereas executives from lower background might as well exhibit an extremely high identification or a weak identification with the corporate elite. The high identification could be a mean to define their newly gained place within the corporate elite. The weak identification might be, for example, the result of experienced discrimination. Executives from lower backgrounds who identify less with the corporate elite might for example be more prone to undertake reform unpopular within the corporate elite. The effects of this possible combination on corporate governance issues are salient.

Fourthly and lastly, this thesis suggests some further works on the interplay of management and economic inequality. A recent research piece by Shin (2014) shows that the level of pay disparity within a firm is linked to personal characteristics of its top executives. Analyzing the pay gap between executives and non-executive employees in a sample of 185 US-American firms, Shin (2014) finds firms run by a CEO with a financial background were more likely to have higher levels of income inequality. Following this finding, management and organization scholars could engage in studies

[19] Considering the ongoing debate about the so-called transnational elites or transnational capitalist class, the issue of the disconnectedness becomes even more salient since the extant literature provides some hint that this new group of top managers might be even more disconnected from local and national realities than their traditional counterparts (Robinson, 2012).

to assess how organization and management studies can contribute to a further understanding of the issues of income inequality by looking at the individual determinants of organizational leaders such as socioeconomic background which might be related to inequality. In this context, meritocracy as a legitimizing myth is certainly of relevance. The debunking of the myth of meritocracy might contribute to shaping a new societal narrative which could lead upper class individuals such as organizational leaders to be more conscious of their privileges. This could open new ways of discussing issues linked, for instance, to social justice and inequality since it seems to be a societal consensus on the idea that enjoying property, i.e. being a privileged individual, should come at a cost, such as being held accountable or responsible for certain outcomes. In this context, the fourteenth Article of the Basic Law of the German Federal Republic states in its second paragraph: "Property entails obligations. Its use shall also serve the public good." Similarly, the Constitution of Ireland stipulates under Article 43.2.1° that "The State recognises, however, that the exercise of the [property] rights mentioned in the foregoing provisions of this Article ought, in civil society, to be regulated by the principles of social justice." Similar writings can be found in the Constitutions of other Western countries such as Italy (Article 42) or Spain (Section 33.2). The foregoing legal statements illustrate that there is broad consensus that being privileged comes with responsibilities. By using self-legitimation upper class individuals might try to avoid the cognitive costs of bearing such a responsibility. A debunking of the myth of meritocracy could help lest the privileged ones keep justifying themselves based on meritocratic arguments. And as unambiguously pointed out by Gray & Kish-Gephart (2013: 694), our time "unfortunately, may prove to be a particularly fruitful time for studies that investigate whether and how class work and meritocratic myths go hand in hand."

To summarize, the findings of the present research generate new paths for promising and enhanced research in the area of top management diversity, corporate governance and CSR, and economic inequality related to organizations.

Additionally, the empirical considerations have also uncovered the following three data-related areas where more work could be done in order to enhance our understanding of organizations. First, mass representative surveys such as the German Socioeconomic Panel might not be fully adequate to operationalize the constructs related to organizational leaders. It can be argued that the data basis does not allow for modeling the attitudes of those at the top of major organizations, such as the top executives of the

biggest German companies. The individuals I have studied in my empirical analysis would more likely be in leading positions in less influential organizations. This can be seen as a gap between the theoretical conceptualization and the empirical analysis since the theorizing is based on ideas drawn for instance from the reproduction of elite and the upper-echelon theory. Still, this possible gap between theorizing and empirical subjects does not invalidate the reported findings. A substantial part of the management research has been done with samples of students, both undergraduates and MBA's students. Even if research based on students have been criticized on several grounds, and most often because of lack of representativity, it is certainly the case that those studies have advanced our knowledge. Bellemare & Kröger (2007), for instance, conduct a study on the development of social capital using both a representative sample of the Dutch population and a student sample. They find different results with both samples which lead them to conclude that "trust, trustworthiness and other social preferences, once identified in the lab, are likely to be present, with greater intensity, in the population as a whole" (Bellemare & Kröger, 2007: 201). Since the top executives from major corporations will probably, on average, have a higher social distance to less privileged groups than the subjects studied here, it can be expected that at the least the significant relationships I have reported will also hold for a sample of top executives, albeit with greater intensity.

In a similar vein, Georg (2009) suggests that mass representative surveys are not optimal for studying high income individuals because those individuals from the upper bound of the society rarely take part in those surveys.[20] This leads to the question of alternative ways of studying upper echelons while considering social dynamics. How could management researchers get insight into the biographical and early socialization experiences of top executives? Collecting qualitative data might be a way to go, even though representativeness and generalization concerns might arise. Furthermore, data

[20] In order to improve the representation of individuals at higher income levels, the GSOEP has been supplemented by the introduction of the so-called 'high-income sample' since 2002. In my analysis I do observe that disproportionally many organizational leaders are in that sample (25 percent). However, even individuals of the high-income sample do not allow to fully grasp individuals at higher income levels, a group to which individuals at the top of large organizations are likely to belong. This can be illustrated, for instance, by the rule for selecting individuals in the high-income sample which was having a monthly net income of at least 3750 euros (Bach, Corneo, & Steiner, 2013). This selection criterion put all the individuals in the high-income sample in the top 20 percent of the gross income distribution in Germany (Bach et al., 2013). Even though the mean income in the present sample of organizational leaders surpasses 3750 euros by eleven percent (see Table 14, page 111), assessed from the point of view of the income, the GSOEP probably does not capture effects happening at the top one percent of the German society.

collection strategies based on snowball sampling might increase help getting access to the field. But here again, representativeness might be questioned (Georg, 2009). In order to better assess the dynamics between societal structures and organizations, more and better data are therefore needed. In Germany, the project "Vermögen in Deutschland" (Lauterbach, Kramer, & Ströing, 2009) could be one of those projects going in that direction. For example, by adding attitudinal variables to their questionnaire, the authors may have the possibility to illuminate the links between societal structures and individual attitudes.

Second, my thesis shows how our understanding of control orientations can be improved. The issue of the stability of control orientations was addressed two decades ago by Smith et al. (1997) with the following words: "Whether internal locus of control facilitates recruitment into higher status occupations, whether locus of control changes in line with status, or whether reciprocal causation occurs, remains open to further investigation." The conjecture is that individuals' locus of control might change over time. For instance, women seem to become more externally controlled over time, i.e. once they have started a professional career (Smith et al., 1997). Particularly in the case of climbers, future research might look at changes with respect to sense of control during the process of upward social mobility. Do organizational leaders from lower backgrounds differ from promising organizational members with similar background? I.e., is there any effect induced by the achievement of reaching a leading position? Addressing these or similar questions will provide more precise knowledge on the genesis of control orientations which could be used for a better understanding of their effects. Also related to sense of control, Lachman & Weaver (1998: 771) ask "how is it that some individuals in the lower social class groups come to develop and maintain a strong sense of control". The results presented in this thesis, albeit indirectly, partly answer that question. Sense of control might be a characteristic not only influenced by current socioeconomic conditions, but also by the socioeconomic conditions which individuals experienced during their early socialization. By using, for instance, individuals' current household income as done by Lachman & Weaver (1998), researchers might be missing the early socialization part of the story. While the latter argument suggests a support of the contextualism vs. solipsism hypothesis, this thesis has also disclosed that this dichotomy is incomplete to explain individual variation in sense of control.

Thirdly, it could have been meaningful to test the hypotheses using the concept of core self-evaluation instead of items measuring locus of control. Some authors argue that core self-evaluation could be a more useful concept since it integrates the four different, well-researched constructs of self-esteem, self-efficacy, locus of control, and emotional stability (Hiller & Hambrick, 2005). Since Version 28 of the German Socioeconomic Panel, the dataset used in this study, does not include all the four constructs, operationalizing core self-evaluations was not feasible. Taking into account Hiller & Hambrick's (2005) propositions on the link between the leader's core self-evaluation and strategic decision processes as well as strategic choice and organizational performance, future research could study the effect of socioeconomic background on the core self-evaluations of organizational leaders

So far this doctoral research has not only shown that the socioeconomic background of organizational leaders matters, but also how it can be integrated in future research. By working with a dataset such as the GSOEP, which is certainly not conceived for elite or leadership research, I was able to show that socioeconomic background has some explanatory power. The discussion of the results points to the role and place of management research in our societies. Hodgkinson & Starkey (2011) observe that due to its origins and nature, management research has a well-placed spot to contribute to ongoing societal debates. Introducing socioeconomic background as new category will enrich the contribution that management research can make to those broader societal debates, for instance about social justice (diversity, CSR) and the reproduction of inequalities. Such a contribution would enhance the legitimization of contemporary management research which, in the wake of recent crises, has been accused of setting a too strong focus on the interest of the elites (Goodall, 2008).

Despite this theoretical focus, the present study has clear managerial implications. If there is any link between the management-relevant attitudes of organizational leaders such as sense of control or justice perceptions and the actual behaviors of those leaders, then we can assert that the socioeconomic background and the dynamics around social reproduction and social mobility have important implications for contemporary organizations.

6.3 Managerial implications

The problem at the outset is clearly formulated from the perspective of organizations. How can the socioeconomic background of leaders help explain their attitudes which are known to be relevant for the organization? Thanks to this focus on organizationally relevant attitudes, the results provide clear implications for management practice. The bottom line for organizations is that leaders are likely to assess situations and persons differently because of their own class origin. Specific managerial implications can be derived for each of the three dependent variables risk propensity, sense of control, and justice perceptions.

First, as for risk attitudes, the findings show that reproduced leaders do not differ from socioeconomic climbers. There is no evidence of neither leaders from affluent backgrounds nor leaders from less privileged backgrounds of being more risk prone than other leaders in the sample. Hence, a board hiring a top level executive might look at further factors such as age or gender if its aim is to predict the risk attitudes of the candidates. Consistent with a wealth of previous research (Eckel & Grossman, 2008; Le et al., 2011; Williams & Narendran, 1999), the results show, for instance, that female organizational leaders tend to be less risk prone than their male counterparts. However, this implication is to be taken with a caveat regarding the level of affluence present in the data. Specifically, the implication is valid in the context of individuals with net monthly household income around five thousand euros. In higher income spheres, the relationships between risk attitudes and socioeconomic background might be altered.

Second, I have found reproduced leaders to exhibit a stronger sense of control than other leaders. This finding points to at least two managerial implications. On the one hand, reproduced leaders with their stronger sense of control could be more likely to blame organizational members for underperformance since in their world view, individuals are responsible for what happens, whereas other leaders with weaker sense of control might try to find the reason for the low performance in contextual factors such as job design or work environment (see Côté, 2011 for a similar, albeit theoretical, conclusion). It is obvious that such attributions will have an impact on processes such as performance appraisals and related promotion decisions. Hence, organizations should sensitize their leadership about the issues of control orientations and their eventual effects on judgment. On the other hand, the finding that reproduced leaders exhibit a stronger sense of control might lead to one example of politically incorrect implications

resulting from research on social class. Researchers have shown that stronger sense of control is associated with traits such as proactivity, entrepreneurial tendencies, and adaptation to dynamic environment which are all considered positive in Western societies (Elkins & Cochran, 1978; Le Loarne-Lemaire, 2012, and Miller & Toulouse, 1986). Coupling those insights with the finding of reproduced leaders having a stronger sense of control, a possible implication might be that a board looking for a top executive with the abilities to develop entrepreneurial activities within an organization or to adapt to new situations should, ceteris paribus, pick one from higher socioeconomic backgrounds. The political incorrectness is obvious since it is indirectly stated that individuals from upper background are more suitable to leadership positions than social climbers. In the context of the hotly debated reproduction of social inequalities, such an implication might well be perceived as politically incorrect. But it also makes clear that organizations should be aware of such processes and could for example, if needed, provide opportunities to their members to increase their sense of control. One such opportunity can be the provision of trainings inspired by the cognitive behavioral therapy which has been reported to effectively increase the sense of control of individuals (Sundin et al., 2003).

Last, the findings of the present research indicate that organizational leaders within and across organizations can differ in their judgment on issues affecting lower level workers because of different levels of justice perceptions. I have shown that those diverging levels of justice perceptions are explained by the differences in social distance to these groups. If a particular situation within the organization is unfair from the perspective of the low-level workers, a non-distant leader is more likely to perceive it and hence, if possible and desirable, to act toward a bettering of the situation. On the contrary, a distant leader might have difficulty seeing the perspective of the less advantaged. In the latter case, the lower level organizational members might develop counterproductive work behaviors because they feel that the injustice befallen them is neither noticed nor acted upon (Kelloway et al., 2010). Organizations could therefore foster processes through which leaders might reduce their social distance toward the lower level employees. This however is a more arduous undertaking than it might appear. Due to the experience of social stigma associated with cross-class encounters, these encounters tend to generate feeling of anxiety among participants (Gray & Kish-Gephart, 2013). To avoid this anxiety, members from both groups might manage to avoid cross-class encounters in the first place. Logically, leaders intending to reduce

their social distance toward less privileged groups could even face some tacit opposition. The opposition is likely to be stiffer if the leader's behavior is perceived as superficial and not sincere by lower level employees. One way for organizations and their leaders to demonstrate a sincere attempt at reducing social distance is to accept the class differences and not trying to make them invisible. Contrarily, many contemporary organizations are going exactly the opposite way by establishing and even nurturing social distance between the different social classes in the organization. For instance, top level employees sometimes have different company parties than manual workers; janitors' working hours are scheduled in some organizations so that encounters with the white collars is hardly possible; some companies have separate rest and lunch rooms for employees for the different hierarchical levels whereas others even have elevators reserved for those at tops (Bullock, 2004; Farrell, 2010; Gray & Kish-Gephart, 2013)[21]. These are examples of institutions and practices impeding organizations from the realization of benefits associated with a lower social distance between leaders and followers. Beside the mentioned counterproductive work behaviors which might arise as a result of distant leaders not being able to adequately perceive situations befalling employees, the silencing of the latter due to their invisibility bereaves organizations from voices which might give another point of view to improve organizational processes (Gray & Kish-Gephart, 2013). Furthermore, it should be noted that organizations cannot simply 'use' socioeconomic climbers as a bridge to the lower class employees since, as discussed earlier, their proselytizing might impede them from taking the perspective of the less privileged.

The previous chapters and sections have developed theoretical ideas and empirical findings demonstrating that organizational leaders come from somewhere, and that somewhere does matter. Based on this conclusion, the discussed theoretical and managerial implications have set the stage for where we are supposed to go: toward an enhanced and more socially integrated understanding of organizations, toward better, i.e. more just, organizations.

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[21] The following quote about Stanley O'Neal, a former CEO of the US-American bank Merrill Lynch exemplifies how some organizations master the establishing and nurturing of social distance between the top leaders and other organizational members (Farrell, 2010: 135): "Stan O'Neal, as CEO, never had to ride in an elevator with the regular employees of Merrill Lynch."

6.4 Final remark

In the last chapters, I have theoretically argued and empirically demonstrated that organizational leaders are influenced by their socioeconomic background and the social dynamics happening in their life. The hitherto argumentation has been focused on organizational leaders. Focusing on leaders could deliver insights from a new perspective. For instance, Wade, O'Reilly, & Pollock (2006) report that managers who are underpaid relative to their organization's CEO are more likely to leave the organization. From the perspective of the leaders, one could ask, how the latter would react when lower-level members of the organization are underpaid. Would some leaders feel more unease in such a situation than others? Related to one of the findings of my research, one could conjecture that the unease might be a function of the social distance between leaders and the underpaid lower-level employees.

A vivid account of why leaders ought to be studied comes from the political scientist (and activist) Susan George. She suggests in her first book (George, 1976/1986: 289) that we ought to "[s]tudy the rich and powerful, not the poor and powerless. Any good work done on peasants' organisations, small farmer resistance to oppression, or workers in agribusiness can invariably be used against them."[22] Building an analogy to the realm of management studies, we hence could ask ourselves which individuals should be the focus of our research. Should management researchers consider George's advice and put more of their efforts into studying organizational leaders? Some researchers such as Côté (2011) might make an opposite case by suggesting that much research is being conducted on leaders and managers and hence that we need more research on lower-level employees. However, the same Côté (2011) also recognizes that most of the work being conducted on lower level employees is framed and conducted from the perspective of the leaders. And leaders might have their own agenda to follow. As suggested by both social commentators and researchers (Cookson & Persell, 1985; Freeland, 2011; Krugman, 2011), organizational leaders, and more specifically the reproduced ones might be acting as "soldiers of their class" (Cookson & Persell, 1985: 124). If organizational leaders are soldiers of their (dominant) class, soldiers of which class are we, students of management? Williams (2013) argues that management

[22] In her most recent book, George (2010) restates the argument and adds that "[w]e still lack sufficient knowledge of those who make the decisions that affect countless lives and are in a position to manipulate the rules to suit themselves."

researchers, as part of the salaried intelligentsia are affiliated to the dominant class, whereas Côté (2011: 23) observes that management scholars are part of it, due to "the higher class standing of most organizational researchers". The absence of socioeconomic background in management research can therefore be related to the researchers' own privileged class background and standing. By ignoring issues of class and social reproduction, in spite of the recent and current socioeconomic events in Western societies, we plausibly "make us accomplices in reproducing class differences" (Gray & Kish-Gephart, 2013: 694).

During the last years the ideas and findings discussed in this thesis have been presented to several audiences of management and organizational scholars. It is remarkable that audiences at conferences explicitly aiming at critical views on management studies usually display more supportive stances than mainstream audiences. I hope that this thesis will convince even skeptical mainstream management researchers of the necessity of shifting some efforts toward understanding the effects of the socioeconomic background of organizational leaders. Calls of researchers such as Côté (2011), Gray & Kish-Gephart (2013), and the forthcoming special issues of journals such as 'Human Relations' (Bapuji & Riaz, 2013) and 'Organization Studies' (Lawrence et al., 2014), which address the relationship between economic inequality and management, are encouraging and promising steps toward a more socially inclusive organizational research. The findings of my present doctoral research demonstrate that incorporating socioeconomic background as a new category in management studies will render a novel stance on how issues of class and social reproduction affect attitudes of people in organizations. At the very least, my research therefore lays bare that management research is forgoing some explanatory power by ignoring the socioeconomic background of its research subjects. At best, it paves the way for a new avenue of research which would, hopefully, lead to a better understanding of the dynamics between social structures and the inner life of organizations.

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Y. Kemayou, *More Class in Management Research,*
DOI 10.1007/978-3-658-12063-4, © Springer Fachmedien Wiesbaden 2016

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Appendix

Y. Kemayou, *More Class in Management Research,*
DOI 10.1007/978-3-658-12063-4, © Springer Fachmedien Wiesbaden 2016

Appendix 1: Generalized ordered logit estimates for Hypothesis 1a: General risk propensity

	Outcome categories									
	0	1	2	3	4	5	6	7	8	9
Leader	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077	0.077
	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)	(0.060)
Income	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026
	(0.042)	(0.042)	(0.042)	(0.042)	(0.042)	(0.042)	(0.042)	(0.042)	(0.042)	(0.042)
Wealth	0.040***	0.040***	0.040***	0.040***	0.040***	0.040***	0.040***	0.040***	0.040***	0.040***
	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)
Middle educated	0.417**	0.467***	0.320***	0.186**	0.112	0.267***	0.221***	-0.101	-0.314	-0.724*
	(0.202)	(0.160)	(0.109)	(0.084)	(0.075)	(0.072)	(0.080)	(0.113)	(0.221)	(0.430)
Highly educated	0.950***	0.766***	0.413***	0.210***	0.158***	0.368***	0.349***	0.143*	-0.126	-0.470
	(0.169)	(0.122)	(0.081)	(0.065)	(0.061)	(0.060)	(0.065)	(0.084)	(0.156)	(0.302)
Age	-0.019***	-0.019***	-0.019***	-0.019***	-0.019***	-0.019***	-0.019***	-0.019***	-0.019***	-0.019***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Gender	-0.573***	-0.699***	-0.676***	-0.599***	-0.620***	-0.755***	-0.783***	-0.819***	-0.834***	-0.487**
	(0.111)	(0.086)	(0.060)	(0.048)	(0.044)	(0.046)	(0.052)	(0.074)	(0.142)	(0.229)
Constant	3.443***	2.956***	2.078***	1.322***	0.819***	-0.169	-0.772**	-1.687***	-3.031***	-4.182***
	(0.329)	(0.323)	(0.317)	(0.316)	(0.315)	(0.316)	(0.316)	(0.318)	(0.326)	(0.352)
Observations	8631									
Pseudo-R^2	0.016									
Wald X^2	632.5***									

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on generalized ordered logit regressions with general risk propensity as dependent variable. Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The parallel lines assumption is relaxed for the variables 'middle educated', 'highly educated', and 'gender' since Brant tests have shown that they violate the assumption. Standard errors are reported within parentheses. The reported results are robust estimates clustered at the household level. Model statistics such as observations, Pseudo-R^2 and Wald X^2 are the same across the models. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Appendix 2: Generalized ordered logit estimates for Hypothesis 1a: Risk propensity in financial matters

	Outcome categories									
	0	1	2	3	4	5	6	7	8	9
Leader	0.236***	0.236***	0.236***	0.236***	0.236***	0.236***	0.236***	0.236***	0.236***	0.236***
	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)
Income	0.238***	0.238***	0.238***	0.238***	0.238***	0.238***	0.238***	0.238***	0.238***	0.238***
	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)	(0.045)
Wealth	0.071***	0.071***	0.071***	0.071***	0.071***	0.071***	0.071***	0.071***	0.071***	0.071***
	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)
Middle educated	0.308***	0.308***	0.308***	0.308***	0.308***	0.308***	0.308***	0.308***	0.308***	0.308***
	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)	(0.061)
Highly educated	0.482***	0.409***	0.286***	0.284***	0.259***	0.421***	0.541***	0.321**	-0.041	-1.150
	(0.076)	(0.066)	(0.061)	(0.063)	(0.066)	(0.078)	(0.094)	(0.144)	(0.304)	(0.759)
Age	-0.015***	-0.015***	-0.015***	-0.015***	-0.015***	-0.015***	-0.015***	-0.015***	-0.015***	-0.015***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Gender	-0.553***	-0.640***	-0.693***	-0.798***	-0.862***	-1.168***	-1.332***	-1.484***	-1.731***	-1.765**
	(0.052)	(0.045)	(0.043)	(0.046)	(0.052)	(0.076)	(0.106)	(0.180)	(0.408)	(0.737)
Constant	-0.521	-1.121***	-1.848***	-2.504***	-2.983***	-3.827***	-4.532***	-5.443***	-6.780***	-7.754***
	(0.324)	(0.324)	(0.324)	(0.324)	(0.325)	(0.326)	(0.329)	(0.338)	(0.368)	(0.431)
Observations	8611									
Pseudo-R^2	0.023									
Wald X^2	830.1***									

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on generalized ordered logit regressions with risk propensity in financial matters as dependent variable. Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The parallel lines assumption is relaxed for the variables 'highly educated' and 'gender' since Brant tests have shown that they violate the assumption. Standard errors are reported within parentheses. The reported results are robust estimates clustered at the household level. Model statistics such as observations, Pseudo-R^2 and Wald X^2 are the same across the models. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Appendix 3: Generalized ordered logit estimates for Hypothesis 1a: Risk propensity in career matters

	Outcome categories									
	0	1	2	3	4	5	6	7	8	9
Leader	0.515***	0.349***	0.209***	0.148**	0.109	0.224***	0.231***	0.181**	-0.130	-0.462
	(0.119)	(0.092)	(0.075)	(0.068)	(0.067)	(0.068)	(0.075)	(0.092)	(0.170)	(0.345)
Income	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023	0.023
	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)	(0.047)
Wealth	0.035**	0.035**	0.035**	0.035**	0.035**	0.035**	0.035**	0.035**	0.035**	0.035**
	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)
Middle educated	0.669***	0.584***	0.436***	0.400***	0.280***	0.262***	0.187**	0.171	0.036	-0.339
	(0.146)	(0.111)	(0.086)	(0.077)	(0.072)	(0.075)	(0.085)	(0.113)	(0.210)	(0.375)
Highly educated	0.394***	0.394***	0.394***	0.394***	0.394***	0.394***	0.394***	0.394***	0.394***	0.394***
	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)	(0.054)
Age	-0.023***	-0.023***	-0.023***	-0.023***	-0.023***	-0.023***	-0.023***	-0.023***	-0.023***	-0.023***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Gender	-0.338***	-0.405***	-0.424***	-0.419***	-0.466***	-0.602***	-0.620***	-0.582***	-0.442***	-0.059
	(0.067)	(0.056)	(0.047)	(0.044)	(0.043)	(0.048)	(0.057)	(0.077)	(0.136)	(0.229)
Constant	2.491***	1.964***	1.374***	0.833**	0.476	-0.345	-0.943***	-1.806***	-3.085***	-4.234***
	(0.341)	(0.339)	(0.338)	(0.338)	(0.337)	(0.338)	(0.339)	(0.341)	(0.349)	(0.380)
Observations	8534									
Pseudo-R^2	0.014									
Wald X^2	557.9***									

Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on generalized ordered logit regressions with risk propensity in career matters as dependent variable. Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The parallel lines assumption is relaxed for the variables 'leader', 'middle educated', and 'gender' since Brant tests have shown that they violate the assumption. Standard errors are reported within parentheses. The reported results are robust estimates clustered at the household level. Model statistics such as observations, Pseudo-R^2 and Wald X^2 are the same across the models. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Appendix 4: Generalized ordered logit estimates for Hypothesis 1a: Risk propensity with lottery wins

	Outcome categories				
	1	2	3	4	5
Leader	0.177***	0.177***	0.177***	0.177***	0.177***
	(0.063)	(0.063)	(0.063)	(0.063)	(0.063)
Income	0.102**	0.102**	0.102**	0.102**	0.102**
	(0.049)	(0.049)	(0.049)	(0.049)	(0.049)
Wealth	0.020	0.039**	0.075***	-0.014	0.066
	(0.016)	(0.018)	(0.028)	(0.044)	(0.063)
Middle educated	0.332***	0.332***	0.332***	0.332***	0.332***
	(0.067)	(0.067)	(0.067)	(0.067)	(0.067)
Highly educated	0.350***	0.350***	0.350***	0.350***	0.350***
	(0.058)	(0.058)	(0.058)	(0.058)	(0.058)
Age	-0.016***	-0.016***	-0.016***	-0.016***	-0.016***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Gender	-0.236***	-0.416***	-0.677***	-1.144***	-0.930***
	(0.042)	(0.050)	(0.079)	(0.169)	(0.248)
Constant	-0.660*	-1.735***	-3.280***	-3.524***	-5.384***
	(0.367)	(0.387)	(0.453)	(0.583)	(0.791)
Observations	8627				
Pseudo-R^2	0.014				
Wald X^2	299.9***				

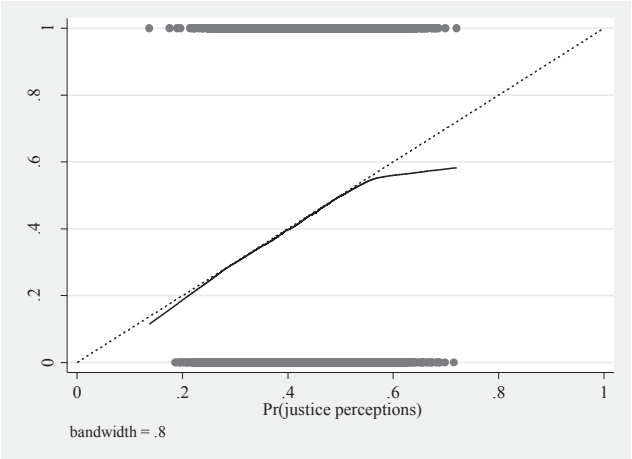
Own calculations based on SOEP v28, waves 1984-2005. Estimates are based on generalized ordered logit regressions with risk propensity with lottery wins as dependent variable. Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The parallel lines assumption is relaxed for the variables 'wealth' and 'gender' since Brant tests have shown that they violate the assumption. Standard errors are reported within parentheses. The reported results are robust estimates clustered at the household level. Model statistics such as observations, Pseudo-R^2 and Wald X^2 are the same across the models. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Appendix 5: Ordered probit results of Hypothesis 1a (Fully standardized coefficients)

	General risk propensity		Risk propensity in financial matters		Risk propensity in career matters		Risk with lottery wins	
	Coef.	Stand. coef.	Coef.	Stand. coef.	Coef.	Stand. coef.	Coef.	Stand. coef.
Leader	0.042	0.016	0.141***	0.053	0.116***	0.044	0.103***	0.039
Income	0.016	0.008	0.139***	0.072	0.003	0.001	0.065**	0.034
Wealth	0.021***	0.034	0.043***	0.068	0.022***	0.035	0.017*	0.028
Middle educated	0.099***	0.030	0.185***	0.056	0.201***	0.062	0.184***	0.057
Highly educated	0.171***	0.074	0.213***	0.090	0.247***	0.107	0.204***	0.089
Age	-0.011***	-0.128	-0.009***	-0.099	-0.014***	-0.154	-0.009***	-0.109
Gender	-0.399***	-0.193	-0.441***	-0.209	-0.276***	-0.133	-0.205***	-0.100
Observations	8631		8611		8534		8627	
Pseudo-R^2	0.058		0.089		0.057		0.038	
LR X^2	505.406***		765.287***		482.170***		257.957***	

Own calculations based on SOEP v28, waves 1984-2005. 'Coef.' stands for raw estimates based on ordered probit regressions with the respective risk measure as dependent variable. 'Stand. coef.' stands for the respective fully standardized coefficients. Standard errors are reported in the main text (Table 15). Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. Significance levels for cut points are not reported. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Appendix 6: LOWESS graph for Hypothesis 1c



The locally weighted scatterplot smoothing (LOWESS) graph compares the predicted probabilities to a moving average of the proportion of respondents with favorable justice perceptions (see Freese & Long, 2006: 156-157). In the present case, the model seems to not adequately predict the higher probabilities of having favorable justice perceptions, since in that area the proportion of respondents with favorable justice perceptions is below the predicted probabilities.

Appendix 7: OLS and probit results of Hypotheses 1b & 1c (Fully standardized coefficients)

	Sense of control (H1b)		Justice perceptions (H1c)	
	Coef.	Stand. coef.	Coef.	Stand. coef.
Leader	0.218***	0.085	-0.105*	-0.044
Income	0.226***	0.122	-0.214***	-0.117
Wealth	0.026***	0.043	-0.058***	-0.097
Middle educated	0.132***	0.042	-0.149**	-0.048
Highly educated	0.156***	0.069	-0.055	-0.025
Age	-0.003***	-0.034	0.004**	0.048
Gender	-0.078***	-0.039	0.103***	0.049
Constant	2.672***		1.949***	
Observations	8839		4617	
Adjusted R^2	0.052			
F	63.68***			
Pseudo-R^2			0.045	
LR X^2			130.884***	

Own calculations based on SOEP v28, waves 1984-2005. 'Coef.' and 'Stand. coef.' respectively stand for raw estimates and fully standardized coefficients based on an OLS regression with sense of control as dependent variable for H1b and for H1c on a probit regression with dependent variable: favorable justice perceptions toward less privileged socioeconomic groups (0/1). Standard errors are reported in the main text (Table 17). Leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Appendix 8: OLS results for Hypotheses 3a & 3b (Fully standardized coefficients)

	Sense of control			
	Hypothesis 3a		Hypothesis 3b	
	Coef.	Stand. coef.	Coef.	Stand. coef.
Reproduced leader	0.118**	0.057		
Descender			-0.441***	-0.201
Income	0.275***	0.135	0.174*	0.098
Wealth	0.020	0.033	0.028	0.048
Middle educated	-0.087	-0.026	0.320**	0.097
Highly educated	-0.085	-0.042	0.102	0.049
Age	-0.007**	-0.069	-0.005	-0.054
Gender	-0.045	-0.023	-0.145*	-0.069
Constant	2.874***		3.496***	
Observations	1,672		604	
Adjusted R^2	0.0203		0.0812	
F	4.915***		7.383***	

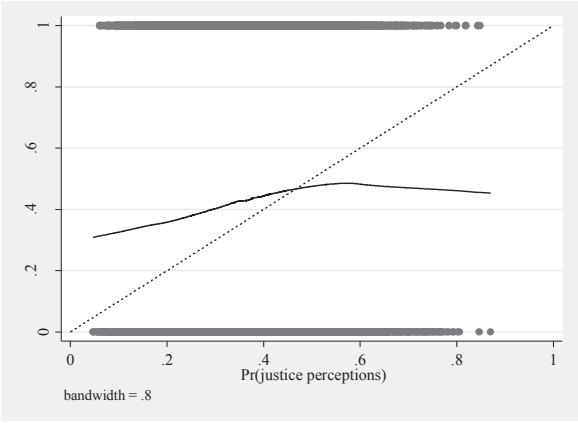
Own calculations based on SOEP v28, waves 1984-2005. 'Coef.' and 'Stand. coef.' respectively stand for raw estimates and fully standardized coefficients based on OLS regressions with dependent variable: sense of control. Standard errors are reported in the main text (Table 20). Reproduced leader and descender are 1/0 dummy variables with 1 indicating membership in the respective group. Gender is a 1/0 dummy variable with 1 for woman. Middle educated and highly educated are likewise dummy variables. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Appendix 9: Probit results for Hypothesis 4b (Fully standardized coefficients)

	Justice perceptions	
	Coef.	Stand. coef.
Non-distant reproduced leader	0.912**	0.352
Income	-0.822*	-0.306
Wealth	-0.055	-0.066
Education	0.509	0.211
Age	0.059**	0.451
Gender	0.093	0.030
Constant	2.197	
Observations	57	
Pseudo-R^2	0.383	
LR X^2	13.234**	

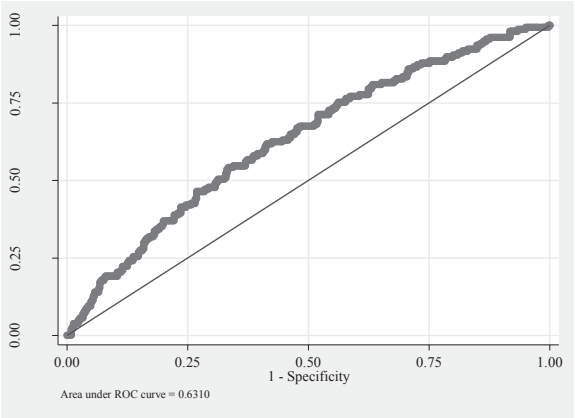
Own calculations based on SOEP v28, waves 1984-2005. 'Coef.' and 'Stand. coef.' respectively stand for raw estimates and fully standardized coefficients based on a probit model with dependent variable: favorable justice perceptions toward less privileged socioeconomic groups (1/0). Standard errors are reported in the main text (Table 21). Non-distant reproduced leader is a 1/0 dummy variable with 1 indicating membership in the group. Gender is a 1/0 dummy variable with 1 for woman. Education was entered in the model as a single categorical variable to reduce the numbers of parameters to be estimated because of the smaller sample size. Income and wealth are entered in the model in their natural-logarithmic form. The reported results are robust estimates clustered at the household level. *** indicates significance at the 1% level, ** indicates significance at the 5% level, and * the 10% level.

Appendix 10: LOWESS graph for Hypothesis 4a



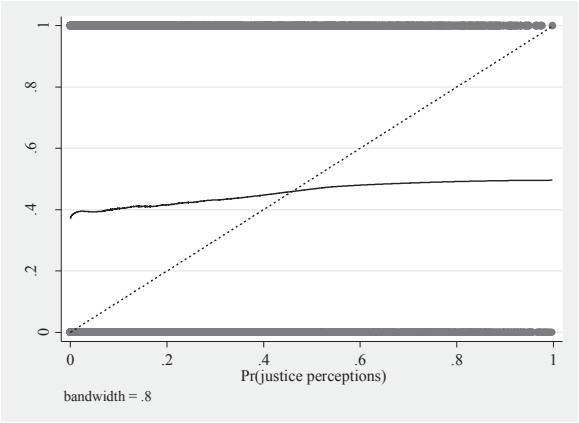
The LOWESS graph compares the predicted probabilities to a moving average of the proportion of respondents with favorable justice perceptions (see Freese & Long, 2006: 156-157). In the present case, the model seems to not adequately predict both the lower and higher probabilities of having favorable justice perceptions. Whereas in the area of the lower probabilities, the proportion of respondents with favorable justice perceptions is above the predicted probabilities, i.e. "the fraction of observed cases exceed the predicted probabilities" (Freese & Long, 2006: 157), the proportion of respondents with favorable justice perceptions is below the predicted probabilities in the area of the higher probabilities.

Appendix 11: ROC curve for Hypothesis 4a



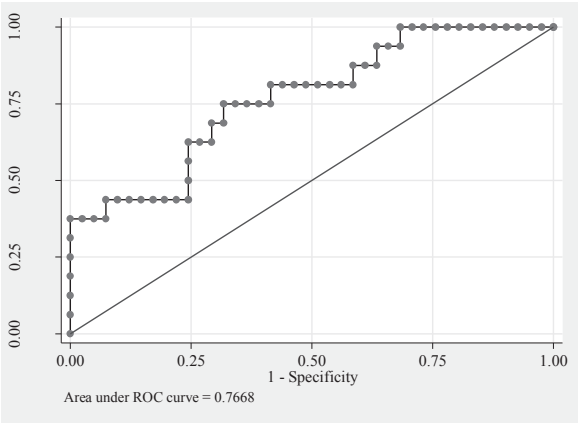
The receiver operating characteristic (ROC) curve is a tool for assessing the fit of models with binary outcomes. In the context of the present research, sensitivity is the fraction of observed leaders with favorable justice perceptions toward less privileged socioeconomic groups and who are correctly classified by the estimated model (i.e. the true-positive rate). Specificity is the fraction of observed leaders who score a "0" on the binary variable measuring the justice perceptions and who are correctly classified by the model (i.e. the true-negative rate). The points on the ROC curve therefore indicates how the probability of correctly predicting the outcome "1" (="favorable justice perceptions toward less privileged socioeconomic groups") is traded off against the probability of correctly predicting a "0". A ROC curve above the 45-degree line indicates a model which generates predictions superior to those to be obtained by random guessing. The closer the ROC curve is to the upper left extremity of the graph, the better the model. An accepted goodness-of-fit measure for ROC analysis is the area under the curve (Hilbe, 2009). Since the ROC curve for a model with no predictive power would run along the 45-degree line, the area under the curve for such a model would be 0.5, whereas a perfectly predicting model would have an area under the curve amounting to unity. In the present case, the area under the curve of 0.63 falls within the range of typical values found in ROC analyses, i.e. 0.6 to 0.9 (Hilbe, 2009).

Appendix 12: LOWESS graph for Hypothesis 4b



The LOWESS graph seems to suggest that the model does not adequately predict both the lower and higher probabilities of having favorable justice perceptions. See the notes of Appendix 6 and Appendix 10 for details on the interpretation.

Appendix 13: ROC curve for Hypothesis 4b



The receiver operating characteristics (ROC) curve is a tool for assessing the fit of models with binary outcomes. The area under the curve of 0.76 indicates that the estimated model has an acceptable predictive power (Hilbe, 2009). See the notes of Appendix 11 for details on the interpretation.

Appendix 14: *t*-test results comparing socioeconomic climbers and reproduced leaders on their age

Age	Observations	Mean	Std. Dev.	[95% CI]	t	df	Significance
Reproduced leader	490	43.640	10.0488	[42.748 – 44.532]	-3.687	889	0.000
Socioeconomic climber	401	46.027	9.051	[45.138 – 46.916]			
Combined	891	44.714	9.680	[44.078 – 45.351]			
Difference		-2.386		[-3.656 – -1.116]			

Equal variance was assumed. Results for a test not assuming equal variance were similar.