OSTROM WORKSHOP **COLLOQUIUM SERIES**

Lee Alston

Ostrom Workshop, IU Bloomington

"The Logic of Leadership and Organizational Hierarchies"

Monday, APRIL 8, 2019

12:00–1:00 PM • Ostrom Workshop, 513 N. Park

Leadership presents a puzzle for traditional economic theories of organizations. The theory of the firm recognizes advantages to centralizing authority through the facilitation of rule-based and delegated decision making. However, the benefits of centralized authority do not address the specific contributions leaders make when they exercise their decision rights. Put differently, if effective leadership within a hierarchy is simply a function of institutionally defining and constraining a given leader's authority, why does it matter which specific individual is at the top of the hierarchy? Nonetheless, the importance of leadership searches on the part of private and public organizations, as well as the compensation for these roles, indicates that specific individuals matter for downstream contingencies. We develop a property rights/transaction costs theory of leadership, and use the economic logic of agency and coordination costs to test the effect of changes in leadership in private and public organizations.

Lee Alston is the Ostrom Chair, professor of economics, affiliate professor of law, and director of the Ostrom Workshop. He is a research associate at the NBER. Alston is past president of the Society for Institutional and Organizational Economics, and the Economic History Association. He is a fellow of the Cliometrics Society and has been a Rockefeller Fellow in Bellagio, Italy. Alston is the author of eight books and more than 80 scholarly articles. He recently received a Becker Friedman Fellowship at the University of Chicago.

Presentations are open to the public and are live streamed (see our website for URL and papers). You are welcome to bring your lunch. For questions, contact Allison Sturgeon (sturgeon@iu.edu; 812/855–3151).

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