

Abstract

We offer a new approach to study how groups lacking formal leaders coordinate change. Using controlled laboratory experiments, we find that leadership is a critical catalyst for change. A key novelty of our approach is to exogenously vary the context in which leadership takes place. By varying the payoffs for not participating in change when others do so, we identify an interaction effect between the characteristics of leaders and the underlying context in which leadership emerges. In particular, when these payoffs are low, leadership is ubiquitous-no special features distinguish leaders. When change requires overcoming high monetary incentives favoring the status quo, leaders tend to be "exceptional." These types of leaders exhibit a distinct non-monetary taste for mutual cooperation; and in the cases where they do not have this trait, they present little aversion to lying. An implication of our results is that intrinsically motivated leaders are essential for successful innovation.