

Causes of the Collapse of Silicon Valley Bank



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In early March 2023, the California-based Silicon Valley Bank (SVB) was captured by the regulator following a run on the bank. The reasons for SVB's collapse were a sharp decline in the value of held-to-maturity long-term bonds, the bank's announcement to raise more capital and the sale of its available-for-sale bonds for a significant loss. Due to its large size and the concentration of its customers in the technology sector, the collapse was followed by significant media coverage and swift regulatory action to protect depositors. This paper analyzes the underlying reasons for the collapse. The main argument here is that executive compensation contracts, specifically, incentive compensation, led management to take unnecessary interest-rate risks. The paper compares the compensation structure of SVB to that of the Israeli large banks and argues that such a collapse could not have happened in Israel.

Provide Others with Autonomous Help: How Does the Type of Help Affect the Helper's Chances of Becoming a Leader?



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We present two approaches to helping—dependency and autonomy—and examine their impact on the helpers' chances of being chosen as leaders in the workplace by help recipients. We found that autonomy- (compared to dependency-) helping signals greater generosity (increasing trust in helpers' intentions toward others), which in turn leads to stronger support for their leadership. However, under time pressure—when the urgency of help increases—both help types are perceived similarly, resulting in equal levels of leadership support. These findings offer an effective strategy for developing informal leadership and highlight the importance of the type of help provided, not just its frequency, in the workplace. They also challenge the conventional wisdom that it is better to keep others dependent on you to preserve your power and indispensability within organizations. Counterintuitively, autonomy-helping—which may involve relinquishing a relative advantage or unique expertise—ultimately increases helpers' chances of gaining more power and leadership support.