

2022/23 Semester 1

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## **IS3103 Information Systems Leadership and Communication**

# **Lecture 8**

# **Power in Leadership and Transformational Leadership**

A/Prof OH Lih Bin  
ohlb@comp.nus.edu.sg | 6516 3796 | COM2-0421

Department of Information Systems & Analytics  
NUS School of Computing



# Power and Leadership

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- ▶ Power is *the ability to influence others*
- ▶ Leaders can only bring about change if they skillfully use power to enlist the support of followers, overcome resistance, collect resources, create alliances, etc.
- ▶ Leadership cannot exist without power
  - ▶ ....power can exist without leadership
  - ▶ Power must be used in pursuit of *group goals* to merit leadership classification
- ▶ Power is the “currency of leadership”

*Being powerful is like being a lady. If you have to tell people you are, you aren't.*

—Margaret Thatcher



# Five Main Sources of Power

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- ▶ *Coercive power* is based on the ability to administer punishment or to give negative reinforcements
  - ▶ Most effective when those subject to this form of power are aware of expectations and are warned in advance about the penalties for failure to comply
  - ▶ Leaders using coercive power must consistently carry out threatened punishments

*I praise loudly, I blame softly.*

—Catherine the Great



# Five Main Sources of Power

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- ▶ *Reward power* depends on the ability to deliver something of value to others
  - ▶ Can be tangible (money, health benefits, or grades, for example) or something intangible like warmth and supportiveness
  - ▶ Use both tangible and intangible rewards to recognize superior performance
  - ▶ Must be desirable and attractive to serve as a sufficient motivator



# Five Main Sources of Power

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- ▶ *Legitimate power* resides in the position rather than in the person
  - ▶ Persons with legitimate power have the right to prescribe our behavior within specified parameters (for example, judges, police officers, teachers, and parents)
  - ▶ Amount of legitimate power someone has depends on the importance of the position s(he) occupies and the willingness to grant authority to the person in that position

*The measure of a [hu]man is what he [she] does with power.*

—Pittacus



# Five Main Sources of Power

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- ▶ *Expert power* is based on the person, not the position, in contrast to legitimate power
  - ▶ Influential because they supply needed information and skills
  - ▶ Those with credentials are more powerful than those without appropriate certification
  - ▶ Demonstrating practical knowledge and skills can also build expert power



# Five Main Sources of Power

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- ▶ *Referent power* is role model power
  - ▶ When people admire someone, they confer on the admired person the ability to influence their behavior
  - ▶ Depends on feelings of affection, esteem, and respect for another individual
  - ▶ This loyalty generally develops over an extended period of time



**Table 5.1 Benefits and Costs of Power Types**

BENEFITS	COSTS
<b>Coercive Power</b> Effective for gaining obedience Appropriate for disciplinary actions Achieves quick results	Drains physical and emotional energy from user Lowers task satisfaction of followers Destroys trust and commitment Becomes less effective over time Followers may respond in kind
<b>Reward Power</b> Culturally sanctioned Focuses attention on group priorities Effective for gaining obedience Boosts short-term performance	Lower task satisfaction than with expert and referent power Not consistently linked with high task performance Escalating financial and material costs to provide ever-greater tangible rewards Some groups, like nonprofit agencies, have limited tangible rewards to give Ineffective or destructive if rewards are not desirable or attractive, or if the wrong individuals are rewarded
<b>Legitimate Power</b> Culturally sanctioned Incorporates weight of the entire organization Effective for gaining obedience Helps large organizations function efficiently	Lowers follower task performance Lowers follower task satisfaction May become less effective over time
<b>Expert Power</b> High follower task satisfaction High follower task performance Drains little, if any, emotional energy from the user	Takes a long time to develop Must possess the necessary knowledge and skills Not as effective in gaining obedience as coercion, reward, or legitimate power May not be effective if followers do not share the leader's goals
<b>Referent Power</b> High follower task satisfaction High follower task performance	Takes a long time to develop Can diminish if overused Must possess the necessary knowledge and interpersonal skills Not as effective for gaining obedience as coercion, reward, or legitimate power



# Which Types of Power to Use?

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- ▶ While leaders exert more influence than other group members, leaders are also influenced by followers
  - ▶ Reciprocal relationship
  - ▶ Leaders must maintain profitable relationships with followers (LMX Theory)
- ▶ Cost/benefit ratios suggest that leaders should rely heavily on expert and referent power (based on person and not position)
  - ▶ Have a positive effect on the performance and satisfaction of those being influenced and are less costly to use
  - ▶ Can be effectively combined with legitimate/reward power



# Informal Power and Organizational Politics

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- ▶ Organizations are political institutions complete with competing interest groups, coalitions, power brokers, and power struggles
  - ▶ Successful leaders know how to navigate this political environment
- ▶ “Playing politics” – negative political work climate
- ▶ Leaders need to accumulate and use informal power to achieve their own objectives and/or the objectives of the organization
  - ▶ Especially if formal power channels failed
  - ▶ “Guanxi” – informal social network

guanxi 關係

(n.) a network of social connections based on mutual trust and the balancing of debts by returning favors so that the relationship's benefits are shared by all

*It is impossible to avoid organizational politics—as a natural form of human behavior it is a natural part of the institutional landscape.*

—Gerald Egan

# Are you a transformational leader?

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- **Articulate Vision =**
- **Role model =**
- **Foster goal acceptance =**
- **Performance expectations =**
- **Individual support =**
- **Intellectual stimulation =**
- Transactional leadership behavior =



# Transformational Approach to Leadership

- ▶ appeals of the transformational leader go beyond the basic human needs to satisfy a follower's higher-level needs
- ▶ empowering and inspirational
- ▶ elevates leaders and followers to higher levels of motivation and morality

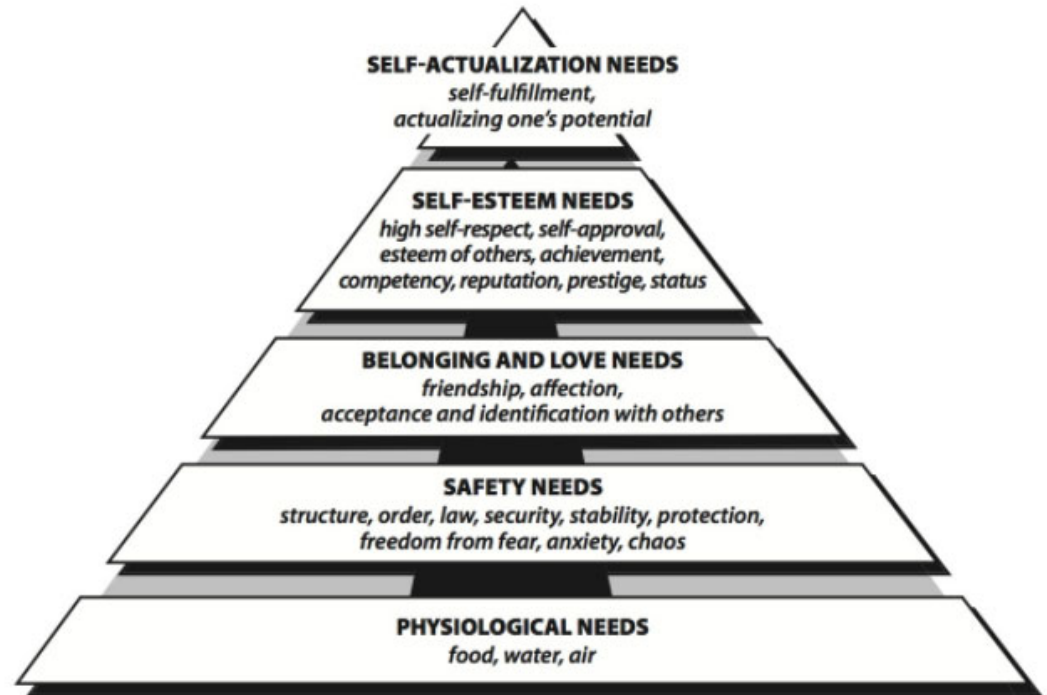


Figure 4.1 Maslow's Hierarchy of Needs

*The function of leadership is to produce more leaders, not more followers.*  
—Ralph Nader

# Characteristics of Transformational Leadership

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## ▶ Interactive

- ▶ masterful communicators able to articulate and define ideas and concepts
- ▶ “managing by wandering around” (MBWA)
- ▶ encouraging open communication, allows followers to share their ideas and insights
- ▶ engage in frequent communication with suppliers, customers, and even with industry competitors



# Characteristics of Transformational Leadership

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## ▶ Creative

- ▶ Innovative and foresighted
- ▶ “the forming of associative elements into new combinations which either meet specified requirements or are in some way useful.”
- ▶ challenge the status quo by seeking out new ideas, products, and ways of performing tasks
  - ▶ **“If it ain’t broke, you’re not looking hard enough.”**
- ▶ Becoming a creative leader
  - ▶ Problem-finding orientation
  - ▶ Learn to tolerate failure
  - ▶ Focus collective attention on innovation

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*A leader is someone who can take a group of people  
to a place they don't think they can go.*

*—Bob Eaton*

# Characteristics of Transformational Leadership

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## ▶ Empowering

- ▶ empower others; encourage participation and involvement
- ▶ exchange of ideas between leader and follower does not pose a threat to the transformational leader
  - ▶ individual achievement and success are the basis for team achievement and success
  - ▶ know how to give power away and how to make others feel powerful
  - ▶ allow others to make decisions rather than insisting on making all the decisions themselves
- ▶ autonomy encourages employees to take ownership of their work
- ▶ engenders organizational trust

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*The growth and development of people is the highest calling of leadership.*

—Harvey S. Firestone

# Empowerment

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- ▶ Leaders gain more power by empowering others
  - ▶ increases the job satisfaction and performance of employees
  - ▶ fosters greater cooperation among group members
  - ▶ sense of collective survival
  - ▶ facilitates personal growth and learning
  - ▶ prevents power abuses

*There is no limit to what you can do if you don't care who gets the credit.*  
—John Wooden





# Components of the Empowerment Process

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## 1. Modifying the Environment to Remove Powerlessness

- ▶ reward systems, job tasks, organizational structure and workflow, rules, charts, and physical layout
- ▶ redesign to shift decision-making authority to followers

## 2. Supplying Resources

- ▶ Provide followers with adequate funds and supplies, enough time to devote to the job, and a place to work
- ▶ Political support – public endorsement and encourage other stakeholders to “buy in” to initiatives
- ▶ Information support

### **Organizational Factors**

Significant organizational changes/transitions  
Start-up ventures  
Excessive, competitive pressures  
Impersonal, bureaucratic climate  
Poor communications and limited network-forming systems  
Highly centralized organizational resources

### **Supervisory Style**

Authoritarian (high control)  
Negativism (emphasis on failures)  
Lack of reasons for actions/consequences

### **Reward Systems**

Noncontingency (arbitrary) reward allocations  
Low incentive value of rewards  
Lack of competence-based rewards  
Lack of innovation-based rewards

### **Job Design**

Lack of role clarity  
Lack of training and technical support  
Unrealistic goals  
Lack of appropriate authority/discretion  
Low task variety  
Limited participation in programs, meetings, and decisions that have a direct impact on job performance  
Lack of appropriate/necessary resources  
Lack of opportunities to form networks  
Highly established work routines  
Too many rules and guidelines  
Low advancement opportunities  
Lack of meaningful goals/tasks  
Limited contact with senior management



# Components of the Empowerment Process

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## 3. Building Intrinsic Motivation

- ▶ Competence
  - ▶ Followers who have a sense of *self-efficacy* or *personal power* are more likely to take initiative, to set and achieve higher goals, and to persist in the face of difficult circumstances
- ▶ Meaning
  - ▶ Hiring those (with personal vision) who share the group's values
  - ▶ Promoting the organization's purpose and vision
  - ▶ Matching individuals with jobs they find meaningful
  - ▶ Clarifying work roles
  - ▶ Explaining how individual tasks support the group's mission and goals [c.f. Path Goal Theory]
- ▶ Choice (self-determination)
  - ▶ Autonomy instils a greater sense of responsibility
- ▶ Impact
  - ▶ Convince followers that they can make a difference in the group's goals



# Characteristics of Transformational Leadership

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*Nothing great in the world has ever been accomplished without passion.*

*—Georg Friedrich Wilhelm Hegel*

## ▶ Passionate

- ▶ passionately committed to their work
- ▶ this passion and personal enthusiasm motivates others to perform at their highest levels as well

## ▶ Visionary

- ▶ Communicating compelling visions provide followers with a sense of purpose and encourage commitment
- ▶ Four characteristics of effective visions
  - ▶ attracts commitment and energizes people
  - ▶ creates meaning for followers
  - ▶ establishes a standard of excellence
  - ▶ bridges the present and the future

*If you do not know where you are going, every road will get you nowhere.*

*—Henry Kissinger*

# Vision Statement vs. Mission Statement

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- ▶ A *vision* mobilizes people into action by presenting an image of the desired future
- ▶ A *mission* is a statement that identifies the scope of an organization's operations—it defines a company's core values and reason for being
- ▶ Challenging to define for diversified businesses
- ▶ May need to be revised periodically



# Steve Job's Vision/Mission for Apple

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*"Apple designs Macs, the **best personal computers in the world**, along with OS X, iLife, iWork and professional software. Apple leads the digital music revolution with its iPods and iTunes online store. Apple has reinvented the mobile phone with its revolutionary iPhone and App Store, and is defining the future of mobile media and computing devices with iPad."*



# Apple's Vision/Mission Statement

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## ▶ New **Vision Statements** by Tim Cook

"We believe that we are on the face of the earth to make great products and that's not changing. We are constantly focusing on innovating. We believe in the simple not the complex.

We believe that we need to own and control the primary technologies behind the products that we make, and participate only in markets where we can make a significant contribution.

We believe in saying no to thousands of projects, so that we can really focus on the few that are truly important and meaningful to us.

We believe in deep collaboration and cross-pollination of our groups, which allow us to innovate in a way that others cannot.

And frankly, we don't settle for anything less than excellence in every group in the company, and we have the self-honesty to admit when we're wrong and the courage to change.

And I think regardless of who is in what job those values are so embedded in this company that Apple will do extremely well."

Apple ends its press releases with a statement that resembles what a traditional **mission statement** is expected to be...

***"Apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and Internet offerings."***

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# IBM's Vision and Mission Statement


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- ▶ IBM's corporate **vision** is *"to be the world's most successful and important information technology company. Successful in helping out customers apply technology to solve their problems. Successful in introducing this extraordinary technology to new customers. Important, because we will continue to be the basic resource of much of what is invested in this industry."*
- ▶ IBM's corporate **mission** is *"to lead in the creation, development and manufacture of the industry's most advanced information technologies, including computer systems, software, networking systems, storage devices and microelectronics. And our worldwide network of IBM solutions and services professionals translates these advanced technologies into business value for our customers. We translate these advanced technologies into value for our customers through our professional solutions, services and consulting businesses worldwide."*



# Vision Statements

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- ▶ “To organize the world's information and make it universally accessible and useful”
- ▶ “Empower every person and organization on the planet to achieve more”
- ▶ “To be earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online”
- ▶ “To give people the power to share and make the world more open and connected”
- ▶ “To give people the power to build community and bring the world closer together” 





# Servant Leadership

## TRADITIONAL LEADERS

Sees leadership as a rank to obtain.

Uses power & control to drive performance.

Measures success through output.

Speaks.

Believes its about them.

## SERVANT LEADERS

Sees leadership as an opportunity to serve others.

Shares power & control to drive engagement.

Measures success through growth & development.

Listens.

Understands its not about them.

### Effects of Servant Leadership on Personal Life of Employees

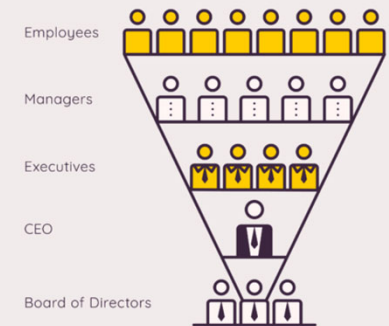
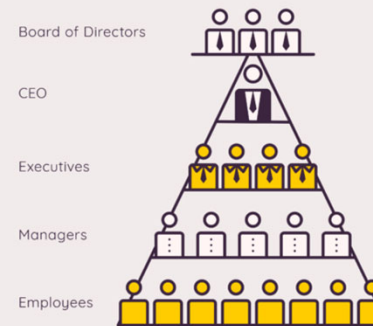


### Leadership Organizational Structures

#### TRADITIONAL LEADERSHIP

VS

#### SERVANT LEADERSHIP



[www.peoplemanagingpeople.com](http://www.peoplemanagingpeople.com)



# Charisma

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- ▶ Charisma is the product of communication
- ▶ Possible to exert charismatic influence by working to improve communication skills
- ▶ Charismatic leaders excel in four core functions of communication:
  1. Charismatics as Impression Managers
    - ▶ *Framing*: help followers interpret the meaning of events
    - ▶ *Scripting*: directions or guidelines for behavior
    - ▶ *Staging*: pay close attention to how performances are staged, making sure that their personal appearance, the setting, and props support the image they want to project
    - ▶ *Performing*: carrying out the behaviors outlined in the script



# Charisma

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2. Charismatics as Visionaries
  - ▶ ability to create symbolic visions
3. Charismatics as Relationship Builders
4. Charismatics as Influence Agents
  - ▶ masters at influence and inspiration
  - ▶ project an image of confidence, competence, and trustworthiness



# Transformational and Charismatic Leadership: Interchangeable or Distinct?

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- ▶ Both have a powerful effect on followers and organizations; both achieve extraordinary results; both inspire; both are skilled communicators
- ▶ Transformational leader is more *group-centered*, appealing to the values and needs of followers
  - ▶ wants to elevate the aspirations and morality of followers and leaders alike
  - ▶ empowerment is a key characteristic
- ▶ Charismatic leadership is more *person-centered*
  - ▶ success rests on her or his personal characteristics
  - ▶ can't be transferred to a successor upon departure
  - ▶ stronger emotional connection
  - ▶ crisis is often a critical element
- ▶ Overlapping yet distinct approaches



## **What's Your Favorite Leadership Advice from Jack Ma?**

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1. Leaders Speaks Responsibility
2. Leaders Do the Right Things
3. Leaders Always Stay Focused
4. Leaders Do Bring People Up
5. Leaders Believe in Dreams
6. Leaders Contribute to Social Responsibility
7. Leaders Talk Wisely
8. Leaders Make Their Team Happy
9. Leaders Dream to Change the World
10. Leaders Make Tough Decisions



# Jack Ma Minicase Discussion

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- ▶ Why do you think Jack Ma is fond of using images and sayings to motivate followers? Is this an effective approach?
- ▶ What elements of transformational (charismatic) leadership do you see in Jack Ma?
- ▶ What do you learn from Jack Ma that you can apply as a leader?
- ▶ Would you like to work for Jack Ma?



## Key Takeaways and Reflection Points from Lecture 8

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- ▶ What are the main types of leadership power?
- ▶ How and why should you match the type of power exercised with the leadership/follower types?
- ▶ How can you effectively make use of informal power to become a better leader?
- ▶ As a leader, why should you empower your followers?
- ▶ How to become a transformational (and charismatic) leader?
- ▶ What can we learn from Jack Ma about transformational leadership?

