Module 7

The Influence Processes in Organisations: Power, Politics, Leadership and Entrepreneurship

7.1 An Example of Power

- 7.1.1 The Meaning of Power, Authority and Influence
- 7.1.2 Sources of Power

Table 7.1 Sources of interpersonal power and an example of each

Form of power	Work example
Reward	Telling a subordinate that he has been very effective in productivity enhancement during a formal performance review.
Coercion	Warning a colleague that you will go to your superior if he does not stop trading on insider information.
Legitimate	Transferring an employee to an overseas assignment.
Referent	Emulating a senior design engineer who is widely respected throughout the company.
Expert	Including a design engineer in all product review meetings because of his experience in design work.

7.1 An Example of Power

- 7.1.3 Using Power Ethically

    – Does the behavior produce a good outcome for those who are affected?

    – Does the behavior respect everyone's rights?

    – Does the behavior treat everyone equally and fairly?

7.1 An Example of Power
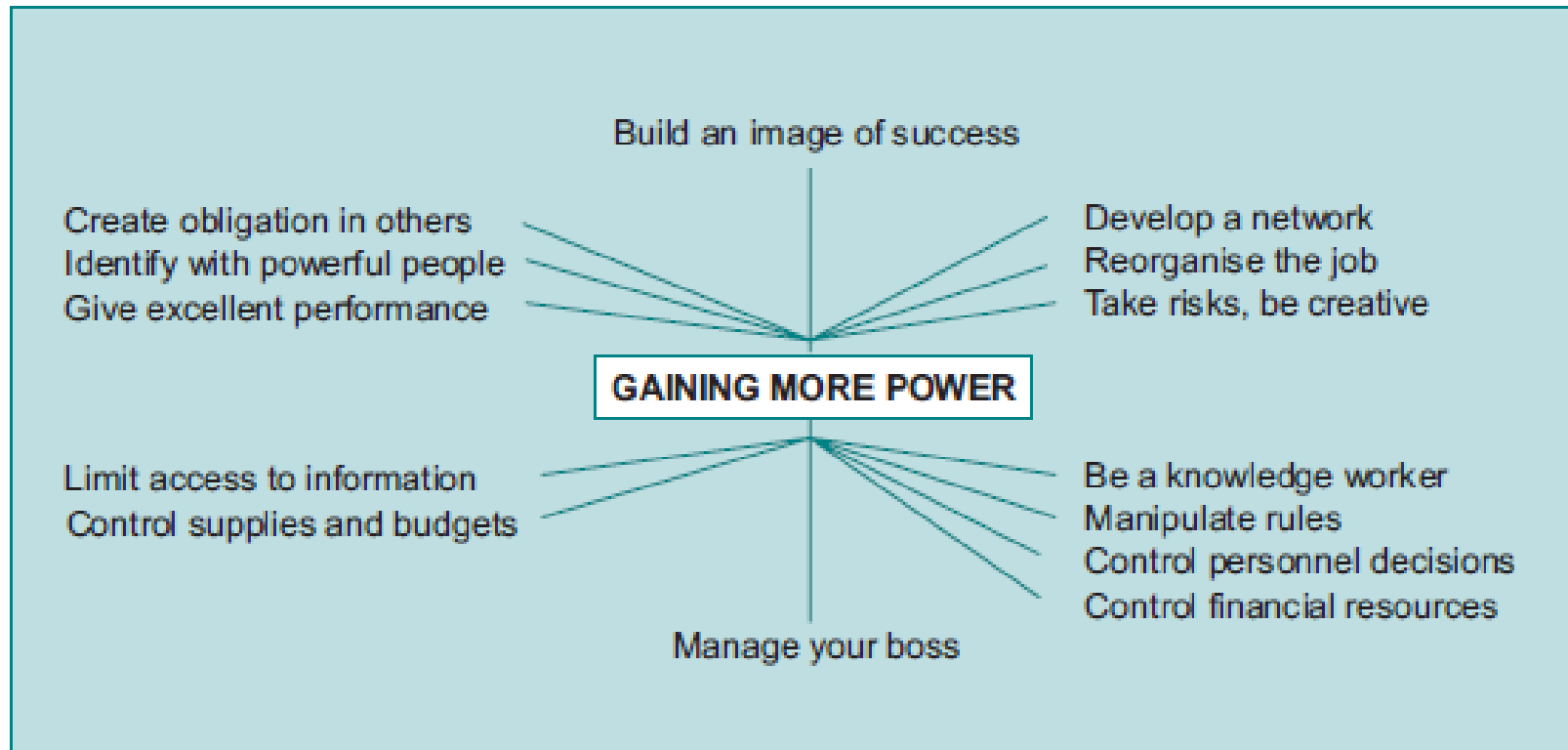
- 7.1.4 How Employees Obtain Power

Build an image of success

Create obligation in others
Identify with powerful people
Give excellent performance

Develop a network
Reorganise the job
Take risks, be creative

GAINING MORE POWER

Limit access to information
Control supplies and budgets

Be a knowledge worker
Manipulate rules
Control personnel decisions
Control financial resources

Manage your boss

Figure 7.1   How employees gain power

7.1 An Example of Power

- 7.1.5 How Subunits Obtain Power

    – Scarcity

    – Uncertainty (Risk)

    – Centrality

    – Absence of Substitutes

7.2 Uses and Abuses of Power: Playing Politics

	Political results	
	Acceptable results	Unacceptable results
Management approves	Non-political work that is efficient, productive and effective	Whistle-blowing to expose theft of company equipment or the inappropriate use of company funds
Management disapproves	Ignoring the chain of command to gain company support for a product innovation	Degrading a colleague who is a competitor for a higher-level job opening

Figure 7.2   A taxonomy of political behaviour in firms

7.2 Uses and Abuses of Power: Playing Politics

- 7.2.1 How Managers Play Politics

  - Whistle Blowing
  - Line versus staff conflict
  - Sponsorship & Coalition Building
  - Resisting Authority

7.2 Uses and Abuses of Power: Playing Politics

- 7.2.2 Looking Upward: Managing the Boss

Table 7.2   Strengthening your work relationship with your boss

1   Take time to understand your boss's goals, objectives, job pressures, strengths and weaknesses and leadership style. Learn to avoid an emotion-laden work relationship with your boss.

2   Realistically assess your own strengths and weaknesses, preferred decision-making style, comfort level with authority and your need for achievement. Be honest with yourself about the extent to which your personal style matches your boss's decision making style.

3   Professionalise your work relationship with your boss by basing it on

   a) both of your needs and styles; b) well-understood expectations; c) keeping your boss informed, d) dependability and honesty, e) documented performance and f) selective use of your boss's time and resources.

7.3 Leadership: A Conundrum of Theory

- 7.3.1 Are Leaders Different from Managers?
- 7.3.2 Merging the Concepts through Role Analysis

Table 7.3 Managerial roles

Interpersonal relationship maintenance	
Figurehead/chief	Testifies in court and at regulatory hearings
	Cuts ribbons and opens new offices/facilities
Leader/encourager	Gives pep talks and holds open meetings with workers and staff
	Passes out awards and honours
	Hires and fires
Liaison/linking pin	Presides over industry trade group or professional society/certification group
Informational (generation and transmission of data and knowledge)	
Monitor/surveyor	Reads industry reports and meets with vendors
Distributor	Holds meetings, writes memos and sends e-mail
Advocate/spinmeister	Makes speeches, meets with the press, grants interviews
Decisional (deciding and controlling)	
Creator/entrepreneur	Scans and detects new ideas/product innovations/ industry trends
Crisis controller	Acts quickly in a dilemma and makes decisions to limit perceived damage
Resources distributor	Sets and manages the budget in relation to the firm's strategic plan
Mediator/negotiator	Solves work stoppages/grievances and disputes with vendors and distributors

7.3 Leadership: A Conundrum of Theory

- Effect of Downsizing and the Use of SDTs on Certain Managerial Roles

- 7.3.3 Coming to Grips with the Problem of Leadership
  - Trait
  - Behavioral
  - Situational

7.3 Leadership: A Conundrum of Theory

7.3.4 Research on Leadership Traits

Table 7.4   Examples of leadership traits

Physicality	Social pedigree	Mental characteristics
Energy level	Economic and social status	Intelligence
Height	Alma mater and college degree	Judgement
Attractiveness	Job mobility	Verbal fluency
Weight	Public service	Abstract reasoning ability
Personality	**Work orientation**	**Social skills/abilities**
Dominance	Achievement need	Cooperativeness
Aggressiveness	Initiative	Likeability
Self-confidence	Desire for responsibility/promotion	People skills
Creativity		Diplomacy
Stress tolerance		Supportiveness

7.3 Leadership: A Conundrum of Theory

- 7.3.5 The Behavioural School of Leadership
  - Is there a dominant or prefered leadership style by suboridnates?
    - Initating Structure
    - Considerations
  - When Do Consideration and Initiating Structure Matter?
    - Time Pressure
    - Own Space
    - Delegation & linking to rewards
    - Training
  - Evaluating the Leader Behavioural Style Approach

7.3 Leadership: A Conundrum of Theory

- 7.3.6 Situational Leadership Theories

- 7.3.7 Fiedler's Contingency Theory
  - The Contingency Model in Action

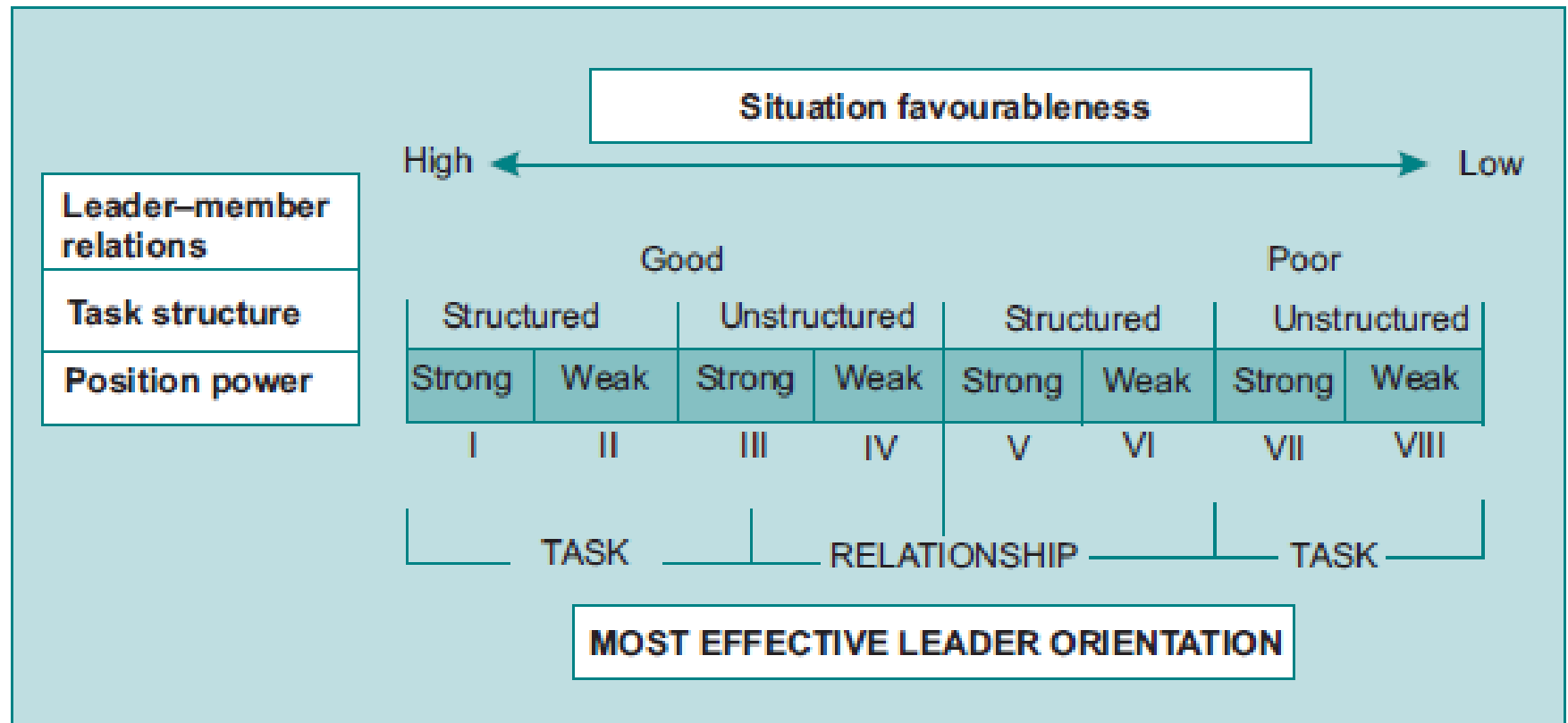# 7.3 Leadership: A Conundrum of Theory

Figure 7.3 Fiedler's contingency theory of leader effectiveness

7.3 Leadership: A Conundrum of Theory

- 7.3.8 House's Path-Goal Theory

Table 7.6   How leaders can change the situation that they face

Tinkering with leader-member relations

1   Spend more or less time with subordinates including lunch and after-hours socialising
2   Request certain people for group membership or assignments
3   Volunteer to supervise or work with troublesome group members
4   Transfer certain group members
5   Get additional rewards to improve morale
6   Listen to employees' concerns and offer personal advice

Modifying task structure

1   Give the group creative challenges with no constraints on methods
2   Provide more standardised assignments
3   Divide the work into smaller, more specialised units

Modifying position power

1   Rely on discipline to constrain troublesome team members
2   Require that all information and group decisions are reviewed by upper management
3   Delegate more authority to group members (empowerment)

7.3 Leadership: A Conundrum of Theory

– Directive Behaviors

– Supportive Behaviors

– Participative Behaviors

– Achievement-Oriented Behaviors

7.3 Leadership: A Conundrum of Theory

▪Does Leadership Matter in all Cases?

Table 7.7   Substitutes for leadership and control in work relationships

Substitutes	Neutralisers of relationship orientation	Neutralisers of task orientation
Qualities of subordinates		
Ability, expertise, knowledge		yes
Professional certifications and licenses	yes	yes
Indifference to rewards	yes	yes
Jobs' features		
Routine methods and clear goals		yes
Provides own feedback		yes
Intrinsically satisfying and involving	yes	yes
Firm's features		
Formal, inflexible work rules		yes
Cohesive self-directed teams	yes	yes
E-mail and intranets	yes	yes
Spatial separations	yes	yes

7.3 Leadership: A Conundrum of Theory

- 7.3.9 Leader Reward and Punishment Behaviour: BMod Revisited

  - Distribute significant rewards based on measurable performance standards.

  - Use recognition

  - Create variety in non financial rewards

  - Avoid the use of punishment except in legal liability

  - Don't delay the delivery of performance-contingent rewards & punishers

  - Avoid personal biases

  - Administer punishers to individuals or work groups in private

7.4 The New Age of Entrepreneurs

- Myth:

  - Entrepreneurs are doers not thinkers
  - Enter pruners are born not made
  - All what you need is money
  - All what you need is luck

7.4 The New Age of Entrepreneurs

- 7.4.1 How Entrepreneurs Differ from Small Business Owners and Administrators

Table 7.8   The entrepreneurial profile

Entrepreneur's characteristic	What the entrepreneur believes
1 Is tenacious and makes sacrifices	You must make sacrifices in your family life and standard of living to start a business.
2 Pursues achievements	You must have a strong desire to succeed even in the face of several failures.
3 Is directive	Have a clear vision of your goal and be able to explain it to others.
4 Assumes personal responsibility	You should seek situations where you can assume responsibility for success or failure.
5 Solves problems	Turn problems over until you get the best solution or result.
6 Appreciates novelty	Catch things that others miss.
7 Has an internal locus of control	Believe that your outcomes are a control matter of your efforts.
8 Tolerates ambiguity	Be productive and focused in the face of substantial uncertainty.
9 Takes calculated risks	Lower your risk by developing a thorough business plan.
10 Handles failure	Failure is temporary.

7.4 The New Age of Entrepreneurs

- 7.4.2 Encouraging Entrepreneurial Behaviour In-House

- 7.4.3 How Organisations Encourage Entrepreneurial Employees and Innovation
  - Idea Champion
  - Sponsor
  - Godfather

7.4 The New Age of Entrepreneurs

Table 7.9 Differentiating entrepreneurial behaviour from bureaucratic behaviour

Dimension of behaviour	Entrepreneurs tend to . . .	Bureaucrats tend to . . .
Creating value-added strategies	Spot opportunities Radically change the firm Exhibit self-confidence Believe in firm's capabilities	Control the flow of resources Make incremental changes in methods Efficiently use the firm's current resources
Taking decisions	External product and process opportunities are closely linked to the personal value that change is valuable and meaningful Flat structures best keep the firm flexible and fluid (cross-training is a must)	Separate personal beliefs about external opportunities and change (change is not always good) Checks and balances are more important than rapid decision-making
Tackling problems in the firm	Minimise risk by leasing or renting facilities and equipment Always be prepared to add capacity	Own equipment and facilities and add capacity only when capital costs are manageable
Using incentives	Keep salaries low and use options to retain talented employees Use bonuses at individual and team levels	Develop and maintain merit-based reward system Periodic salary surveys to ensure competitive pay

Summary Points

- Power is the ability to influence someone else.

- Authority is the right to order or to ask others to do what you want them to do.

- It is bestowed by the position in the organisational hierarchy.

- Influence is a dynamic interpersonal process in which one person affects the thoughts, feelings and behaviours of others.

- Managers who use power ethically must communicate effectively and through their words and actions show respect for their subordinates.

- There are several sources of interpersonal power.

- Subunits in the organisation gain power by
    - 1) competing for resources,
    - 2) managing organisational uncertainty,
    - 3) occupying a central position in the flow of work and
    - 4) eliminating substitutes for the subunit's activities.

- Organisational politics focuses on methods and results.

- Leadership is the power of one individual to guide the actions of another.

- Management is understood as a set of interlocking roles:
    - 1) interpersonal,
    - 2) informational and
    - 3) decisional.

Summary Points

- Behavioural style theory emphasises the leader's consideration behaviour which is those actions that sustain the morale and cohesiveness of the work group.

- Fiedler's contingency theory tries to integrate the leader's orientation to his least-preferred co-worker and the favourableness of his leadership situation.

- The theory proposes that the situation is composed of:
  - 1) leader–member relations,
  - 2) leader's position power and
  - 3) task structure. The leader's control of situational favourableness can be enhanced by changes in leader–member relations, position power and task structure.

- The path-goal theory of leadership proposes that the leader's job is the clarification of pathways from workers' effort and performance to the rewards that they value.

- Entrepreneurs are special types of leaders who create wealth by assuming risk.

- Entrepreneurship consists of skills which can be learned.

- Entrepreneurial behaviour can be learned by employees.

Review Questions

- Which of the following choices best completes the sentence? The legitimacy inherent in your job is _____ while your ability to influence a peer is _____.

- **A.** power; authority
  B. influence, authority
  C authority; power
  D. power; control

- Which of the following choices best completes the sentence? As a subordinate you might have _____ over your superior.

- **A.** authority
  B. command
  C influence
  D. power

- Which of the following choices best completes the sentence? You are a senior research engineer and a colleague seeks you out for advice on a project design problem. This is an example of your _____ power.

- **A.** reward
  B expert
  C. referent
  D. legitimate

- Which of the following sources of power is least available to a non-supervisory, technical worker?

- **A.** Expert.
  B Legitimate.
  C. Coercive.
  D. Reward.

- Which of the following choices best completes the sentence? A mature group would be most likely to remain in that development stage, other things remaining the same, if the group leader exercised _____ and _____ interpersonal power.

- **A.** coercive and legitimate
   B expert and referent
   C. reward and legitimate
   D. referent and coercive

- Which of the following should an ethical manager employ to examine his use of power?
- **A** Beneficial outcomes; individual rights and fair treatment of stakeholders.
 B. Personal motive; higher-order need satisfaction and consequences of the decision.
 C. Personal growth opportunities; career effects and promotion enhancing outcomes.
 D. Downside danger to reputation; chance of litigation and competitor retaliation.

- You are in a department that is downsizing, to keep your job you should choose which of the following?
- **A** Be a knowledge worker, take risks, be creative and give excellent performance.
 B. Emphasise your cooperativeness more than your job expertise.
 C. Refrain from reorganising the job and do not manipulate job rules in your favour.
 D. Provide all sources of job and product information to those who ask and identify with powerful managers who control the downsizing decision.

- **8 of 10**
- Which of the following would make upward management more widespread ?
- **A.** The organisation uses empowerment and job enrichment.
 B. Employees are cross-trained and expected to function effectively on self-directed teams.
 C. Managers' styles favour the use of legitimate power and reward power.
 D A and B.

- Which of the choices below would you use to complete the question? If your boss has a highly participative management style, then an appropriate influence tactic for you to use is to _____?

- **A** be a knowledge worker
  B. develop a network to build a good support system
  C. reorganise the job
  D. manipulate work rules

- Your firm is preparing for bankruptcy protection under your country's bankruptcy laws. The accountants in your company would become quite powerful due to which of the following choices?

- **A.** They possess advanced college degrees.
 B They are the only ones who can perform the audit function demanded by the bankruptcy laws.
 C. The accounting department has slack resources.
 D. They help the board of directors manage uncertainty through the