

Organizational Behavior and Projects

Lecture 10

PMG421

Understanding the Power

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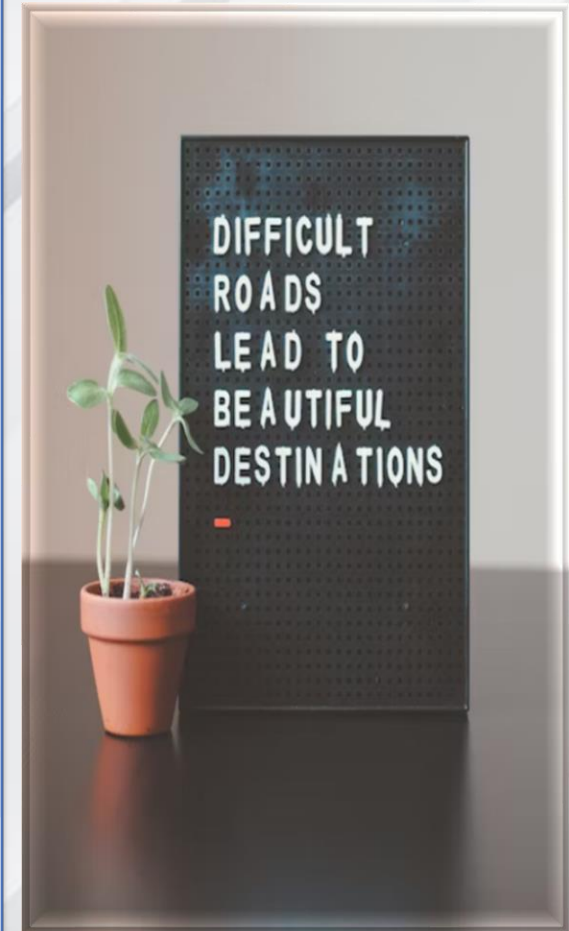
OVERVIEW

- Understanding leadership and power.
- Identifying the types of power.
- Explain the role of dependence in power relationships.
- Explaining the causes and consequences of abuse of power.



Learning Objectives

- Contrast leadership and power.
- Explain the three bases of formal power and the two bases of personal power.
- Explain the role of dependence in power relationships.
- Identify influence tactics and their contingencies.
- Identify the causes and consequences of abuse of power.
- Describe how politics work in organizations.
- Identify the causes, consequences, and ethics of political behavior.



Power and Leadership

- In organizational behavior (OB), power simply refers to the capacity, discretion, and means to enforce one's will over others.
- Someone can thus have power but not use it; a powerful person has discretion over when to exercise their power.
- Probably the most important aspect of power is that it is a function of dependence.



Power and Leadership – Cont.

- The more people rely or depend upon the powerful person (who controls something the others rely on or want), the more powerful that person becomes.
- When people begin to have more alternatives and options or begin to rely on themselves or different people, the powerful person loses power.



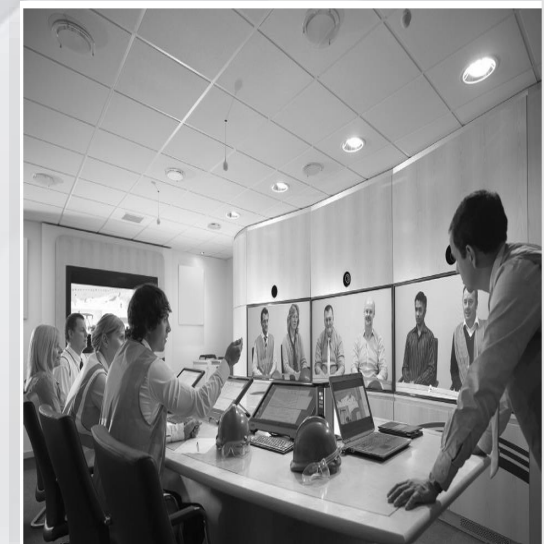
Power and Leadership – Cont.

- Unfortunately, we all too often hear about people using their power to unethical ends.
- For example, people depend upon executives, managers, and even employee “superstars” (e.g., a partner in a law firm who brings in lucrative clients) for promotions, pay raises, or bringing in customers/clientele.
- These powerful leaders are, thus, unjustly empowered to enforce their will over others in several ways, including sexual harassment.



Power and Leadership – Cont.

- Sexual harassment is a huge problem, adversely affecting employees' mental and physical health and opportunities for advancement as well as costing organizations millions of dollars in legal fees and employee turnover.
- Money is a powerful factor in dependence. For instance, among gig workers, many are financially dependent on their clients for work continuity, with 16 percent being financially dependent on one client.



Power and Leadership – Cont.

- The same is true for major contractors in the public sector. Often, these employees, leaders, and entire organizations depend on a single government contract for business continuity.
- In the case of government shutdowns and furloughs, these contracts are often cut or suspended, leaving people temporarily out of work for weeks or even months.
- Financial dependency can also become more salient during times of crisis.
- For instance, more than half of midlife employees surveyed in one study (55 percent) indicated that they were worried about their financial situation due to the COVID-19 lockdowns.



Comparison between Power and Leadership

- How are the two terms different?
- Power does not require goal compatibility, just dependence.
- Leadership, on the other hand, requires some congruence between the goals of the leader and those being led.
- A second difference relates to the direction of influence.
- Power focuses more on the downward influence on followers.



Comparison between Power and Leadership

- It minimizes the importance of lateral and upward relationships, which are important in leadership.
- For a third difference, leadership often emphasizes style.
- It seeks answers to questions such as “How supportive should a leader be?” and “How much decision making should be shared with followers?”
- In contrast, power focuses on tactics for securing compliance.



Bases of Power

- **Formal Power:** Formal power is based on an individual's position in an organization.
- It can come from the ability to ***coerce or reward or from legitimate authority***.
- **Coercive Power:** The coercive power base depends on the target's fear of negative results from failing to comply or acting in a way that would anger the power-holder.

Bases of Power

- A sales consultant may remain silent after witnessing their supervisor falsify their team's sales numbers for fear of being terminated or demoted, being assigned to undesirable regions or clients, and/or being treated in an embarrassing way in front of the rest of the team.
- Even technology can become a conduit for coercive power.
- For instance, call centers might install electronic surveillance systems that automatically assess workers (through machine learning) and compare their progress with predefined targets.
- If workers fail to meet these targets they may be punished or docked.

Bases of Power

- **Coercive power** comes also from withholding key information.
- People in an organization who have data or knowledge others need can make others dependent on them.
- For example, the sales team leader may have valuable information on client leads—anything that might threaten obtaining this information may lead the consultant or cause a consultant on the team to comply or acquiesce.
- When subordinates are being abused by supervisors, coercive power is often the main force that keeps them from retaliating.

Bases of Power

- **Reward Power:** The opposite of coercive power is reward power, which people comply with because it produces positive benefits; someone who can distribute rewards that others view as valuable can have power over them.
- For instance, the sales team lead who rewards compliant team members with lead information is exercising reward power.
- Alternatively, these rewards can be financial— such as setting pay rates, raises, and bonuses—or nonfinancial, including recognition, promotions, interesting work assignments, friendly colleagues, and preferred work shifts or sales territories.

Bases of Power

- The degree to which a person exercises reward power has been traced to several individual differences.
- For instance, research at a large law firm found that political ideology and organizational tenure both influenced the uneven allocation of rewards.
- In other words, older, conservative supervisors were more likely to discriminately give rewards to staff in such a way that perpetuated gender inequality.

Bases of Power

- **Legitimate Power:** The most common way to access one or more of the power bases is probably through legitimate power.
- It represents the formal authority to control and use organizational resources based on the person's structural position in the organization.
- In general, when school principals, bank presidents, or army captains speak, teachers, tellers, and first lieutenants usually comply.

Bases of Power

- In fact, many people associate power so closely with the concept of hierarchy that just drawing longer lines in an organization chart leads them to infer the leaders are especially powerful.
- Legitimate power includes members' acceptance of the authority of a hierarchical position.
- Research on nearly 650,000 article-discussion pages on Wikipedia found that legitimate power was accepted during fierce source conflicts, when the individual was high status (e.g., recognized as a structural authority on the topic), and when those taking part in the discussion were less experienced.

Personal Power

- **Personal Power:** Many people can have power, even if they are not managers and if they have no formal power.
- What they have is personal power, which comes from an individual's unique characteristics.
- There are two bases of personal power: *expertise and the respect and admiration of others.*



Personal Power

- Some people (e.g., a sales consultant) might only have personal power, but others can also have formal power.
- For example, a sales consultant lead not only may have formal power bases but can also be well liked and respected.



Personal Power

- **Expert Power:** Expert power is based on expertise, special skills, or knowledge.
- As jobs become more specialized, we become dependent on experts to achieve goals.
- It is generally acknowledged that physicians have expertise and hence expert power: Most of us follow our doctor's advice.
- Returning to our sales consultant example, some of the team members may wield expert power due to their strong sales skills or expertise in the area.



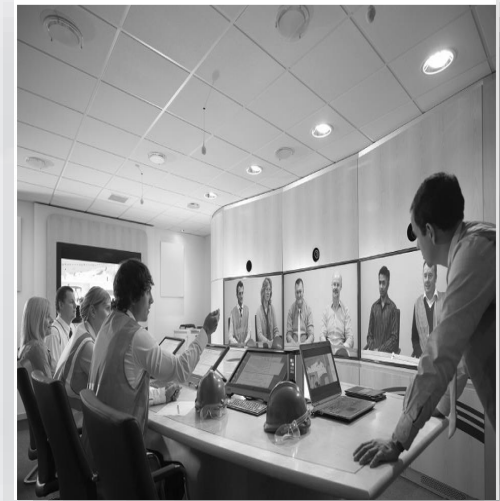
Personal Power

- Ironically, expert power can occasionally have a detrimental effect on knowledge worker team performance.
- For instance, in times of turbulence, knowledge worker teams that rely too much on experts who have “entrenched” knowledge or perspectives on the problem (e.g., they have not kept up with all of the advancements despite being experts) can actually hurt innovation.



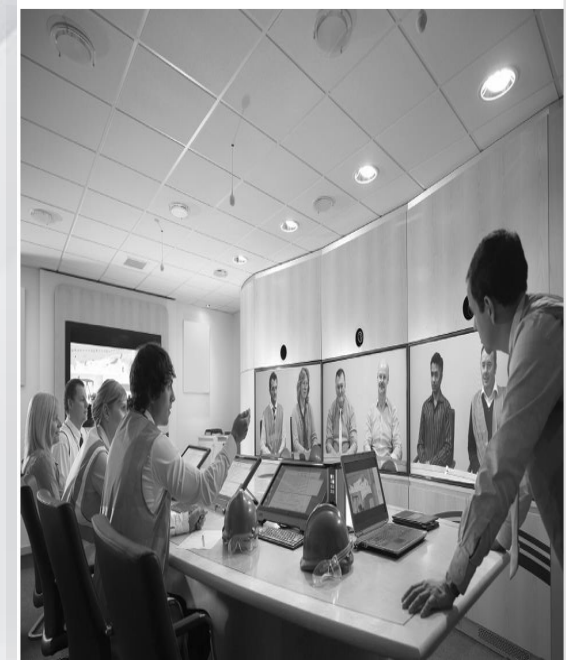
Personal Power

- Referent Power Referent power is based on identification with a person who has desirable resources or personal traits.
- If I like, respect, and admire you, you can exercise power over me because I want to please you.
- Some people who are not in formal leadership positions have referent power and exert influence over others because of their charismatic dynamism, likability, and emotional appeal.



Personal Power

- Referent power develops out of admiration of another and a desire to be like that person.
- It helps explain, for instance, why celebrities are paid millions of dollars to endorse products in commercials.
- Marketing research shows people such as Michelle Wie, LeBron James, and Cristiano Ronaldo have the power to influence your choice of athletic shoes and credit cards.



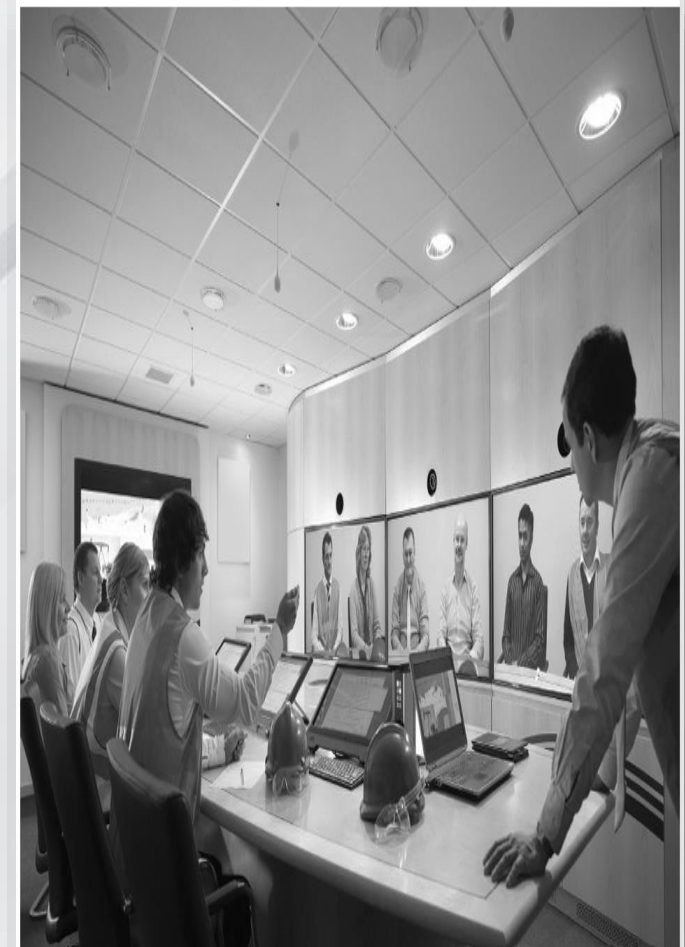
Dependence: The Key to Power

- The General Dependence Postulate Let us begin with a general postulate:
- The greater B's dependence on A, the more power A has over B.
- When you possess anything others require that you alone can become dependent on you and, therefore, you may gain power over them.
- For instance, many entrepreneurial CEOs are often unwilling to take the advice of their board members when it means giving up a semblance of power and control over the company.



Dependence: The Key to Power

- But if something is plentiful, possessing it will not increase your power.
- Therefore, the more you can expand your own options, the less power you place in the hands of others.
- This explains why most organizations develop multiple suppliers rather than give their business to only one.



Dependence: The Key to Power

- **What Creates Dependence?**
- Dependence increases when the resource you control is important, scarce, and nonsubstitutable.
- **Importance:** If nobody wants what you have, it is not going to create dependence.
- Note, however, that there are many degrees of importance, from needing the resource for survival to wanting a resource that is in fashion, adds to convenience, or is of relational importance.



Dependence: The Key to Power

- This is why organizations should entrust multiple people to build relationships with clients and suppliers instead of just one.
- If that one person were to leave, it could very well spell the end of the business relationship if the client could easily go elsewhere.



Dependence: The Key to Power

- **Scarcity:** When the supply of labor is low relative to demand, workers can negotiate compensation and benefits packages far more attractive than those in occupations with an abundance of candidates.
- For example, the number of professional photographers in the United States is steadily increasing and expected to grow by 7 percent by 2026.



Dependence: The Key to Power

- However, it is relatively easy for organizations to find photographers, with many actually cutting salaried photographers in favor of the occasional contract photographer.



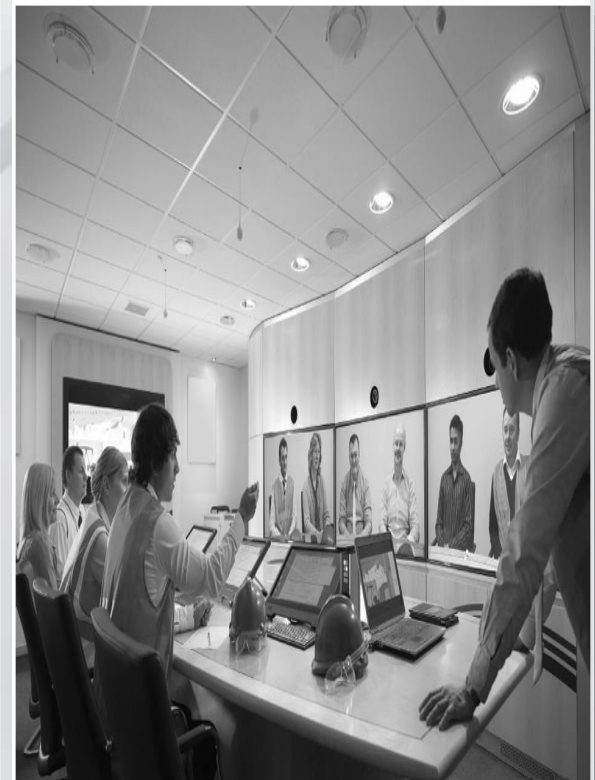
Dependence: The Key to Power

- In contrast, the market for medical professionals (e.g., physician assistants, registered nurses, and medical technologists) is comparatively tight, with demand high and supply limited.
- The resulting bargaining power of these medical professionals has led them to enjoy higher pay and more job security.



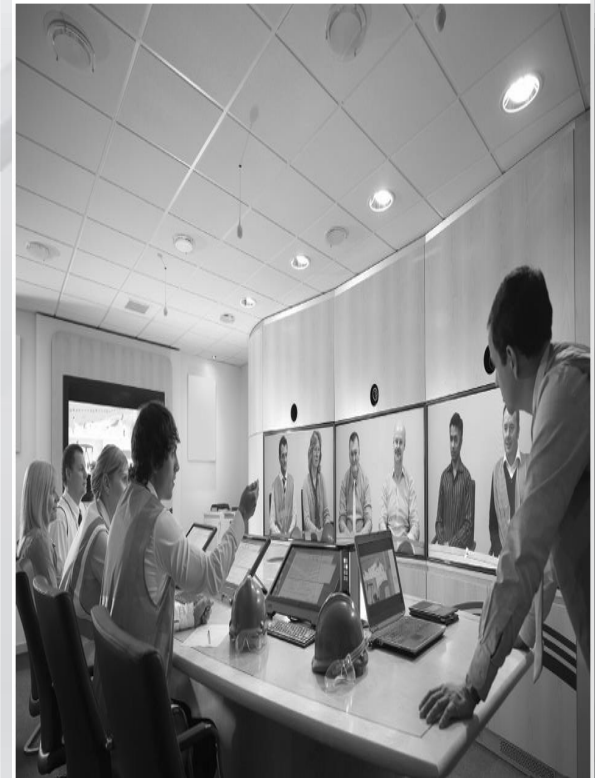
Dependence: The Key to Power

- **Nonsubstitutability:** The fewer viable substitutes for a resource, the more power a person controlling that resource has.
- For decades, Steinway was the piano of choice for musicians.



Dependence: The Key to Power

- As Arthur Rubinstein, one of the greatest pianists of the 20th century, wrote: “A Steinway is a Steinway, and there is nothing like it in the world.”
- However, Steinway lost much of its power and hold over the piano market during the last half century.





Thank You