Chapter 12 – Power and Politics in Organizations

OBJECTIVES

This chapter introduces the student to a set of concepts about power and politics that will enable him or her to better understand how and why individuals in organizations comply with influence attempts. This chapter links nicely to the following chapter on leadership, because both deal with the influence process.

KEY POINTS

This is a very rich chapter from a conceptual point of view. One set of key concepts revolves around the issues of influence, power, and dependence. Basically, the student should learn the significance of dependence relationships in understanding how influence can be exerted.

In this chapter, we take a little departure from the conventional use of the concept of power and legitimate power. Here we differentiate between the use of power and compliance achieved as a result of the psychological contract or through the use of legitimate authority.

The psychological contract is an important point here. For us it is a basis for understanding much about compliance. By the introduction of the ideas of real and public boundaries, we show how and why individuals differ with respect to the psychological contract and how managers may obtain compliance by using administrative processes.

The different types of power and how it is acquired are also worthy of attention. The students should be aware that there are differences in whether the power is individually or organizationally based, and these differences affect how it is acquired. Our discussion of the acquisition of organization-based power draws heavily on Hickson and colleagues' important paper and on the work of Pfeffer and Salancik. It is basically a dependence model, consistent with the theme introduced earlier.

Another group of ideas that will be of interest to the students is the discussion of how individual power can be acquired. This section is based on the recent work of House, which relates personality dimensions to the acquisition of power and influence.

We also show how both individual and organizational power may be maintained. This set of concepts is, we believe, particularly important as it relates to the subject of organization change and development (Chapter 14). It is clear that to the extent which organization change threatens the current structure of individual or organizational power, strong forces may be brought to bear to resist it.

Organizational politics is also discussed at some depth in this chapter. We attempt to provide a balanced view of politics in the chapter focusing both on the contributions politics can have to

effective functioning and the "dark side" of politics. A focus is also placed on organizational contexts where politics are more likely to emerge. Specific political tactics and managerial responses to politics are discussed.

TOPICAL OUTLINE

A Model of Influence Processes in Organizations
Figure 12.1 The bases of influence in organizations
Bases of Influence
Outcomes of Influence
Intended Results
Modification of relationships
Organizational and Personal Bases of Influence
Organizationally Based Influence
Personal-based Influence

Acquiring and Maintaining the Organizationally Based Influence
Situational Determinants of Organizationally Based Influence
Figure 12.2: Factors affecting power from the strategic contingency theory of power
Environmental Changes and Power
Personal Attributes of those who Acquire Organizationally Based Influence

Acquiring and Maintaining Personal-based Influence
Charismatic Power
Expert Power

Organizational Politics
The concept of organizational politics
The context of organizational politics
Political tactics
Managerial responses

Summary

KEY CONCEPTS
Alienation
Calculative involvement
Charismatic power
Coalition
Coalition building
Coercive power
Cognitive Complexity
Commitment
Dependence
Expert power
Impression management
Influence
Intended Results
Legitimate authority
Machiavellianism
Networking
Organizational politics
Organizationally based influence
Personalized power motives
Personal-based influence
Political behavior
Power
Power structure
Psychological contract
Public boundary
Real boundary
Reward power
Strategic contingency theory of organizational power
Substitutability
Work Flow Centrality
Work Flow Immediacy

EXERCISES

A. Exercise: The Mach Scale

The following is a shortened version of the scale to measure Machiavellianism. To get some indication of your own tendencies, indicate the degree to which you agree or disagree with the following statements using the key below:

SD = Strongly disagree
D = Disagree
MD = Midly disagree
N = Neutral
MA = Mildly agree
A = Agree
SA = Strongly agree

It is safest to assume that all people have a vicious streak and it will come out when they are given a chance.	SD	D	MD	N	MA	A	SA
It is hard to get ahead without cutting corners here and there.	SD	D	MD	N	MA	A	SA
Most people forget more easily the death death of their father than the loss of their property.	SD	D	MD	N	MA	A	SA
Generally speaking, people will not work hard unless they're forced to do so.	SD	D	MD	N	MA	A	SA
The biggest difference between most criminals and other people is that criminals get caught	SD	D	MD	N	MA	A	SA
The best way to handle people is to tell them what they want to hear.	SD	D	MD	N	MA	A	SA
Anyone who completely trusts anyone anyone else is asking for trouble.	SD	D	MD	N	MA	A	SA
Never tell anyone the real reason you did something unless it is useful to do so.	SD	D	MD	N	MA	A	SA

It is wise to flatter important people.   SD   D   MD   N   MA   A   SA

To find your score enter the number of times you marked each level of agreement in the spaces below. Then multiply it by the values shown.

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# SD's _____     X1= _____
# D's   _____     X2= _____
# MD's _____     X3= _____
# N's   _____     X4= _____
# MA's _____     X5= _____
# A's   _____     X6= _____
# SA's _____     X7= _____
                 Total  _____
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An average score would be between 34 and 38. A high score would be in the range between 58 and 63. A low score would be below 20.
Source: Adapted from Christie and Geis (1970)

B. Charismatic Vs. Managerial Images

Students are able to develop very accurate images that can form the basis for differentiating between charismatic leaders and effective managers. This can be done as follows:

Ask the students to lean back, relax in their seats and close their eyes. Then tell them

> I WANT YOU TO SEE IN YOUR MIND A CHARISMATIC LEADER, SOMEONE WHO HAS HAD A POWERFUL EFFECT ON THE LIVES OF OTHERS, SOMEONE THEY FOLLOW AND OBEY, IN WHOM THEY HAVE A GREAT DEAL OF CONFIDENCE, SOMEONE WHO HAS EXERCISED REAL POWER. TRY TO SEE THIS PERSON BEHAVING, TALKING, AND INTERACTING WITH OTHERS. TRY TO IMAGINE WHAT THIS PERSON LOOKS LIKE. NOTICE THE CLOTHES THE PERSON IS WEARING, THE OTHER PEOPLE AROUND THIS PERSON, AND THE SETTING AS SPECIFICALLY AS YOU CAN.
>
> NOW, OPEN YOU EYES AND TELL ME WHO THE PERSON IS.

List the names of the persons on the board or on a flip chart. When you have a good representation of names, go to the next step.

Ask the students again to relax, lean back, and close their eyes. When they appear to have done so, tell them:

NOW I WANT YOU TO IMAGINE THAT I HAVE JUST INVITED TWO KEY
MANAGERS FROM A FIRM TO COME AND TALK TO THIS GROUP. ONE IS
THE CHIEF EXECUTIVE OFFICER AND THE OTHER IS THE CHIEF FINANCIAL
OFFICER.
IMAGINE THAT YOU HEAR THE DOOR TO THE CLASSROOM OPEN AND
THEY COME IN. AS THEY COME TO THE FRONT OF THE ROOM, YOU CAN
SEE THEM VERY CLOSELY. YOU OBSERVE THEIR CLOTHES, THEIR
PERSONAL CHARACTERISTICS AND THEIR BEHAVIOR. ONE, THE CHIEF
EXECUTIVE, COMES TO THE DESK AND THE OTHER TAKES A SEAT ON THE
LEFT SIDE OF THE ROOM.
NOW, OPEN YOU EYES AND DESCRIBE THE CHIEF EXECUTIVE.

Students will begin to give you certain characteristics of the CEO, but before they get too far, ask

HOW MANY VISUALIZED A MAN? A WOMAN?

It is most likely that most will have imagined a man. This permits you to raise the question
about managers and male stereotypes. Then go on with questions such as:

WHAT WAS HE WEARING? THE COLOR OF THE SUIT? THE COLOR OF THE
TIE? WHAT COLOR SHOES? WHAT WAS HE CARRYING?

For each question, ask how many agreed or had the same image. The image that usually
emerges is a tall male, wearing a gray or blue business suit, burgundy tie, black shoes, carrying a
dark leather brief case.

The next step is comparing this image with the list of persons who have been characterized as
charismatic. Ask what factors they have in common. The answers will be in terms of behaviors
and psychological orientations of followers. This can be the basis for further discussion.

C. WHAT IS INFLUENCE AND WHAT IS MANIPULATION?

Often students become concerned with discussions of power and influence because of the
negative connotations associated with powerful, but evil, charismatic leaders. It is important that
they differentiate between the process through which the influence is developed, which is the
focus of the chapter, and the moral assessment of the outcomes. This can be done by helping
them focus on some common influence attempts and determining whether they were
manipulative or not. For example, you can use the following examples:

Convincing your spouse or significant other to take your vacation together in a place
where you can enjoy your favorite recreation but which has no facilities for his or her preferred
pastime.

Convincing a professor to allow you to take a make-up exam when you failed to attend the regular exam. You overslept because you were at a party the night before and didn't feel well. When asked why you missed the exam, you merely told the professor you were ill. Since the professor did not press for more, you did not offer it, though you know the policy allows make up examinations only for legitimate illness.

STUDY QUESTIONS

1. What is the importance of the concept of dependence in understanding power? How is dependence related to the level of power that one person has over another?

In order for influence to occur (or for power to be used) there must be a dependence relationship. In such a relationship, one party or both need something from the other in order to continue to operate. The strength of the influence, or power, is dependent on two factors: the need to maintain the relationship and the imbalance in the dependence relationship. When a person or an organization can easily escape from a relationship, influence can be reduced. For example, in a competitive market, a seller should have no power over a buyer because there are many suppliers. However, in a monopoly a customer can only buy from one source. The customer, who must maintain the relationship, is likely to be more dependent on the supplier than vice versa. The seller has much power. Likewise, when a company is the major employer in a small town, it may have much power because the community and its individual citizens are both dependent on this company for jobs and taxes.

2. There are three bases of compliance. What are they? Can you link them in any way to the types of organizations or to the organizational orientations discussed in earlier chapters?

Compliance can occur for a number of reasons. A person may be highly committed, may be forced to comply, or may make a calculation that is beneficial for him or her to comply. These types of compliance are called <u>commitment</u>, <u>alienation</u>, and <u>calculative involvement</u>.

We think that there will be different patterns of compliance in different types of organizations. For example, mechanistic organizations should exhibit more alienation, especially among operating personnel. Also, mechanistic organizations should have higher levels of calculative involvement and commitment among executives. Organic organizations should experience higher levels of commitment, especially toward the focus of the work, and less alienation.

It is quite easy to see how the organization personality orientations are related to compliance. Alienation characterizes the indifferent, externally oriented person. Commitment occurs for both the organizationally oriented individual and the professional, but the commitment is for different reasons. The organizationally oriented person is committed to the place of work while the professional is committed to the work itself.

3. How is the psychological contract related to the use of power in organizations? Does the psychological contract mean that individuals will comply willingly with orders and directives?

The way we approach this question is a little different from other writers. We think that when orders and directives fall within the boundaries of the psychological contract, power has not been used. Power is unnecessary within the psychological contract. However, when directives fall outside the boundaries, other mechanisms are needed to extract compliance.

The concept of the psychological contract does not mean that individuals will comply with all requests just because they are members of an organization. The contract does have boundaries. The important thing to remember is that each person has a unique psychological contract.

4. In this chapter we differentiate between power and legitimate authority. What is the difference?

As we define it, the distinction is that power is not sanctioned by the psychological contract, while legitimate authority is. You might get some argument here about the fine points of this distinction. We define it this way because it fits with other parts of our overall model. The important thing for the students to understand is that in many cases at work, people will be doing things that they do not think they should be doing. This behavior can best be interpreted in terms of the application of power.

5. What is meant by organization politics?

We define organization politics to be the use of power to achieve the goals of the political actor. These may or may not be organizationally approved. On the other hand, legitimate authority always reflects organizationally approved goals or ends because, by definition, it flows from the psychological contract.

What is the difficulty with relying on charismatic power as a basis for influence in organizations?

Charismatic power occurs because one individual develops psychological dependence on another. It is personal not organizational power. Therefore, it will be difficult, if not impossible, to transfer the power from the charismatic manager to others.

Charismatic power can be institutionalized, though, by setting up mechanisms within an organization to ensure that the influence of the charismatic leader is more likely to continue. Rules, policies, appointments by the leader and other practices may ensure that the direction of the organization in the future does not rely on the emergence of another charismatic leader.

7. What is the basis of the strategic contingency theory of power?

This is an approach to understand why some units in an organization are more powerful than other units. It is based on the idea that units which are (1) able to cope effectively with external environmental volatility, (2) performing activities that cannot easily be performed by others, and (3) performing activities which are central to the work flow in the organization will have more influence than those subunits which do not have such characteristics. It is a dependence approach. Here again, you can point out the importance of dependence in understanding organization power.

ETHICAL, DIVERSITY AND GLOBAL ISSUES

A Question of Ethics:
CEO Compensation and the Use of Legitimate Authority

Before the problems, Henry Silverman, the CEO of Cendant was regarded as a genius by Wall Street. He had put together Cendant, a conglomerate that included Avis, the car rental company and Ramada, the hotel chain. Unfortunately it also included CUC, a group marketing discount club. What made the CUC acquisition so attractive was the rapid profit growth that it was experiencing. The acquisition was viewed favorably by investors and the price of Cendant stock rose, as it had done before when such moves were made by Silverman

The problems that Silverman faced came about because CUC had engaged in some serious accounting fraud prior to being acquired by Cendant, but fraud that was not uncovered until after the acquisition. When the fraud was discovered the value of the stock dropped, between April and December 1998, from over $41 per share to under $12.

This was not only a problem for stockholders outside the firm, it was a problem for Cendant's management, particularly Silverman who held options for 25.8 million shares. However, Silverman, through the board of directors didn't have to worry about taking the loss in the stock market. The "strike price, " the price that he would have to pay for his stock options which had dropped below the market price, was dropped. While some think that the board handled it in an appropriate way, it does give one something to think about, how a powerful CEO can turn a loss into a gain (Byrne, 1998; *The Economist*, 1998).

Diversity Issues:
Expert Power and the Sight-Impaired

Michael is a leading expert in the legal and economic aspects of employment issues. He teaches the subject in a major university and has written several important books and over articles on the subject. His expertise has served him well because he acts as a consultant on these issues and as an expert witness in court cases. He began his teaching and consulting career in his early 30s when he received a PhD and a law degree. Over the years, his research portfolio grew, as did his client list.

A few years ago, Michael began having a vision problem. He began to notice, when he was playing tennis, that it was difficult to see the ball. It appeared to disappear as his opponent was returning it. Gradually, the problem began to spread in other areas of his life. He started having trouble driving, he experienced difficulties reading, and had to be near a person and hear a voice before he would recognize who it was. After about 10 years, it was determined the Michael was legally blind, though he still had some sight and could read, though with some difficulty

That meant that he had to change many things about the way he lived. For example, he needed assistance in his teaching, using some technology for class preparation that the university provided. He also quit driving, finding other means of transportation. He also quit playing tennis. But his vision problem has not had any effect on his expertise. He still writes scholarly articles on the subject, though he now uses an assistant to occasionally read to him when necessary. He also is still in demand as an expert witness in employment cases. Most of his clients continue to call on him. That is the point about expert power: It is the knowledge that gives Michael the capacity to influence others

CASE - THE BREWTON SCHOOL

Case:
The Brewton School

When Boyd Denton was appointed superintendent of the Washington County School System in 1995 he was given the charge, by the school board, to improve the quality of student performance. His strategy for achieving this was to implement his philosophy of "competence and delegation." First, he would find very strong and very competent principals for each of the schools. Second, he would give each of them a great deal of autonomy. He allowed principals to make hiring decisions, to evaluate teachers, to make salary decisions and to decide how to spend the budget allocated to each school.

From 1995 to 1998, the school system made significant gains in student achievement. However, there was one school, Brewton, which was a problem for Denton. The principal at Brewton was David Starr. Starr was one of the first principals that Denton hired, but now Denton believed that he had made a mistake.

At Brewton, the teachers did not seem to care about the students. They were, by any measure, mediocre. However they were very loyal to Starr. He was well liked by them and they supported him. The reason is that Starr never put any pressure on them for performance and did not really hold them accountable.

When Denton became aware of this, he discussed it with Starr. Starr became angry and threatened to quit. He told Denton that the reason Brewton wasn't a good school was because Denton didn't give them enough resources to do the job right. Denton pointed out the opposite. In fact, by every budget measure, Starr and the Brewton School was well treated.

By 1999, Starr and Denton were on very bad terms. They argued often and all the other principals saw Starr as a prima donna and uncooperative. In one of their arguments, Starr threatened to resign. Denton told him, "Bring me the letter, now." Starr left the office and returned twenty minutes later with a letter of resignation. Denton didn't hesitate, "I'll take it," he said.

Denton searched for a replacement and found Joe Melcan, a bright young assistant superintendent in a nearby district. When he hired Melcan, Denton told him:

> I want you to get Brewton straightened out and I'll help you. The teachers are well paid, and you've got good resources there, but the job does not get done. One of the main problems you will have is that most of the teachers are very loyal to Starr. They won't help you much, but I'll give you whatever help and support you need.

Melcan's approach was a straightforward one. He would let everyone know what was expected of them, make pay as contingent on performance as possible and hire good new teachers. He

thought that in three or four years, there would be enough turnover that with subsequent replacement, he could make Brewton into a high performing school.

Denton watched Melcan's progress and he was pleased. Three new young teachers were hired. Melcan instituted a different evaluation approach than Starr. He started to give substantial recognition to the good teachers and less to those who weren't so good. This was a major departure from the way Starr had managed and many of the Starr loyalists were angry. Some complained to Denton and some filed grievances. When Denton and the union investigated they found that the charges were without foundation. It is true that things had changed, but now the school was not managed in the style of Starr, but in a performance-oriented style by Melcan.

This was exactly what Denton thought had to be done. Between 1995 and 1998, the student performance improved considerably. However, many of the teachers who were old Starr supporters were dissatisfied. They continued to complain and grumble. Each time, however, they came to Denton, he supported Melcan.

In late 1999, Denton left Washington County to become an assistant to the State Superintendent of Schools. He was replaced by Mitchell Kraut. Kraut had been an assistant superintendent for Denton for several years. There were two things about Kraut that were of concern to Melcan. First, Kraut had been a teacher at Brewton during the first years of Starr's time as principal. They had, in fact, become close friends. Secondly, Kraut announced that he was going to centralize many activities which had been performed previously by the principals. No longer would the principals make budgeting decisions, evaluate personnel or hire faculty. Joe Melcan was very worried.

1. What was the basis of Joe Melcan's power during his tenure?
2. What are the potential effects of the change to centralization on Melcan?
3. How do you think the supporters of Starr will react to the change? How might they react to Melcan?

Case Discussion - The Brewton School

1. What was the basis of Joe Melcan's power during his tenure?

There are a number of factors that form the basis of an individual's power in an organization. Focusing specifically on power, there is reward power, coercive power, expert power, and charismatic power. In this particular case Joe Melcan put an emphasis on using reward power primarily to shape the behavior of his teachers in the directions he wanted.

Coercive power does not seem to be used by Mr. Melcan directly, in the sense of applying punishment to those not performing up to his expectations. But he does give lower rewards to those who do not perform as well. Of course, Joe Melcan does have a great deal of legitimate authority or power, partly because teachers know they must generally defer to the requests of

principals, their superiors in the hierarchy of the school system. In addition, Mr. Melcan's superior Boyd Denton, the superintendent, has shown obvious backing for Mr. Melcan in his disputes with some of his teachers. Also, under the decentralization of authority that Mr. Denton has installed, Mr. Melcan has the authority to hire and then evaluate subordinate teachers. This is another important source of influence for him, adding to the scope of his legitimate authority.

2. What are the potential effects of the change to centralization on Melcan?

Returning to a highly centralized school system will greatly reduce the power Melcan has now. Like all principals in the system, he currently has a great deal of autonomy and discretion. This autonomy enables Melcan to use his own standards for hiring teachers, evaluating their performance and rewarding them. This power is now threatened by this possible organizational change.

3. How do you think the supporters of Starr will react to the change? To Melcan?

The supporters of Starr among Melcan's teachers are likely to react very favorably to any such new reorganization of this type. At the present time they are without power and this change promises to give them somewhat more power and influence than they have now. From their perspective it represents a somewhat better situation than their present one, even if the precise effects of such a change on them would be difficult to predict. Of course, these supporters may now be in a state of learned helplessness, since the filing formal grievances and other efforts to thwart Melcan's activities have been largely unsuccessful. If this is the case, they may remain rather passive until they gain some success in influencing the style of management in the direction they desire.