Organizational Behavior

by:
John R. Schermerhorn
James G. Hunt
Richard N. Osborn

Copyright © 2003 John Wiley & Sons, Inc. All rights reserved.
John Wiley & Sons, Inc.
New York
0-471-20367-X

Due to electronic permissions issues, some material may have been removed from this chapter, though reference to it may occur in the text. The University of Phoenix has determined that the content presented herein satisfies the requirements for this course.
Table of Contents

Power................................................................................................................................................... 2
  Position Power..................................................................................................................................... 2
  Personal Power............................................................................................................................... 5
  Acquiring and Using Power and Influence.................................................................................. 6
  Turning Power Into Relational Influence..................................................................................... 10
  Power, Formal Authority, and Obedience..................................................................................... 11

Empowerment.................................................................................................................................. 15
  The Power Keys to Empowerment............................................................................................... 16
  Power as an Expanding Pie........................................................................................................... 17

Organizational Politics................................................................................................................... 18
  The Two Traditions of Organizational Politics........................................................................... 18
  The Double-Edged Sword of Organizational Politics............................................................... 19
  Organizational Politics and Self-Protection............................................................................... 22

Political Action and the Manager................................................................................................ 23
  Political Action and Subunit Power............................................................................................. 25
  Political Action in the Chief Executive Suite............................................................................. 25
It’s Just a Billion

November 2001 was a banner month for Bill Gates and Microsoft. Microsoft announced two new products, the Xbox and Windows XP. Just as important to the long-term strategic success of the firm was the announced settlement of both a federal lawsuit and several nagging private lawsuits related to the power of Microsoft.

In 1998 the U.S. government, had sued, claiming that the software giant was a monopolist. With 95 percent of new computer using Windows, the suit claimed Microsoft used its power to unfairly eliminate competitors and potential competitors. Microsoft bundled something called a browser into its Windows operating system and required computer makers to incorporate its new system into virtually all of their machines. A federal judge ordered massive payments by the firm, a cession of coercive practices, and a breakup of the firm.

Microsoft, however, negotiated a settlement. Without pleading guilty, Microsoft agreed to stop coercive practices, it made some elements of windows more open to rival developers and it agreed to spend over a billion dollars on computers and software to be sent to deserving U.S. public schools. But such is only one side of power and politics.

On the other side is Windows XP and the Xbox. They signal the virtually unstoppable new innovation at Microsoft. An initial key to this innovation was Bill Gates’s willingness to empower his researchers and project managers by arranging them in small groups. Microsoft’s CEO, Steven A. Ballmer, now follows Gates’s philosophy. He realizes that, by minimizing bureaucracy, new products can make it from conception to production much more quickly.¹

Individuals rarely join a corporation simply to work for the organization’s stated goals. They join for their own reasons to meet their own goals. As individuals vie for their own interests in a hierarchical setting, analyses of power and politics are a key to understanding the behavior of individuals within organizations. Yet, managers find there are never enough resources, either money, people, time, or authority to get things done. They see a power gap.² As discussed throughout this chapter, power and politics have two sides. On the one hand, power and politics represent the seamy side of management, since organizations are not democracies composed of individuals with equal influence. On the other hand, power and politics are important organizational tools that managers must use to get the job done. In effective organizations, power is delicately developed, nurtured, and managed by astute individuals. Politics is always infused into the organization. Yet it is possible to isolate many instances where individual and organizational interests are compatible. The astute manager knows how to find these opportunities.³
Study Questions

Analysis of power and politics is crucial to understanding the roles of individuals in organizations. As you read Chapter 15 keep in mind these study questions.

• What is power?
• How do managers acquire the power needed for leadership?
• What is empowerment, and how can managers empower others?
• What are organizational politics?
• How do organizational politics affect managers and management?
• Can the firm use politics strategically?

Power

In OB, power is defined as the ability to get someone to do something you want done or the ability to make things happen in the way you want them to. In Chapter we examined leadership as a key power mechanism to make things happen. Now it is time to discuss other ways. The essence of power is control over the behavior of others. While power is the force you use to make things happen in an intended way, influence is what you have when you exercise power, and it is expressed by others’ behavioral response to your exercise of power. Managers derive power from both organizational and individual sources. These sources are called position power and personal power, respectively.

Position Power

Six popular bases of power in the modern firm are available to a manager solely as a result of his or her position in the organization: reward, coercive, legitimate, process, information, and representative power.

Reward power is the extent to which a manager can use extrinsic and intrinsic rewards to control other people. Examples of such rewards include money, promotions, compliments, or enriched jobs. Although all managers have some access to rewards, success in accessing and utilizing rewards to achieve influence varies according to the skills of the manager.

Power can also be founded on punishment instead of reward. For example, a manager may threaten to withhold a pay raise, or to transfer, demote, or even recommend the firing of a subordinate who does not act as desired. Such coercive power is the extent to which a manager can deny desired rewards or administer punishments to control other people. The availability of coercive power also varies from one organization and manager to another. The presence of unions and organizational policies on employee treatment can weaken this power base considerably.
The third base of “position” power is legitimate power, or formal hierarchical authority. It stems from the extent to which a manager can use subordinates’ internalized values or beliefs that the “boss” has a “right of command” to control their behavior. For example, the boss may have the formal authority to approve or deny such employee requests as job transfers, equipment purchases, personal time off, or overtime work. Legitimate power represents a special kind of power a manager has because subordinates believe it is legitimate for a person occupying the managerial position as their boss to have the right to command. If this legitimacy is lost, authority will not be accepted by subordinates.

**Process power** is the control over methods of production and analysis. The source of this power is the placing of the individual in a position to influence how inputs are transformed into outputs for the firm, a department in the firm, or even a small group. Firms often establish process specialists who work with managers to insure that production is accomplished efficiently and effectively. Closely related to this is control of the analytical processes used to make choices. For example, many organizations have individuals with specialties in financial analysis. They may review proposals from other parts of the firm for investments. Their power derives not from the calculation itself, but from the assignment to determine the analytical procedures used to judge the proposals. Process power may be separated from legitimate hierarchical power simply because of the complexity of the firm’s operations. A manager may have the formal hierarchical authority to decide, but may be required to use the analytical schemes of others and/or to consult on effective implementation with process specialists. As you can tell, the issue of position power can get quite complex very quickly in sophisticated operations. This leads us to another related aspect of position power—the role of the access to and control of information.

**Information power** is the access to and/or the control of information. It is one of the most important aspects of legitimacy. The “right to know” and use information can be, and often is, conferred on a position holder. Thus, information power may complement legitimate hierarchical power. Information power may also be granted to specialists and managers who are in the middle of the information systems of the firm. For example, the chief information officer of the firm may not only control all the computers, but may also have access to almost any information desired. Managers jealously guard the formal “right to know,” because it means they are in a position to influence events, not merely react to them. For example, most chief executive officers believe they have the right to know about everything in “their” firm. Deeper in the organization, managers often protect information from others under the notion that outsiders would not understand it. For instance, engineering drawings are not typically allowed outside of engineering. In other instances information is to be protected from outsiders. Marketing plans may be labeled “top secret.” In most instances the nominal reason for controlling information is to protect the firm. The real reason is often to allow information holders to increase their power.

**Representative power** is the formal right conferred by the firm to speak as a representative for a potentially important group composed of individuals across departments or outside the firm. In most complex organizations there are a wide variety of different constituencies that may have an important impact on their firm’s operations and/or its success. Many of the constituencies are outside the firm. They include such groups as investors, customers, alliance partners, and, of
course, unions. Astute executives often hire individuals to act as representatives of and to these constituencies to ensure that their influence is felt, but does not dominate. So, for instance, investor relations managers are expected to deal with the mundane inquiries of small investors, anticipate the questions of financial analysts, and represent the sentiment of investors to senior management. To continue the example, the investor relations manager may be asked to anticipate the questions of investors, and guide the type of responses senior management may make. The influence of the investor relations manager is in part based on the assignment to represent the interests of this important group.

Finally, it is important to stress the unstated underpinning of legitimacy in most organizations. This is an implicit moral and technical order. As we will note later in this chapter, from the crib to the school to work to retirement, individuals in our society are taught to obey “higher authority.” In U.S. firms, “higher authority” means those close to the top of the corporate pyramid. In other societies, “higher authority” does not have a bureaucratic or organizational reference but consists of those with moral authority such as tribal chiefs, religious leaders, and the like. In firms, the legitimacy of those at the top increasingly derives from their positions as representatives for various constituencies. This is a technical or instrumental role. Many senior executives also evoke ethics and social causes in their role as authority figures.
Ethics and Social Responsibility

With Huge Size Comes a Huge Ethics Responsibility

Washington Mutual is one of the nation's largest commercial banks with a commensurate ethical responsibility. Kerry Killinger, chairman, president, and chief executive officer, reached back to his Iowa upbringing to frame a series of values to reach toward the ethical responsibility he feels his firm should meet. As CEO, he derives influence from linking corporate actions to these important values. They are:

Ethics: All actions are guided by absolute honesty, integrity, and fairness.

Respect: People are valued and appreciated for their contributions.

Teamwork: Cooperation, trust, and shared objectives are vital to success.

Innovation: New ideas are encouraged, and sound strategies implemented with enthusiasm.

Excellence: High standards for service and performance are expected and rewarded.

Personal Power

Personal power resides in the individual and is independent of that individual’s position. Personal power is important in many well-managed firms. Three bases of personal power are expertise, rational persuasion, and reference.

Expert power is the ability to control another person’s behavior through the possession of knowledge, experience, or judgment that the other person does not have but needs. A subordinate obeys a supervisor possessing expert power because the boss ordinarily knows more about what
is to be done or how it is to be done than does the subordinate. Expert power is relative, not absolute.

**Rational persuasion** is the ability to control another's behavior because through the individual's efforts, the person accepts the desirability of an offered goal and a reasonable way of achieving it. Much of what a supervisor does day to day involves rational persuasion up, down, and across the organization.

Rational persuasion involves both explaining the desirability of expected outcomes and showing how specific actions will achieve these outcomes.

**Referent power** is the ability to control another's behavior because the person wants to identify with the power source. In this case, a subordinate obeys the boss because he or she wants to behave, perceive, or believe as the boss does. This obedience may occur, for example, because the subordinate likes the boss personally and therefore tries to do things the way the boss wants them done. In a sense, the subordinate attempts to avoid doing anything that would interfere with the pleasing boss–subordinate relationship. A person's referent power can be enhanced when the individual taps into the moral order or shows a clearer long-term path to a morally desirable end. In common language, individuals with the ability to tap into these more esoteric aspects of corporate life have “charisma” and “the vision thing.” Followership is not based on what the subordinate will get for specific actions or specific levels of performance, but on what the individual represents—a path toward a loftier future.

### Acquiring and Using Power and Influence

A considerable portion of any manager's time is directed toward what is called power-oriented behavior. Power-oriented behavior is action directed primarily at developing or using relationships in which other people are to some degree willing to defer to one's wishes. Figure 1 shows three basic dimensions of power and influence with which a manager will become involved in this regard: downward, upward, and lateral. Also shown in the figure are some preliminary ideas for achieving success along each of these dimensions.
Three dimensions of managerial power and influence.

The effective manager is one who succeeds in building and maintaining high levels of both position and personal power over time. Only then is sufficient power of the right types available when the manager needs to exercise influence on downward, lateral, and upward dimensions.

**Building Position Power**

Position power can be enhanced when managers are able to demonstrate to others that their work units are highly relevant to organizational goals and are able to respond to urgent organizational needs. To increase centrality and criticality in the organization, managers may seek to acquire a more central role in the workflow by having information filtered through them, making at least part of their job responsibilities unique, expanding their network of communication contacts, and occupying an office convenient to main traffic flows.

Managers may also attempt to increase the relevance of their tasks and those of their unit to the organization. There are many ways to do this. Executives may attempt to become an internal coordinator within the firm or external representative. They may suggest their subordinates take on these roles, particularly when the firm is downsizing. When the firm is in a dynamic setting of changing technology, the executive may also move to provide unique services and information to other units. This is particularly effective if the executive moves his unit into becoming involved with decisions central to the organization's top-priority goals. To expand their position, managers may also delegate routine activities, expand the task variety and novelty for subordinates, initiate new ideas, and get involved in new projects. We will have more to say about this matter when discussing empowerment.
There are also ways managers attempt to build influence that may or may not have a positive effect on the organization. Managers may attempt to define tasks so that they are difficult to evaluate, such as by creating an ambiguous job description or developing a unique language for their work.

**Building Personal Power**

Personal power arises from the personal characteristics of the manager rather than from the location and other characteristics of his or her position in the organization's hierarchy of authority.

Three personal characteristics, expertise, political savvy, and likability, have special potential for enhancing personal power in an organization. The most obvious is *building expertise*. Additional expertise may be gained by advanced training and education, participation in professional associations, and involvement in the early stages of projects.

A somewhat less obvious way to increase personal power is to learn *political savvy*—better ways to negotiate, persuade individuals, and understand the goals and means they are most willing to accept. The novice believes that most individuals are very much the same, see the same goals, and will accept much the same paths toward these goals. The more astute individual recognizes important individual differences.

A manager's reference power is increased by characteristics that enhance his or her *likability* and create personal attraction in relationships with other people. These include pleasant personality characteristics, agreeable behavior patterns, and attractive personal appearance. The demonstration of sincere hard work on behalf of task performance can also increase personal power by enhancing both expertise and reference. A person who is perceived to try hard may be expected to know more about the job and thus be sought out for advice. A person who tries hard is also likely to be respected for the attempt and may even be depended on by others to maintain that effort.
Avocent is a global supplier of KVM (keyboard, video and mouse) switching and network appliances. These products provide IT managers with access and control of multiple servers and network data center devices. KVM switching systems provide access and control of multiple racks of servers from a single console, as well as control from remote locations. These switches eliminate extra keyboards, monitors and mice and allow businesses to save critical space in their data centers.

Avocent was formed in July 2000 by the merger of leading industry innovators Cybex Computer Products Corporation and Apex Inc. Avocent’s KVM solutions are distributed by the world’s largest server manufacturers and installed in Fortune 100 companies around the world. When Stephen F. Thornton, CEO, announced the promotion of Doyle C. Weeks to the newly created position of Executive Vice President, Group Operations and Business Development, he cited Doyle’s critical role in “directing our international expansion.” Unsaid, but recognized by both market analysts and key individuals within the firm was the five-year average growth of 42 percent for the company, much of it outside the United States.

Combined Building of Position and Personal Power

From a purely analytical standpoint, most sources of power can be traced to position power or personal power. However, many of the influential actions and behaviors are combinations of position and personal power.

Most managers attempt to increase the visibility of their job performance by (1) expanding the number of contacts they have with senior people, (2) making oral presentations of written work, (3) participating in problem-solving task forces, (4) sending out notices of accomplishment, and (5) generally seeking additional opportunities to increase personal name recognition. Most managers also recognize that, between superiors and subordinates, access to or control over information is an important element. A boss may appear to expand his or her expert power over a subordinate by not allowing the individual access to critical information. Although the denial may appear to enhance the boss’s expert power, it may reduce the subordinate’s effectiveness. In a similar manner a supervisor may also control access to key organizational decision makers. An individual’s ability to contact key persons informally can offset some of this disadvantage. Furthermore, astute senior executives routinely develop “back channels” to lower-level individuals deep within the firm to offset the tendency of bosses to control information and access.
Expert power is often relational and embedded within the organizational context. Many important decisions are made outside formal channels and are substantially influenced by key individuals with the requisite knowledge. By developing and using coalitions and networks, an individual may build on his or her expert power. Through coalitions and networks, an individual may alter the flow of information and the context for analysis. By developing coalitions and networks, executives also expand their access to information and their opportunities for participation.

Executives also attempt to control, or at least influence, decision premises. A decision premise is a basis for defining the problem and for selecting among alternatives. By defining a problem in a manner that fits the executive's expertise, it is natural for that executive to be in charge of solving it. Thus, the executive subtly shifts his or her position power.

Executives who want to increase their power often make their goals and needs clear and bargain effectively to show that their preferred goals and needs are best. They do not show their power base directly but instead provide clear “rational persuasion” for their preferences. So the astute executive does not threaten or attempt to evoke sanctions to build power. Instead, he or she combines personal power with the position of the unit to enhance total power. As illustrated in The Effective Manager 15.1, it is important for the aspiring manager to build trust. As the organizational context changes, different personal sources of power may become more important alone and in combination with the individual's position power. So there is an art to building power.

The Effective Manager 15.1

Developing Trust

One key to ethically developing power is to build trust. To build trust a manager should, at a minimum,

- Always honor implied and explicit social contracts.
- Seek to prevent, avoid, and rectify harm to others.
- Respect the unique needs of others.

Turning Power Into Relational Influence

Using position and personal power well to achieve the desired influence over other people is a challenge for most managers. Practically speaking, there are many useful ways of exercising relational influence. The most common strategies involve the following.
Research on these strategies suggests that reason is the most popular strategy overall. In addition, friendliness, assertiveness, bargaining, and higher authority are used more frequently to influence subordinates than to influence supervisors. This pattern of influence attempts is consistent with our earlier contention that downward influence generally includes mobilization of both position and personal power sources, whereas upward influence is more likely to draw on personal power.

Little research is available on the subject of upward influence in organizations. This is unfortunate, since truly effective managers are able to influence their bosses as well as their subordinates. One study reports that both supervisors and subordinates view reason, or the logical presentation of ideas, as the most frequently used strategy of upward influence. When queried on reasons for success and failure, however, the viewpoints of the two groups show both similarities and differences. The perceived causes of success in upward influence are similar for both supervisors and subordinates and involve the favorable content of the influence attempt, a favorable manner of its presentation, and the competence of the subordinate. The two groups disagree on the causes of failure, however. Subordinates attribute failure in upward influence to the close-mindedness of the supervisor, unfavorable content of the influence attempt, and unfavorable interpersonal relationships with the supervisor. In contrast, supervisors attribute failure to the unfavorable content of the attempt, the unfavorable manner in which it was presented, and the subordinate’s lack of competence.

**Power, Formal Authority, and Obedience**

As we have shown, power is the potential to control the behavior of others, and formal authority is the potential to exert such control through the legitimacy of a managerial position. Yet, we also know that people who seem to have power don’t always get their way. Why do some people obey directives and others do not? More specifically, why should subordinates respond to a manager’s authority, or “right to command,” in the first place? Furthermore, given that subordinates are willing to obey, what determines the limits of obedience?
Melita Managing Dependencies—How to Play with the GIANTS

www.melita.com

Melita International is a small fish in the global telecom equipment industry with sales hovering around $100 million and a market value in the $150 million range. But Aleksander Szlam, founder and CEO, knows how to play with the giants, not against them. Melita’s Business Alliance Program is a who’s who of telecommunications and computing, including IBM and MCI WorldCom. Melita seeks to build synergistic relationships based on open industry standards.

The Milgram Experiments

The mythology of American independence and unbridled individualism is so strong we need to spend some time explaining how most of us are really quite obedient. So we turn to the seminal
studies of Stanley Milgram on obedience. Milgram designed experiments to determine the extent to which people obey the commands of an authority figure, even if they believe they are endangering the life of another person. Subjects, ranging in age from 20 to 50 and representing a diverse set of occupations (engineers, salespeople, schoolteachers, laborers, and others), were paid a nominal fee for participation in the project.

The subjects were falsely told that the purpose of the study was to determine the effects of punishment on learning. The subjects were to be the “teachers.” The “learner” was a confederate of Milgram’s, who was strapped to a chair in an adjoining room with an electrode attached to his wrist. The “experimenter,” another confederate of Milgram’s, was dressed in a gray laboratory coat. Appearing impassive and somewhat stern, the experimenter instructed the “teacher” to read a series of word pairs to the “learner” and then to reread the first word along with four other terms. The learner was supposed to indicate which of the four terms was in the original pair by pressing a switch that caused a light to flash on a response panel in front of the teacher.

The teacher was instructed to administer a shock to the learner each time a wrong answer was given. This shock was to be increased one level of intensity each time the learner made a mistake. The teacher controlled switches that ostensibly administered shocks ranging from 15 to 450 volts. In reality, there was no electric current in the apparatus, but the learners purposely “erred” often and responded to each level of “shock” in progressively distressing ways. If a “teacher” (subject) proved unwilling to administer a shock, the experimenter used the following sequential prods to get him or her to perform as requested. (1) “Please continue” or “Please go on”; (2) “The experiment requires that you continue”; (3) “It is absolutely essential that you continue”; and (4) “You have no choice, you must go on.” Only when the “teacher” refused to go on after the fourth prod would the experiment be stopped. When would you expect the “teachers” to refuse to go on?

Milgram asked some of his students and colleagues the same question. Most felt that few, if any, of the subjects would go beyond the “very strong shock” level. Actually, 26 subjects (65 percent) continued to the end of the experiment and shocked the “learners” to the maximum. None stopped before 300 volts, the point at which the learner pounded on the wall. The remaining 14 subjects refused to obey the experimenter at various intermediate points.

Most people are surprised by these results, as was Milgram. The question is why other people would have a tendency to accept or comply with authoritative commands under such extreme conditions. Milgram conducted further experiments to try to answer this question. The subjects' tendencies toward compliance were somewhat reduced (1) when experimentation took place in a rundown office (rather than a university lab), (2) when the victim was closer, (3) when the experimenter was farther away, and (4) when the subject could observe other subjects. However, the level of compliance was still much higher than most of us would expect. In short, there is the tendency for individuals to comply and be obedient—to switch off and merely do exactly what they are told to do.
Obedience and the Acceptance of Authority

Direct defiance within organizational settings is quite rare, as is the individual who institutes new and different ways to get the job done. If the tendency to follow instructions is great and defiance is rare, then why do so many organizations appear to drift into apparent chaos?

The answer to this question can be found in work by the famous management writer Chester Barnard. Barnard’s argument focused on the “consent of the governed” rather than on the rights derived from ownership. He argued that subordinates accepted or followed a directive from the boss only under special circumstances.

All four of these circumstances must be met: (1) the subordinate can and must understand the directive; (2) the subordinate must feel mentally and physically capable of carrying out the directive; (3) the subordinate must believe that the directive is not inconsistent with the purpose of the organization; and (4) the subordinate must believe that the directive is not inconsistent with his or her personal interests.

These four conditions are very carefully stated. For instance, to accept and follow an order, the subordinate does not need to understand how the proposed action will help the organization. He or she only needs to believe that the requested action is not inconsistent with the purpose of the firm. The astute manager will not take these guidelines for granted. In giving directives, the astute manager recognizes that the acceptance of the request is not assured.

Obedience and the Zone of Indifference

Most people seek a balance between what they put into an organization (contributions) and what they get from an organization in return (inducements). Within the boundaries of the psychological contract, therefore, employees will agree to do many things in and for the organization because they think they should. In exchange for certain inducements, subordinates recognize the authority of the organization and its managers to direct their behavior in certain ways. Based on his acceptance view of authority, Chester Barnard calls this area in which directions are obeyed the “zone of indifference.”

A zone of indifference is the range of authoritative requests to which a subordinate is willing to respond without subjecting the directives to critical evaluation or judgment. Directives falling within the zone are obeyed. Requests or orders falling outside the zone of indifference are not considered legitimate under terms of the psychological contract. Such “extraordinary” directives may or may not be obeyed. This link between the zone of indifference and the psychological contract is shown in Figure 2.
Hypothetical psychological contract for a secretary.

The zone of indifference is not fixed. There may be times when a boss would like a subordinate to do things falling outside the zone. In this case, the manager must enlarge the zone to accommodate additional behaviors. In these attempts, a manager most likely will have to use more incentives than pure position power. In some instances, no power base may be capable of accomplishing the desired result. Consider your own zone of indifference and tendency to obey. When will you say “No” to your boss? When should you be willing to say “No”? At times, the situation may involve ethical dilemmas, where you may be asked to do things that are illegal, unethical, or both.

Research on ethical managerial behavior shows that supervisors can become sources of pressure for subordinates to do such things as support incorrect viewpoints, sign false documents, overlook the supervisor’s wrongdoing, and do business with the supervisor’s friends. Most of us will occasionally face such ethical dilemmas during our careers. For now, we must simply remember that saying “No” or “refusing to keep quiet” can be difficult and potentially costly.

**Empowerment**

Empowerment is the process by which managers help others to acquire and use the power needed to make decisions affecting themselves and their work. More than ever before, managers in progressive organizations are expected to be good at (and highly comfortable with) empowering...
the people with whom they work. Rather than considering power to be something to be held only at higher levels in the traditional “pyramid” of organizations, this view considers power to be something that can be shared by everyone working in flatter and more collegial structures.

The concept of empowerment is part of the sweeping change being witnessed in today’s corporations. Corporate staff is being cut back; layers of management are being eliminated; the number of employees is being reduced as the volume of work increases. What is left is a leaner and trimmer organization staffed by fewer managers who must share more power as they go about their daily tasks. Indeed, empowerment is a key foundation of the increasingly popular self-managing work teams and other creative worker involvement groups.

**The Power Keys to Empowerment**

One of the bases for empowerment is a radically different view of power itself. So far, our discussion has focused on power that is exerted over other individuals. In this traditional view, power is relational in terms of individuals. In contrast, the concept of empowerment emphasizes the ability to make things happen. Power is still relational, but in terms of problems and opportunities, not individuals. Cutting through all the corporate rhetoric on empowerment is quite difficult, since the term has become quite fashionable in management circles. Each individual empowerment attempt needs to be examined in light of how power in the organization will be changed.

**Changing Position Power**

When an organization attempts to move power down the hierarchy, it must also alter the existing pattern of position power. Changing this pattern raises some important questions. Can “empowered” individuals give rewards and sanctions based on task accomplishment? Has their new right to act been legitimized with formal authority? All too often, attempts at empowerment disrupt well-established patterns of position power and threaten middle and lower level managers. As one supervisor said, “All this empowerment stuff sounds great for top management. They don’t have to run around trying to get the necessary clearances to implement the suggestions from my group. They never gave me the authority to make the changes, only the new job of asking for permission.”

**Expanding the Zone of Indifference**

When embarking on an empowerment program, management needs to recognize the current zone of indifference and systematically move to expand it. All too often, management assumes that its directive for empowerment will be followed; management may fail to show precisely how empowerment will benefit the individuals involved, however.
Power as an Expanding Pie

Along with empowerment, employees need to be trained to expand their power and their new influence potential. This is the most difficult task for managers and a difficult challenge for employees, for it often changes the dynamic between supervisors and subordinates. The key is to change the concept of power within the organization from a view that stresses power over others to one that emphasizes the use of power to get things done. Under the new definition of power, all employees can be more powerful.

Technology

Elizabeth Allen is VP of Corporate Communications for Dell, the “world’s most preferred computer systems company.” She is responsible for the strategic direction and management of Dell’s global corporate communication function. Elizabeth holds a bachelor’s degree in editorial journalism from Northwestern and systematically moved up the corporate ladder in communications in such firms as Citicorp and Raytheon. Her boss, Tom Green, VP of Law and Administration, relies on Ms. Allen’s MBA from Indiana University as well as her communications background. If you think “high-tech” is all about engineering and software, think again. An underlying secret is emphasis on “high-touch” empowerment. Tom has empowered Elizabeth, Elizabeth has, in turn, empowered her teams in such areas as media relations and government relations. Both work hard to contribute to the company’s ability to better inform customers, investors and others about Dell’s unique product and service capabilities.
A clearer definition of roles and responsibilities may help managers empower others. For instance, senior managers may choose to concentrate on long-term, large-scale adjustments to a variety of challenging and strategic forces in the external environment. If top management tends to concentrate on the long term and downplay quarterly mileposts, others throughout the organization must be ready and willing to make critical operating decisions to maintain current profitability. By providing opportunities for creative problem solving coupled with the discretion to act, real empowerment increases the total power available in an organization. In other words, the top levels don't have to give up power in order for the lower levels to gain it. Note that senior managers must give up the illusion of control—the false belief that they can direct the actions of employees five or six levels of management below them.

The same basic arguments hold true in any manager–subordinate relationship. Empowerment means that all managers need to emphasize different ways of exercising influence. Appeals to higher authority and sanctions need to be replaced by appeals to reason. Friendliness must replace coercion, and bargaining must replace orders for compliance.

Given the all too familiar history of an emphasis on coercion and compliance within firms, special support may be needed for individuals so that they become comfortable in developing their own power over events and activities. What executives fear, and all too often find, is that employees passively resist empowerment by seeking directives they can obey or reject. The fault lies with the executives and the middle managers who need to rethink what they mean by power and rethink their use of traditional position and personal power sources. The key is to lead, not push; reward, not sanction; build, not destroy; and expand, not shrink. To expand the zone of indifference also calls for expanding the inducements for thinking and acting, not just for obeying.

Organizational Politics

Any study of power and influence inevitably leads to the subject of “politics.” For many, this word may conjure up thoughts of illicit deals, favors, and special personal relationships. Perhaps this image of shrewd, often dishonest, practices of obtaining one's way is reinforced by Machiavelli’s classic fifteenth-century work The Prince, which outlines how to obtain and hold power via political action. It is important, however, to adopt a perspective that allows politics in organizations to function in a much broader capacity.

The Two Traditions of Organizational Politics

There are two quite different traditions in the analysis of organizational politics. One tradition builds on Machiavelli’s philosophy and defines politics in terms of self-interest and the use of nonsanctioned means. In this tradition, organizational politics may be formally defined as the management of influence to obtain ends not sanctioned by the organization or to obtain sanctioned ends through nonsanctioned influence means. Managers are often considered political when they seek their own goals or use means that are not currently authorized by the organization or
that push legal limits. Where there is uncertainty or ambiguity, it is often extremely difficult to
tell whether a manager is being political in this self-serving sense. For instance, was John
Meriwether a great innovator when he established Long Term Capital Management (LTCM) as
a hedge fund to bet on interest rate spreads? At one time, the firm included 2 Nobel laureates
and some 25 Ph.D.s. Or was he the consummate insider when he got the U.S. Federal Reserve to
orchestrate a bailout when it looked like he would either go broke or lose control to a rich investor?
Or as often happens in the world of corporate politics, could both of these statements be partially
true?

The second tradition treats politics as a necessary function resulting from differences in the self-interests
of individuals. Here, organizational politics is viewed as the art of creative compromise among
competing interests. In the case of John Meriwether and LTCM, when it went bankrupt the
country’s financial leaders were concerned that it could cause a panic in the markets and so hurt
everyone. So the Federal Reserve stepped in. That Meriwether did not lose everything was merely
a byproduct of saving the whole financial system. In a heterogeneous society, individuals will
disagree as to whose self-interests are most valuable and whose concerns should therefore be
bounded by collective interests. Politics arise because individuals need to develop compromises,
avoid confrontation, and live together. The same holds true in organizations, where individuals
join, work, and stay together because their self-interests are served. Furthermore, it is important
to remember that the goals of the organization and the acceptable means are established by
organizationally powerful individuals in negotiation with others. Thus, organizational politics
is also the use of power to develop socially acceptable ends and means that balance individual
and collective interests.

The Double-Edged Sword of Organizational Politics

The two different traditions of organizational politics are reflected in the ways executives describe
their effects on managers and their organizations. In one survey, some 53 percent of those
interviewed indicated that organizational politics enhanced the achievement of organizational
goals and survival. Yet, some 44 percent suggested that it distracted individuals from
organizational goals. In this same survey, 60 percent of respondents suggested that organizational
politics was good for career advancement; 39 percent reported that it led to a loss of power,
position, and credibility. As shown in The Effective Manager 15.2, political skill has been linked
to lower executive stress.

Organizational politics is not automatically good or bad. It can serve a number of important
functions, including overcoming personnel inadequacies, coping with change, and substituting
for formal authority.
The Effective Manager 15.2

Political Skill as an Antidote for Stress

Ever wonder why executives under tremendous daily stress don't burn out? Some argue it is their political skill that saves them. Which specific political skills? Think of these:

- The ability to use practical intelligence (as opposed to analytical or creative intelligence)
- The ability to be calculating and shrewd about social connections
- The ability to inspire trust and confidence
- The ability to deal with individuals having a wide variety of backgrounds, styles, and personalities

Even in the best managed firms, mismatches arise among managers who are learning, burned out, lacking in needed training and skills, overqualified, or lacking the resources needed to accomplish their assigned duties. Organizational politics provides a mechanism for circumventing these inadequacies and getting the job done. Organizational politics can facilitate adaptation to changes in the environment and technology of an organization.
Little Caesars
www.littlecaesars.com

Marian Ilitch, co-founder of Little Caesars Pizza, has helped put her stamp on the corporate philosophy of Little Caesars by making it one of the best places for working women. The firm also has a long and distinguished record of supporting local charities and is headquartered in downtown Detroit. Marian recently made a million-dollar contribution to establish a hospice in Detroit.

Organizational politics can help identify such problems and move ambitious, problem-solving managers into the breach. It is quicker than restructuring. It allows the firm to meet unanticipated problems with people and resources quickly, before small headaches become major problems.
Finally, when a person’s formal authority breaks down or fails to apply to a particular situation, political actions can be used to prevent a loss of influence. Managers may use political behavior to maintain operations and to achieve task continuity in circumstances where the failure of formal authority may otherwise cause problems.

**Organizational Politics and Self-Protection**

Whereas organizational politics may be helpful to the organization as a whole, it is probably more commonly known and better understood in terms of self-protection. Whether or not management likes it, all employees recognize that in any organization they must watch out for themselves first. In too many organizations, if the employee doesn’t protect himself or herself, no one else will.

Individuals can employ three common strategies to protect themselves. They can (1) avoid action and risk taking, (2) redirect accountability and responsibility, or (3) defend their turf.

**Avoidance**

Avoidance is quite common in controversial areas where the employee must risk being wrong or where actions may yield a sanction. Perhaps the most common reaction is to “work to the rules.” That is, employees are protected when they adhere strictly to all the rules, policies, and procedures or do not allow deviations or exceptions. Perhaps one of the most frustrating but effective techniques is to “play dumb.” We all do this at some time or another. When was the last time you said, “Officer, I didn't know the speed limit was 35. I couldn't have been going 52.”

Although working to the rules and playing dumb are common techniques, experienced employees often practice somewhat more subtle techniques of self-protection. These include depersonalization and stalling. Depersonalization involves treating individuals, such as customers, clients, or subordinates, as numbers, things, or objects. Senior managers don’t fire long-term employees; the organization is merely “downsized” or “delayered.” Routine stalling involves slowing down the pace of work to expand the task so that the individuals look as if they are working hard. With creative stalling, the employees may spend the time supporting the organization’s ideology, position, or program and delaying implementation.

**Redirecting Responsibility**

Politically sensitive individuals will always protect themselves from accepting blame for the negative consequences of their actions. Again, a variety of well-worn techniques may be used for redirecting responsibility. “Passing the buck” is a common method employees and managers use. The trick here is to define the task in such a way that it becomes someone else’s formal responsibility. The ingenious ways individuals can redefine an issue to avoid action and transfer responsibility are often amazing.

Both employees and managers may avoid responsibility by buffing, or rigorous documentation. Here, individuals take action only when all the paperwork is in place and it is clear that they are
merely following procedure. Closely related to rigorous documentation is the “blind memo,” which explains an objection to an action implemented by the individual. Here, the required action is taken, but the blind memo is prepared should the action come into question. Politicians are particularly good at this technique. They will meet with a lobbyist and then send a memo to the files confirming the meeting. Any relationship between what was discussed in the meeting and the memo is accidental.

As the last example suggests, a convenient method some managers use to avoid responsibility is merely to rewrite history. If a program is successful, the manager claims to have been an early supporter. If a program fails, the manager was the one who expressed serious reservations in the first place. Whereas a memo in the files is often nice to have to show one's early support or objections, some executives don't bother with such niceties. They merely start a meeting by recapping what has happened in such a way that makes them look good.

For the really devious, there are three other techniques for redirecting responsibility. One technique is to blame the problem on someone or some group that has difficulty defending themselves. Fired employees, outsiders, and opponents are often targets of such scapegoating. Closely related to scapegoating is blaming the problem on uncontrollable events. The really astute manager goes far beyond the old “the-dog-ate-my-homework” routine. A perennial favorite is, “Given the unexpected severe decline in the overall economy, firm profitability was only somewhat below reasonable expectations.” Meaning, the firm lost a bundle.

Should these techniques fail, there is always another possibility: facing apparent defeat, the manager can escalate commitment to a losing cause of action. That is, when all appears lost, assert your confidence in the original action, blame the problems on not spending enough money to implement the plan fully, and embark on actions that call for increased effort. The hope is that you will be promoted or retired by the time the negative consequences are recognized.

Defending Turf

Defending turf is a time-honored tradition in most large organizations. As noted earlier in the chapter, managers seeking to improve their power attempt to expand the jobs their groups perform. Defending turf also results from the coalitional nature of organizations. That is, the organization may be seen as a collection of competing interests held by various departments and groups. As each group attempts to expand its influence, it starts to encroach on the activities of other groups. Turf protection can be seen more easily in the following analysis of political action and the manager.

Political Action and the Manager

Managers may gain a better understanding of political behavior by placing themselves in the positions of other persons involved in critical decisions or events. Each action and decision can be seen as having benefits for and costs to all parties concerned. Where the costs exceed the benefits, the manager may act to protect his or her position.
Figure 3 shows a sample payoff table for two managers, Lee and Leslie, in a problem situation involving a decision as to whether or not to allocate resources to a special project. If both managers authorize the resources, the project gets completed on time, and their company keeps a valuable client. Unfortunately, if they do this, both Lee and Leslie overspend their budgets. Taken on its own, a budget overrun would be bad for the managers' performance records. Assume that the overruns are acceptable only if the client is kept. Thus, if both managers act, both they and the company win, as depicted in the upper left block of the figure. Obviously, this is the most desirable outcome for all parties concerned.

Assume that Leslie acts, but Lee does not. In this case, the company loses the client, Leslie overspends the budget in a futile effort, but Lee ends up within budget. While the company and Leslie lose, Lee wins. This scenario is illustrated in the lower-left block of the figure. The upper-right block shows the reverse situation, where Lee acts but Leslie does not. In this case, Leslie wins, while the company and Lee lose. Finally, if both Lee and Leslie fail to act, each stays within the budget and therefore gains, but the company loses the client.

The company clearly wants both Lee and Leslie to act. But will they? Would you take the risk of overspending the budget, knowing that your colleague may refuse? The question of trust is critical here, but building trust among co-managers and other workers takes time and can be difficult. The involvement of higher-level managers may be needed to set the stage better. Yet,
in many organizations both Lee and Leslie would fail to act because the “climate” or “culture”
too often encourages people to maximize their self-interest at minimal risks.

**Political Action and Subunit Power**

Political action links managers more formally to one another as representatives of their work
units. Five of the more typical lateral, intergroup relations in which you may engage as a manager
are workflow, service, advisory, auditing, and approval.²¹ Workflow linkages involve contacts
with units that precede or follow in a sequential production chain. Service ties involve contacts
with units established to help with problems. For instance, an assembly-line manager may develop
a service link by asking the maintenance manager to fix an important piece of equipment on a
priority basis. In contrast, advisory connections involve formal staff units having special expertise,
such as a manager seeking the advice of the personnel department on evaluating subordinates.
Auditing linkages involve units that have the right to evaluate the actions of others after action
has been taken, whereas approval linkages involve units whose approval must be obtained before
action may be taken.

To be effective in political action, managers should understand the politics of subunit relations.
Line units are typically more powerful than are staff groups, and units toward the top of the
hierarchy are often more powerful than are those toward the bottom. In general, units gain power
as more of their relations with others are of the approval and auditing types. Workflow relations
are more powerful than are advisory associations, and both are more powerful than are service
relations.

**Political Action in the Chief Executive Suite**

From descriptions of the 1890s’ robber barons such as Jay Gould to the actions of Microsoft’s Bill
Gates, Americans have been fascinated with the politics of the chief executive suite. An analytical
view of executive suite dynamics may lift some of the mystery behind the political veil at the top
levels in organizations.

**Resource Dependencies**

Executive behavior can sometimes be explained in terms of resource dependencies—the firm’s
need for resources that are controlled by others.²² Essentially, the resource dependence of an
organization increases as (1) needed resources become more scarce, (2) outsiders have more
control over needed resources, and (3) there are fewer substitutes for a particular type of resource
controlled by a limited number of outsiders. Thus, one political role of the chief executive is to
develop workable compromises among the competing resource dependencies facing the
organization—compromises that enhance the executive’s power. To create such compromises,
executives need to diagnose the relative power of outsiders and to craft strategies that respond
differently to various external resource suppliers.
For larger organizations, many strategies may center on altering the firm's degree of resource dependence. Through mergers and acquisitions, a firm may bring key resources within its control. By changing the “rules of the game,” a firm may also find protection from particularly powerful outsiders. In the opening case, for instance, Netscape was seeking relief from the onslaught of Microsoft by appealing to the U.S. government. Markets may also be protected by trade barriers, or labor unions may be put in check by “right to work” laws. Yet, there are limits on the ability of even our largest and most powerful organizations to control all important external contingencies.

International competition has narrowed the range of options for chief executives; they can no longer ignore the rest of the world. Some may need to redefine fundamentally how they expect to conduct business. For instance, once U.S. firms could go it alone without the assistance of foreign corporations. Now, chief executives are increasingly leading them in the direction of more joint ventures and strategic alliances with foreign partners from around the globe. Such “combinations” provide access to scarce resources and technologies among partners, as well as new markets and shared production costs.

On the seamier side, there is a new wrinkle in the discussion of resource dependencies—executive pay. Traditionally, U.S. CEOs made about 30 times the pay of the average worker. This was similar to CEO pay scales in Europe and Japan. Today many U.S. CEOs are making 3000 times the average pay of workers. How did they get so rich? CEOs may tie themselves to the short-term interests of powerful stockholders. Their pay may be directly linked to short-term stock price increases, even though CEOs are most often expected to focus on the long-term health of the firm. When a CEO downsizes, embarks on a merger campaign, or cuts such benefits as worker health care, short-term profits may jump dramatically and lift the stock price. Although the long-term health of the firm may be put in jeopardy, few U.S. CEOs seem able to resist the temptation. It is little wonder that there is renewed interest in how U.S. firms are governed.

**Politics and Corporate Strategy**

While much of the strategy literature has been preoccupied with the economic and organizational aspects of strategy, there is growing awareness of the importance of political strategy. Three aspects have received considerable recent attention. First is the absence of a political strategy in some corporations, mainly Silicon Valley and software firms. It can be argued, for example, that Microsoft’s antitrust problems were in part due to an unwillingness of Gates and Ballmer to consider the political ramifications of their attempts to block competitors by coercing computer manufacturers. In contrast, consider the approach of John Chambers, CEO of Cisco Systems. Cisco has over 80 percent of the high-speed server market, clearly almost a monopolistic position. He met with U.S. Justice Department officials to preempt government action. He assured regulators his firm was not acting like Microsoft. It just had the patents and a superior technology. In general, U.S. firms are admonished to reject passive reaction to government policy or even passive anticipation. Instead they are advised to engage in the public political process.
A second aspect of a corporate political strategy is turning the government from a regulator against the industry to a protector. Immediately after the events of 9/11, a wounded airline industry collectively sought government help with an immediate financial bailout in the billions of dollars. On a more routine basis, U.S. steel companies have sought protection from foreign competition for over 40 years. Here, the industry’s largest firms dominated the politics surrounding trade protection. They sought and generally received protection when U.S. demand was weakest. They used a variety of tactics ranging from political contributions to information campaigns to establish an agenda favoring their position.

Of course, a third and most critical aspect of a corporate political strategy is when and how to get involved in the public policy processes. There are no easy answers. Smaller firms with less governmental regulation of their industry may be willing to take a so-called transactional approach. They become involved on specific issues with specific public policy officials who deal with a given issue. Larger firms in more regulated settings should not wait for the agenda to be formed. Instead they should be more relationally oriented. That is, they should monitor the environment, help shape emerging issues, and build solid relationships with a broad spectrum of policymakers. While firms may do this alone, most seek allies and build coalitions of firms to shape and guide the process of issue development.

As our economy continues to globalize and firms move across national boundaries, the development and implementation of an effective political strategy has become both more important and more difficult. For example, U.S. regulators were willing to allow General Electric to buy a firm called Honeywell. Unfortunately for General Electric, European Union representatives were not, and the proposed merger fell through. While Microsoft has apparently resolved its U.S. antitrust problems, the European Union has yet to rule.

**Organizational Governance**

Organizational governance refers to the pattern of authority, influence, and acceptable managerial behavior established at the top of the organization. This system establishes what is important, how issues will be defined, who should and should not be involved in key choices, and the boundaries for acceptable implementation.

Students of organizational governance suggest that a “dominant coalition” comprised of powerful organizational actors is a key to understanding a firm’s governance. Although one expects many top officers within the organization to be members of this coalition, the dominant coalition occasionally includes outsiders with access to key resources. Thus, analysis of organizational governance builds on the resource dependence perspective by highlighting the effective control of key resources by members of a dominant coalition.
Aerospace giant Boeing deals with a large number of foreign firms and governments, selling them commercial airplanes as well as military equipment. With all of the different cultures, different ethical standards, and different business practices, it would be easy for employees to violate corporate ethics standards if they adopted some foreign practices. The problem is so critical to Boeing that they have formed an executive-level Business Ethics and Conduct Committee with some real heavy hitters. Included are the company chairman, the CEO, the president and chief operating officer, presidents of the operating groups, and the senior VPs. For implementation, Boeing has a VP of Ethics and Business Conduct. The goals of the committee are to: (a) communicate Boeing values and standards of ethical business conduct, (b) inform employees of ethical practices and policies, (c) develop processes to help employees resolve ethics issues, and (d) establish companywide criteria for ethical education, standards of evaluation, and ethical awareness.

This view of the executive suite recognizes that the daily practice of organizational governance is the development and resolution of issues. Through the governance system, the dominant coalition attempts to define reality. By accepting or rejecting proposals from subordinates, by directing questions toward the interests of powerful outsiders, and by selecting individuals who appear to espouse particular values and qualities, the pattern of governance is slowly established within the organization. Furthermore, this pattern rests, at least in part, on very political foundations.
Finance

OB Across Functions

CFOs Don't Do Bad Either

The typical chief financial officer (CFO) receives about 34 percent of a CEO’s (chief executive officer) compensation. A 1998 survey of the top-paid CFOs suggests some are not doing too badly, however. Scott Sullivan, CFO of World Com (now MCI World Com), received about $20 million in total direct compensation, while Early L. Mason of Compaq Computer was paid close to $16 million. The third highest paid CFO was Robert G. Scott of Morgan Stanley Dean Witter at over $12 million, followed by Donald Peterson of Lucent Technologies at over $10 million. Rounding out the top five was James Stewart of Cigna at a mere $9,457,400. The average cash compensation for all CFOs in the survey was over $360,000.

While organizational governance was an internal and a rather private matter in the past, it is now becoming more public and openly controversial. Some argue that senior managers don’t represent shareholder interests well enough. Others are concerned that they give too little attention to broader constituencies.

It has been estimated that the Fortune 500 corporations have cut some 8 million positions over the last 15 years of downsizing. Managers and employees of these firms once felt confident that the management philosophy of their firm included their interests. In the new millennium, only a few employees seem to share this confidence. For instance, Boeing announced record production, near-record profits, and a merger with McDonnell-Douglas at the same time that it eliminated some 20,000 engineers from its home Seattle operations. After the tragedy of 9/11, it announced another round of cuts expected to be 30,000. Boeing eliminated almost all of the engineers hired in the last four years. As one critic caustically noted, “They ate their young to get executive bonuses.” Obviously, Boeing is not a high performance organization even though it expresses a concern for ethics.

Organizational Governance and Ethics

Public concerns about U.S. corporations, especially those organizations with high-risk technologies such as chemical processing, medical technology, and integrated oil refineries, appear on the rise. For instance, Dow-Corning’s survival is questionable because it has been accused of selling breast implants that cause immune system problems. Dow-Corning cites the lack of scientific evidence linking their product with such problems, but jury after jury is awarding damages to women who have had Dow-Corning implants and immune system problems. Without doubt juries are holding Dow-Corning management accountable.
Imbalanced organizational governance by some U.S. corporations may limit their ability to manage global operations effectively. Although U.S. senior managers may blame such externalities as unfavorable trade laws for their inability to compete in Japan or other Asian competitors, their critics suggest that it's just a lack of global operating savvy that limits the corporations these managers are supposed to be leading. Organizational governance is too closely tied to the short-term interests of stockholders and the pay of the CEO.

On a more positive note, there are bright spots suggesting that the governance of U.S. firms is extending well beyond the limited interests of the owners to include employees and into communities.

Cavanagh, Moberg, and Velasquez argue that organizational governance should have an ethical base. They suggest that from the CEO to the lowest employee, a person's behavior must satisfy the following criteria to be considered ethical. First, the behavior must result in optimizing the satisfaction of people both inside and outside the organization to produce the greatest good for the greatest number of people. Second, the behavior must respect the rights of all affected parties, including the human rights of free consent, free speech, freedom of conscience, privacy, and due process. Third, the behavior must respect the rules of justice by treating people equitably and fairly, as opposed to arbitrarily.

There may be times when a behavior is unable to fulfill these criteria but can still be considered ethical in the given situation. This special case must satisfy the criterion of overwhelming factors, in which the special nature of the situation results in (1) conflicts among criteria (e.g., a behavior results in some good and some bad being done), (2) conflicts within criteria (e.g., a behavior uses questionable means to achieve a positive end), or (3) incapacity to employ the criteria (e.g., a person’s behavior is based on inaccurate or incomplete information).

Choosing to be ethical often involves considerable personal sacrifice, and, at all corporate levels, it involves avoiding common rationalizations. CEOs and employees alike may justify unethical actions by suggesting that (1) the behavior is not really illegal and so could be moral; (2) the action appears to be in the firm’s best interests; (3) the action is unlikely ever to be detected; and (4) it appears that the action demonstrates loyalty to the boss, the firm, or short-term stockholder interests. Whereas these rationalizations may appear compelling at the moment of action, each deserves close scrutiny if the firm’s organizational governance system is to avoid falling into being dominated by the more unsavory side of organizational politics.

**Chapter 15 Study Guide**

**Summary**

1. What is power?
   - Power is the ability to get someone else to do what you want him or her to do.
   - Power vested in managerial positions derives from three sources: rewards, punishments, and legitimacy (formal authority).
2. How do managers acquire the power needed for leadership?
   - Formal authority is based on the manager's position in the hierarchy of authority, whereas personal power is based on one's expertise and referent capabilities.
   - Managers can pursue various ways of acquiring both position and personal power.
   - They can also become skilled at using various tactics, such as reason, friendliness, ingratiation, and bargaining, to influence superiors, peers, and subordinates.
   - People may have a tendency to obey directives coming from others who appear powerful and authoritative.
   - The zone of indifference defines the boundaries within which people in organizations let others influence their behavior.
   - Ultimately, power and authority work only if the individual “accepts” them.

3. What is empowerment, and how can managers empower others?
   - Empowerment is the process through which managers help others acquire and use the power needed to make decisions that affect themselves and their work.
   - Empowerment emphasizes power as the ability to get things done rather than the ability to get others to do what you want.
   - Clear delegation of authority, integrated planning, and the involvement of senior management are all important to implementing empowerment.

4. What are organizational politics?
   - Organizational politics are inevitable.
   - Politics involves the use of power to obtain ends not officially sanctioned and the use of power to find ways of balancing individual and collective interests in otherwise difficult circumstances.

5. How do organizational politics affect managers and management?
   - For the manager, politics often occurs in decision situations where the interests of another manager or individual must be reconciled with one's own.
   - For managers, politics also involves subunits that jockey for power and advantageous positions vis-à-vis one another.
   - For chief executives, politics come into play as resource dependencies with external environmental elements must be strategically managed.
   - Politics can also be used strategically.
Organizational governance is the pattern of authority, influence, and acceptable managerial behavior established at the top of the organization.

CEOs and managers can develop an ethical organizational governance system that is free from rationalizations.

Self-Test
Multiple Choice

1. Three bases of position power are _____.
   a. reward, expertise, and coercive power
   b. legitimate, experience, and judgment power
   c. knowledge, experience, and judgment power
   d. reward, coercive, and knowledge power
   e. reward, coercive, and legitimate power

2. _____ is the ability to control another’s behavior because, through the individual’s efforts, the person accepts the desirability of an offered goal and a reasonable way of achieving it.
   a. Rational persuasion
   b. Legitimate power
   c. Reward
   d. Coercive power
   e. Charismatic power

3. A worker who behaves in a certain manner to ensure an effective boss-subordinate relationship shows _____ power.
   a. expert
   b. reward
   c. coercive
   d. approval
   e. referent

4. One guideline for implementing a successful empowerment strategy is that _____.
   a. delegation of authority should be left ambiguous and open to individual interpretation
b. managers should refrain from communicating effectively to subordinates

c. planning should be separated according to the level of empowerment

d. it can be assumed that any empowering directives from management will be automatically followed

e. the authority delegated to lower levels should be clear and precise

5. The major lesson of the Milgram experiments is that _____.
   a. Americans are very independent and unwilling to obey
   b. individuals are willing to obey as long as it does not hurt another person
   c. individuals will obey an authority figure even if it does appear to hurt someone else
   d. individuals will always obey an authority figure
   e. individuals will hardly ever obey unless repeatedly directed to do so by an authority figure

6. The range of authoritative requests to which a subordinate is willing to respond without subjecting the directives to critical evaluation or judgment is called the _____.
   a. psychological contract
   b. zone of indifference
   c. Milgram experiments
   d. functional level of organizational politics
   e. power vector

7. The three basic power relationships to ensure success are _____.
   a. upward, downward, and lateral
   b. upward, downward, and oblique
   c. downward, lateral, and oblique
   d. downward, lateral, and external
   e. internal, external, and oblique

8. In which dimension of power and influence would a manager find the use of both position power and personal power most advantageous?
   a. upward
   b. lateral
c. downward 
d. workflow 
e. advisory

9. Reason, coalition, bargaining, and assertiveness are strategies for _____.
a. enhancing personal power 
b. enhancing position power 
c. exercising referent power 
d. exercising influence 
e. enhancing coercive power

10. Negotiating the interpretation of a union contract is an example of _____.
a. organizational politics 
b. lateral relations 
c. an approval relationship 
d. an auditing linkage 
e. unethical behavior

True–False
1. Coercion is a behavioral response to the exercise of power.
2. Reference is an example of power derived from personal, as opposed to organizational, sources.
3. Position power includes the ability to control another's behavior through an appeal to reason.
4. Legitimate power and formal authority are one and the same.
5. Reward power is the extent to which a manager can use extrinsic and intrinsic rewards to control other people.
6. The acceptance theory of authority indicates that subordinates will always accept the orders of their superiors in organizations.
7. The Milgram experiments demonstrate that persons are generally unwilling to obey the commands of authoritative persons.
8. The process by which managers help others acquire and use the power needed to make decisions is called organizational politics.
9. A resource dependence perspective suggests that one of the key roles played by top management is to develop and allocate power.

10. Increasing knowledge and attractiveness are ways to increase position power.

Short Response

1. Explain how the various bases of position and personal power do or do not apply to the classroom relationship between instructor and student. What sources of power do students have over their instructors?

2. Identify and explain at least three guidelines for the acquisition of (a) position power and (b) personal power by managers.

3. Identify and explain at least four strategies of managerial influence. Give examples of how each strategy may or may not work when exercising influence (a) downward and (b) upward in organizations.

4. Define “organizational politics” and give an example of how it operates in both functional and dysfunctional ways.

Applications Essay

1. What explanations for mergers and acquisitions would you offer if it were found that they rarely produce positive financial gains for the shareholders?

Explore application-oriented Fast Company articles, cases, experiential exercises, and self-assessments in the OB Skills Workbook

Visit the Schermerhorn Web site to find the Interactive Self-Test and Internet exercises for this chapter.

www.wiley.com/college/schermerhorn