INFORMAL LEADERSHIP & INFLUENCE

Samantha Baruah, MBA, PMP

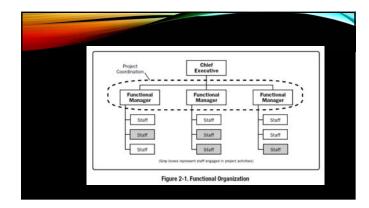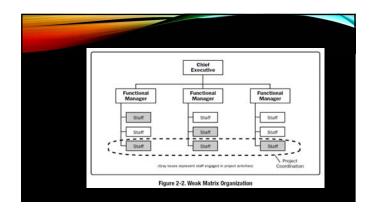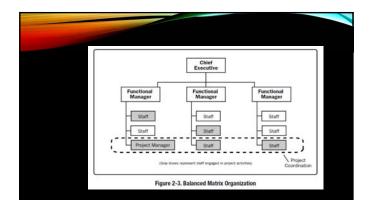Today's business environment is more **complex**, **unpredictable** and **challenging** than ever

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LEADER IMPACT RESEARCH
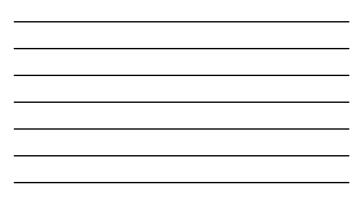
- 44% of variance in profits and 47% in stock price (Weiner & Mahoney, 1981)
- $25 M additional value to organization (barrack et al, 1991)
- 14% variance in organization's financial performance (Nohria & Roberson, 2003)

Figure 2-1. Functional Organization

Figure 2-2. Weak Matrix Organization

Figure 2-3. Balanced Matrix Organization

Figure 2-4. Strong Matrix Organization

Figure 2-5. Projectized Organization

POLITICS

Social savvy: Are you good at reading people & situations?

Networking ability: Are you good at connecting with the right people and are you in the right position.

INFORMAL LEADERSHIP

Influence skill: Are you good at persuading people to help you?

POWER

INFLUENCE

Authenticity: Can you do all this without seeming like a manipulative jerk?
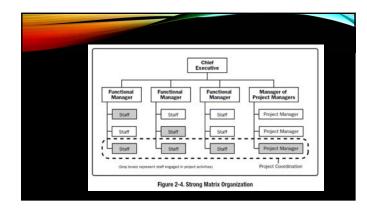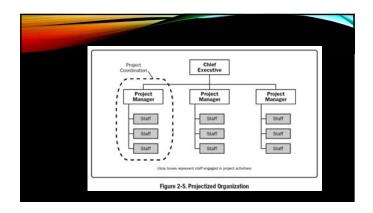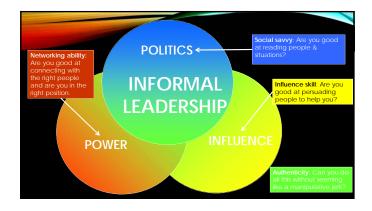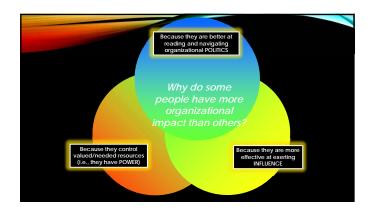
WHY CARE ABOUT INFORMAL LEADERSHIP?

- Higher scores on "political skill" are associated with
  - Job performance (Bing et al, 2007, Blickle et al., 2011b
  - Broader impact (Bing et al 2007, Jawahar et al., 2008)
  - Unit effectiveness (Ahearn et al, 2004)
  - Subordinate confidence & trust (Treadway et al., 2004)
  - Income (Blickle et al., 2011a)
  - Promotions / promotability(Gentry et al., 2012, Todd et al., 2009)
  - Career satisfaction (Blickle et al., 2011c, Todd et al., 2009)

Because they are better at reading and navigating organizational POLITICS

Why do some people have more organizational impact than others?

Because they control valued/needed resources (i.e., they have POWER)

Because they are more effective at exerting INFLUENCE

SO WHY DON'T WE TALK MORE ABOUT POWER, POLITICS & INFLUENCE?

"It is easier to talk about money – and much easier to talk about sex – than it is to talk about power."

(Rosabeth Moss Kanter, HBS)

Managerial Poll (Gandz & Murray, 1980):
1. "Politics are detrimental and we should eliminate them" (55% Agreed)
2. "Successful executives must be good politicians" (89% Agreed)

POLITICAL SKILL & JOB PERFORMANCE

- People who score higher on political skill perform better in settings where relationships are key to getting work done and advancing one's interests … i.e., more "political" settings (Blickle et al., 2012, APIR: Andrews, Kacmar, & Harris, 2009, JAP: Blickle et al., 2009, CDI: Blickle et al., 2010, JVB).
- In settings where performance is individual and/or explicitly defined, political skill is less beneficial (e.g., Andrews et al., 2009, JAP).

POLITICAL SKILL & STRESS

- People who score high on political skill are less likely to experience stress, emotional burnout, anxiety, or job dissatisfaction in response to conflict, tension, and politics at work (Perrewé et al., 2004, AMJ; Harvey et al., 2007, JOHP; Perrewé et al., 2005, JOHP; Gallagher & Laird, 2008, JASP; Meurs, Gallagher, & Perrewé, 2010, JVB).

DIAGNOSING THE POLITICAL LANDSCAPE: KEY QUESTIONS

- What is the question at issue (e.g., a promotion, a budget decision, a restructuring)?
  - How political is that situation likely to be?

MOST POLITICAL TO LEAST POLITICAL

1. Achieving interdepartmental coordination
2. Deciding management promotions and transfers
3. Negotiating formal authority
4. Allocating facilities, equipment, offices
5. Determining annual budgets
6. Handling employee grievances and complaints
7. Determining employee compensation
8. Specifying personnel policies
9. Entry level hiring
10. Applying penalties for disciplinary infractions

A SITUATION WILL BE MORE POLITICAL WHEN…

- **Lack of Agreement**: The actors involved disagree about how to approach the situation.
- **Interdependence**: The involved parties are at least moderately interdependent.
- **Scarce Resources**: The situation deals with resources that are scarce and/or zero-sum.
- **High Stakes**: The stakes are high for the involved parties (i.e., they will be affected in significant ways).

DIAGNOSING THE POLITICAL LANDSCAPE: KEY QUESTIONS

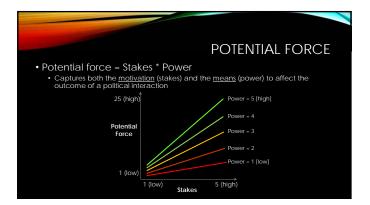- What is the question at issue (e.g., a promotion, a budget decision, a restructuring)?
  - How political is that situation likely to be?
- Who are the stakeholders or stakeholder groups?
- How high are the stakes for each of these stakeholders or stakeholder groups?
- How powerful is each stakeholder or stakeholder group?
- What does all this imply about allies, relationships, difficulty of change, etc?
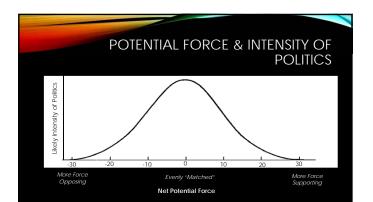
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WHO ARE THE STAKEHOLDERS & HOW MUCH STAKE DO THEY HAVE?

- **Key Questions**: Who stands to be affected in terms of their power, status, or ability to achieve personal or departmental goals? And how high are the stakes for them?

-5 -4 -3 -2 -1 0 1 2 3 4 5

Would be strongly
NEGATIVELY impacted
– personal or group
goals or incentives,
status, control.

Would be strongly
POSITIVELY impacted –
personal or group
goals or incentives,
status, control.

HOW MUCH POWER DOES EACH STAKEHOLDER HAVE?

Stakeholders	Stakes	Power*
1. CEO	3	5
2. Director	1	4
3. VP manufacturing	-3	3
4. XYZ product manager	-5	4
5. That guy from the mail room	-4	0
6. Me	5	3

But how do you assess power?
- Ask around
- Look at the distribution of benefits
- Look at position & committee appointments
- Look at friends & allies of these people (networks).

* Power: 0 = no power, 3 = moderate amount of power, 5 = great deal of power

POTENTIAL FORCE

- Potential force = Stakes * Power
  - Captures both the motivation (stakes) and the means (power) to affect the outcome of a political interaction

25 (high)

Potential Force

Power = 5 [high]
Power = 4
Power = 3
Power = 2
Power = 1 [low]

1 (low)

1 (low)   5 (high)
Stakes

ASSESSING POTENTIAL POLITICAL FORCE

Stakeholders	Stakes		Power		Potential Force
CEO	3	*	5	=	15
Director	1	*	4	=	4
VP Manufacturing	-3	*	3	=	-9
XYZ production manager	-5	*	4	=	-20
Guy from mailroom	-4	*	0	=	0
Me	5	*	3	=	15
			Total Force Against (a)		-29
			Total Force For (b)		34
			Net Political Force (a + b)		**5**

POTENTIAL FORCE & INTENSITY OF POLITICS

Likely Intensity of Politics

-30   -20   -10   0   10   20   30

More Force Opposing   Evenly "Matched"   More Force Supporting

Net Potential Force

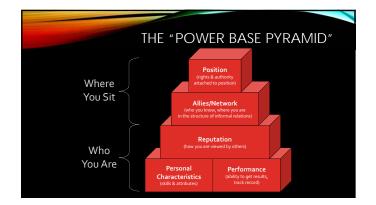## UNDERSTANDING POWER: THE POWER BASE PYRAMID
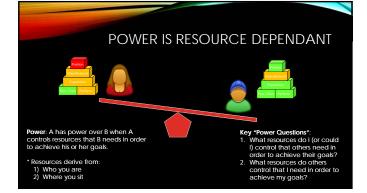
- <u>Key Questions</u>:
  - Where does power come from?
  - How does one develop and use the different sources of power in the power base pyramid?
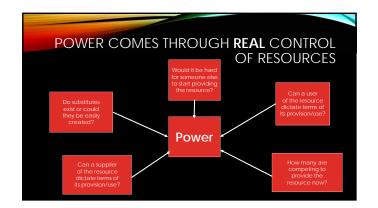
WHERE DOES POWER COME FROM?

Power = your control over valued resources

*Power is determined by w*ho you are & where you sit

THE "POWER BASE PYRAMID"

Where You Sit

Position
(rights & authority attached to position)

Allies/Network
(who you know, where you are in the structure of informal relations)

Reputation
(how you are viewed by others)

Who You Are

Personal Characteristics
(skills & attributes)

Performance
(ability to get results, track record)

POWER IS RESOURCE DEPENDANT

Position
Reputation
Pers Chas | Perform.

Position
Allies/Network
Reputation
Pc Chas | Perform

Power: A has power over B when A controls resources that B needs in order to achieve his or her goals.

* Resources derive from:
1) Who you are
2) Where you sit

Key "Power Questions":
1. What resources do I (or could I) control that others need in order to achieve their goals?
2. What resources do others control that I need in order to achieve my goals?

POWER COMES THROUGH **REAL** CONTROL OF RESOURCES

Would it be hard for someone else to start providing the resource?

Do substitutes exist or could they be easily created?

Can a user of the resource dictate terms of its provision/use?

Power

Can a supplier of the resource dictate terms of its provision/use?

How many are competing to provide the resource now?

GAINING ORGANIZATIONAL POWER

- Seek positions
  - Holding a key organizational position
  - Minimizing the bureaucratic constraints imposed on those positions
- Add new resources
  - Find and leverage new or under – utilized resources
- Seek & leverage allies
  - Allies expand the pool of resources you have access to

HOW CAN YOU BUILD POSITION POWER?

- **Centrality**
  - Seek out a breadth of experiences and relationships
  - Outmaneuver others through formal structures and informal relationships (the Moses approach)
- **Criticality**
  - Identify and leverage the "strategic contingencies" that your position does or could control
- **Flexibility**
  - Emphasize (and maximize) the uncertainty and judgment required to perform the position

HOW CAN YOU BUILD POSITION POWER?

- **Visibility**
  - Seek out high-profile and "people-intensive" positions
  - Publicize successes (as appropriate) or have others do so
- **Relevance**
  - Identify the "dominant competitive issues" facing the company and get involved with those
- **Control Over Resources**
  - Look to control new or underutilized resources

PERSONAL CHARACTERISTICS AS SOURCES OF POWER

- Competence
- Likeability
- What you look like matters

PERSONAL CHARACTERISTICS AS SOURCES OF POWER

- Understand your own personal attributes and behavioral style
- Understand how others interpret you
- Be aware of the characteristics that are valued in your organization/group
- Change what you are able -- and willing -- to change (e.g., credentials, appearance, social networks)
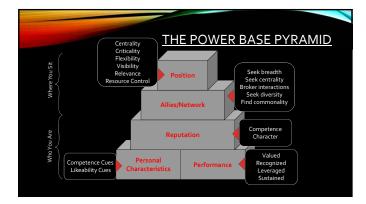
THE NATURE OF PERFORMANCE POWER

- Performance only provides real power when it is <u>valued</u> & <u>recognized</u> by important stakeholders

- Performance has a short half-life – "what have you done for me lately?"

"Yesterday's home runs don't win today's games" -Babe Ruth

REPUTATION POWER STRENGTHENS ALL OTHER POWER BASES

Reputation Power ⟷ Other Forms of Power

It is critical to get early wins and avoid early losses in order to begin a positive rather than a negative cycle.

THE POWER BASE PYRAMID

Where You Sit

Centrality
Criticality
Flexibility
Visibility
Relevance
Resource Control

Position

Seek breadth
Seek centrality
Broker interactions
Seek diversity
Find commonality

Allies/Network

Reputation

Competence
Character

Who You Are

Competence Cues
Likeability Cues

Personal Characteristics

Performance

Valued
Recognized
Leveraged
Sustained

THINK BROADLY ABOUT YOUR REPUTATION

- People tend to view others along two dimensions: competence & character (warmth)
- Power & status tend to derive most reliably from perceptions of competence, not character
- BUT, a reputation for competence without character makes this block of the pyramid unstable.

THINK BROADLY ABOUT ALLIES

- Ally relationships can be based on:
  - **Trust and liking** (e.g., Smith & Ochs)
  - **Compatible goals and incentives** (e.g., Smith & Moses)
  - **Shared friends** (e.g., Moses & Moskowitz)
  - **Shared enemies** (e.g., Macy & the Republican Assembly)
  - **Shared experiences or background** (e.g., Moses & Stokes)
  - **Self-interest and reciprocity** (e.g., Moses & Doughty)

  You may have more allies than you think.

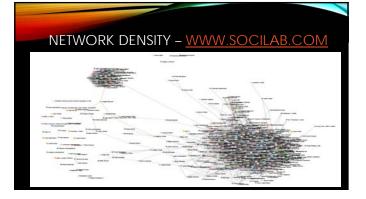## WHY DO WE CARE ABOUT NETWORKS

- Strong networks are absolutely critical for:
  - Getting things done
  - Getting ahead
  - Exercising real impact

NETWORKS

"Networking is simultaneously one of the most self-evident and one of the most dreaded developmental challenges that aspiring leaders must address" (Ibarra & Hunter, 2007, HBR).
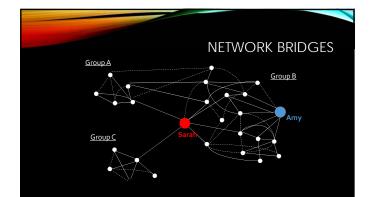
NETWORK CHARACTERISTICS

- Breadth: Network diversity
  - More diversity = more opportunity
- Depth: Close vs Distant ties
- Density

NETWORK DENSITY – WWW.SOCILAB.COM

NETWORK DENSITY

- A dense network facilitates coordinated action but does not provide access to new ideas, information, and opportunities.

- Individuals who bridge network gaps can broker information and wield significant intra-network power.

NETWORK BRIDGES

Group A

Group B

Amy

Group C

Sarah

TYPE OF NETWORKERS

- Loner / Wallflowers
- Clingers
- Floaters / Pushers
- Listener
- Jester
- Connectors

NETWORKING TAKEAWAYS

- Effective networks are earned, not "built"
  - Ask what value you bring
- Take a long-term view
  - If you start when you need the network, it's too late
- Focus on structure, not just network size
  - Breadth, diversity, density
- Branch beyond the obvious and easy contacts
  - Try the "shared activities" approach
- Be authentic
- Personal brand alignment

INFLUENCE VS POWER

- A has **power** over B if A controls resources (broadly defined) needed/desired by B.

- A has **influence** over B if A has an actual effect on B's behavior.

   "Power is nothing unless you can turn it into influence." - Condoleezza Rice

INFLUENCE QUESTIONS

- What are some of the key strategies or tactics that individuals use to influence one another?
- How and when are different influence tactics most effective?
- How does one develop skill at interpersonal influence?

INFLUENCE TACTICS LEVERAGE PSYCHOLOGY

- LIKING
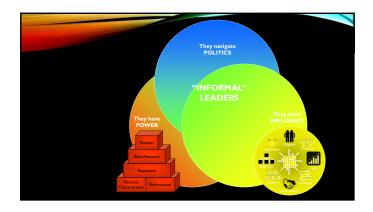- RECIPROCITY
- SOCIAL PROOF
- CONSISTENCY
- AUTHORITY
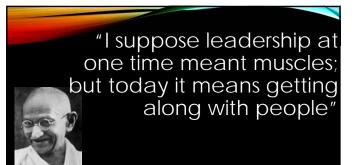- SCARCITY

WHY SHOULD YOU DO WHAT I'M ASKING

1. **Logic**
2. **Inspiration**
3. **Rapport**
4. **Involvement**
5. **Exchange**
6. **Coalition**
7. **Pressure**
8. **Authority**

COMBINING TACTICS

- Logic is a "baseline" tactic in most business organizations – you have to start there.

- But effective influencers combine logic with other tactics to engage more than just the mind:

- Effective influencers also appreciate the importance as well as the limitations of both hard and soft tactics.

"I suppose leadership at one time meant muscles; but today it means getting along with people"

QUESTIONS

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