Chapter **5**Power

**After studying this chapter, you will be able to:**

1. Define power, its consequences, and its cultural roots.
2. Apply the different sources of individual and team power to achieve goals.
3. Explain the sources and process of power abuse, corruption, and destructive leadership and how to prevent them.
4. Analyze the changes in use of power and the development of empowerment, and explain their consequences for leadership.

**The Leadership Question**

*Power is essential to leadership; but it can also be abused. How can leaders use power to get things done without becoming autocratic or abusive?*

Power and leadership are inseparable. An integral part of the study of leadership is understanding power, how leaders use it, and its impact on leaders, followers, and organizations. Power is necessary and essential to effective leadership. Leaders need power to get things done. Without it, they cannot guide their followers to achieve their goals. Without power, things do not get done. We expect great things from our leaders and provide them with wide latitude and power to accomplish goals. They make decisions that have considerable financial and social impact on a wide range of stakeholders inside and outside their organizations. Using their power, department heads, CEOs, and city mayors implement strategies to achieve organizational goals. They influence those around them to take needed action, and they promote, hire, and fire their employees. None of these actions would be possible without power. Along with the power granted to leaders comes great privilege. In addition to high salaries and other financial incentives (some of the highest in the world in the case of U.S. business executives), leaders receive many benefits, such as stock options, company cars and planes, luxurious offices, generous expense accounts, and access to subsidized or free housing, just to name a few. The power and privilege are expected to encourage the leaders’ sense of responsibility for the success of organizations and the well-being of followers.

We willingly grant our leaders power and privilege, even in a culture such as the United States, where power distance is relatively low. However, instances of power abuse and the development of new management philosophies such as teaming and empowerment are leading organizations to reexamine the need for centralized and concentrated power. As a result, we are changing the way we view power and how leaders use it. In addition, research concerning the potential of power to corrupt indicates the need to consider and use power with caution.

This chapter examines the various approaches to power and their implications for leadership. It presents the impact of power on leaders and followers, lists sources of power for individuals and groups, and discusses the potential detriments of excessive and concentrated power. As is the case throughout the book, we also consider the link of culture and power. Finally, the chapter analyzes current views of power and the changes in our management philosophies.

Definitions and Consequences

The words power, influence, and authority are often used interchangeably. In its most basic form, *power is the ability of one person to influence others or exercise control over them. Influence is the power to affect or sway the course of an action*. The two terms are almost synonymous, although influence refers to changing the course of an action or opinion. Clearly, power and influence are not exclusive to leaders and managers. Individuals at all levels inside an organization, as well as outsiders to an organization—namely, customers or suppliers—can influence the behavior and attitudes of others; they have power. *Authority is the power vested in a particular position*, such as that of a city mayor, CEO, or hospital administrator. Therefore, even though people at all levels of an organization may have power to influence others, only those holding formal positions have authority.

Consequences of Using Power

Power affects both those who exercise it and those who are subject to it. On the one hand, the person who has power changes in both positive and negative ways. On the other hand, being the target of power and influence also has consequences. Power changes people. Having the authority to influence others and being able to successfully do so transforms how one thinks about oneself and others and how one acts (see [**Figure 5-1**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053C1)). Those who have power tend to be more action oriented ([**Galinsky, Gruenfeld, and Magee, 2003**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005930)), may show more interpersonal sensitivity toward others ([**Schmidt Mast, Jonas, and Hall, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AFC)), focus on rules rather than outcomes ([**Lammers and Stapel, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A12)), and may become more generous ([**Seely Howard, Gardner, and Thompson, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B07)). There may also be some negative consequences. Those with power may concentrate on retaining their power and acquiring more ([**Magee and Galinsky, 2008**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A36)), may start believing that they are more in touch with the opinion of others than they actually are ([**Flynn and Wiltermuth, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005920)), or may develop an addiction to power ([**Weidner and Purohit, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005BA1)). A review by Magee and his colleagues ([**2005**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A35)) provides evidence that those who are given power lose their ability to empathize with others and to see others’ perspectives and that they are more likely to take credit for their followers’ success. Similarly, members of majority groups with more power are more likely to negatively stereotype those in the minority ([**Keltner and Robinson, 1996**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059E1)). Another consequence of power, be it legitimate and appropriately used or excessive and abusive, is to increase the distance between leaders and followers. Power can remove leaders from the inner workings of their organizations. Such separation and distance can cause leaders to become uninformed and unrealistic and lead to unethical decision making, as we will discuss later in the chapter.

**Figure 5-1 Impact of Power on Power Holder**

The consequences of power on followers depend to a great extent on the source and manner in which leaders use it. The three most typical reactions to use of power and attempts at influencing others are commitment, compliance, and resistance. *Commitment* happens when followers welcome the influence process and accept it as reasonable and legitimate. Consider the employees at Zingerman’s Community of Business (ZCoB), a $45 million group of seven food-related businesses built around a delicatessen and a highly successful human resource training company, headquartered in Ann Arbor, Michigan ([**Zingerman’s, 2013**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005BD1)). The company was named one of the world’s most democratic workplaces ([**WorldBlu, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005BB6)); its management practices and food products continue to draw much praise. The founders, Ari Weinzweig and Paul Saginaw, pride themselves on being close to their community and customers, offering exceptional quality and building strong employee team spirit ([**Burlingham, 2003**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005876)). In growing their business, they look for people who work with passion and take ownership. Weinzweig explains, “We wanted people who had vision of their own. Otherwise whatever we did would be mediocre” ([**Burlingham, 2003**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005876): 70). Todd Wickstrom, one of ZCoB’s managing partners, who gave up his own business to join the company, says, “I would have come in as a dishwasher to be in this environment. Working here has never felt like a job to me. I’m constantly learning about managing, about food, and about myself” (66).

Another potential reaction to power is *compliance.* In this case, although followers accept the influence process and go along with the request, they do not feel any personal acceptance or deep commitment to carry out the order. Subordinates go along with their boss simply because they are supposed to. An example would be the imposition of unpopular new rules by a school administrator. Because of the administrator’s authority, the faculty and staff are required to implement the rules. They, however, do so without any personal commitment; they simply comply.

The third possible reaction to power is *resistance.* The target in this case does not agree with the attempt at influence and either actively or passively resists it. Examples of resistance to a leader’s authority abound in our institutions. The most dramatic ones occur in the labor–management disputes, when employees who typically either accept or comply with management’s requests refuse to do so and take overt or covert action against management. The 2012–2013 National Hockey League lockout and the 2011 NBA dispute in the United States represent such overt action.

As a general rule, a leader’s power increases when employees are personally committed and accept the leader’s ideas and decisions, as is the case in ZCoB. Based on Fiedler’s Contingency Theory that we reviewed in [**Chapter 3**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000051FC.xhtml#P70004899410000000000000000051FC), power based on simple compliance does not really increase the leader’s power. Similarly, some research shows that managers who lead with a firm hand may actually encourage deviant behaviors in their employees ([**Litzky, Eddleston, and Kidder, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A28)). Despite much evidence supporting this assertion, leaders may come to rely excessively on compliance because it is easier and quicker to simply order people to do something rather than persuade them that they should do it. As you will read in this chapter, reliance on compliance alone can lead to dire consequences.

Distribution of Power

Traditional organizations typically concentrate power in a few positions. Authority is vested in formal titles and in managers, and all others are given limited power to make decisions. Their role is primarily implementing the leaders’ decisions. Despite the vast amount of publicity about the use of empowerment and teams and their potential benefits, not many organizations around the world rely on such methods. Democracy, power sharing, and trust are even less common in business and other types of organizations than they are in political systems, despite research support for its benefits ([**Deutsch Salaman and Robinson, 2008**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058E5); [**Harrison and Freeman, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005974)). Interestingly, even before empowerment and teaming became a business trend in the late 1980s, research about the effect of the distribution of power in organizations suggested that concentrated power can be detrimental to organizational performance ([**Tannenbaum and Cooke, 1974**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B59)). The more equal the power distribution is throughout the organization, the higher the performance of the organization. At the other extreme, much research indicates that being powerless has many negative consequences for both the individual and the organization (e.g., [**Bunker and Ball, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005874); [**Sweeney, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B53)). When individuals feel powerless, they are likely to become resentful, may become passive-aggressive, and may even retaliate. Overall, research points to the need to distribute power as evenly as possible within organizations.

Power and Culture

Culture at the national, group, and even organizational level impacts our perception and use of power. For example, employees in the United States respond well to managers they like, but Bulgarian employees follow directions when their managers are vested with legitimate power or authority ([**Rahim et al., 2000**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AC2)). Nancy McKinstry, CEO of Wolters Kluwer, has learned that people in different countries react differently to their leaders. According to her, in the Netherlands you must “… invest a lot of time upfront to explain what you’re trying to accomplish, get people’s feedback, then when they do say yes, the time to implementation is really fast” ([**Bryant, 2009a**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005857)). Other research suggests that because of cultural factors, delegation and power sharing may not be as effective in some Middle Eastern cultures ([**Pellegrini and Scandura, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AA8)).

Several cultural factors impact power (see [**Figure 5-2**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053C9)). First is power distance. For example, based on research we reviewed in [**Chapter 2**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP700048994100000000000000000513C.xhtml#P700048994100000000000000000513C) regarding different cultural values, the United States tends to be a low- to medium-power distance culture. The differential of power between the highest and lowest levels of the organization is not great (although the salary differential is one of the highest in the world). The low-power distance allows employees in the United States, and in other low-power distance cultures such as Australia, to call their bosses by their first name, interact with them freely, and express their disagreement with them. In such cultures, employees do not expect their managers and leaders to know all the answers and accept the fact that leaders, too, can make mistakes ([**Adler, 1991**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000057EE); [**Laurent, 1983**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A17)). Low-power distance further facilitates the implementation of participative management and other power-sharing management techniques. In cultures with high-power distance, such as Thailand and Russia, employees have limited expectations for participation in decision making and assume leaders to be somewhat infallible (e.g., [**House et al., 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000599E); [**Pellegrini and Scandura, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AA8)).

**Figure 5-2 Culture and Power**

Uncertainty avoidance is another cultural factor that may affect power. French, Italians, and Germans are relatively high on uncertainty avoidance, which may lead them to expect their managers to provide answers to questions and problems ([**Laurent, 1983**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A17)). The Eiffel Tower model of organizational culture, used by the French as presented by Trompenaars, for example, concentrates power at the top of the organization. French managers report discomfort at not knowing who their boss is. They also place less emphasis on delegation of responsibility ([**Harris, Moran, and Moran, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005973)). The need for a clear hierarchy is likely to make it more difficult for the French than for Swedes or North Americans to function in a leaderless, self-managed, team environment. In other countries such as Japan and Indonesia, people value clear hierarchy and authority. For example, Mexican workers may be less comfortable with taking responsibility for problem solving ([**Randolph and Sashkin, 2002**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AC3)). The Mexican culture, with a family type of organization culture, its strong paternalistic tradition, and the presence of the machismo principle, expects leaders to be strong, decisive, and powerful. Leaders, like powerful fathers, must provide answers, support the family, and discipline members who stray ([**Teagarden, Butler, and Von Glinow, 1992**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B5C)). The GLOBE CLTs (culturally endorsed leadership theory; see [**Chapter 2**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP700048994100000000000000000513C.xhtml#P700048994100000000000000000513C)) further influence how power is viewed and used in organizations. Countries where team orientation and participation are valued, for example in the Nordic and Anglo clusters, power is distributed more evenly, employees expect to contribute to decisions, and consider such inclusion to be part of effective leadership.

Group and organizational culture further impact how people perceive and implement power. As we discussed in [**Chapter 2**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP700048994100000000000000000513C.xhtml#P700048994100000000000000000513C) , research indicates that women are more participative than men. Additionally women are often perceived as having less power and, as a result, are limited in regards to the styles and tools they can use to influence their followers. Organizational culture also influences how leaders use power. In some organizations, power is centralized; in others, it is distributed more broadly. As we discussed earlier, Zingerman is reputed for being democratic and open. D.L Rogers Corp, presented in [**Chapter 3**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000051FC.xhtml#P70004899410000000000000000051FC), is at the other extreme with the leader holding a great deal of power.

Understanding the culture, at any level, can help leaders use power appropriately and thereby be able to influence their followers. One aspect of appropriately using power is selecting a source of power, a topic discussed in the next section.

Sources of Power

Alan Greenspan, who was the chairman of the U.S. Federal Reserve (Fed) from 1987 to 2006 for an unprecedented 19 years, was considered one of the most powerful executives in the United States ([**Bligh and Hess, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000583C)). As chairman, Greenspan was able to set policies to sustain low to moderate economic growth, ensuring that the U.S. economy expanded but did not overheat, thereby avoiding high inflation. In a 1996 survey of 1,000 CEOs of the largest U.S. companies, 96 percent wanted him to be reappointed as the leader of the Fed ([**Walsh, 1996**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B97)). Greenspan held considerable power with which to chart the course of the U.S. and world economies. He is a well-known economist, is a consummate relationship builder, and is described as low key and down to earth. He stated once that he learned to “mumble with great incoherence” ([**Church, 1997**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058A8)). Consider that Greenspan held no executive power, could not implement a single decision, and employed only a small staff. Nevertheless, he was powerful and had considerable authority. He was able to convince presidents, the Congress, other members of the Fed board, and the financial markets that his policies were devoid of politics and in the best interests of the United States. Where did Greenspan get his power? He relied on individual and organizational sources of power.

Sources of Power Related to Individuals

One of the most widely used approaches to understanding the sources of power comes from the classic research by French and Raven ([**1968**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005927)). They propose five sources of power vested in the individual: legitimate power, reward power, coercive power, expert power, and referent power (see [**Table 5-1**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053D1) for a summary). The first three sources of individual power—legitimate, reward, and coercive—are position powers. Although they are vested in individuals, the individuals’ access to them depends on the position they hold. In the case of legitimate power, most managerial or even supervisory titles in organizations provide the ability to influence others. People with formal titles also typically have access to both rewards and punishments. They can give raises and assign perks, and demote or fire. All three of these sources of individual power depend on the organization that grants them, not the person who holds them. Once the access to title, rewards, or punishment is taken away by the organization, a leader or individual relying on such sources loses power.

The last two sources of power—expert and referent—are more personal; they are based on who the person is rather than the position he holds. Access to these two sources of power does not depend solely on the organization. A person does not need to have a formal title to be an expert. Additionally, he or she can be respected and liked by others, which provides power to influence others. In the case of expert power, people may influence others because of special expertise, knowledge, information, or skills that others need. We listen to the experts, follow their advice, and accept their recommendations. Alan Greenspan provides an excellent example of expert power. His knowledge, expertise, and an established record of success were the bases of his power. Although Greenspan also held legitimate power, in many other cases those with expert power might not hold official titles or have any legitimate power. Referent power operates in much the same way. Individuals with referent power can influence others because they are liked and respected. As with expert power, this power does not depend on the position or the organization. The person’s power stems from being a role model for others. Greenspan was well liked for his ability to work with others. Employees at ZCoB respect Weinzweig and Saginaw for their vision and leadership style. The respect and friendship come on top of other considerable sources of power. Because these two sources of power are based on the person, not the position, they cannot be taken away and often provide the power holder with more influence.

**Table 5-1 French and Raven’s Sources of Individual Power**

|  |  |
| --- | --- |
| Legitimate power | Based on a person holding a formal position. Others comply because they accept the legitimacy of the position of the power holder. |
| Reward power | Based on a person’s access to rewards. Others comply because they want the rewards the power holder can offer. |
| Coercive power | Based on a person’s ability to punish. Others comply because they fear punishment. |
| Expert power | Based on a person’s expertise, competence, and information in a certain area. Others comply because they believe in the power holder’s knowledge and competence. |
| Referent power | Based on a person’s attractiveness to and friendship with others. Others comply because they respect and like the power holder. |

Using different sources of individual power has different impact on followers (see [**Figure  5-3**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053D6)). When a legitimate authority source asks them to, people comply with requests and implement decisions ([**Yukl and Falbe, 1991**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005BC6)). Similarly, we comply to receive rewards or avoid punishment. In the case of coercive power, repeated use may even lead people to resist either openly or passively. Conversely, when an expert or someone we admire makes a request, we will not only comply, we are likely to be committed to the decision. The use of expert and referent powers has been found to be related to higher follower satisfaction and performance ([**Yukl and Falbe, 1991**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005BC6)). Given these possible reactions, it is critical for leaders to use all different sources of power and rely more heavily on the personal sources. If leaders overuse positional power, they are unlikely to obtain the commitment and buy-in that are necessary to pursue many goals in organizations.

*Using Individual Sources of Power*

Although power and influence are closely related, some research indicates that the two can be treated as separate concepts. A leader with power might not be able to influence subordinates’ behaviors, or influence can occur without a specific source of power. Several researchers, most notably Kipnis and his colleagues ([**Kipnis, Schmidt, and Wilkinson, 1980**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059F0)) and Yukl along with several others (e.g., [**Yukl and Falbe, 1990**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005BC5), [**1991**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005BC6)), identified various influence tactics. The result of their work is the classification of influence tactics into nine categories ([**Table 5-2**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053D8)). Each tactic relies on one or more of the sources of power related to the individual. Each is appropriate in different situations and carries the potential for leading to commitment on the part of the person being influenced. For example, personal appeal relies on referent power and tends to be appropriate when used with colleagues; it is not likely to lead to a high degree of commitment. Inspirational appeal, which also relies on referent power, leads to high commitment. Rational persuasion relies on expert power and is appropriate to use when trying to influence superiors. The commitment tends to be moderate.

**Figure 5-3 Potential Reactions to Individual Sources of Power**

**Table 5-2 Using Power: Influence Tactics and Their Consequences**

Although leaders must rely on all sources of power to guide and influence their followers and others in their organization, they often have to adjust how they use power, depending on the context and throughout their career. For example, if the leader fits well with the organization, her influence is likely to increase ([**Anderson, Spataro, and Flynn, 2008**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000057FE)). J. P. Kotter, a well-respected researcher on issues of leadership and managerial power, suggests that in the early stages of managers’ careers, they must develop an adequate base of power ([**Kotter, 1985**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059FC); [**Figure  5-4**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053DC)). Managers can be effective by relying on the various bases of personal power. In particular, young leaders must develop a broad network of interpersonal relationships and establish credibility through information and expertise. Other means involve becoming visible by volunteering for challenging and high-visibility projects.

**Figure 5-4 Power Sources and Career Stage**

The demonstration of competence and skills is central to the development of power in the early stages of a leader’s career. In midcareer, most successful leaders already possess some degree of legitimacy through formal titles, along with other status symbols that demonstrate their power. Their early efforts are likely to have established their credibility and competence within a well-developed network of loyal subordinates, peers, and bosses ([**Kotter, 1985**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059FC)). Therefore, leaders in midcareer stage already hold considerable power. The challenge at this point is to use the accumulated power wisely and ethically to achieve organizational and personal goals.

Finally, leaders during the late-career stage must learn to let go of power gracefully. By the time they reach retirement age, successful leaders in thriving U.S. public and private organizations enjoy considerable power and influence. To use power well at this career stage, a leader needs to plan for its orderly transmission to others while simultaneously finding new personal sources of power and fulfillment.

Organizational Sources of Power: Power for Teams

The differences between organizational and individual sources of power are not always obvious. The structure of an organization provides sources of power to individuals and groups over and above those listed in [**Table 5-1**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053D1). Although individuals can also rely on organizational sources of power, these sources are particularly important for teams. Aside from the expertise of their members or having people with titles and authority as members, teams have access to power in organizations mainly because of their control of resources and other things that are essential to the organization achieving its goals. These are called *strategic contingencies* (see [**Table 5-3**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053E1)).

**Table 5-3 Sources of Power for Teams: Strategic Contingencies**

|  |  |
| --- | --- |
| Coping with uncertainty | Based on the ability to reduce uncertainty for others. |
| Centrality | Based on being central to how the organization achieves its mission and goals. |
| Dependency | Based on others depending on power holder to get their work done. |
| Substitutability | Based on providing a unique and irreplaceable service or product to others. |
| *Source: Based on Hickson et al. “A strategic contingencies theory of intra-organizational power,” Administrative Science Quarterly 16(*[***1971***](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005981)*): 216–229.* | |

The concept of strategic contingencies was originally developed to understand the distribution of power across departments ([**Hickson et al., 1971**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005981); [**Salancik and Pfeffer, 1977b**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AE8)); however, it also applies well to teams. Strategic contingencies suggest that individuals, teams, or departments gain power based on their ability to address issues that are instrumental or strategic to reaching organizational goals.

*Coping with Uncertainty*

The first source of power for teams is their ability to help others cope with uncertainty. With the increased competition and constant changes in the political and economic environments, having information about the changes and alternatives for dealing with them is essential to performance. For example, the leader and members of a cross-functional team designed to provide an organization with market information regarding future products and competitors will gain considerable influence by virtue of the fact that others need that information. The team’s product or service reduces uncertainty. A case in point is governmental liaison teams and lobbyists in the United States in a time of change in the health care industry. These groups acquire particular power because they help others within the organization to reduce or manage the uncertainty they face.

Teams and their leaders can reduce uncertainty through three interrelated methods. First, they can obtain information that others need through market research, polls, contact with key constituents, focus groups, or reliance on external experts. The second method—uncertainty prevention—focuses on the prediction of upcoming changes. For example, a team might research and predict the moves of competitors. Public university administrators rely on their legislative liaison team to predict the mood of the legislature regarding funding of universities. Third, a team reduces uncertainty for others through absorption. In this situation, the team takes certain steps to prevent the change from affecting other teams or departments. The university administrator with information about the legislative mood might try to forestall budget cuts through lobbying. If the cuts happen anyway, various groups within the university might undertake less painful internal budget-reduction mechanisms, such as nonreplacement of retiring employees, thereby preventing more drastic measures from being imposed by outside sources and absorbing uncertainty. Through the use of these three methods, a team and its leader can reduce uncertainty for others and thus acquire power.

*Centrality*

Another organizational source of power is the centrality to the production or service delivery process. This factor relates to how a team’s activities contribute to the mission and goals of the organization. Teams closest to the customer, for example, will gain power. Using the university example again, a recruiting team that is responsible for enrolling new students, who are a primary source of revenue for the university, is central to the survival of the organization. In another example, the librarian team at Highsmith reports directly to the company’s executives about connections that can help make important business decisions—a factor that gives its members further power ([**Buchanan, 1999**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000586F)). Another case in point is the management of diversity in organizations. As was presented in [**Chapter 2**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP700048994100000000000000000513C.xhtml#P700048994100000000000000000513C), one of the recommendations for the successful implementation of diversity plans in organizations involves making diversity central to the organization and its leaders. The most successful programs put the individuals and teams in charge of diversity planning and implementation in strategic positions within organizations, reporting directly to the CEO.

*Dependence and Substitutability*

A final structural source of power available to teams and their leaders closely resembles the reward and expert power of individuals. This source of power depends on the extent to which others need a team’s expertise. If employees depend on a team to provide them with information and resources, the team’s power will increase. The larger the number of departments and individuals who depend on the team, the greater the team’s power will be. In addition, if the tasks performed by the team are unique and not easily provided by others in the organization and if no substitutes are available, the dependence on the team and its power increases. If the team’s collective expertise is duplicated in others and its function can be performed easily by another individual or group, however, the team will lack the influence necessary to obtain needed resources and implement its ideas. For example, despite the widespread use of personal computers and information technology tools, many individuals still require considerable assistance to use technology effectively. This factor allows information technology departments, for example, to gain power and obtain resources.

Interestingly, the major complaint from teams in many organizations is their lack of power to obtain resources or implement their ideas ([**Nahavandi and Aranda, 1994**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A7E)). In the new organizational structures, team leaders often do not have any of the formal powers traditionally assigned to managers. In the best of cases, team members respect their leader because of personal relationships or expertise. These individual sources of power, however, do not translate to power in the organization. As a result, many team leaders express anger and frustration at their lack of ability to get things done. Recommendations on how to make teams more effective often include making them central to the mission of the organization, assigning them to meaningful tasks, and providing them with access to decision makers ([**Katzenbach and Smith, 2003**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059DB); [**Nahavandi and Aranda, 1994**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A7E)).

Special Power Sources of Top Executives

Top executives in any organization, public or private, hold considerable power. One obvious source of power is the legitimacy of their position. A number of symbols establish and reinforce that legitimacy: They have impressive formal titles and separate executive offices, they eat in separate dining facilities, and they are able to maintain privacy and distance from other employees ([**Hardy, 1985**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005971); [**Pfeffer, 1981**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AB1)). Pictures of past executives that hang in many organizations further signal their importance. Along with the sources of power we discussed earlier, top executives have four other sources of power:

* **Distribution of resources:** Top managers, either alone or in consultation with a top management team, are responsible for the distribution of resources throughout the organization. This access to resources is a key source of power.

Applying What You Learn

**Managing Power When You Are a New Manager**

Moving into a managerial position is an important step in any person’s career. It comes with many opportunities and challenges. The change in actual and perceived power is one thing that any new manager must handle with care. There is fine balance between no longer being “one of the guys” and overusing one’s new power. Here are some guidelines:

* + **Know what you know and what you don’t know.** Especially in the United States and other low-power-distance cultures, no one expects you to know everything.
  + **Get help** from your boss, others at your level, and your reports. Asking questions is not a sign of weakness.
  + **Rely on expert and referent power.** You have the legitimate power of a title and can punish and reward others. However, don’t forget that other sources are more “powerful.” And don’t become bossy!
  + **Empathize** with your reports about how they might feel. Put yourself in their shoes; the change is hard for them as well. But that does not mean that you will do everything they want or suggest, or continue to listen to continuous complaints. Empathy shows that you care, but it does not always mean you have to act.
  + **Set up new boundaries.** What you set up and how you set them up depends on each individual and may take some time. But you have to realize that things have changed, and you can’t continue all the social contact and even work interaction you have had with your reports in the same manner. You won’t be able to share as much information as you did in the past or speak as freely, and you are bound to make some unpopular decisions. All these need new sets of rules for interaction.
  + **Set up meetings** with your new reports individually and as a team to discuss what they are doing, get their advice for what they can do, share ideas you have, and clarify expectations. This is the first step in establishing trust in the new relationship.
  + **Keep your sense of humor** and give yourself time. Like anything else, it will take time for you to learn your new role; practice and be patient.
* **Control of decision criteria:** A unique power source available to executives is the control of decision criteria ([**Nahavandi and Malekzadeh, 1993a**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A80); [**Pettigrew, 1973**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AB0)). By setting the mission, overall strategy, and operational goals of organizations, top executives limit other managers’ and employees’ actions. For example, if a city mayor runs his or her campaign on the platform of fighting crime and improving education, the city’s actions and decisions during that mayor’s term will be influenced by that platform. Crime reduction will be one of the major criteria used to evaluate alternatives and make decisions. For instance, funding requests for increased police training or for building a neighborhood park will be evaluated based on the crime-fighting and education values of the proposals. If the requests address the decision criteria set by the mayor, they stand a better chance of passage, relying on the mayor’s weight behind them. If they do not, such proposals might not even be brought up for consideration.
* **Centrality in organization:** Another source of executive power is a top manager’s centrality to the organizational structure and information flow ([**Astley and Sachdeva, 1984**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000580B)). Whether the organization is a traditional hierarchical pyramid or a web, CEOs are strategically placed for access to information and resources. Indeed, new top managers often bring with them a group of trusted colleagues who are placed in strategic locations throughout the organization to ensure their access to information.
* **Access:** Top executives’ access to all levels of the organization assists in building alliances that further enhance their power. The most obvious example is the change in personnel in Washington with the election of a new president. Similar personnel changes occur on different scales in all organizations when a new leader is selected. University presidents bring with them several top assistants and create new positions to accommodate them. Other members of the top university administration are slowly replaced with those selected by the new leader. In the private sector, the changes designed to put key people in place are even more drastic and obvious. At General Electric, the selection of Immelt (see Leading Change in [**Chapter 9**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP700048994100000000000000000569D.xhtml#P700048994100000000000000000569D)) to succeed Jack Welch as CEO led to the turnover of several top management team members who were contenders for the position. Whether new leaders force out several individuals to make room for their own team or whether the individuals leave on their own, the outcome of the personnel shuffle is to allow new leaders’ access to trustworthy people and information.

In addition to their considerable power to achieve goals and benefit their various stakeholders, the case of many recent abuses indicates that top executives are not always accountable for their actions. This lack of accountability can lead to abuse and corruption, the topics considered next.

The Dark Side of Power: Abuse, Corruption, and Destructive Leadership

The very nature of leading, whether it is a business organization or a social movement, may require some disregard for norms and the possible consequences of violating them ([**Magee et al., 2005**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A35)). After all, we do not often select leaders so that they can keep the status quo; we expect them to be innovative and change things. Innovation often requires behaving outside the norms and disregarding some rules. However, such disregard can also carry a negative side, as evidenced by the situations at Enron, Tyco, Goldman Sachs, and as some would suggest, even the G.W. Bush administration.

Power abuse and corruption are almost synonymous. *Abuse involves taking advantage of one’s power for personal gain*. It includes unethical or illegal actions, taken while in a leadership position and in an official capacity, that affect organizational outcomes, followers, and other stakeholders negatively. It entails using one’s title and position improperly to exploit situations and people. *Corruption is abusing one’s power to benefit oneself or another person, or getting others to do something unethical or illegal*. Whereas power abuse is, unfortunately, not always illegal, corruption is both illegal and unethical. For example, during the 2008–2010 financial crisis and the $85 billion bailout of American Insure Group (AIG) by the U.S. taxpayers, the lavish executive AIG retreat that cost $440,000 was considered an abuse of power and unethical and immoral by many, although it was legal. The company’s executives bonuses were also considered inappropriate and an abuse of power, but again not illegal or acts of corruption ([**Elliot, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005904)).

*Destructive or toxic leadership, which is defined as leadership that violates the interests of the organization and the well-being of followers* ([**Einarsen, Aasland, and Skogstad, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005900)), is one aspect of abuse and corruption. By its very nature, destructive leadership involves abuse of power and of followers, although it may not always involve corruption. In some cases, destructive leader may even make positive contributions to their organization ([**Padilla, Hogan, and Kaiser, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A9D)). Many organizations and followers experience toxic leadership. Some employees suffer in silence; others leave the organization. For example, by some accounts a third of military officers considered leaving the profession because of the way a supervisor treated them ([**Reed and Olsen, 2010**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005ACA)).

The potential for abuse and corruption and the privilege associated with power and leadership have come under scrutiny ([**Block, 1993**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000583E); [**Larcker and Tayan, 2012**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A14); [**Pfeffer, 2010**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AB3)). Interestingly, people often have a love–hate relationship with power. Particularly, in the United States, the framers of the Constitution were wary about concentrating power in the hands of one person or one group ([**Cronin, 1987**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058BF)). Power without accountability, together with greed, are blamed for many problems ranging from illegal actions and fraud to sexual harassment, favoritism, poor decision making, and financial waste. These problems appear to be widespread.

German Siemens AG executives were accused of bribing top Argentine officials to win government contracts; U.S. Halliburon, French Technip, Japanese JGC Corp, and Dutch Snamprogetti were all accused of paying brides to Nigerian officials; Swiss Panalpia World Transport was accused of bribing officials in several countries; and the list goes on ([**Goozner, 2011**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000594D)). Anders Eldrup, former CEO of Danish company Dong Energy resigned in 2012 after revelations that he abused his power by hiring and offering lucrative packages to employees without board approval and without any real responsibilities ([**Stanners, 2012**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B35)). Conrad Black, CEO of Hollinger International, a newspaper company, billed $2,400 in handbags and the tab for his servants to his company, earning him the title of “kleptocrat” ([**Chandler, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005893)). The old adage “Power corrupts” appears to be true. It is not difficult to see how the considerable power and privilege we grant our leaders can cause arrogance and hubris. Lloyd Blankfein, the CEO of Goldman Sachs, one of the most successful investment banks in the world, and one of the most criticized for its role the financial crisis of 2008–2010, perceives himself as much more than a very rich and thriving CEO. He says he is “doing God’s work” ([**Arlidge, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005808)).

The following sections consider the causes, consequences, and solutions to abuse of power.

Causes and Processes

It is easy to blame the leader’s narcissism or simple greed and dishonesty for power abuse, corruption, and destruction. However, the leader’s characteristics are only one of the factors that allow for problems to develop. One “bad apple” is necessary, but not sufficient. The characteristics of leaders and followers and organizational factors that contribute to power abuse and corruption are summarized in [**Table 5-4**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P70004899410000000000000000053FB).

*Leader Characteristics*

The research about power abuse, corruption, and destructive leadership has heavily focused on the characteristics of the leader. Several researchers (e.g., [**Delbecq, 2001**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058DA); [**Kets de Vries, 1993**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059EA)) have identified individual characteristics of leaders that make them likely to abuse power. The research on the Dark Triad also sheds light on characteristics that may make a leader more likely to disregard rules and step outside of acceptable boundaries of behaviors. Regardless of whether these managers are “evil” ([**Delbecq, 2001**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058DA)), tyrants ([**Ali, 2008**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000057F2)), psychopaths ([**Babiak and Hare, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005816)), or simply bullies ([**Hodson, Roscigno, and Lopez, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005987)), they are willing to use their power to achieve their personal goals rather than for the good of followers and the organization. Often bright and initially likeable and sometimes perceived as capable and action oriented, they have an inflated view of themselves and are controlling, rigid, power hungry, and ruthless. They work well with supervisors and impress them, but they are uncaring and vicious with their subordinates. Their sense of entitlement and their belief that they deserve special treatment ([**Lubin, 2002**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A30)) make them comfortable with abusing their power and their followers. Their world is divided into those who agree with them and can serve their purpose, and the rest, whom they at best ignore, or at worst, view with excessive suspicion and even paranoia. Those who are on their side are supported, at least temporarily; those who are not are denigrated, ridiculed, and eventually moved out.

**Table 5-4 Multiple Causes of Abuse and Corruption**

| **Leader Characteristics and Behavior** | **Follower Characteristics and Behavior** | **Organizational Factors** |
| --- | --- | --- |
| * Inflated view of self * Arrogant and controlling * Rigid and inflexible * Sense of entitlement * Willing to use and exploit others * Lack of empathy and caring for others * Disinhibited, vicious, ruthless * Overly concerned with power * The Dark Triad | * Fear * Silence * Agreement * Compliance * Inaction * Flattery * Submissiveness * Anxiety * Conformity * Collusion | * Organizational culture * Separation of leaders and followers * Hiring practices based on personal relationships rather than objective criteria * Short-term-oriented reward system with limited criteria * Centralized organizational structure * High uncertainty and chaos * Highly unequal power distribution |

Unfortunately, these types of managers are often able to climb the corporate ladder because others see their self-confidence as evidence of ability (see [**Chapter 4**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000052EC.xhtml#P70004899410000000000000000052EC) regarding the Dark Triad). Once in power, they maintain it by surrounding themselves with weak followers, ruthlessly attacking those who disagree with them and managing their superiors so that they can continue their quest for power. Classic cases of evil, or destructive, narcissistic leaders include Al Dunlap (nicknamed “Chainsaw Al”), who ruthlessly cut jobs and abused followers in one job after another until he was fired as CEO of Sunbeam Corp. Philip Agee is another case. As CEO of Morrison Knudsen (MK), he not only abused and fired employees based on personal animosity, but is also accused of using company funds for his personal gain. When he was finally fired after much manipulation of board members, the company employees cheered in the parking lot ([**Lubin, 2002**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A30)).

*Follower Characteristics*

No matter how evil and manipulative leaders are, they cannot wreck havoc and abuse others without the compliance of followers. Dissent, which is often lacking, ignored, or punished in abuse situations, is considered by some researchers to be the essence of good followership ([**Reed, in print**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AC9)). Although followers rarely consider their contribution to the power abuse and corruption process, and they are not the starting point for corruption, they do play a significant role in two interrelated ways ([**Bardes and Piccolo, 2010**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000581D); [**Carsten et al., 2010**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000588D)). First, their silence, agreement, and compliance send a clear message to the abusive and corrupt leader that they are either right or at least likely to get away with their actions. Those who comply may be simply conforming or even colluding with the leader ([**Thoroughgood et al., 2012**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B64)). They may be afraid or respond to what they consider legitimate authority; or they may be seeking a quid pro quo from their leader. Second, there is evidence that some followers are more susceptible to abuse. Followers who have low self-esteem or those who are anxious have been found to be more susceptible to abusive bosses ([**Kant et al., 2013**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059D2)). In either case, follower compliance signals the abusive leader that followers are weak and incompetent and may deserve to be ruled with an iron fist.

*Organizational Factors*

Finally, leaders could not abuse their power and manipulate even willing followers unless the organization implicitly or openly allows for such action. In some cases, the organizational culture and practices may even encourage power abuse. The most important determinant of power abuse is the culture of an organization. What is tolerated, accepted, encouraged, and rewarded determines whether a destructive leader can survive and thrive. Creating clear physical and psychological separation between leaders and others, while further isolating leaders from followers, is one indication that leaders are special and deserve exceptional treatment. Hiring practices, the characteristics and style of upper management, and the focus on short-term financial performance, without consideration for much else, all contribute to allowing a destructive leader to operate and even flourish. The more centralized and concentrated the power and hierarchy and the more closed the communication within an organization, the less likely that power abuses will be noticed or reported, further perpetuating the abuse. Centralized structures create distance between leaders and followers, allow them to make decisions without consultation and input, and may isolate the leader from others. Closed communication networks further reinforce the isolation and prevent followers from reporting abuses of power easily. Additionally, organizations where power is concentrated in the hands of a few and organizations that face uncertainty and chaos provide fertile grounds for power abuse ([**Hodson et al., 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005987)). When power is unequal or when there is high uncertainty, and rules are unclear, abuse can take place and go unnoticed.

The Cycle of Abuse, Corruption, and Destruction

Whether it is the leader who creates a corrupt organization or the organizational culture that creates the abusive leader is difficult to establish. Rather, individual leader characteristics, follower reactions, and organizational factors all combine to create an abuse and corruption cycle depicted in [**Figure 5-5**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P7000489941000000000000000005408). The leader’s growing power, real or perceived, to act without accountability and with impunity leads to followers’ compliance. Whether through voluntary compliance, fear, or because of their own personal characteristics, leaders dominate, manipulate, and abuse followers, creating a self-fulfilling prophecy where more compliance ensues, providing proof to the already arrogant abuser that followers are not deserving of better treatment and not capable of meaningful contribution, further reinforcing the cycle of abuse. Even when they express disagreement, followers do so in the softest, most roundabout ways, after praising the leader’s ideas and painstakingly recognizing that the leaders are correct. Most of us have witnessed or even been party to such political behaviors, which are considered essential to obtaining needed resources. The insincere flattery, however, can further feed into a potentially destructive leader’s sense of self-importance and entitlement and reinforce the devaluation of followers, thereby creating a self-fulfilling prophecy.

Even though the press and the public appear to value leaders such as Meg Whitman of Hewlett Packard, who worked in a cubicle and often took commercial flights instead of flying the corporate jet ([**Dillon, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058EA)), and despite changes made in many organizations, leaders still occupy offices on separate floors, park their cars in reserved areas, eat in executive dining rooms, and spend a great deal of their time with other power holders. All these symbols of power increase the legitimacy of leaders. The distance and separation can be justified based on the need to protect the leaders’ valuable time and to allow them access to other power holders with whom they need to work to make decisions. These symbols, however, can also corrupt leaders by providing them with an overly inflated view of themselves.

**Figure 5-5 Power Abuse and Corruption Cycle**

An example of blatant abuse because of power without accountability is Richard Scrushy, former CEO of HealthSouth Corporation, a multibillion-dollar health-care company, who was famous for wielding tremendous power while in office. He intimidated his employees, going as far as sending them out of meetings if he did not like their clothing ([**Jones, 1998**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059C1)). He was ousted when accused of a $2.7 billion accounting fraud along with perjury, obstruction of justice, money laundering, and wire and securities fraud ([**Ryerson-Cruz, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AE3)) and was eventually sentenced to seven years in prison in 2007 ([**Carrns and Bauerlein, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000588B)). With more HealthSouth executives indicted for fraud, Scrushy’s successor, Jay Grinney, CEO since 2004, states that the company was “managed from the top down” and that “those days are over” ([**Ryerson-Cruz, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AE3)).

Consequences of Abuse and Corruption

The excessive power and accompanying corruption of leaders can lead to serious consequences for an organization. Several studies show impact on organizational performance and the increase in deviant behaviors ([**Tepper et al., 2008**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B5D); [**2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B5E)). The most common consequences are poor decision making and miserable followers. Leaders’ lack of relevant information and their distance from others in the organization puts them in the danger of poor decision making. Employees filter information, avoid giving bad news, and hide their mistakes, providing an overly rosy picture of the organization. As a result, leaders lose touch with their organization and its customers. Because of the compliance of followers, leaders might see their followers as dependent and incapable of autonomous behavior and decisions. Leaders then come to see themselves as the source of all events in the organization and consequently might rely less on persuasion and more on coercive methods to get followers to comply. Their style encourages followers to disengage and withdraw ([**Chi and Liang, 2013**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058A3)). A recent study of the impact of destructive leadership shows strong relationships to negative outcomes such as dislike for the leader, turnover, and counterproductive actions ([**Schyns and Schilling, 2013**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B03)).

The development of a separate sense of morality based on all the other factors allows the leaders to easily fall into unethical decision making and actions. Such leaders come to believe that regular rules simply do not apply to them. Scrushy’s actions, as well as those of many other executives who lie and steal from their company, are examples of such situations. Tyco’s executives firmly believed that their outrageous salaries and bonuses were justified. The former CEO, L. Dennis Kozlowski, convicted in 2005 of misappropriation of funds, had no qualms about using and showing his power. “I worked my butt off and it was all based on my performance in Tyco’s long-established pay-for-performance culture” ([**Maull, 2005**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A48): D5). There is little doubt that he used money from the company, but it is less clear whether he was authorized to do so. His $30 million apartment in New York City was reputed to have been paid for the company, as was a $2 million bill for his wife’s birthday party ([**Top 10 crooked CEOs, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B71)). In another example, James McDermott, Jr., former CEO of Keefe, Bruyette & Woods, was convicted of insider trading for providing secret information to his mistress about pending mergers in which his investment bank was involved. While disagreeing with his portrayal as a corrupt and arrogant executive, he stated: “I’m just an average person who’s tried to work hard and to give back,” a defense that played a part in the judge reducing his sentence from twenty-four to eight months. Referring to the success of the defense at convincing the judge, McDermott’s attorney was overheard saying: “She bought it hook, line and sinker” ([**Top 10 crooked CEOs, 2009**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B71)).

The power–corruption cycle, if not stopped, feeds on itself and can lead to dire consequences for any organization.

Solutions

Abuse and corruption result from the interaction of leader, follower, and organizational factors, therefore preventing them requires interventions at all three levels. Identifying individuals with a propensity for power abuse early is one obvious solution; however, it is not always possible or feasible. After all, many narcissists and psychopaths are charming and even liked initially ([**Back, Schmukle, and Egloff, 2010**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005817)). There are no magic formulas that will prevent the rise of destructive managers and power abuses. Some solutions are presented in [**Table 5-5**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P7000489941000000000000000005410).

As organizations try to reduce, if not stop, power abuse and corruption, a clear message regarding the importance of ethical behavior and integrity is essential. The message that power abuse will not be tolerated accompanied by consistent practices demonstrating such stances are essential ([**Misangyi, Weaver, and Elms, 2008**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A6A)). Leaders who know that they will be held accountable for their actions are much more likely to consider the consequences of their actions and act thoughtfully ([**Rus, van Knippenberg, and Wisse, 2012**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005ADF)). Although many mechanisms are in place to monitor the behavior of leaders in for-profit, not-for-profit, and governmental organizations, these mechanisms need to be implemented to hold leaders accountable. Maintaining checks and balances in the public sector and reinforcing the power of board of governors and directors in other organizations so that they can be independent from the leader are necessary steps toward holding leaders accountable. Organizations can further prevent abuse by reducing uncertainty whenever possible. When there are no clear rules of behavior, the leader with DT characteristics is more likely to exploit the situation and her followers ([**Hodson et al., 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005987)). Chaotic situations allow bullies to operate freely, so providing order and clear rules can address abuse and corruption.

**Table 5-5 Solutions to Corruption**

|  |
| --- |
| * Clear message and consistency * Accountability * Reducing uncertainty * Training for leaders and followers * Protecting employees * Open communication * Leader involvement in day-to-day activities * Reducing follower dependence on leader * Empowerment * Objective performance measures * Involvement of outsiders * Changing the organizational culture |

Much research supports the effectiveness of providing ethics training to employees as a way of decreasing the occurrence of ethical violations. The same has been recommended in trying to address power abuse ([**Uhl-Bien and Carsten, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B7F)). Employees who are able to recognize abuse and know what actions may be effective in combatting it are more likely to resist their leader’s abuse. In addition to training in ethics, organizations must be ready to act decisively to protect those who are abused and the employees who stand up to their abusive leaders ([**Hodson et al., 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005987)). The more followers and others are able to provide feedback both to the leader and to other powerful members of the organization, the more likely it is that destructive leaders will be detected and power abuses stopped. A recent study suggests that the presence of intranets and other technology-based communication tools encourages flexible control and empowerment equalizing power in an organization ([**Denton, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058E0)). Additionally, open communication and transparency regarding financial information further increases the leader’s accountability ([**Welch and Welch, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005BA6)).

The closer the leader is to the day-to-day activities of followers and to the organization’s customers, the less likely is leader corruption ([**Block, 1993**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000583E); [**Prendergast, 1993**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005ABB)). In addition, the more independent the followers are, the less likely they are to contribute—intentionally or unintentionally—to the corruption cycle. If a person’s pay, promotion, and career depend entirely on the manager’s subjective opinion and rating, a person is more likely to comply with that manager ([**Prendergast, 1993**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005ABB)). Training followers on how to develop and use personal sources of power can help reduce power abuse by leaders ([**Uhl-Bein and Carsten, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B7F)). Followers who have their own sources of power can better resist their leader’s bullying. Instituting objective measures of performance, either through precise measurement or based on direct feedback from relevant constituents, is one way to curtail the excessive power of the leader and ensure proper and accurate flow of information. The subordinate can act for the benefit of the customers with feedback from them, rather than for the benefit of the boss.

By opening up the decision-making process to outsiders, an organization can get an objective view and prevent inbreeding. Outsiders can bring a fresh perspective that can break the corruption cycle. For example, the presence of outsiders on a company board of directors contributes to keeping executive salaries more in line with company performance ([**Conyon and Peck, 1998**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058B8)). Finally, the most difficult and most effective solution to preventing power corruption is a change in the culture and structure of organizations ([**Delbecq, 2001**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058DA)). The change should focus on performance, productivity, and customer service, rather than on satisfying the leaders.

Partly because of many abuses of power and partly because of philosophical and structural organization changes, the face of power is changing in many organizations.

Empowerment: The Changing Face of Power

One of the major forces for cultural and structural changes in organizations comes from the empowerment movement. *Empowerment* involves sharing power with subordinates and pushing decision making and implementation power to the lowest possible level. Its goal is to increase the power and autonomy of all employees in organizations. Its roots lie in perceptions of Japanese management, the quality circle efforts of the 1970s and the quality of work life (QWL) approach ([**Lawler and Mohrman, 1987**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A18)), and the psychological concept of self-efficacy ([**Bandura, 1977**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005819)). The underlying theme of empowerment is the giving away to and sharing of power with those who need it to perform their job functions. Such power sharing provides people with confidence in their abilities and enhances their sense of effectiveness. Research on the distribution of power ([**Tannenbaum and Cooke, 1974**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B59)) and anecdotal and case evidence ([**Bennis and Nanus, 1985**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005832); [**Block, 1987**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000583D)) strongly suggest that equal power sharing contributes to an organization’s effectiveness.

Empowerment of employees can be a powerful motivational tool because it provides them with control and a sense of accomplishment. Business organizations of all sizes, organizations in the nonprofit sector, as well as schools and governmental agencies have all implemented various aspects of empowerment (e.g., see [**Klidas, van den Berg, and Wilderom, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059F7); [**Marshall, Talbott, and Bukovinsky, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A3D); [**Silver, Randolph, and Seibert, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B21)). Empowerment involves giving employees control over how they perform their work and over their work environment and building a sense of self-efficacy or competence by providing them with opportunities to succeed. In addition, encouraging participation in goal setting helps followers internalize the goals and builds commitment to them, an important factor in producing a feeling of empowerment ([**Menon, 2001**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A5C)). The continued emphasis on teams, flexibility, and quick response to environmental change further make empowerment an effective tool for organizations. When Linda Ellerbee, television reporter and CEO of Lucky Duck Productions, an award-winning television production company, learned of her cancer diagnosis, she gave up the reins of her company to her employees. Although she previously involved herself in every aspect of her company, she found out that “I had hired really good people who were good at their job, and what they needed was for me to get out of their way. The company continued to thrive in my absence. I never tried to micromanage again” ([**Ellerbee, 1999**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005903): 81).

Requirements of Empowerment

Once managers and leaders decide to adopt and implement empowerment as a management technique, they must adjust the culture and structure of their organization. Many managers talk about empowerment, but few fully accept the concept and implement it completely. Several leadership and organizational steps must be taken to implement empowerment ([**Table 5-6**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P7000489941000000000000000005419)).

**Table 5-6 Leadership and Organizational Factors in Empowerment**

| **Leadership Factors** | **Organizational Factors** |
| --- | --- |
| • Creating a positive emotional atmosphere | • Decentralized structure |
| • Setting high performance standards | • Appropriate selection and training of leaders and employees |
| • Encouraging initiative and responsibility | • Removing bureaucratic constraints |
| • Rewarding openly and personally | • Rewarding empowering behaviors |
| • Practicing equity and collaboration | • Expressing confidence in subordinates |
| • Careful monitoring and measurement | • Fair and open organizational policies |

The style of leadership has considerable impact on followers’ perception of being empowered and on how effective teams can be ([**Srivastava, Bartol, and Lock, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B33)). When empowering employees, the role of the leader is to provide a supportive and trusting atmosphere that encourages followers to share ideas, participate in decision making, collaborate with one another, and take risks. The leader can achieve empowerment through various means, such as role modeling, openness to others, and enthusiasm. Leaders who want to implement empowerment successfully must “walk the talk,” be aware of their verbal and nonverbal signals, and believe in the empowerment process. They must encourage experimentation and tolerate mistakes. Leaders can further encourage an atmosphere of openness by increasing their informal interaction with subordinates in and out of the workplace. High work and productivity standards, clarification of organizational missions and goals, and clear and equitable rewards for proper behaviors and proper productivity outcomes must accompany the positive atmosphere the leader creates. Empowerment does not mean a lack of performance or standards. Rather, it involves providing employees with many opportunities to set high goals, seeking out resources they need, supporting them in their decisions and actions, and rewarding them when the goals are achieved. The leader needs to convey high expectations and express confidence in the followers’ ability to deliver high performance.

Roy Vagelos, former CEO of Merck and currently chair of Regeneron Pharmaceuticals, insisted on the impossible when he set out to eradicate river blindness, a disease that had long gone without a cure. The price of the project was an apparently unmanageable $200 million for a drug whose customers were unlikely to be able to afford it. Vagelos forged ahead and continued to expect that the project would succeed. His high expectations paid off when the drug was developed and distributed to reach 19 million people ([**Labarre, 1998**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A0A)).

**What Do You Do?**

*You are comfortable with empowering your team members and allowing much freedom, input, and flexibility in how the work gets done, and you don’t tend to “pull rank.” The majority of your team members responds well and accepts responsibility. However, a couple of them are taking advantage of the situation and not pulling their weight. What do you do?*

*The Organizational Requirements*

In addition to the leader’s role in empowerment, the organization also needs to take steps to empower employees (see [**Table 5-5**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000053B0.xhtml?create=true#P7000489941000000000000000005410)). First and foremost, the structure of the organization must encourage power sharing by breaking down formal and rigid hierarchies and by decentralizing decision making ([**Menon and Hartmann, 2002**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A5D)). It is difficult for a leader to empower employees to make decisions when the organizational structure does not recognize the empowerment. The traditional lines of authority and responsibility do not lend themselves well to the empowerment process, so before new techniques can be implemented, organizations must evaluate their structure with an eye for removing bureaucratic barriers. In many cases, the physical office space must be changed to accommodate the new way people will be working. Formal offices and cubicles indicate hierarchy and individual work, so encouraging interaction will require a different work space that promotes flexibility and cooperation. Several organizations found that changing their office layout was the key to better performance ([**Goldstein, 2000**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005946)).

Another organizational step is the selection of leaders and employees who are willing to share power. The change in structure and empowerment can be difficult for leaders and followers who are not comfortable with such a process ([**Frey, 1993**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005928)). Along with proper selection, appropriate training can introduce the new behaviors of collaboration, encouragement, participation, and openness.

Setting high standards is a requirement for success of empowerment. Equally necessary, however, is the ability to monitor and measure performance and improvement. McDonald’s, like many other retailers, has implemented elements of empowerment to engage and motivate employees with the belief that such programs improve morale of the frontline and the quality of service they deliver to customers. To keep track of its efforts and monitor performance, in addition to regular profit and quality measures, the company uses employee surveys and welcomes outsiders who are interested in studying its operations, thereby allowing itself to get feedback about climate and performance ([**Blundell, 2007**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P700048994100000000000000000583F)).

Finally, just as leaders have to “walk the empowerment talk,” so do organizations, by implementing appropriate reward structures and fair policies that allow for experimentation, initiative, making mistakes, and collaboration. Intense focus on the short-term financial outcomes can be deadly to an empowerment process that needs time to take hold. One of the ways organizations can start the process of empowerment is by recognizing and identifying the potential blocks to empowerment. Some consultants and academics even recommend that organizations and employees be encouraged to reject authority outright. Overall, empowering employees requires sharing information, creating autonomy, and holding employees accountable ([**Seibert, Silver, and Randolph, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B0A)).

Impact of Empowerment

Empowering employees is a difficult process, but it continues to be recognized as a key factor in today’s new structures and a requirement for leaders ([**Harrison and Freeman, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005974)). Leaders in large and small organizations are encouraged to give up power to their followers and rely on democratic practices. Many case examples and anecdotes illustrate that empowerment can be a motivational tool and lead to increased performance. It might even be that empowerment (or its opposite, too much control) can create a self-fulfilling prophecy ([**Davis, Schoorman, and Donaldson, 1997**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058CE)). On the one hand, the less a leader controls employees, the more likely they are to accept control and responsibility. On the other hand, increased control can cause followers to become passive and, in the extreme, can lead to corruption. The idea of self-leadership, discussed in [**Chapter 7**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP7000489941000000000000000005536.xhtml#P7000489941000000000000000005536), is partially based on the concept of empowerment.

There appears to be a resurgence in interest in empowerment (for a recent review, see [**Seibert, Wang, and Courtright, 2011**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B0B)), with many recent studies evaluating its impact, application, and effectiveness in a number of settings both in the United States and in others countries (e.g., [**Sarvar and Khalid, 2011**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AF4); [**Singh, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B24)). Despite the reported positive benefits of empowerment, however, research on the subject remains relatively scarce and mixed. Research conducted on the benefits for high-involvement organizations that use empowerment and employee participation to various degrees is increasing, but still includes few director empirical tests ([**Konrad, 2006**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000059FA); [**Lawler, Mohrman, and Ledford, 1995**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005A19)). Nevertheless, despite the many obstacles and difficulties and the limited empirical evidence, empowerment is a permanent feature of many organizations in the United States and many other Western countries ([**Randolph and Sashkin, 2002**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005AC3)). When applied well and in culturally compatible institutions, empowerment can powerfully affect a leader’s and an organization’s effectiveness.

Leading Change Sharing Power and Reaping Profits

“As long as we know what each member of staff agrees to deliver in a period of time, their working hours or where they work are no longer important” (Glamorgan, 2006). Such a statement is typical of Ricardo Semler, CEO of Semco, a Brazilian company that produces marine and food processing equipment. He is used to being called a maverick. He actually wrote a book on the topic ([**Semler, 1993**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B15)). One of the early proponents of open-book management, a method based on sharing financial information with employees and training them to interpret and use it to set and achieve performance goals, Semler believes in sharing information and power. He proposes that people who make far-reaching and complex decisions in their own lives every day are fully capable of managing themselves at work. He believes, “Freedom is the prime driver of performance” ([**Shinn, 2004**](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B1E): 18). He also believes that even though most people want democracy as a political system, most organizations do not run democratically. At Semco, employees not only pick the color of their uniforms and their work hours but also vote on adopting new products and undertaking new ventures. Semler states, “At Semco, employees decide where they work and what needs to be done” (Fisher, 2005). The company has set up hammocks in offices to allow employees to relax, so that they can be more creative. Employees can also take sabbaticals and “Retire-A-Little” time, where they can take time off to do what they would do when they retire.

All the freedom and participation are coupled with high-performance expectations. Employees who cannot work in the culture or who do not perform do not survive. The company has grown 900 percent under Semler’s leadership, is either number one or number two in all the markets in which it competes, and has grown 27.5 percent a year for 14 years (Fisher, 2005). Semler succeeded in creating a culture where performance matters and people have freedom to do what they think is right and have the power to do it without asking their boss. He suggests that his management philosophy is not easy to implement everywhere because managers have a tough time giving up control (Fisher, 2005).

*Sources:*[***Colvin, G. 2001***](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P70004899410000000000000000058AE)*. “The anti-control freak,” Fortune, November 26: 60; Fisher, L. M. 2005. “Ricardo Semler won’t take control,” Strategy and Business, Winter.*[***http://www.strategy-business.com/media/file/sb41\_05408.pdf***](http://www.strategy-business.com/media/file/sb41_05408.pdf)*(accessed July 13, 2007); Glamorgan University international business speaker, September 2, 2006. http://news.glam.ac.uk/news/2006/sep/07/international-business-speaker-glamorgan/ (accessed June 23, 2007);*[***Shinn, S. 2004***](https://jigsaw.vitalsource.com/books/9781323104965/epub/OPS/xhtml/fileP70004899410000000000000000057E8.xhtml#P7000489941000000000000000005B1E)*. “The Maverick CEO,” BizEd, January/February: 16–21.*

**The Leadership Question—Revisited**

*Using power well is all about balance and moderation. It has to be just right. Leaders should use all sources of power and influence available to them based on who their followers are and what the situation is. There is no one best way. Winning the hearts and minds is a long-term solution, but sometimes you have to push to get things done. In all cases, the exercise of power must be aimed at achieving organizational goals ethically. Leaders must demonstrate integrity and care for followers as they take action to achieve goals.*

Summary and Conclusions

This chapter focuses on the link between power and leadership. A leader’s power to influence others is the key to achieving goals and to being effective. In this influence process, a leader accesses a number of personal and organizational sources of power. Power changes people. The effect on those who hold power ranges from becoming more generous to abusing their power to exploit others. Those who are subject to it can commit to what is being asked of them or resist passively or actively. In either case, equal distribution of power tends to have positive effects in organizations. The more leaders rely on power sources vested in themselves, such as expertise or a relationship, the more likely it is that subordinates will commit to the leader’s decisions and actions. Reliance on organizational sources of power, such as legitimacy, reward, or punishment, at best leads to temporary employee commitment and at worst to resentment and resistance. Given the increasing use of teams in many organizations, it is also important for teams and their leaders to develop sources of power by coping with uncertainty, becoming central to their organization’s mission and goals, and providing unique products or services that make them indispensable to others in their organization.

Although power is necessary to accomplish organizational goals, power also leads to abuse and corruption and is one of the factors in destructive leadership. Excessive power can cause leaders to develop inflated views of themselves due to compliance of the followers, flattery and compliments, the separation of leaders from their subordinates, and their access to too many resources without much accountability. In addition to the ethical consequences, such excessive power can impair the leader’s ability to make good decision making, increase their reliance on authoritarian leadership, engender adversarial interactions, and ultimately, cause subordinates to resist their leader’s requests. Careful selection of leaders and implementation of an organizational culture based on integrity and openness are key to preventing abuse and corruption.

The face of power is changing in many organizations. The key aspect of this change is the sharing of power to allow subordinates to participate in decision making, thereby leading to higher-quality decisions and subordinates’ sense of accomplishment. The success of empowerment depends on the leader and the organization creating a positive atmosphere in which structures are decentralized and employees are encouraged to experiment and innovate; employees also must be well trained and supported. In addition, high-performance standards need to be set, with rewards tied clearly and fairly to performance. Despite the bad press the abuse of power received recently, the proper application of power in organizations is essential to a leader’s effectiveness. Power is at the core of leadership.