

# Leadership Redefined “Tomorrow`s Power Today”



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## INTRODUCTION

Definitions of power abound (Mintzberg, 1983, Pfeffer, 1992, Pfeffer, 1997, Whitmeyer, 2000): however, in a social setting power is simply “the capacity of a person, team or organization to influence others” (McShane & Travaglione, 2009). People and organizations are often unaware of their power, and those who are aware do not always use it to best advantage (Dahl, 1957). Power is many things to many people and sometimes it is more perceived than real, as in situations where one party is convinced that another controls a coveted resource (Brass & Burkhardt, 1993).

Wise leaders seek to “future proof” their businesses, and one of a number of measures they can take in this regard is to search for innovative ways of redistributing power within their organizations. However, to attempt this exercise without first considering the overall nature of the future business environment would be to operate in something of an information vacuum. As a corollary, it is also essential to reflect on the current and historical uses and distribution of power, to properly contextualize any gaze into the future and thus provide a good foundation for analysis.

## WHAT WOULD THE BUSINESS FUTURE LOOK LIKE?

The business and power distribution trends of the future will be shaped by:

- 1) **Globalization and intense worldwide competition** - We live in an uncertain environment of constant change and relentless competition. Companies need global strategies, which take full advantage of strategic and tactical network partnerships, to be competitive in international business (Vicere, 2002).
- 2) **Technology revolution** –Technology changes constantly and this has profound implications for business, particular in respect of communication and virtual leadership.
- 3) **Composition of teams, their demographics and competition for talent** - Skill shortages and increased competition for talent mean that the ability to recruit and retain staff, and thus differentiate one’s organization as an attractive “employer of choice”, will be a major success

factor. “Building the social capital” will be a critical element for every business (MacMillan, 2006).

4) **Cultural, environmental, and compliance issues** – Globalization increases a company’s exposure to various complex trade, political, environmental, regulatory and compliance issues.

5) **Rapid adjustment ability** – The world is growing more interdependent and so it becomes ever more vital for companies to actively monitor global economic trends, focus on regions of interest, and rapidly realign their activities in response to changing demands (Cacioppe, 1998)

6) **Ongoing improvement** – Companies will need to encourage articulate dissent and feedback, as well as motivate and reward innovation, to remain competitive.

7) **Pressures to consistently deliver return on investment** will persist (Kincaid & Gordick, 2003).

*Power distribution* is a leadership paradigm that unlocks the often hidden power of a business’ employees, by allowing them to apply their creativity and expertise to areas beyond the bounds of their official job descriptions. It provides a forum for open and informed comment on all aspects of the employing business, facilitated by a multidimensional exchange of information, unconstrained by traditional hierarchical lines of reporting and responsibility. Workers are encouraged to consider all areas of the company as their “theatre of operations”, and to contribute suggestions accordingly to any quarter where they feel they can make changes for the better.

Applying this model to a business can aid activities such as collective design of company strategy, change management, developing talent, and building positive, interactive, interdependent networks and relationships. However, a company is unlikely to experience a major positive transformation solely through instigating power distribution - for full effectiveness, power distribution must be applied to a business culture where *dissent* is tolerated and examined for value, and where business information is made freely available to all parties with a rightful interest in it – an environment which operates and nurtures a *democracy of information*.

## REDEFINE THE WORK OF LEADERSHIP

Leaders should inspire and motivate energy creation, while aligning organizational activities and people with the strategic directions of their organizations (Short, 2006). Emphasis needs to be placed on “culture shaping”, achieving through others, and adopting different business functions and stances as circumstances dictate, but conventional leaders often take direct control in areas where they have personal experience, disempowering those in their organizations who officially bear responsibility for those functions (Field, 2006). Leaders with greater perspicacity instead enable achievement through others (Cherniss & Goleman, 2001), inspire empowerment, and help others to make the right decisions (Porter et al, 2002).

### What kind of Leadership would be applicable to organizations fit for the future?

Future employees will likely be less tolerant of *legitimate* power than previously (Raven, 1993). The cold war of *counter* power may intensify, if employees are not involved in decisionmaking (Conger, 1998). The ongoing societal transformation to a knowledge-based economy (Drucker, 2001) tends to increase the *expert* power of employees. Networking, an essential ingredient of social capital, also increases *expert* and *referent* power (Krackhardt & Hanson, 1993). Interactive and interdependent *reward* power would likely remain equally distributed between managers and employees, due to its nature (Kudisch & Poteet, 1995): organisational rewards would continue to engender productivity, and employee performance assessments in turn affect staff satisfaction surveys, and 360-degree feedback, for leaders (Atwater & Waldman, 1998).

In the future, *coercive* power is more likely to be accepted from co-workers than leaders. *Referent* power will be associated less with a leader’s charisma, and more with his reputation for trust and integrity (Tosi et al, 2004). The recent global recession, with its unprecedented financial collapses, clearly indicates that the self-promoting, non-ethical, celebrity-style, heroic leaders (whose actions helped create these consequences) will likely disappear from the business stage, as outdated dinosaurs (Martin, 2003). The business landscape of the future will be populated with more transformational, and fewer transactional, leaders (Bass & Steidlmeier, 1999). Increased interest will be taken in the authenticity of this transformational leadership, as evidenced by the congruence (or lack thereof) of the moral code, social and environmental concerns, and ethical values espoused by such leaders, with their actions (Sankar, 2003).

Transformational leaders will need to generate emotional resonance with the teams they lead. Through mutual trust and commitment, they will design compelling future strategic visions together, and jointly accomplish organisational goals (Collins, 2001).

Quality leadership is critical to business effectiveness. High emotional intelligence, combined with the ability to acknowledge limitations, a commitment to learning, and a willingness to develop others, may be the “silver bullet” (Lombardo & Eichinger, 2002), along with the ability to constantly scan the business horizon for innovative ideas.

### **CREATE A DEMOCRACY OF INFORMATION**

Information yields strong power (Yukl & Falbe, 1991). Rapid advances in technology have introduced incredible changes in the past twenty years. In the past, leaders often gained power by controlling the flow of information, but the advent of new and more accessible information systems heralded the decline of “top-down” *information power* (Dawes et al, 1998). Moreover, this new technology presented fresh challenges: leaders who had to a great extent relied on sheer force of personality sometimes discovered that this modus operandi was thwarted by electronic communication. The ability to communicate effectively in writing is a definite advantage!

Sharing information at all organizational levels is a key component of organizational resilience, which increases an organization’s ability to adjust fast in various critical environmental situations (Saunders, 1990). Organizations wishing to maintain and enhance their economic security will need to craft shrewd prevention, forecasting and absorption strategies. However, the extent to which information power can be leveraged will be highly dependent on substitutability (Kanter, 1979) and the ability to control tasks, knowledge, labour and differentiation, and/or centrality (Hackman, 1985), discretion (Ashforth, 1989), and visibility (Lindsay, 2000).

Today’s information technology allows virtual work to be performed away from traditional workplaces (Smith, 2005). Virtual work offers a better work-life balance for employees, lowers business costs, and is environmentally friendly because it reduces traffic congestion and pollution (Illegems & Verbeke, 2004). Ongoing IT development will allow future virtual teams to operate across space, time, and organizational boundaries (Martins, Gilson & Maynard, 2004) and such teams will generally be very heterogeneous, thus aiding innovation and ongoing improvement. The previously mentioned shift from a production-based to a “knowledge”

economy, combined with the development of information technologies, makes virtual teams possible, and globalization may soon render them indispensable (McShane & Travaglione, 2009). Their use will spread practically everywhere, even to manufacturing environments where automation is replacing people and thus reducing cost pressures, improving efficiency, and increasing productivity.

However, the high level of dependence upon IT is a double edged sword, inasmuch as extended outages can create major setbacks: and likewise, the inevitable reduction in face-to-face interaction means that such teams must possess top-notch communication skills, self-motivation, and self-discipline, in order to achieve their organizational goals.

The effective use of technology (such as the Internet, intranets, blogs, instant messaging, virtual whiteboards and other products) is slowly disintegrating the leadership hierarchy, by allowing people to communicate with their leaders more easily, and to share and receive information at various levels, anywhere, at any time (Martins, Gilson & Maynard, 2004). This creates a *democracy of information*.

Today's highly competitive business environment demands that companies respond rapidly to both the needs of customers, and to changes in the ways in which trade itself actually takes place. This trend will only grow more intense, so ongoing success for any company will depend in large part on the technologically savvy of its workforce. Technology may not be the solution for all business challenges, but it is set to be a vital mainstay for companies who are serious about the future.

## **ENCOURAGE THE DISSENTERS**

Dissenters are organizational lighthouses; they provide light and direction for businesses sailing the turbulent waters of globalization and competition and if factored appropriately, they may just save their organizations from strategic shipwrecks.

Dissent is the expression of contradictory opinions on a company's direction, processes or policies (Kassing, 1998), and as such is frequently discouraged. However, dissenters are the most important monitoring and auditing force within a company, and should not be ignored. The "red flags" of dissent represent great feedback for improvement in unethical and illegal behaviour,

inadequate performance, and poor decision making (Redding, 1985). Ignoring dissenters can lead to decreased staff motivation, lowered production, lost time, wasted resources, reduced innovation and inadequate decision quality, yet many companies continue this practice, regardless.

The future will be a different and faster place where smart leaders will encourage well reasoned dissent, and treat it as a source of ideas and advice. These leaders will also implement innovative ways to stimulate feedback from latent dissenters, as these people may be uncomfortable risking conflict (Roberto, 2005).

Articulating dissent is in fact uncomfortable for many, so leaders need to ensure that they promote freedom of speech strongly and that they respond coolly and carefully to any elements of dissent which could be interpreted as personal criticisms. The dissent “matrix” needs to be one with ground rules (Macy & Neal, 1995) that establish a supportive atmosphere, where constructive factual conflict is encouraged (Eilerman, 2006), intervention takes place as appropriate (Deutsch & Coleman, 2000), and where the players also reflect on the integrity of the process. Dissent should be viewed as an insurance policy against disaster: ignoring the highlighted problem, and/or misrepresentation and intimidation of dissenters, is a recipe for failure (Bennis, 2004).

## **CONCLUSION**

Technological advances, and changes in society and commerce, are not independent processes. As each alters it affects the other, thus moulding both in sometimes unforeseen ways. Power inevitably shifts from time to time as the business environment evolves, and there is no magic formula for its distribution. People and businesses will always strive to obtain power.

However, it is clear that taking maximum advantage of technology, and allowing employees to have input into decisions that affect them via mechanisms such as democracy of information, freedom of speech, and the encouragement of initiative and innovation, will be critical success drivers for future business.

Any company that ignores these trends today, may find itself with no tomorrow.

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