

Strategic contingencies model of power assignment

[Business](#), [Management](#)



Strategic Contingencies Model of Power R. A. Williams BA590 - Organizational Behavior, Grantham University July 5, 2011 Abstract The Strategic Contingency Theory is expostulated such that when an organization confronts a problem that threatens its existence the sub-unit that has the ability to successfully manage the problem will gain power and influence. This theory posits three variables to illustrate the exercise of power: uncertainty, substitutability, and centrality. Identified herein is a discussion of sub-units controlling contingencies of another's activities and thus drawing power from the dependency created.

It is proffered that the most effective strategic model of power is one that utilizes different skills as the complexities of the environments change. Further, it is through the exercise of power that an organization adapts to its environment. Each dominant group attempts to formalize its power through institutionalizing its policies. I submit that such power is transitory. I propose that power does not permanently reside with the same sub-unit, but rather revolves as environmental challenges emerge. There is a plausibility presented in some references that power resides with activities and not individuals.

Perceptions of power as influence, allocating resources, and decision control, shift with environmental challenges. Engineers, production managers or attorneys rise to dominance when needed to meet specific challenges and are then supplanted when the organization utilizes other talents to meet the next wave of genre-specific threats. Reliance on the references noted targeted large companies, universities and hospitals. Most research to date has been in the form of case studies with few empirical works. The

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authorities cited are from Europe, Canada and the United States, thus limiting evaluations from an Occidental view.

Keywords: uncertainty, substitutability, centrality, routinization. Introduction

The question addressed herein is the nature of power in organizations, its acquisition and retention. First, the definition of power is presented, and how it is recognized. Second, illustrations of power in action are discussed to appreciate its possession and exercise. Third, the articulation of power through various evolutions reflecting environmental challenges are compared among the various references. Power is the ability to get things done. It is most easily recognized when exercised or when referred to as influence.

Power in an organization comes from varied sources and has several bases, depending on the individuals' personality, organizational design or structure. In the Strategic Contingencies Model of Power, those that have the ability to successfully address problems that threaten the organization (or its essential activities) gain power over scarce resources and influence over strategic decision making; thus creating dependency among other sub-units. It is the exercise of power that enables an organization to successfully manage its problems and remain competitive while facing environmental challenges (both internal and external).

The exercise of power may be witnessed through the influence of a sub-unit (or an individual) of the organization in its control of policies, scarce resources, choice assignments, favorable positions, and most significantly, the processing of strategic information. Strategic contingency power is

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possible because of its ability to leverage its influence into the dependency of other sub-units. Since organizations seek to avoid uncertainty, those sub-units which can cope with the uncertainty will acquire power over other sub-units within the organization. When these coping skills are rare and difficult to substitute, power is re-enforced.

Essential processes or outputs may be disproportionately influenced by a central sub-unit, heightening the dependency of the others. This influence also creates a power platform exacerbating dependency and furthering control over organizational essential functions and decision making policies. As the environments (both internal and external) change, the need arises for other rare and specialized skills to meet the new challenges. The dominating power brokers will either adapt themselves to address the new threats or they will be replaced by new powerful claimants with the requisite abilities.

These new claimants will attempt to solidify their power and establish their legitimacy by formulating rules and policies that promote their processes, methodologies, and longevity. The power exercised by these new powerful claimants and their influence generally produce results that are beneficial to the organization through improved performance. However, the successful inception of a new power base, created to address the organization's critical problems, leads to the diminishing influence of these same new powerful claimants.

The elimination of environmental challenges lessens the dependency of other sub-units and their reliance on the new claimants, just as earlier changes weakened the previous regime. Should the organization not evolve

and continue to rely upon dated methods or policies, it will lose competitive strength through decreased profits and the attrition of quality personnel. Consequently, power may be described as transitory; that is, influence and control continually shift among power brokers realigning to meet the challenges of ever-changing environments, both internal and external, and of varying complexities.

It is through anticipation of, the observations of, and the appropriate responses to, environmental challenges that power may be garnered and retained. Holding power requires continued vigilance and flexibility to respond to each new challenge of the firm's existence. Discussion " Power is the ability to get things done the way one wants them to be done. "

(Salancik & Pfeffer, 1977). It has been studied extensively in organizational behavior and can be generally defined as the ability to achieve desired outcomes. " Power can also be thought of as the ability of one person to get another to do something. (Salancik & Pfeffer, 1977)*. Power is most easily recognized when exercised as influence or control over others and as actions initiated to benefit the organization when facing challenges. It is used by each possessor to control scarce resources, to build strategic alliances through selective positioning of supporters, to determine the processing of strategic information, and through the influence of organizational policies. (Salancik et al. , 1977). When power is exercised it has the ability to change the way others will respond to " specified stimuli. (Penning, Hickson, Hinings, Lee & Schneck, 1969). It comes from various sources of organizational functions or positions, some formal and some informal. It has several possible bases, depending on the individual leadership traits or

organizational design. (Hitt, Miller, & Colella 2011). In the Strategic Contingencies Model of Power, those that have the ability to sufficiently cope with problems that threaten the organization or its essential activities (hereinafter referred to as “ uncertainty”) gain power and, therefore, gain influence over decision making policies. (Salancik et al. , 1977).

It is through the determination of strategic decisions and the enactment of the firm’s priority policies that those with power determine the direction of the organization. (Scholl 1981). Historically, power has been ascribed to individual actors and their leadership roles. Tradition has benefited many through family relationships, i. e. , marriage or inheritance, or positional succession, such as the firm’s presidential title. The vertical differentiation (superior-subordinate relationship) was been viewed through the distribution and extent of total power. (Hickson, Hinings, Lee, Schneck & Pennings, 1971).

It is generally assumed that people are divided into two levels; that of leaders and those as followers. “ People follow those with power and those with power lead. ” (French & Raven, 1959). These leaders have power which has been delineated by French and Raven (1959) as the Five Bases of Power. These bases can be further distinguished as positional sources of power or personal sources of power. (Hitt et al. , 2011). Positional Sources of Power: * Legitimate Power resides in formal and official positions such as Chief Executive Officer or President. Managers and supervisors also have this positional power at less formidable levels.

Organizational structures, social hierarchies, and cultural norms provide the basis for this power (and also define its domain, scope, and situational application) which usually terminates when leaving office. * Reward Power resides in the ability to give raises, approve coveted promotions or provide the choice of favorable assignments. Awards, training opportunities, and even compliments can be forms of rewards. This power is limited in scope because resources such as funding and available positions are not limitless, and often are not predictable. * Coercive Power resides in the ability to enforce threats or punishment.

It includes the ability to withhold pay incentives or to influence unfavorable scheduling. It is limited by the need for those influenced to be highly dependent on the person wielding the power. Each of these power sources have inherent limitations and are subject to abusive usage. Personal Sources of Power: * Expert Power is characterized by technical knowledge, decisiveness, exceptional judgment, and performance that exceeds one's peers and associates. These special skills and subject matter expertise can be expanded for applications to other arenas and subject areas.

However, once special knowledge is shared with other employees, the expert loses some of his power. This power is further limited by the possibility of replacement or the duplicate abilities of another subject matter expert. * Referent Power comes from the prestigious reputation among associates, and from the affection and admiration of others who wish to be associated with the holder. " Referent power is the most resilient type of power because it is difficult to lose once it has been achieved. " (Hitt et al, 2011). The

combination of expert power and referent power has lasting effectiveness that can be transferred into other departments.

It can only be diminished by repeated personal failures. (French et al. , 1959) and (Hitt et al. , 2011). “[T]he circumstances of a group and its leader determine the type and extent of leadership that may be efficacious. ” (Hickson, 1971). The power ascribed to an individual depends on the activities he controls and the rarity of his talent. (Salancik et al, 1977). If he cannot be replaced or substituted, (hereinafter referred to as “ substitutability”) his power is enhanced by his “ personal scarcity value. ” (Penning et al, 1969).

This power also influences the positioning of rare individuals acceding to leadership roles. (Salancik et al, 1977)*. However, power is shared in organizations because no one person can control every aspect of the business. (Richardson, 1994). Therefore, powerful individuals then seek to align themselves with other powerful interests (“ loose coupling”, Scholl, 1981). This new alliance aspires to form a dominant coalition, which will be capable of meeting the critical contingencies facing the organization, and also, to influence strategic decision making. (Salancik et al, 1977).

Once in power, the dominant coalition tends to formalize (that is, legitimize) and institutionalize itself by establishing rules and procedures that favor its continued operation. (Wulf, Stubner, Miksche ; Roleder, 2010), (Scholl, 1981). “[P]ower is a capacity for influence that extends far beyond the original base that created it. ” (Salancik et al, 1977). The dominant coalition is now able to control the balance of strategic decision making, determine the control of

information processing within the organization, and further enhance its dependent control over other units (hereinafter referred to as “centrality”). Scholl, 1981). The organization’s survival remains contingent on its ability to respond effectively to internal and external environmental challenges. (Richardson, 1994). Critically important, is the control of strategic information processing capabilities that will enable the firm to identify environmental opportunities as a source for competitive advantage. Smaller firms are expected to process information more rapidly in environments of low complexity because they have smaller, less sophisticated bureaucracies. Conversely, larger firms have greater processing capabilities to handle more information with more complexity, but will have slower responsiveness due to larger, often redundant bureaucracies. (van der Weerdt, Verwaal & Volberda, (?)). The ideal combination of swift responsiveness and voluminous information processing capability is embodied in the “ambidextrous organization.” This composition is characterized by the strategically flexible firm that has smaller units for rapid responses and larger units for extensive, routine processing.

The ambidextrous organization is positioned to capitalize on the competitive advantages of both economies of scale. (van der Weerdt et al, ?). The equational opposite of power is routinization, which may be characterized in two forms. “Uncertainty routinization” may be in the form of preventative measures such as inspections and standardized maintenance, inoculations against disease, or long term supply contracts. “Coping routinization” may be formalized as rules or procedures to minimize uncertainty, thus reducing

the impact on other sub-units; in effect providing a “ shock absorber” function. [C]oping moderately with high uncertainty may well confer more power than coping most effectively with just a little uncertainty. ” (Penning, 1969). The effect of routinization is the reduction of uncertainty among other sub-units and the increase of possible substitutability by other employees learning new coping skills. (Hickson, 1971). Generally, routinization leads to improved corporate performance and the benefits accrue to the organization as a whole. Conversely, these combined affects result in lower dependencies by ther sub-units and effectively lessen the power held by the dominant coalition. Similar to institutionalizing, the reliance on routinization has a limited dominating life cycle and must be tactically amended for adaption to environmental changes. (Wulf, 2010). The dominant coalition controls administration and production systems until forced into political bargaining with powerful others. (Richardson, 1994). According to Salancik et al (1977) and Hickson et al (1971), an individual’s or sub-unit’s power is never absolute because power derives from activities, rather than individuals.

The concept of power is “ a property of the social relationship” of the formal organization and thus not “ an over personalized conceptualization and operationalization of power toward structural sources. ” (Hickson et al, 1971). Interdependent activities force sub-units to cooperate for the firm’s success. They are not afforded the latitude of choice as a single entity might, but must compromise in order to survive, and even succeed, as an organization. (Penning, 1969). The goal of the organization must be to allocate power and resources to meet the shifting demands of the environment as critical contingencies change.

When a firm continues to rely on institutional inefficiencies, whether through bureaucratic reluctance or institutional inertia, it will incur negative performances with diminishing benefits until it ushers out the former dominant coalition and realigns with new power brokers. (Wulf, 2010). The new dominant coalition must be one that successfully implements appropriate and timely coping strategies to meet the new challenges, whether through prevention or through the reduction of uncertainty effects on other sub-units (shock absorber function). (Penning et al, 1969). This coping confers power through the dependencies created. " (Hickson, 1971). During periods of legal difficulties, the legal department is imbued with power and status to lead the organization back to sound footing. A similar rise occurs for the marketing department when market shares are down and it is selected to implement successful recovery strategies. The engineering section which is responsible for production line accomplishments will be elevated to higher status when the organization faces mechanical inefficiencies. (Salancik, 1977).

It is through this process of realignment, adaption and flexibility that the organization meets the critical contingencies challenging its survival.

Conclusion This research has emphasized the identification of three essential components described in the literature which provide the basis for the Strategic Contingencies Model of Power Theory: uncertainty, substitutability, and centrality. Though the specific nomenclature varies with authors and additional attributes are assigned (" firm size" and " the ambidextrous organization" by van der Weerdt et al,(? ; " shock absorber function" and " routinization" by Hickson et al, (1971); and, " essentiality and exclusiveness"

or “powerful claimants” by Scholl(1981)), a recurring theme links the common elements in the depiction of the exercise of power. Power itself can be identified by or variously described as allocation of scarce resources (capital), control of strategic decision making parameters, determination of information processing, distribution of power to others, expertise in critical times, influence on dependent sub-units, and control of essential inputs without replacement needed by other sub-units of the organization.

The points of references are not widespread, reflecting traditional theories, but with some new applications of technology leveraging not discussed herein. Therefore, the central theme returns to utilization of our three common components in their various guises depending on industry and orientation. Significant to the direction of this writing is the consistent reference of power as transitory. Previous generations of writers have attributed power to the individuals of note (Carnegie, Rothschild, Buffet). The references cited within ascribe power to activities and not to individual actors.

Rather, their power is a functioning exercise of the sub-unit or the formal position held in cooperation with powerful others to form a dominant coalition. (Salancik, 1977). These dominant coalitions are forced to evolve, through attrition or realignment, when their tenuous hold on leadership falters due to internal or external environmental shifts (hospital administrators or department managers as executive leaders, Salancik et al. , 1977). Illusory attempts at permanence are manifested by power brokers through methods such as formalization and institutionalization as

means to establish their legitimacy and ideally, their continuity. ... [W]riters, teachers, and practitioners emphasize the strategic problems most closely related to their own preferred strategic leadership style..." (Richardson, 1994). The most effective strategic model of power is likely to be one that utilizes many different skills and approaches (subject matter expertise, environmental awareness, strategic alliances) as the complexities of the environments (both internal and external) change. A dynamic leadership style that changes "...the emphasis of its actions to more effectively meet the demands of the environment..." will align its skills and resources to function "...simultaneously and harmoniously. (Richardson, 1994).

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I recognize your hard work and your dedication to self-improvement. This was an almost perfect document. Your perspectives were well presented and supported. Your examples were substantial and comprehensive. Thank you for making corrections from your previous graded assignment. I did not see any omissions or errors on your completed work. I appreciate your hard work on your developing a solid abstract introduction. Your statement was concise and on-target and represented a very important part of your paper. Keep-up the good work! Regards, Dr. Rivero