Varda Muhlbauer · Wes Harry   *Editors*

Redefining Management

Smart Power Perspectives

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Chapter 1
Introduction

Varda Muhlbauer and Wes Harry

The intersection of management and power has always figured in theoretical and practical inquiries often; however, the power element played a backstage role. In part this pushing to backstage was because power was seen in political terms or was downplayed as an important organizational and workplace factor – not least by those who held the power to allow or deny access to researchers. Today, sociopolitical, cultural, and academic along with popular critical engagement with power has brought to the foreground the discourse regarding power dynamics in management. The overall emerging focus on power-related issues in management is a welcome development as it reflects a large academic as well as societal trend that clamors for greater understanding of established and newer structures of power, within and outside organizations.

As researchers interested in the changing dynamics in the workplace and in society, we believe the time is ripe to critically focus on the power/management nexus and, as follows, to review more effective and progressive platforms expected in Western democratic societies as well as sections of other societies. However, today, we are still confronted with more questions and uncertainties than answers: what does it mean to apply power, properly contextualized and, basically, democratic in managerial situations? For managers it is difficult to apply more egalitarian strategies (driven by changes in society as well as changes in laws and regulations) without understanding the evolution in dynamics along with shifts of power in the workplace. Such questions and situations arise with the move toward more knowledge work, more use of intellect rather than physical skills, and mostly more respect for

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individuals irrespective of age, sex, ethnicity, religion, sexual orientation, and other factors in a diverse workforce. Alvesson and Willmott (2012), among the vocal critics of present-day management theory and practice, also admit that many initiatives to revitalize management in ways leading to "the liberation of human potential from restrictive practice rarely lead to radical change" (p. 1). The challenges to the current ways of organizing work (especially since the financial crisis which started in 2007) have been well documented by Streeck (2016) from the viewpoint of the radical left, meanwhile from the British Academy's study of the future of the Corporation, Mayer (2017) seems to be taking a more "traditional" approach to evolution and improvement. Such opposing academic stances contain important elements from political attitudes to power, privilege, and continuity in the workplace.

How, then, can we resolve the, supposedly, dualism of managerial power and democratic values in developed economies with a shift toward knowledge work and increased sanctions against abuse of hard power in the workplace? For the editors and contributors to this book, the answer can be found in the innovative construct of "smart power" that was designed in political science and coined by Nye (2004). Nye's insight and analysis of the operation of international policy has led to the launching of concepts such as "hard power, soft power, and smart power" which are today, almost, in common daily use. In 1990, within a pioneering article on soft power, Nye (1990) claimed that the traditional definition of power that relates mainly to the ability to do things and to control others through the use of force is losing ground to alternative structures of power using persuasion and incentives. Nye made, then, the instructive distinction between power over other countries and power over outcomes. Essentially, his argument was that the growing global interdependence that signifies the diffusion of power among several actors is a sensible arena to develop and apply soft or cooperative power. In later publications on the nature of power in the twenty-first century (e.g., Nye, 2004), he emphasized that soft power cannot be the solution to all problems and, rather, called attention to the importance of smart power as, depending on contextual parameters, might be the more appropriate solution. The definition of smart power relates to a combination of the hard power of coercion and extrinsic reward with the soft power of persuasion and self-motivation.

The effective use of power has been, and mostly still is, the critical element in management (Whetten & Cameron, 2002) and maybe more so when there are stresses and severe challenges in neoliberal and changing capitalist society. Having that in mind, we suggest that smart power is, currently, the best strategy to achieve organizational and managerial goals, such as performance and innovation, while maintaining democratic values in times of rapid change. Admittedly, smart power was originally designed to handle global developments that restricted the use of government and military power; however, its basic negation of the more traditional notions of hard power makes it a potential platform for the integration of effective managerial skill together with changing values more suited to the complex organizational challenges along with rewarding outcomes for the parties involved.

Evidently, while aiming to focus on and debate contemporary management/power linkage, we are well aware that what is taken for granted almost as everyday reality in liberal democracies might be very different for people living under alternative sociopolitical systems. Also there are many living in ethnic or religious enclaves with different

values within liberal democracies, as well as separated centers of population segmenting rich and poor that do not have similar access to equity and democratic rights. Thus, the macro-level cultural trends backing the incorporation of liberal values and social justice into workplaces may currently only be relevant to some privileged sectors of society. Meanwhile highly privileged sectors of society may not feel the need to deploy soft power as these with resources or social position can use wealth and status to apply hard power. Consequently, the smart power option as a way to redefine power-related issues in management is situationally determined, and its feasibility fluctuates accordingly. Still, on the whole, the demand for democratization of work arrangements (backed by legislation and regulation), delegitimization of abusive control, and overall use of hard power is large enough to trigger the need to expand our understanding of how facilitation of smart power into management might affect managerial outcomes along with the well-being and work experience of employees and third parties including those in the "self-employed agent" categories. From the viewpoint of management, smart power may even be much more effective than hard or soft power.

Stretching the boundaries of conventional presentation of power in management to include indications that are characteristic of smart power is, definitely, not easy to achieve. Our readers can recall how slow and difficult a process is change and how much time and energy it is likely to take to overcome entrenched resistance in order to fully attain the transition to a new framework of power in management. This is clearly a new conceptual, institutional, and practical territory. By way of an example, it is often noticeable that young parents today experience difficulties in raising their children. Most of them reject the use of harsh parental methods, but, at the same time, they find it quite difficult to apply their authority and power when needed. These parents are experiencing the need to apply smart power and not just hard and soft power. Again, to reiterate what Nye said (2004), while hard strategies are deemed as wrong and ineffective, soft power strategies cannot be adapted in all situations or always bring the desirable outcome. Yet, in spite of the complications related to redefining the management/power intersection on a smart power platform, it seems that, at least, some shift in the power structure is unstoppable. What then explains the almost inevitability of the transition into smart power strategies in management of advanced economies? We suggest that the ideology and practice of management are now caught in between at least two major sociopolitical and cultural changes: the power of millennials entering the workforce and basic shifts in the nature of power.

Before going on to discuss the role of millennials in the workforce, we will reiterate points made several times earlier. Most of the situations in which smart power already is, and will increasingly be, applied are in the more liberal democratic societies. These societies have created or developed advanced economies. Such societies can afford, or can adapt, to using smart power to meet the needs or desires of the population or the type of work being offered by organizations in those environments.

For most of the world population, hard power is accepted because of a desperate need to earning enough to pay for subsistence, or near subsistence, existence. For the poor in rich countries; the badly educated; the displaced; those in conflict areas, working in micro- and small enterprises, or in agency or temporary work; or youngsters in most parts of the world, hard power, unfortunately, will be what they face.

Millennials in the Workforce

The millennials or generation "Y" (a person reaching young adulthood in the early twenty-first century) in developed countries undoubtedly bring with them a different mind-set to work organizations. Academic research (e.g., Smola & Sutton, 2002) examined the differences across three generational cohorts on dimensions of the work ethic construct and found that differences do exist across age groups. Besides the academic studies on the millennials, there is an abundance of popular coverage of this intriguing age group. On the Forbes' website (Ryan, 2014), a young (25 years old) female is quoted as saying "I don't want to take some job in a law firm and do one thing all day. I know my mom wants that for me, but my mom is old school. I want to run my own career" (Ryan, 2014). Alongside the interview published at this website, there is also a colorful drawing whose caption says "work is supposed to sustain your life – not replace it." Ryan, a reporter with Forbes who writes about work and bringing work to life, says in this article that "When you've watched your parents and all their friends put their faith in a dying, eroding system like the corporate ladder (now sawdust under our feet), it's only natural to want to manage your career a different way," and he sums up by writing, "It made sense for the Greatest Generation to put all their energy into corporate-ladder jobs. The corporate ladder was very good to our parents' generation. Those days are gone. Amanda has the right idea and the mojo to run her career her own way. Three cheers for Amanda, and all the millennials showing us older folk how to make a living without giving up on who you are" (Ryan, 2014).

Another article published on the website of Forbes relates to the work ethic or what some define as the missing work ethic of the millennials: "There are plenty of good feelings among millennials and their elders. Most respondents (61%) say millennials are easy to relate to. But 66% of all respondents say they're difficult to manage. And a majority, 51%, say they lack respect for others" (Asghar, 2014). It turns out that millennials are quite critical of power structures, whether related to work or other sociopolitical institutions, and refuse to adhere to rules that do not serve or promote their interests.

Is, then, the cohort of the millennials the one that will make use of a disruptive or interdependent power in ways that will open up influence venues to a larger circle of people than the traditional power elite? Piven (2008) argues that in today's global world which abounds with a complex of far-reaching systems of cooperation and interdependence, the potential of popular masses – that operate from the bottom up – to be more effective in transforming traditional power structures is greater than ever before. Overall, she says that today's defiant movements that are fueled by interdependent power have a great chance to make their imprint on society.

The millennials (maybe like the youth of every generation) in the Western developed societies join the workforce with completely different expectations than previous generations. Not only do they reject and resist any manifestation of hard power, but their definition of power resembles more concepts of smart power than any other traditional notions of power wherein domination and control were conspicuous. Hill

(2003) who researched the way that new managers master the challenges of management quotes one of them as saying: "It took me three months to realize I had no effect on many of my people. It was like I had been talking to myself" (p. 91). She explains that managers had difficulties in exercising power and influence effectively without relying simply on their formal power position. They made progress in orienting themselves to their new appointment to a managerial position only when they realized that their subordinates expected them to be supportive of their goals and see them as individuals. Hill's conclusions are actually reverberating in conversations held by young students in training courses in MBA programs: they all insist on the prominence of (a) establishing a working agenda that takes their preferences seriously and (b) relating to them as equals. In other words, their "I" plays a much bigger role than in any previous model of manager-employee relationship.

Power and Management

Power-related constructs have attracted (and wisely so) great attention which is clearly reflected in studies, including politics, sociology, military, and business topics, each suggesting its unique interpretation. However, overall, for a long time, the Weberian understanding of power was the generally accepted explanation of the dynamics of power wherein the concept of "power over" is emphasized (Wrong, 1979). In Weber's and other related theories, the control of resources determines the makeup of power relations and, thus, marks the actor who is in positions to influence others, whether they like it or not. Having this notion of power in mind, the research on power was actually concerned with locating and naming power resources (e.g., Raven, 1965). It was, however, the integration of the postmodernist critique of power constructs (e.g., Foucault, 1973) into contemporary research on power that has definitively enhanced its theoretical and practical insights.

Indeed, it is a difficult undertaking to summarize the construct of power as it figures in sociopolitical theories. Still, very broadly stated, we wish to draw attention to two dominant characteristics in current understanding of the dynamic of power: (a) the fragmentation of power constructs into many, quite subtle, axes and (b) the institutional nature of its buildup. Thus, the diffused omnipresence of power in nearly every human social interaction is relevant to our understanding of the present-day power-management intersection as it much broadens the basis for power resources since they are to be found anywhere and everywhere. This current understanding of power dynamics put, at least partially, an end to the traditional, both representational and real, exclusivity of the top-down power structure.

Piven (2008) adds an important insight into current understanding of power dynamics by explaining that "sometimes people without things or status or wealth do succeed in forcing institutional changes that reflect, if often only dimly, the needs and aspirations of the people lower in the social order" (p. 4). In her studies, she suggests a new power frame which she dubs "interdependent power." According to her findings, this new power frame reflects recent developments in contemporary

Western society which is composed of networks of cooperative relations. Following her line of thinking, all people have potential power since, under certain circumstances, their assets might be of value to others, thus endowing them impactful influence over outcomes. Here, maybe, we have a "democratization" of the concept of power as it is suggested that every member of society is a possessor of some resources that enable them, often temporarily or incompletely, to have an element of power. This emergence of a new understanding of power dynamics which blends a traditional hegemonic perspective with a current democratic perspective is evidently intriguing and carries important implications for our awareness of the intersection of management and power as it revolutionizes the nature of power.

The major change in dispersion of power resources, suggested in the construct of interdependent power, coincides with the advent of the millennials into the workforce. In a way, the millennials are the go-betweens in societal democratic trends and organizational and managerial culture. Yet the millennials are not a homogenous group nor face the same environment everywhere. For example, in China the former "one-child policy" means that the share of the population aged between 10 and 24 is 20%, while in only smaller, overall population, India has 28% in that age group (UNFPA, 2014) – with consequently greater competition for employment in a country which is 20% (Nominal Gross National Product per head of population) of the wealth of China (IMF, 2015). In such varied circumstances does the ongoing conversion in the power management linkage get a proportionate attention? We think that even in poor and developing countries, the social, economic, and technological changes coming in the next decade or so will mean that there needs to be more attention paid to power in all its forms but especially to smart power.

As noted earlier, Hill (2003) found that "to develop the power and influence necessary to manage those interdependencies is not easy" (p. 263). Many managers rely on their formal authority as their source of power, thus losing the potential cooperation of their employees. What these managers miss is the need, inherent in their manager-employee unit (maybe as in any other relationship), to negotiate interdependencies. In Hill's findings, managing interdependencies means building mutual expectations, trust, and influence with all the people at work. The language she uses, such as collaboration, empowerment, mutual respect, and actual interdependence, is very reminiscent of Nye's (2004) conclusions. Nye pointed out the limitations on even the strongest powers when not working with, but against, others.

The need to adopt smart power strategies is only growing with increasing complexity and interdependence which, in its turn, tend to get even more crucial as a result of globalization and advances in technology. Managers need to empower others and give them decision-making authority, thus gaining an added value on both fronts: the workers feel positively about empowerment and, as a result, are better equipped and more highly motivated to successfully reach organizational objectives. What comes out is that the more the manager plays down their authoritative power to coerce and, instead, applies alternative influence tactics that resonate with smart power, the more their chances are to achieve goals.

In view of sociopolitical and cultural changes in the power-management intersection, the insistence on smart power is almost an imperative. Yet, the smart power conceptual and practical framework is a novel concept and a new territory for

managers (as well as for parents and for educators). It appears as though managers today should adopt not only new concepts and new awareness in managerial encounters with employees but also new ways of engaging with power that requires immense personal adjustment. Being mindful of the complexities involved in the process of redefining power-management interconnectedness in such a way that it incorporates the core values and strategies of smart power, we asked scholars of management to share their knowledge and their perspectives on smart power.

Summary of Chapters

The chapters in the book examine many of the issues and circumstances we have outlined in this introduction.

The changing perception of power within organizations is extensively surveyed by Laslo-Roth. She relates these changes to advances in technology, globalization, democratization, and individualism. She finds that these macro changes have affected the nature of power relationships by reducing the power distance between managers and employees. She argues that the move from a traditional perception of power calls for new tactics to organize and communicate the relationships with employees. The ways of applying hard, soft, and smart power in the past and future are reviewed and analyzed.

Klein and Stokes focus on the way that technology, specifically Information and Communications Technology (ICT), is changing management practice. They look at the relationship between smart technology and smart power. Specifically they survey the impact of social media, data analytics, and mobile computing. In their concluding remarks, the authors provide views on the possible negative and unintended effects of ICT.

Moving on to the macro issues of growth and the role of management, Schein demonstrates that the performance of management is crucial to organizational- and society-level success. He reviews major theories of management and the development of such theories in changing circumstances. Then he assesses the benefits of power being applied in three specific cases showing how hard, soft, and smart power contributes to economic growth.

Taskin, Ajzen, and Donis outline the New Ways of Working (NWOW) transforming traditional organizations and power structures. They argue that NWOW can be hard power in a different guise unless those involved (particularly those subject to harsh treatment) can use smart power to benefit themselves, others, and the organization.

Then Rabenu takes the discussion of human potential to be enhanced by the slackening of control of power by higher levels in the organization. She points out the benefits of smart power to improve psychological capital to the individual and employer. The psychological capital will become increasingly important as currently known and unknown challenges confront us all.

Going on to discuss smart power in the context of culture and virtue, Fein, McKenna, and Ahmed propose four cardinal virtues – wisdom, justice, courage, and temperance – to provide a virtuous leadership framework. They analyze the GLOBE

studies and their results on leadership behavior in different cultures. The authors conclude by offering connections between moral capabilities, smart power, and dimensions of leadership behavior in various cultures.

Taking a clinical approach Ancelin-Bourguignon develops a concept of daily creativity at work. She draws upon her experience as well as that of colleagues and students to provide examples of well-being at work. She outlines ways that smart power can be used, upward as well as from above, to improve performance. The author argues strongly that "managing" will reduce the benefits of creativity.

Finally Rubinstein scrutinizes the narcissist personality in leaders. He discusses whether such a personality is necessary to rise to high levels in organizations. It does seem that at least some element of narcissism helps in leadership roles. Such narcissism can potentially harm as well as bring benefits to the organization, managers, and workers. The author makes suggestions on how colleagues and subordinates (and even bosses of the narcissist) can apply smart power to control or at least direct the leader to minimize harm and increase benefits from the narcissist's behavior.

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Chapter 2
The Power of Change and the Need to Change Power: Changing Perception of Power in the Organizational Setting

Roni Laslo-Roth

Overview

Power and social influence are integral aspects of relationships between individuals, social groups, and nations and are major topics in the fields of philosophy and social science. In the last 30 years, there has been growing interest in applying interpersonal influence theory to organizational settings, specifically on the power relationships between managers, subordinates, and peers (Higgins, Judge, & Ferris, 2003). As Kotter (1977) stated 40 years ago, power dynamics exist in all management process because managers depend on their workers to get jobs done. In order to be effective, managers need to make their supervisors, colleagues, and subordinates comply with their requests, support their ideas, and implement their decisions. Indeed, an important element in the organization success is effective managers, and a crucial part of a manager's work involves influencing others (Elias, 2007). The ability to successfully influence others depends primarily on the manager's choice of influence tactic, as some tactics are more effective than others in different situations (Laslo-Roth & Schwarzwald, 2016; Tal, Schwarzwald, & Koslowsky, 2015).

Exercising power over others while maintaining a satisfying relationship in the workplace is a challenging task. Managers need to obtain the cooperation of subordinates, colleagues, and supervisors while juggling with schedules and quality requirements. In the traditional hierarchy, managers supervised employees by using their rank, knowledge, and privileges to reward or punish their subordinates (Schwarzwald, Koslowsky, & Ochana-Levin, 2004). The world, however, is changing, and where change is occurring, workers' expectations from the workplace change along with it.

Today's employees have different values and expectations about work (Myers & Sadaghiani, 2010). Some organizations are now employing the most highly

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educated workforce ever, and these individuals are fully cognizant of their value and the scope of their employment opportunities. This means that organizational success depends largely on its ability to retain these knowledge workers, who have higher salary expectations, have a greater need to participate in organizational decision-making, and are aware of their rights, including being treated fairly and with respect (Dupre & Day, 2007). According to a recent Gallup survey (Gallup, 2016), only 29% of US millennials (born since 1982 and entered the workforce since 2004) are "engaged" (enthusiastic and committed) to their workplace. Worldwide, only 13% of the millennials are engaged at their work. Gallup's survey also found that work engagement is tightly coupled with businesses productivity, safety incidents, absenteeism, customer ratings, and profitability. Thus, the major challenge facing managers when aiming to influence their subordinates is how to best walk the thin line between employee needs and organizational needs as incongruence between the individual and the organization is inherent (Clegg, Kornberger, & Pitsis, 2015). When using more traditional, harsh influence strategies, they may achieve immediate compliance but lose the employee to another organization. When using softer, friendlier tactics, they may preserve a good relationship with employees but at the expense of immediate compliance, which can defeat organizational goals (Tal et al., 2015).

In contrast with traditional power perceptions, which derived from the manager's hierarchical position in the organization, new perceptions of power emphasize managerial power that derives from personal and interpersonal skills and backed up with organizational harsh means. Effective managers need to be able to share their vision with subordinates and use smart power, the combination of soft and harsh means adapted to the situation and to their employees' personality and personal needs.

This chapter starts in describing the centrality of power and influence tactics in the organizational settings, then summarizes the changes in the organizational environment and its effect on conceptualization and practice of power and social influence in organizations, and, finally, discusses the resulted challenges involved in integrating these changes into the harsh reality of organizational environment and effective management.

Defining Power and Social Influence

Power is a familiar concept in daily life and is considered to be one of the key features affecting the relationships between individuals, groups, and nations in theory and in practice (Simon & Oakes, 2006). In 1938, the philosopher Bertrand Russell stated: "The fundamental concept in social science is power, in the same sense that energy is the fundamental concept in physics... The laws of social dynamics are laws which can only be stated in terms of power" (Russell, 1938, p. 10). Philosophers and social scientists have continued to view power as an integral part of all human relationships and the cornerstone of all human endeavors (Keltner, Gruenfeld & Anderson, 2003; Roberts, 2003).

Power theories distinguish between two closely related concepts, namely, power and social influence (Raven, Schwarzwald, & Koslowsky, 1998). Weber defined power as "the possibility of imposing one's own will upon the behavior of other persons" (Weber, 1954, p. 323). Social influence is defined as "the power of Actor A over Actor B, or the amount of resistance on the part of B which can be potentially overcome by A" (Emerson, 1962, p. 32). In other words, power is the maximum potential influence possible to exercise over others in a given situation. Social influence, on the other hand, is the actual force that the agent employs to change the other's opinions, attitudes, and behaviors (Dépret & Fiske 1999; French & Raven, 1959; Keltner et al. 2003; Lewin, 1951). For example, when managers use information to sway their employees in a bid for greater compliance, social influence is brought into play even when employees do not comply with the managers' request. A manager's power lies in the ability to use different resources when attempting to persuade (including threats to fire, cut salaries, etc.).

The use of power raises a number of crucial questions. What kinds of resources can be mustered by a powerholder to influence another? How do powerholders choose their influence tactics and with which outcomes? One of the most popular frameworks to explore these questions is French and Raven's typology (French & Raven, 1959; Raven, 1965, 1993; Raven & Rubin, 1983).

Power Tactics, the Choice Process, and Outcomes

When an employee refuses to comply with a manager's request, what can a manager do to achieve compliance? According to the Interpersonal Power Interaction Model (IPIM) (Raven, 1993), powerholders can use 11 possible tactics to achieve compliance. French and Raven's (1959) original power taxonomy was made up of five types of influence tactics to which Raven (1965) added a sixth tactic: reward, coercive, legitimate, expert, referent, and information power. In response to criticism of this conceptualization (e.g., Kipnis & Schmidt, 1983; Podsakoff & Schriesheim, 1985; Yukl, 1981), Raven (1992) formulated the IPIM, in which he defined 11 power bases and delineated factors involved in the process of tactic choice:

1. Impersonal coercion – the powerholder's ability to punish the target or prevent him or her from obtaining the desired rewards. For example, a manager may threaten a subordinate with termination if he or she does not comply with a certain request.
2. Personal coercion – threat of disapproval or dislike. For example, a manager may ignore an employee who does not comply with instructions.
3. Impersonal reward – the powerholder's capacity to give the target an incentive. For instance, a supervisor may promise a monetary reward to a subordinate in exchange for extra hours that are not part of the job description.
4. Personal reward – the promise to express liking or approval. For example, a manager may flatter an employee for doing a good job to achieve compliance.

5. Expert power – the perception of the influence agent as a source of knowledge and expertise on a specific subject. For example, managers may accept the advice of consultants because they are perceived as having high-level expertise in their field.
6. Referent power – the powerholder's charisma depends on having the target identify with the influence agent. For instance, employees who view their managers as role models will tend to comply with requests in order to be more similar to their managers.
7. Information power – providing convincing reasons or supporting evidence to achieve compliance. For instance, managers who want their employees to cooperate with organizational change take the time to explain the reasons for the change and the benefits derived from it.
8. Legitimacy of position – This draws on the powerholder's formal authority, i.e., perceptions associated with the duties and responsibilities linked to the position in the organization. For instance, subordinates may comply with a supervisor's request because the manager has a right to ask them to do their work in a certain way.
9. Legitimacy of reciprocity – demanding compliance in return for a favor. For example, a manager who allocates additional resources to employee projects expects these employees to take on additional projects in return.
10. Legitimacy of equity – demanding compliance as compensation for damage. For example, managers may insist on workers doing things their way to make up for missed deadlines.
11. Legitimacy of dependence – highlighting the weakness or distress of the powerholder to achieve compliance. For instance, a manager may ask employees for help because the manager is on a tight schedule or lacks specific skills.

Several studies have shown that these 11 power bases can be divided into two categories reflecting two types of distinct influence strategies: soft tactics (information, expertise, referent, legitimacy of dependence) and harsh tactics (coercion and reward in their various forms, legitimacy of position, reciprocity, equity) (e.g., Elias, 2007; Raven et al., 1998; Schwarzwald et al., 2004). Soft tactics are based on personal resources and traits such as intelligence, knowledge, and skills that cannot be taken away from an individual. These tactics often involve a friendlier and more democratic stance because they allow greater freedom of decision for the target of influence. In contrast, harsh tactics are based on social or organizational resources and the role or position of the powerholder in the organization or society and may be taken away from the individual. Harsh strategies are more autocratic, emphasize the advantage of the influencing agent over the target, and can curtail the target's freedom of action (Koslowsky, Schwarzwald, & Ashuri, 2001). This differentiation between harsh and soft tactics is not limited to the IPIM model and can apply to several other power theories as well (Kipnis & Schmidt, 1985; Yukl, 1989).

According to the Koslowsky and Schwarzwald (2009) conceptualization of the IPIM, the influence agent's choice of influence tactic depends on the cost/benefits associated with compliance/non-compliance by the influence target. Specifically,

when choosing an influence tactic, powerholders take into account the relative availability of these power tactics (their "tool box"), its cost (time, efforts, prestige), efficacy (speed, quantity, quality of the compliance behavior), and its social acceptability in the work unit (whether this influence tactic adheres to norms, role expectations, and/or stereotypes). For example, when managers want immediate compliance, coercion is very effective. However, the cost associated with coercion is the damage to the manager-employee relationship that may undermine future cooperation with these employees. The cost is even higher when coercion violates company norms, as is the case in some hi-tech firms where coercion is less acceptable. Nevertheless, sometimes coercion is acceptable only for some populations in the company, but not for others. Some hi-tech companies possess "bro culture" where women and those not in the "in-group" are subject to coercion and mistreatment. For example, in March 2017, Susan Fowler, an engineer who used to work at Uber, claimed, in her blog (Fowler, 2017), that her complains to HR regarding her manager harassments were dismissed because of the manager's high abilities. Not only that, her manager threatened to fire her for reporting things to the HR. The cost of coercion tactics in this case was the damage to the company reputation inside and outside the organization.

However, soft tactics can also have a cost. While managers can preserve good relationships with their employees by relying on friendlier tactics such as providing information to achieve compliance, supplying a rationale takes time, and the cost here is expressed in the length of time needed to convince and then achieve compliance.

Power in Organizations

Social power is an important factor in accounting for organizational outcomes (Treadway, Breland, Williams, Cho, Yang, & Ferris, 2013). Within the interpersonal networks through which managers relate to others, managers are expected to exercise power over their employees, superiors, and even at times their peers in the organization as well as outside. In other words, effective managers influence the behavior of others through interpersonal networks to successfully achieve their goals (Pierro, Raven, Amato, & Belanger, 2013). It is important to note that individuals do not necessarily use the same influence strategy in all situations. For example, managers may use harsher tactics in the case of a highly important task but using softer tactics in a less important task (Tal et al., 2015). Moreover, different individuals may choose different influence tactics when faced with similar situations. Research has shown that personality traits such as the big five (extroversion, agreeableness, neuroticism, openness to experience, and conscientiousness) affect the choice of conflict management styles (Antonioni, 1998). Conscientiousness, openness, and agreeableness have a positive relationship with soft means; Extraversion has a positive relationship with soft and harsh means, while agreeableness and neuroticism have negative relationships with the use of harsh means. The success of these attempts depends to a great extent on the manager's ability to choose a tactic wisely.

Several organizational factors and individual differences have emerged as determinants of managerial choices of influence tactics. These include the relative power of the parties, the target (employee, manager, or peer), the objective, the political skill of the influencer, and the manager's personality (Falbe & Yukl, 1992; Ferris, Perrewe, Anthony, & Gilmore, 2000). For example, individuals in higher organizational ranks are perceived as using a greater variety of power tactics to gain compliance in conflict situations (Koslowsky & Schwarzwald, 1993). Studies have also shown that organizational status is related to compliance as a function of the type of influence tactic. Coercive power is more effective in getting employee compliance when used by middle- than by lower-level managers. On the other hand, legitimacy, expertise, and persuasiveness were cited as the most important reasons for compliance to the requests of peers with the same rank in the organization (Yukl & Falbe, 1991).

The outcomes of different influence tactics in the organizational setting have also been examined in research as we will describe. Managers applying soft tactics correlated positively with subordinates' job satisfaction, in contrast to harsh tactics, which correlated negatively (Koslowsky et al., 2001; Raven et al., 1998). The efficacy of influence tactics in obtaining compliance was also shown to be a function of influence tactic. Managers who treated employees in a friendlier way using soft tactics obtained greater compliance from their employees than managers using harsh tactics both in organizations that carry out complex tasks (hospital medical teams, hi-tech firms) as in organizations that carry out simple tasks (department store, manufactory facility) (Schwarzwald et al., 2004). Findings on the effect of manager choice of influence tactics on employee performance indicate that soft as compared to harsh tactics enhanced subordinates' performance (Pierro, Kruglanski, & Raven, 2012). In another study, expert and information power increased whereas coercion decreased organizational commitment and job satisfaction. These relationships were mediated by procedural justice, which reflects employee perceptions of whether their interactions with authorities can be described in terms of respect, dignity, and fairness. (Mossholder, Bennett, Kemery, & Wesolowski, 1998).

All the above suggests that soft tactics may have more advantages than harsh tactics as regards employee long-term satisfaction and performance. Nevertheless, under certain conditions, a harsh tactic may be more appropriate. When safety or time is a factor, or when dealing with employees who have certain personality traits, harsh tactics can be considered more effective (Pierro et al., 2012; Tal et al., 2015).

However, recent changes in the organizational environment have affected the nature of power relationships. Some Asian countries such as China and India have developed rapidly because of the openness of new opportunities created by the internet. Globalization factors (including lower costs, less regulated business environments, and moving hazardous production elsewhere) shifted production to developed countries and left more advanced countries concentrating on production of services including financial services, instead of goods. This shift created changes in both parts of the world as in the developed countries farm workers became factory workers, and in more advanced countries, many of the workforce become knowledge workers.

The possession of a large amount of knowledge by workers, especially in more advanced countries, made organizations become more depended on their knowledge

workers. While computers replaced middle-class workers and reduced their expertise power (Friedman, 2016), organizations are more depended on higher-class workers who operate and possess knowledge on those computers. At the same time, world process of democratization and individualization encouraged the perception of the centrality of the individual, which resulted in decreased organizational commitment. The Gallup survey from 2016 found that in comparison to 45% of non-millennial workers, 60% of millennials report that they are open to different job opportunities and 36% of them report that they will look for a new job in the next 12 months compared with 21% of non-millennials who say the same. Although seeking new job opportunities is typical for early career stages, managers report more difficulties in retaining millennials (Hershatter & Epstein, 2010).

This made organizations deal with the challenge of applying power over employees without losing them to another organization. Millennials have new expectation from their managers and their workplace and expect managers to treat them in a softer and more democratic way. This influences the power relationships between them as traditional ways of influence are less efficient and more costly than in the past. Managers now need to find other ways aside from the traditional harsh and soft strategies to obtain compliance and respect from their employees. To help explain why managers now find themselves at this crossroad, it is useful to examine the impact of a number of global changes.

The Changing World and the Resulting Managerial Challenges

The world is changing and with it organizational structures, needs, and demands. Organizations are microcosms of the world and hence a reflection of the world. According to the open system approach (Katz & Kahn, 1978), organizations are not closed systems; rather, the environment shapes organizations and is influenced by them. Therefore, changes in the environment, such as advances in technology, globalization, democratization, and individualism, will also manifest in organizations. For example, according to a recent study by McKinsey Global Institute (MGI) in 2015, the digitization and automation of jobs is still in its early stages. This future digitization will require a massive change in organizational structures, influence practices, and HR strategies. This section examines how global changes have led to decreased managerial power and how managers can deal with these new challenges when trying to influence their employees.

Technology Development and Power

As new technologies emerge, the ways people do things changes. Over time, technology has become less costly and faster. As a result, people or systems can process massive quantities of information, share and access data effortlessly, and communicate globally. This has affected organizational culture, needs, and processes.

Advances in technology have also an impacted on workforce characteristics. In comparison to the past, a larger proportion of the workplace population today are not just machine operators but rather skilled professionals who need to keep abreast of new technologies. They represent the new generation of knowledge workers who produce, apply, and distribute knowledge while dealing with new creative problems (Florida, 2005). Workers in traditional hierarchical organizations prefer to comply with soft tactics, but still respect harsh traditional tactics (Schwarzwald et al., 2004). Knowledge workers, on the other hand, have information and expertise power over their managers and are measured by their job outcomes. Therefore, they often expect their managers to treat them as equal partners, demand more autonomy and freedom in decision-making, and do not like being told what to do (Myers & Sadaghiani, 2010). This has created a challenge for the managers who need to influence them.

The rapid technological advances in communication systems have also changed the geographical limitations of the workplace in our lives. The traditional workers become more aware to their job possibilities when using the internet to explore geographical distance jobs that were not visible to them in the past. Knowledge workers are no longer restricted by long distances to the workplace but instead can communicate online, work in virtual teams, and have flexible work arrangements. A recent survey (Global Leadership Summit, 2014) on an audience of 600 business leaders at the Global Leadership Summit in London found that most of the executives think that remote work will soon be normal for at least 50% of the workforce. Another study that was conducted 10 years ago showed that knowledge workers spend 40% of their work time at the office, 30% in their home offices, and 30% in other places such as coffee shops, etc. (Burke & Ng, 2006), but actual office time has probably decreased even more since then. Simon Slade, CEO and cofounder of Affilorama noted: "By allowing employees to work remotely, you can hire the best of the best while not limiting yourself by geographical restrictions. At Doubledot Media, 19 of our 28 employees work remotely, and I have seen no difference in job satisfaction or work performance. If anything, my remote employees' production rate is higher because they are better equipped to avoid distractions" (Patel, 2017).

The ease and availability of communication channels have also reduced the power distance between employees and senior management. Power distance is a cultural value which reflects the degree to which members of a society expect and agree that power should be stratified and concentrated at higher levels of an organization or society (House, Hanges, Javidan, Dorfman, & Gupta, 2004). Cultures differ in the way people perceive power relationships (as between managers and employees) and accept inequality in power distribution. Individuals in high power distance cultures perceive an unequal distribution of power as legitimate and show high respect to authority. Individuals in low power distance cultures expect more equality in power distribution, demand to participate in decision-making, and do not hesitate to question authority.

When employees have open access to high management-level information, through intranet and emails, this can make them viable actors in organizational decisions. These changes have reduced the role of middle-level management as arbitrators and have upended the traditional hierarchical organization by reducing the professional

distance between hierarchal levels, although culture may still play a role (Farh, Hackett, & Liang, 2007). As Burke and Ng (2006) noted: "The 'information is power' formula has shifted the relative power of managers to subordinates and workers, as knowledge networks have placed information in the hands of everyone" (pp. 91).

A study that confirmed the effect of perceived professional distance on compliance found that hospital nurses who perceived their supervisors as having a similar experience and education were less inclined to comply with their supervisors' demands, in comparison to nurses who perceived their supervisors as superior to them as regards these criteria (Koslowsky et al., 2001). Perceiving managers as a source of knowledge affected these employees' inclination to comply with their requests. When employees perceive their managers as equal to them in knowledge, expertise, or experience, it is harder for the manager to exert power. Thus, managers need to find different ways to enforce their authority over workers while preserving them in the organization.

Globalization and Power

Even in a changing political climate, it is likely that the progress in technology will lead organization to be more international and the workforce to be more geographically distributed. This constitutes a difficult challenge for managers: not only do they need to manage employees who are physically distant from them, but they also need to adapt to the different norms and values of their employees' cultures (Frank & Meyer, 2002).

Influencing employees in distant locations has become increasingly commonplace in organizations as a result of digital communication media and globalization. Some of the main challenges include preserving managers' ability to influence their employees when face-to-face interactions are few and far between. There can also be complications when supervising remotely located workers. Managers may resent delegating power to employees who may threaten their previous expectation of control. To date, there are few studies on long distance management. However, one study indicated that management practices such as team-based rewards create goal, task, and outcome interdependence, which improve the effectiveness of virtual teams, teams that are working on interdependent tasks but geographically distributed (Hertel, Konradt, & Orlikowski, 2004). Another study that was made on virtual teams (Malhotra, Majchrzak, & Rosen, 2007) found six practices that promote effective management: establish and maintain trust between the manager and their remote employees, create understanding of diversity advantages, manage virtual work-life balance, use technology in monitoring the team performance, enhance visibility of the team members, and enable the team members to grow and benefit from the team.

A geographically dispersed workforce also poses a cultural challenge to managers. Cultural values can profoundly affect individuals' attitudes, behavior, and performance. When managers exercise power over employees from other countries,

this can lead to miscommunication that may damage the relationship since influence tactics that are more efficient and socially acceptable in one culture can be considered damaging and offensive in others (Fu & Yukl, 2000).

In a cross-cultural study (Fu & Yukl, 2000), managers from the United States and China, working in a large multinational company, rated the effectiveness of different influence tactics for several typical situations. Significant differences were found between the Americans and the Chinese. American managers rated rational reasons and the exchange of favors as more effective, whereas Chinese managers rated legitimation of stance, getting help from another worker and using gifts as more effective. The investigators were able to predict the nationality of the managers according to their use of influence tactics in 94% of the cases. These findings are consistent with value differences between the two cultures, i.e., a preference for a direct approach in the American culture and a preference for an indirect approach in the Chinese culture (Hall & Hall, 1988).

A basic difference between the American and Chinese cultures is their communication style. High context refers to societies where people preserve a close relationship over a long period of time, which make them initiatively know what to do from years of interaction. For this reason, many aspects of cultural behavior are not made explicit. Low context refers to societies where people tend to have many relationships for shorter durations of time. In these societies, people are less familiar with each other, and communication occurs predominantly through explicit statements in text and speech and thus is categorized as low-context cultures (Hall & Hall, 1988). In the United States, which is a low-context culture, messages are transmitted directly between managers and subordinates. However, in China, which is a high-context culture, messages are embedded in the context of the exchanges, and subordinates need identifying cues from the environment and to respond to subtle cues without direct influence from their managers (Fu & Yukl, 2000; Hall & Hall, 1988).

Trompenaars (1994) conducted a 10-year study on responses of over 15,000 managers from 23 countries in order to examined culture dimensions and their importance. He identified five relationship orientations of the way people in different cultures relate in the workplace: universalism/particularism, individualism/communitarianism, neutral/emotionalism, specific/diffuse, and achievement/ascription. Managers and employees from cultures, which differ highly in those dimensions, tend to treat each other in stereotype ways that narrow their perceptions and their range of behavior. Managers' ability to fine-tune their behavior to different norms and cultural codes when attempting to influence employees is critical to their success and, more importantly, to the quality of the long-term relationship with the influence target.

Democratization and Power

In the last few decades of the twentieth century, many nations became more democratic, and the values of freedom, equality, and the "power of the people" were increasingly championed (Harrison & Freeman, 2004). In many countries,

participation in decision-making is increasingly considered a fundamental social right in the workplace that has value in and of itself (Stohl & Cheney, 2001). Organizations have followed this trend and apply processes that give more decision-making and management power to a broader worker base (Harrison & Freeman, 2004).

This claimed empowerment of workers is strengthened as advances in data transfer technologies encouraged organizations to favor more decentralized organizational structures because there are far too many decisions to be made quickly which cannot always come from the top (Burke & Ng, 2006; Morgan, 2013). This has made organizational hierarchies looser and decision-making power more decentralized, giving lower-level employees new power in decision-making (Clarke & Butcher, 2006; Huzzard and Ostergren, 2002; Morgan, 2013). The increased power of knowledge employees has many advantages including the fact that these employees enjoy having a voice and the ability to influence the organizations in which they work. This leads to greater organizational commitment and better implementation of organizational decisions (Busck, Knudsen, & Lind, 2010). The power to influence also enhances people's sense of responsibility and creativity and allows employees to develop new skills. A study conducted on 15 organizations in the oil and gas, banking, and telecommunication sectors found that increasing employee participation in decision-making had a positive impact on employee job satisfaction, commitment, and productivity (Bhatti & Qureshi, 2007).

However, empowered processes can provide employees with a sense of exaggerated power that may also create disadvantages. Lower-level employees may make decisions that are not beneficial to the organization as a whole because they may not see the bigger picture or lack enough experience and knowledge. Poor decisions may lead to huge cost drains from lost customers, downtime, and wasted materials or damaged equipment. For example, at Wells Fargo, employees opened additional customer accounts without the customers' permission to meet their performance quotas. This critical decision cost over 5000 employees their jobs, and the bank was fined $185 million by various regulators. Signing customers up for online banking without telling them harmed Wells Fargo. It undermined customer loyalty and did not lead to greater bank revenues since customers did not use the facilities they were unaware they possessed. Workers chose to exercise their power and autonomy in a tactic that was worthless but easy to meet (Egan, 2016).

Another disadvantage of applying democratic processes in the workplace is they are time-consuming, which can undermine efficiency and delegitimize the tools of formal managerial authority, which are necessary in an emergency. When immediate action is required, as in safety matters or in fast changes of market needs, managers do not always have the time needed to persuade employees. They may choose faster ways, as coercion and legitimation of stand, in order to achieve compliance from employees. Employees, from their perspective, may have a harder time recognizing the distinction between management and employee status, as differences in expertise and knowledge between them decrease. Therefore, employees may have trouble in accepting harsh means as legitimate and may perceive these means as socially unacceptable and offensive (Harrison & Freeman, 2004).

Managers' ability to influence people over whom they have little or no formal authority is especially difficult in organizations that have altered their hierarchical structure to incorporate a more democratic decentralized structure with self-managed and cross-functional teams. In traditional organizations, harsh influence tactics are more efficient, but they may be less efficient in complex modern organizations where they should be more subtly applied (Schwarzwald et al., 2004).

An extreme example of this democratic trend in organizations is illustrated by the online shoe and clothing shop Zappos. In May 2013, a small pilot group at Zappos started using "Holacracy," a self-organization platform designed to empower everyone in the company and give each employee a role in decision-making. This replaced the traditional top-down control paradigm with a new way of achieving control by distributing power. "Holacracy" was then rolled out to the entire company in January of 2014. CEO Tony Hsieh explained that "Holacracy" could help companies grow because "Research shows that every time the size of a city doubles innovation or productivity per resident increases by 15 percent. However, when companies get bigger, innovation or productivity per employee generally go down. Therefore, we are trying to figure out how to structure Zappos more like a city, and less like a bureaucratic corporation. In a city, people and businesses are self-organizing. We're trying to do the same thing by switching from a normal hierarchical structure to a system called Holacracy, which enables employees to act more like entrepreneurs and self-direct their work instead of reporting to a manager who tells them what to do." (Zapposinsights, 2016).

However, the Holacracy advantages are not restricted to service organizations. "The Morning Star company" is an example of the successful use of flat organizational structure in production companies in which a self-managed tomato processor built on a foundational philosophy of self-management where "professionals who initiate communication and coordination of their activities with fellow colleagues, customers, suppliers and fellow industry participants, absent directives from others" (morningstarco, 2017).

Individualism and Power

In recent decades, the role of the individual has become increasingly crucial in national and global cultures. This is the continuation of a long historical process that has been strengthened by the emergence of a more global polity and the weakening of the historical power of the nation state. People's perception has been that the cornerstone of society is the individual rather than corporate bodies or social groups are gaining momentum. This shift has redefined individual roles such that what individuals do in society is taken into account. The individual is now recognized as an extra-social cosmos, a central unit on its own, with elaborate personal needs and preferences. These long-term processes have accelerated recently, in tandem with the weakening of the distinctive identity of nations and states (Meyer, 2002). This perception has also affected the role employees attribute to their jobs.

Today, many individuals, especially well-educated youngers in rich countries, have differing values and expectations about work. Employees have a good grasp of their value and their employment possibilities. Some have higher salary expectations, a greater need to participate in organizational decision-making, engage in searches for meaning and self-growth, and are aware of their legal rights to be treated fairly and with respect (Dupre & Day, 2007).

According to BCG survey (Boston Consulting Group, 2014) on 203,756 respondents from 70 countries, the most important elements that make people happy in their job are appreciation and good relationships in the workplace. Job stability and salaries were only in the seventh and eighth place. SHRM's recent Employee Job Satisfaction and Engagement Report (The Society for Human Resource Management, 2016) reveals that in 2016 "Respectful treatment of all employees at all levels" was rated as the most important factor in determining job satisfaction by employees, more than pay, benefits, or job security. Sixty seven percent of all employees ranked respectful treatment as "very important," compared to 63% who preferred compensation, 60% who said the same of benefits, and 58% who said the same of job security. According to the Gallup Report (2016), opportunities to learn and grow at work are highly important to millennials when seeking out new jobs or deciding to stay in current roles. As qualitative factors becoming more important in work preference, organization needs to change their retaining strategies.

The managerial challenge stemming from these changes is how to exercise managerial power while preserving good relationships with employees and preventing them from leaving the organization. This means balancing between employees' needs and the organization's needs. When using more traditional, harsh influence strategies, managers may get immediate compliance, but lose the employee to another organization. When using softer, friendlier tactics, managers may preserve a good relationship with their employees, sometimes at the expense of immediate compliance, which can be detrimental to the organizational goals. Studies have shown that power tactic preferences and compliance are related to the meaning of the conflict for the organization. For example, a study on bank managers found that managers are more demanding in tasks that are classifies as highly significant but using softer tactics in a less significant task (Tal et al., 2015).

Environment Change and Power Challenges

As a result of global changes, organizational ways of doing things have also evolved. This has generated new managerial challenges. Advances in technology, globalization, democratization, and individualization have all led to the need to change the way managers influence employees. Knowledge workers, working in different countries and with flexible work arrangements, view themselves as valuable assets to the organization and expect managers to treat them with respect and give them autonomy in decision-making (Dupre & Day, 2007). Managers thus need to juggle

pleasing employees, keeping them in the organization and sticking to schedule and quality demands. This is not an easy task. Previous influence tactics that once were efficient and acceptable to employees have lost their effectiveness in the changing organizations. The demands on and from managers are higher and require them to have better honed interpersonal skills.

Toward a New Perception of Power

The dilution of power in organizations has forced managers to reassess the problem of securing employee commitment and employee retention without losing their ability to influence (Sparrow & Cooper, 1998). In terms of the IPIM theoretical framework, all four cost/benefit implications associated with compliance/non-compliance by subordinates have changed. The increased cost and the lesser efficacy and social acceptability of harsh tactics such as legitimation of position and coercion now make these less useful to managers. Millennials perceive harsh tactics as nonnormative and highly offensive and often refuse to comply with them (Hershatter & Epstein, 2010), and employment legislation often provides employees with protection against harsh treatment. However, the devastating effect of the use of harsh tactics goes beyond the damage to the manager-employee relationship. In an age where technology broadens occupational choice and employees expect managers to treat them with more respect, using harsh tactics can cause employees to leave the organization. Nevertheless, the problem is not restricted to harsh tactics alone. The relative availability of soft tactics such as expertise and information power is also declining. Managers overseeing knowledge workers who sometimes possess more knowledge than they do cannot always use these tactics on their expert, educated workers (Koslowsky et al., 2001).

Malone (2004) claims that the managerial challenge here is to move from a perception of power as "command and control" to one of "coordinate and cultivate." Coordinate refers to the ability to organize the work that needs to be done and clearly define the relationships between tasks. Cultivate refers to the manager's ability to understand what workers want, help them recognize their weaknesses and strengths, and promote a cooperative relationship between groups so that they are more efficient.

We claimed that managers not only need to understand the definitions and relationship between tasks but also need to communicate this bigger picture in a clear manner to their employees. In other words, they need to "coordinate and communicate." In addition, the challenge managers face goes beyond recognizing employee's needs; they also need to act accordingly. The implementation of flexibility in influencing employees is by using "smart power," a combination of harsh and soft tactics as a means of meeting employees' needs and situations. The next two sections will define and explain the new mindsets and new skills needed on the part of managers: "coordinate and communicate" and "smart power."

Coordinate and Communicate

"Coordinate," refers to the manager's ability to organize work through shared goals. "Communicate" refers to manager's ability to explain those goals effectively to employees. Organizations and managers facing the challenge balance the need for compliance with the need for greater organizational democracy in which lower-level employees have power and opportunity to act autonomously. When managers "coordinate and communicate," organizational vision and values, cultural mechanisms operate as binding agents and allow empowerment to coincide with organizational purpose and process (Clarke & Butcher, 2006). In this sense, managers' most effective source of power lies in their ability to communicate the bigger picture to their employees, not only by providing them with information regarding their specific task at hand but also by clarifying the meaning and significance of their work in the dynamic net of organizational missions and roles. Employees have to know what their responsibilities are, how their work affects other groups in the organization, and what their role is in the company as a whole.

This requires new skills from managers. First, in order to succeed on such a challenging mission, managers need to see the bigger picture themselves. They need to be able to see more than what their organizational unit needs. In other words, they need to have system thinking, i.e., the ability to see the organization as interrelated where every action taken by one organizational unit has an impact on the other organizational units (Senge, 1998). Managers do not only need to see the bigger picture but also must have high communication skills that enable them to clearly define the role of the employee in the organizational vision and show flexibility in communication with different employees. For example, although one employee may understand his role in the organizational intentions after one email from the manager, other employees may need further explanations and face-to-face meetings to realize the interfirm effects of different modes of action. Here, managers need to communicate "high-class" macro information on the interrelations between tasks, rather than "low-class" micro information focused on the task itself.

The disadvantage of this influence tactic is that it is time-consuming. However, if managers consistently provide a clear vision and clarify the relationships between different roles in the organization, the time requirement gradually drops. Further, if managers consistently provide employees with the bigger picture, they begin to be perceived as experts who understand the multiple demands and effects of the task. In this case, employees will trust the manager's expertise, and compliance will be achieved more rapidly.

Smart Power

Smart power refers to the misperception that soft power alone can produce compliance (Nye, 2009). In the previous sections, it was argued that the employees today expect managers to treat them with respect and more as equal partners. In this sense,

the soft tactics are more appropriate as they express an approach that is more acceptable and preserves good employee-manager relationships. However, soft power alone is not the answer because managers also need to preserve their authority when needed. "Smart power" involves applying a combination of harsh and soft power tactics according to the situation. While harsh tactics achieve rapid compliance, soft tactics preserve good relationship with the employees. A combination of the two tactics can help managers enjoy the advantages of each. This requires managers to be able to understand different situational elements and different employees' needs and to be able to show flexibility by adapting and changing their managerial style accordingly. When employees are aware that their managers can implement harsh organizational tactics but choose to use personal soft means instead, it can lead to more organizational commitment.

Organizational commitment is the "psychological link between an employee and his or her organization that makes it less likely that the employee will voluntarily leave the organization" (Allen & Meyer, 1996, p. 252). Commitment is split into affective (organizational attachment, identification, and involvement), continuance (obligation to remain part of the organization), and normative commitment (estimated costs of leaving). Of these, the affective component has repeatedly been shown to be a consistent predictor of a range of outcomes and behaviors in organizational settings (Blau et al., 2008; Paglis & Green, 2002; Sturges, Guest, Conway, & Davey, 2002). Affective commitment develops through work experiences that "fulfil employees' needs to feel comfortable within the organization and competent in the work role" (Allen & Meyer, 1996, p. 4).

Therefore, managers' ability to understand what workers want and their efforts to help them recognize their weaknesses and strengths and by treating them as individuals with different needs and desires can increase their organizational commitment. Managers' influence lies in their ability to satisfy the unique needs of each employee, strengthen the employee's identification with the organization (organizational commitment), and by extension increase the employee's tendency to comply with their requests (Koslowsky et al., 2001). Studies have confirmed the impact of employee needs on the effectiveness of influence tactics (Pierro et al., 2012). The effect of different types of influence tactics depends on the employee's personality traits. For example, employees high on the need for closure (the need for a firm answer) were shown to react by increased performance when exposed to harsh power tactics, whereas those low in the need for closure (high tolerance for inconclusive answers and uncertainty) reacted by increased performance when exposed to soft tactics.

This requires new abilities from managers. In order to identify employee needs, managers must possess high emotional intelligence which involves the ability to make accurate appraisals of expressions of emotion in themselves and in others, the ability to regulate emotions in themselves and others, and the ability to use feelings to motivate, plan, and achieve goals (Salovey & Mayer, 1990). Managers must also be cognitively open to new information, show flexibility in treating employees differently, and demonstrate creativity by finding solutions that satisfy both employee and organizational needs.

Although affective commitment and job satisfaction are positively related to soft tactics and negatively to harsh ones (London & Howat, 1978; Tal et al., 2015), it should be noted that the success of the soft strategy might actually be improved by the additional use of harsh methods, so long as the opinion change that was achieved through the soft influence is not undermined. Using "smart power" is an important determinant of managers' ability to influence their surroundings, as using soft power alone is less effective when it is not backed up by the eventuality of implementing harsher means. In a study (Emans, Munduate, Klaver, & Van de Vliert, 2003) of 145 police officers who were asked to report their tendency to comply with use of power by their supervisor (harsh/soft), a significant interaction effect between the two influence styles was found. Supervisors whose compliance-gaining repertoires included both harsh and soft tactics were most likely to elicit compliance with their requests. This finding thus suggests that the use of harsh influence styles can contribute to effective management, not because the harsh strategy effective in itself, but because it reinforces the impact of soft power strategies. Hence, managers must be able to use multiple approaches in their attempts to influence.

Practical Suggestions

The managerial style of influence described above leads to some practical suggestions on the ways in which managers can effectively influence their surroundings. First, managers need to have a grasp of the bigger picture. When the targets, missions, and relationships between them are clear to the manager, information and expertise becomes an important means of influence. Think of this as driving in the highway. It is very easy to take the wrong turn when driving in high speeds. However, if you have a reliable, trustworthy guide directing you to the right direction, you will learn to trust them and to listen to their instruction. Nevertheless, when the guide is not reliable, leading you in inefficient paths or constantly changing their directions, you will learn not to listen to them. In a world that changes quickly it is very easy to make wrong decisions, which are not beneficial to the employee and to the organization. When the manager has a clear map of the roads that leads to organizational and employees' objectives, the employees learn to trust directions and are more inclined to comply with the managers guidelines.

Another mechanism to direct employees in the right directions is using frequent feedback, especially concerning the understanding of the "road map" of the organizational goals, missions, and interconnections between them. Managers should give feedback as a routine matter and see it as an integral part of their job. When an employee makes the wrong turn, fast recognition of the problem and redirection is important. Not only that, but millennials seek clear feedback on performance. Because millennials, in Western societies, seem to have been programmed from their earliest moment to seeking approval, they have a higher need for structure and reassurance which is expressed in the workplace in millennial excessive seek for guidance and direction (Hershatter & Epstein, 2010). This need, for feedback, is far

from being satisfied. According to the Gallup report (2016), only 19% of millennials report receiving routine feedback and only 17% claim the feedback they do receive is meaningful.

Feedback also makes millennials feel more commitment to their workplace (Hershatter & Epstein, 2010). In a world where a key factor in organization success is its "employees' engagement," it is important that managers will create trusting relationships with their employee and to strengthen employees' organizational commitment. The Gallup Report (2016) demonstrated that the business with higher employee engagement (top 25%) is 17% more productive, suffers 70% fewer safety incidents, experiences 41% less absenteeism, has 10% better customer ratings, and is 21% more profitable in compresence to business with law employee engagement (bottom 25%). When employees are engaged and committed to the workplace, they are more inclined to comply with the managers' requests.

Organizational commitment is also a function of the manager ability to be sensitive to the employee's needs. Managers need to be open-minded and flexible in their behavior in order to be able to react to different employees' needs. When dealing with conflict, managers should not let themselves be stuck on the first influence strategy that comes into mind. Time should be allotted to explore several possible modes of influence, their appropriateness to a given situation, and their fit to employee personality style. Different people react differently to a variety of influence tactics. Some react better to harsh tactics like rewards or legitimation of positions, and others respond better to tactics as information or expertise.

Finally, managers should not be restricted to one tactic alone. They should be aware of the possibility of combining soft and harsh tactics. When managers use harsh tactics exclusively, they may create antagonism. When managers use soft tactics exclusively, they may lose their legitimization of position. As Roosevelt stated in Roosevelt 1900: "Speak softly and carry a big stick, you will go far." In order to influence effectively managers can use soft tactics, backed up by the ability to use harsh tactics if necessary. This requires organizations to provide managers with training in the ways to act harshly (when necessary) while making this tactic public knowledge and make sure that managers act with caution when implementing these means.

Conclusion and Future Directions

The Gallup Report (2016) revealed that only 29% of millennials in the United States (and 13% worldwide) are engaged at work and 60% of the millennials report that they are considering different job opportunities. The decrease in the centrality of one's job in people's lives and at the same time the increased knowledge and expertise of employees have changed the balance of power in organizations and made it harder for managers to influence their subordinates.

The traditional perception of power highlighted the superiority of the manager when influencing employees (the ability to reward and punish, to impart task knowledge, and to share task expertise). On the other hand, the new perception of

managerial power emphasizes the use of macro information and expertise, coupled with the managers' possession of harsh means, as a way to achieve both task compliance and employee loyalty. Hence, to be an effective manager, even low-level managers need to hold high-quality interpersonal skills. System thinking, high communication skills, emotional intelligence, open-mindedness, and creativity are all required for this challenging mission. The ability to use smart power, to adapt to different situations, and to show flexibility in influencing employees seems to be an especially important basic skills. Future studies should test the impact of managers' use of these new power strategies and the role of high interpersonal skills on organizational outcomes and attitudes as manifested in employee work satisfaction, organizational commitment, performance, turnover, and retention.

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Chapter 3
The Dynamic of ICT and Smart Power: Implications for Managerial Practice

Howard Kline and Peter Stokes

Introduction

It is a cliché but nevertheless recognized that the changing face and the scale of changes in information and communications technology (ICT) are transforming public and private domains. These transformations engender numerous adaptions and also produce fresh fault lines across traditional understandings of authority, control and power. 'Power' is a complex, yet important, factor and phenomenon. Conventional conceptualizations of power tend to construct it as something historically associated with force, dominance, control and so forth (Nye, 2004a, b). In this casting, power is seen as exhibiting 'hard' (and often negative and menacing) characteristics. In contrast to 'hard' representations of power, the contemporary era has witnessed the emergence of alternative views which are based more on relational, discursive, influencing, cooperative, facilitative and interactive appreciations of the phenomenon. This is not to say that 'hard' power is necessarily redundant or in demise, but, rather, it does point at the emergence of new forms of power, and the potential combination of hard and soft forms of power is seen as generating the phenomenon of 'smart power' (Keohane & Nye, 1998; 2004a, b). Smart power can be understood as a new appreciation of power and the manners in which it relates to generational, situational and contextual aspects. The growth and transformation of ICT are important factors in this context. Power dynamics may evolve in small incremental changes over time; however, a major restructuring or power shift may occur when the organization encounters an 'exogenous shock' (Burkhardt & Brass, 1990)

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(i.e. a shock from an external source). Such a shock might be prompted due to a sudden and dramatic increase in uncertainty fostered by, for example, the introduction of new technology. Here, uncertainty can be understood as a difficulty in knowing or predicting future events:

> Because a new technology introduces crucial uncertainties, it represents an opportunity for employees to gain influence. Those who are able to reduce uncertainty for themselves and others can increase their power. The result may be a redistribution of power within the organization (Burkhardt & Brass, 1990).

There are myriad ways in which novel potencies and dynamics may be brought about through the introduction of ICT, including:

• Challenges to top-down authoritarian control move and shift towards collaboration and cooperation (McAfee, 2006)
• Interfacing experience, anecdotal-based decision-making and evidence-based (Davenport, 2013)
• The move away from fixed and stationary modes of operation towards untethered and mobile anywhere-anytime modes (Lyytinen & Yoo, 2002)
• Diminishing seller dominance and a rise in consumer power (Carpenter, 2013)
• Shifts from centralized and vertically structured organizations to decentralized and virtual infrastructures (Zaccaro, Ardison, & Orvis, 2011)

Therefore, it can be seen that the relationship of ICT with smart power raises a significant range of important issues. The ensuing chapter considers these issues using the following structure: first, the discussion examines the extant context and potent combination and interaction of ICT, hard, soft and smart power; secondly, it focuses on three specific aspects of ICT – social media, data analytics and mobile computing – and then examines and illustrates ways in which these particular dimensions are raising issues around smart power with a particular attention being paid to managerial and organizational implications. Finally, the argument concludes by taking stock of the contemporary situation and identifies future consequences and trajectories for the parallel journey of smart power and ICT.

The Transforming Face of Power in Organizations: The Rise of Smart Power and the Role of ICT

It is self-evidently true that the nature and dynamics of modern organizational life have been dramatically transformed by the introduction of, and developments in, ICT (Parkin, 2016; Thompson, 2013). Here:

> "ICT" is an umbrella term that describes technology that is used to communicate, process, and store data to support business decisions and processes through the combination of end user devices, applications and systems, networks, and databases (Rouse, 2016).

The rate of change in ICT developments has also been a marked feature of ICT-related contexts leading Benioff (2013) to observe that 'The only constant

in the technology industry is change'. While it is evident that various ICT developments may proceed at differing velocities producing a range of consequences, perhaps less apparent and often more controversial, are the ways in which ICT impacts on organizational and managerial processes, especially in terms of generating new configurations of, and fault lines between, the exercise of power and control. At the centre of this issue is the dialectic between the *social shaping of technology* and the *technical shaping of society* and organizations and business or, in other words, the conflict between what is termed 'technological determinism' and sociocultural, theoretical and philosophical perspectives. Technological determinism is a long-standing phenomenon in relation to technological advancement and one that is still relevant today (Broers, 2005; MacKenzie & Wajcman, 1999; Smith & Marx, 1994). Technological determinism is employed to purport the idea that the implementation of new technology (sic: ICT) will inexorably render people and processes more efficient, effective and productive. In other words, technology is *the* driving and independent variable of progressive transformation leading to human behaviour change and, as such, constitutes a positivistic (i.e. linear, cause-and-effect) characterization. An example of this may be found in the application of operational technology such as robotics and autonomous software implementations that potentially will impact more on jobs and job design in the not too distant future (Qureshi & Syed, 2014). Of course, not all observers view ICT in this manner, and such an example might be found in trade union representatives who may purport that technological change *reduces* worker power and rewards in favour of, and reinforcing, managerial 'hard' power. Watts & Watts, (2008, cited in Selwyn, 2013), in *Technological Determinism is Dead; Long Live Technological Determinism*, makes the point that 'The simplicity of this model [technological determinism] is, in large part, the reason for its endurance' – i.e. it is a 'model that makes most sense of many people's experience':

> For most of us, most of the time, the technologies we use every day are of mysterious origin and design. We have no idea whence they came and possibly even less idea how they actually work. We simply adapt ourselves to their requirements and hope that they continue to function in the predictable and expected ways promised by those who sold them to us (Watts & Watts, 2008; cited in Selwyn, 2013).

In contrast, a more socio-technical perspective suggests that it is not the introduction of technology which changes an environment or work patterns, rather it is how human beings interpret, interact with and engage with the technology. In other words, it is what people choose to do with machines that will determine outcomes. Here, the poignant example of firearms is brought to mind invoking the popular adage that it is not guns (sic: technology) that hurt and kill people; it is *certain people choosing to use guns in a particular way*. Thus, Burkhardt and Brass (1990) argue that technology is not an independent variable or inflexible dimension. Rather, 'technology can be a flexible organizational strategy that can be modified by an organization's structure, in particular, the informal structure'. While technological determinism offers a seemingly straightforward account of technological change and progress, evidently, as has been discussed above the

phenomenon of power, change and ICT conjure up a degree of complexity. Smith and Marx (1994) suggest that technological determinism can take several forms, along a spectrum between 'hard' and 'soft' poles, and in many regards, this can be seen as echoing the nature of hard and soft power. On the 'hard' end of the spectrum, i.e. a traditional technological determinism perspective, ICT change causes or determines change – leaves power in the hands of management. Thus, for managerialists, this represents a desirable state of affairs – it conveys the idea that the implementation of the latest technology will result in people and process being more efficient and effective with control residing with management. However, from a 'soft power' perspective, it provides a more pessimistic view in that it points to the dominance of the managerial 'iron hand' and raises the concern of polarization of power with potential attendant negative results. Equally, at the 'soft' end of the spectrum is a perspective of ICT and organizational change that is seen as a far more 'serious and complex social, economic, political, and cultural matrix' (Smith & Marx, 1994). This might call more for soft power approaches. However, it perhaps also underlines the simplistic nature of technological deterministic representations of ICT, change, power and people. Here also, a role for 'smart power' emerges with a realpolitik acknowledgement that, while the 'hard' dimensions of technology which play into technological determinism are hard to ignore, at the same time, the negotiation of ICT change in organizations is equally likely to call for relational, facilitative and emotional management of people and environments. Therefore, here 'smart power' is more kindred with the soft end of the aforementioned spectrum – viewing ICT as both the 'product of human action as well as a medium for human action… technology is physically shaped by the every-day actions of the users and social settings within which it is developed and used' (Orlikowski & Robey, 1991).

Companies develop their own variations on the theme of soft/smart power. A case study in *The Economist* of Siemens, the German industrial conglomerate, and GE, Siemens' big American rival, provides a good example of this. In response to the challenge of digitization, GE is completely reinventing itself, taking an audacious approach, while Siemens is taking a more cautious, deliberate, incremental approach to technology. For example, GE has staffed a separate organization for its new data software development effort called 'Predix', has designed the software for use by all industry sectors and is building an ecosystem of suppliers, developers and partners in support of the software. GE is encouraging staff to emulate start-ups through its 'FastWorks' programme, with the intention of developing viable products rapidly while dispensing with less useful ones swiftly. Siemens, on the other hand, is beginning to market its newer technology called MindSphere. Siemens internally deems MindSphere less important than GE views Predix. Hence, it remains committed to its organizational structure tailored to vertical configurations of systems, staffing and products while maintaining direct relationships with its customers (The Economist, 2016).

Having mapped out some of the conceptual terrain in relation to ICT and power, the next stage of the discussion contextualizes these issues through a range of examples.

Three ICT Insights to Smart Power: The Cases of Data Analytics, Social Media and Mobile Computing

This section of the discussion aims to illustrate the advent and dynamics of smart power in relation to ICT by examining the three emergent phenomena of contemporary ICT: of data analytics, social media and mobile computing. These are important technologies which are transforming the face of organizations and work as they are currently known. Each of these areas forms a vignette of the nature, organizational dynamics and implications for smart power. And each of these areas constitutes a major concern and example of technology that is expected to have increasing impact either in terms of innovation or disruption upon organizations of all types in the coming years (Kark, White, & Briggs, 2015a, b; Oxford Economics, 2015).

Data Analytics: Nature and Organizational Dynamics – Implications for Smart Power

While the term *data analytics* has become something of a generic phrase with a variety of different meanings, Gartner Group (2016) defines it more narrowly as a 'statistical and mathematical data analysis that clusters, segments, scores and predicts what scenarios are most likely to happen'. The approach hinges upon algorithms to determine statistically relationships between data so as to yield insights. As such, data analytics is distinguished from other related areas like business intelligence (BI) and traditional data reporting approaches. The key difference between data analytics and alternative approaches is that data analytics has a strong *predictive capability*, whereas other concepts such as 'business intelligence' are based more on providing insight grounded on *historical data* (Harper, 2014). The capability of modern data analytics to determine the likelihood of future events is largely possible through software tools such as online analytical processing (OLAP), data mining (i.e. the capacity to search efficiently large stores of data) and data modelling (i.e. visualizing the relationships between key aspects of the data) (Oracle, 2016).

   In terms of dynamics between ICT and organizational operations, data analytics is an increasingly important technology-driven capability that is causing significant shifts in the balance and redistribution of power as companies and organizations are faced with new and vast sources of fast-moving data and strive to apply powerful data gathering and analytic methods to their operations, products and services. Today, there is an increase in the number of diverse data sources and the types of data that are available for access. Large amounts of digital information exist on almost any topic of concern and interest to organizations: 'Mobile phones, online shopping, social networks, electronic communications, GPS, and instrumented machinery [sensors] all produce torrents of data as a by-product of ordinary operations' (McAfee, Brynjolfsson, Davenport, Patil, & Barton, 2012). Industry forecasts expect that by 2020, 75% of data analytic solutions will incorporate ten or more

external data sources from partners and third providers (Gartner, 2016a, b). In particular, organizations of all types are finding that external data, in addition to internal sources, enriches analytic results and provides deeper insight into the business issue at hand.

Modern data analytic governance will require leadership and coordination from centralized IT and business lines as partners and chief stakeholders (Gartner, 2015). In fact, it is reasonable to suppose that with the dispersion of data through the organization along with lines of business increasingly taking the lead with regards to data analytics, the locus of control will move to dispersed business areas rather than remaining under exclusive control of the IT department as was the case historically (Boynton, Jacobs, & Zmud, 1992). This transition was given catalytic impetus by the 'Y2 Bug' (i.e. fears over the possibility of a millennium computer bug at the turn of the epoch in 2000) which made top management of major companies realize that ICT could not be left to technologists alone. Today, continuing harm from hacking and misuse of ICT by criminal elements is also fuelling this transition. Consequently, data analytics mean that crucial ICT decisions are being taken and reviewed more as a business line function, spread more thinly throughout the organization rather than concentrate in one area or, in some cases, are outsourced.

A range of issues and implications for smart power potentially arise from data analytics involving shifts in power as a consequence of using this technology. The rise of multi-structured data, data preparation tools and smart capabilities will further *democratize* access to analytics and stress the need for new forms of governance. Gartner (2016a, b) predicted that by 2017–2018, most business users and analysts in organizations will have access to self-service tools to prepare data for analysis. A major inference of such processes in data analytics is for business operations to develop a more localized and decentralized data analytic presence *rooted in individuals as much as corporations* (with actions and initiatives prone to springing up spontaneously around and within formal organizational structures). This may involve key assumptions being challenged such as in utilizing consumer data as much as internally generated data, with a simultaneous important shift from historical to predicative postures and behaviours. In terms of implications, these changes are likely to lead to a reinforcement of the soft power elements of smart power and an erosion of a technological deterministic account of the changes. Above all, if data analytics allows the formal structures of organization to be obviated and circumvented, then self-organizing clusters and alliances of individuals are likely to be able to derive substantial smart power from these emergent situations. Bloom et al. (2014) discuss two case studies which point to these kinds of outcomes. One study concerns 'non-production'-type decisions using enterprise resource planning software (ERP), and the second case involves 'production'-type decisions on the factory floor using operational technology and computer-assisted design/computer-assisted manufacturing (CAD/CAM). Both environments in their study were impacted by data analytics and exemplify power shifts along with emerging smart power capability. Both environments also illustrate the potential of smart power associated with new roles in authority and responsibility arising from access to information and tooling. The overarching implication of their argument is that

information technology – data analytics – along with a reduction in information acquisition costs, decentralizes decision-making away from traditional 'hard' styles of power and more towards a combined hard/soft form of smart power. Increased information and data access push decisions down to the lower levels of an organization facilitating more autonomy and generally more effective employee decision-making without an undue cognitive burden on those lower in the hierarchy. To date, however, this trend mostly applies to a percentage of 'rich' organizations which have benefited from 'winner takes most' markets. For a majority of organizations, business remains as usual – including bullying, use of contingent workers, zero-hour contracts and the abuse of power. In conjunction with decentralization and new-found levels of authority, responsibility and power, options emerge for uses of soft and smart power to persuade, set examples and move co-workers to action. The study shows that technology increases autonomy/authority by reducing the amount of help employees needed from senior managers: 'A worker with access to those machines [ERP, CAD / CAM] solves problems better, and thus need less access to superiors in making decisions' (Bloom et al., 2014). Similar results are suggested and implicit in the work of Altman, Nagle, and Tushman (2014). As reduced information costs approach zero, innovation shifts to a larger community, decentralized individual action becomes more the norm, and new and important cooperative and coordinated action – smart power capability – is likely to emerge as a result.

Nevertheless, smart power changes in relation to data analytics will not proceed necessarily without impediments or develop evenly in every case. Obstacles and constraints could be user resistance or lack of necessary skills to undertake data analytics effectively. Such resistance may, to a greater or lesser extent, be linked to contrasting attitudes and postures among workforce age generational groups with older groups, as well as poorly educated youngsters, being more resistant to change. Alternatively, it is important to remember that not all data will always be of high quality or value. There is therefore also a need to realize that smart power decisions require the preamble of human good judgment and intuition linked to experience. In effect, to get the benefit of modern data analytics, organizations will need to rethink most aspects of their current IT-centric, centralized analytics deployments, including technology, roles and responsibilities, organizational models, cultivating decision-making in all aspects of organization process that blends analytical insight and intuition, and fresh approaches to governance (Ransbotham, Kiron, & Prentice, 2016).

Social Media: Nature and Organizational Dynamics – Implications for Smart Power

While there is tremendous popular and contemporary interest in social media by public and private, profit and non-profit, organizations and decision makers, there also seems to be confusion among many as to social media's meaning and scope (Wang, Carley, Zeng, & Mao, 2007). Kaplan and Haenlein (2010) define social media as 'a group of internet-based applications that build on the ideological and

technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content' (Kaplan & Haenlein, 2010). Web 2.0 can be understood as the technical ICT base or platform through which social media, for example, Web pages and blogs, are developed. User-generated content can be understood as the aggregate of all the user interaction and engagement with social media. Moreover, a newly emergent platform, Web 3.0, often referred to as the semantic or intelligent Web, is already evolving; however, its nature is difficult to determine:

> There is no easy consensus about how to define what is meant by Web 3.0, but it is gener-
> ally seen as a reference to the semantic Web. While it is not that much more precise a
> phrase, the semantic Web refers to technology to make using the Internet better by under-
> standing the meaning of what people are doing, not just the way pages link to each other
> (Markoff, 2007).

Web 2.0 social media tools (by way of illustration, Facebook™) and technologies are being aggressively adopted and valued by business producing some striking statistics on current usage. Social media innovations are a mass phenomenon with multifarious applications such as, for instance, blogs, wikis, social networking sites, social tagging, and microblogging, being used by over 2 billion people. Equally importantly, social media is now being deployed in organizations *internally* and increasingly used *between* organizations (Statista, 2016). Furthermore, McKinsey & Company (2012) signalled that among 4200 global executives, 72% of the respondents report that their companies are deploying at least one social media technology, and more than 40% say that social networking and blogs are employed. In addition, among Fortune 500 firms, 77% now have active Twitter accounts, 70% have Facebook pages, and 69% have YouTube accounts (Culp, 2014). Thus:

> Social media are fundamentally changing the way we communicate, collaborate, con-
> sume, and create. They represent one of the most transformative impacts of information
> technology on business, both within and outside firm boundaries (Aral, Dellarocas, &
> Godes, 2013).

And:

> Government agencies are increasingly using social media to connect with those they serve
> (Bertot, Jaeger, & Hansen, 2012).

An important shift is underway due to the digital revolution in general, and the adoption of social media by organizations and consumers, in particular, is the empowerment of consumers 'through access to information and to one another – anywhere, anytime' [... providing consumers] 'with a more powerful voice – by shaping opinion about companies and products...' (Carpenter, 2013). At the same time, in response to this power shift from seller to buyer, is the rise of the 'consumer-focused' enterprise. Social media affords firms the opportunity to have contact with consumers in a direct and inexpensive manner relative to conventional marketing communication approaches. Consequently, social media is also having an increasing impact on the balance in elements of power, authority, roles and responsibilities of a wide range of audiences. For workers, the shift is towards increased levels of information sharing, with more interaction and cross-pollination of ideas and

recommendations within companies. An interesting example of this area is the social media-based technology developed by the major ICT company CISCO, Inc. called the Integrated Workforce Experience or IWE for short (CISCO, 2016). IWE is a CISCO-developed production-ready hardware and software platform that provides a centralized environment where users of all types and in various roles can collaborate, share knowledge and find experts and information easily and efficiently. Again, as mentioned above, GE's Predix could be considered another example of this type of environment, particularly as GE expands its Predix system. The CISCO platform, in its current version, relies heavily on Web 2.0/social media technology. By building on these capabilities, the platform aims to meet the demands and constraints operating in contemporary organizations.

A further notable shift due to social media technologies relates to increased accountability and transparency with commensurate implications for power distribution. In this case, social media acts as a double-edged sword. On the one hand, organizations of all types, both public and private, government and non-governmental, are beginning to employ social media tools to foster transparency, accountability, outreach, collaboration and greater efficiency:

> [The] internet and related ICTs have greatly reduced the cost of collecting and distributing and accessing government information (Roberts, 2006).

On the other hand, organizations are being forced to be more transparent by external pressures and parties (e.g. customers) potentially using the same social media tools. In some cases regulatory bodies with oversight responsibilities are allowing access to agency records or information:

> Organizations can no longer decide what information to share or not to share with the public; in most cases this information has already found its way out through employees, the customers or the suppliers. The advantage of going viral and the speed at which information travels in social media, are also the reason many companies can no longer be "two faced". Successes and failures are reported within the brand's community and broadcasted virally within days if not hours (Proctor, 2011).

The use of social media embodies a more democratic model emphasizing consensus and shared responsibility not only between management and workers, giving voice to many versus a few, but also between organizations and autonomous parties. This means that in order to get important things done, organizations are required not to rely exclusively upon their own limited assets but to enter information partnership and sharing arrangements. As to understanding the proper use and positive and negative potential of social media, Heimans and Timms make the point that:

> Most organizations recognize that the nature of power is changing. But relatively few understand the keys to influence and impact in this new era. Companies see newly powerful entities using social media, so they layer on a bit of technology without changing their underlying models or values. They hire chief innovation officers who serve as "digital beards" for old power leaders. They "reach out" via Twitter. They host the occasional, awkwardly curated, lonely Google hangout with the CEO. But having a Facebook page is not the same thing as having a new power strategy. If you're in an industry that is being radically altered by new power, it isn't enough to add some window dressing (Heimans & Timms, 2014).

Organizations have recognized for a long time the need to reach beyond their own boundaries to accomplish goals. For example, outsourcing is a popular and still widely used mechanism to accomplish this end. However, social media puts into the hands of management, workers, partners and interested third parties common and familiar tools and platforms that can fill a wide range of needs that were not previously achievable or not easily reached. LEGO, a Danish company with a very particular national cultural approach, is a well-known example of a company with more porous boundaries that has embedded social media technology into its business processes with significant implications for smart power (Harrysson, Schoder, & Tavakoli, 2016). LEGO is far from being the exception. Netflix is another example with its Netflix Prize. The Netflix Prize is a well-known example of a company relying on third-party resources (in this case it was a virtual team of computer scientists from AT&T – Bellkor's Pragmatic Chaos team) that developed a recommendation algorithm for Netflix that surpassed Netflix's own algorithm for predicting 'likes'. The AT&T team earned a million dollars for its over 3 years of effort (Zhou, Wilkinson, Schreiber, & Pan, 2008).

However, the use of social media is not without challenges for most organizations. Not only will organizations require an understanding of the risks and unexpected outcomes that can be part of a more collaborative and more inclusive operational environment. They also need to understand and plan for the proper use of social media tools within and between organizations. In addition, there is much controversy on the topic of risk. For example, McAfee (2006) expresses concern that many initial concerns about the efficacy and negative consequences of social media technology in business are 'red herrings'. At the same time, there is general consensus that organizations face real risks if the deployment of social media technology is not properly understood. For example, social media usage in the financial industry has had its share of negative results:

> Financial institutions have had to shut down social media forums due to unanticipated negative feedback; the stock markets have been buffeted by fraudulent social network postings; businesses have had to change or rescind strategies in response to the force of social media; other businesses have suffered brand damage due to the power of social media to send negative impressions almost instantly around the world (Culp, 2014).

Also, managers and workers are learning about the serious consequences of social media if not used wisely. According to a new study by Proofpoint, an Internet security firm of US-based companies with 1000 or more employees, 17% report having issues with employee's use of social media. Meanwhile 8% of those companies report having actually dismissed someone for their behaviour on sites like Facebook and LinkedIn. Some other interesting findings from the study are as follows: 15% have disciplined an employee for violating multimedia sharing/posting policies; 13% of US companies investigated an exposure event involving mobile or Web-based short message services; 17% disciplined an employee for violating blog or message board policies (Ostrow, 2009).

Mobile Computing: Nature and Dynamics – Implications for Smart Power

Mobile computing is a set of technologies that allow its users to be untethered, free to use services, data and applications anytime and anywhere:

> Mobile computing is fundamentally about increasing our capability to physically move computing services with us…This can happen either by reducing the size of computing devices and/or providing access to computing capacity over a broadband network through lightweight devices. In principle this evolution has been marked by the movement of computers from insulated and sealed rooms to our offices, to our laps, and finally to our pockets, clothing, and body (Lyytinen & Yoo, 2002).

> The transition from a PC or notebook to the 'always on' smart phone or tablet is not primarily about the smaller, more portable, mobile device. It is rather about the fact that computing services are now available virtually wherever and whenever the user desires them. The mobile shift marks an evolutionary leap to the era of ubiquitous computing (Walters, 2012).

Mobile computing growth projections indicate a healthy mobile computing industry with more than 5.2 billion mobile users by 2019. Mobile data traffic has grown 4000-fold over the past 10 years and almost 400-million-fold over the past 15 years. Global mobile data traffic will increase nearly eightfold between 2015 and 2020. Management is recognizing that all future projects supporting employees, suppliers, and customer segments need to include mobility, as a larger percentage of enterprise computing and customer transactions are taking place on secure, capable, smart mobile devices (Akolla, Brown, Wong, & Gilbert, 2014). Thus, it is perhaps not surprising that mobile computing ranks high on the list of technology expected to have significant impact on business in the coming years (Kark et al., 2015a, b). Further major change is underway in mobile computing. As recently reported by McKinsey, around 90% of the top mobile computing technology providers have either announced major product launches and/or have mergers or joint ventures underway (Ellis & Gilbert, 2012).

As mobile computing becomes ubiquitous and employees, consumers and citizens adopt mobile services, organizations of all kinds and in many ways experience its effect. For organizations, effects are being felt in terms of shifting workforce behaviours (remote workforce, flexible work arrangements, telecommuting) and organizational structures (virtual teams and offices). Collaboration and information are key aspects of mobile computing. This has led to some interesting initiatives in technology development with consequences for smart power. For instance, in the technology community, there is much interest in the development of 'middleware platforms' which are platforms specifically designed for mobile user collaboration. There are many of these platforms in various stages of research and development, for example, MoCA (Model for Collaborative Action), YACO (Yet Another Collaboration Environment), MOTION, ActiveCampus, STEAM and Ycab, to name a few. MoCA, to take one example, is an adaptable service software and hardware framework targeting mobile computing wireless devices, such as smart phones, PDAs, tablets, etc. From a technology perspective,

MoCA comprises servers and clients, application programming interfaces, core services, and a variety of customizing options for users and developers (Sacramento et al., 2004a, b). Consequently, with increasing opportunities for self-organizing, highly dynamic, decentralized, peer-to-peer-type networks, there is ample opportunity for soft and smart power to step in and play a role. For example, there is a growing body of research that in information-intensive industries, where electronic markets play a critical role, many organizations are relying on increased information transparency as a smart power strategy to attract and retain consumers (Tapscott & Ticoll, 2003). The negotiated nature of smart power relations between individuals – consumer, activists, citizens, etc. and organizations is opened up. Where consolidated efforts, sharing common interests, community persuasion, and call-to-action are needed in these mobile collaborative interactions, smart power approaches and techniques are likely to play an increasingly dominant role.

At the same time, there is a sense that many organizations are following rather than leading these changes – i.e. reacting rather than pre-empting. The reason for this is the rapid speed of change in the mobile computing area that far outstrips extant organizational decision-making processes and capacities. The challenges for organizations in this area are many, all of which call for solutions of one sort or another (Kortuem et al., 2001), including:

1. Rise of third-party power, importance and influence.
2. Increased employee expectations. Access to the Internet and World Wide Web, data stores of all types and information-sharing applications (social media) have provided leverage to employees enabling them to have increased expectations from their employers about the work environment, work-life balance, equity in pay, recognition of value, experimentation with work and flexibility.
3. Organizational variation. As managers enable self-organizing collaboration teams with autonomous authority for decision-making, soft and smart power strategies are good fits.
4. Differences between millennials (a person reaching young adulthood in the early twenty-first century) and previous generations. While there is much cross-cultural difference within the millennial generation, there is also convincing evidence of substantive differences between millennials and previous generations, for example, in management control or power sharing e.g. soft and smart power versus use of carrot (money) and sticks (control) or work-life balance (Ng, Lyons, & Schweitzer, 2012). Organizations that hope and aim to attract top millennial generation talent will face a need for internal change to ensure policies and practices are appropriate for these youngsters. While this is true, it is, however, relevant for a limited number of organizations. It is worth noting that for very many countries, e.g. Italy, Greece, even Japan and China, there is severe unemployment and underemployment of millennials.
5. The importance of transparency, ethical behaviour, and trust as sources of smart power. After Snowden, WikiLeaks, the Panama papers along with alleged recent theft and disclosure of data in US elections, organizations and individuals have come to the realization that little can be hidden forever. Either there can be greater efforts to hide and secure sensitive information or accept that others will find out. Obviously there are commercial, legal and genuine privacy reasons to

Table 3.1 Data analytics, social media and mobile computing: summary of impact, challenges and role for smart power

ICT changes	Impact on organizations	Challenges	Role of smart power
Data analytics	Both workforce and management have access to data and tools Decentralized capabilities	Data governance Security Privacy Data quality	Evidence-based decision-making becomes a basis for influence and persuasive smart power
Social media	Weakens organizations barriers and walls and instils more collaborative mindsets	Planning for proper use of tools Soft skill development (persuasion, negotiation skills)	Catalyst for collaboration, information sharing within and outside organizational boundaries
Mobile computing	Challenging traditional more permanent and persistent organizational design structures with the rise of virtual organizations and temporary virtual teams. Peer-to-peer networking	Speed of change in mobile computing far outstrips extant organizational structures and decision-making processes and understanding of implications	Collaboration among mobile users requires new and different middleware services than the ones traditional groupware provides for wired networks

keep information confidential. Greater openness and transparency have its advantages but at the same time might cause mischief makers to go elsewhere or 'step up their game' in order to reveal secrets. Thus, as foreseeable, along with the benefits that result from mobile computing, there are significant attendant risks and vulnerabilities (Sahd, 2016) including data loss (Table 3.1).

Concluding Remarks

The need for organizational and managerial reappraisal and rethinking is strongly influenced in an interactive manner by technology advancement – its power to innovate, disrupt and challenge operating models of the past. In addition, powerful sociopolitical-cultural forces caused by the rising demands of new generational millennials and workers raise increasing issues of openness and transparency. In the meantime external forces such as consumer power through social media and data analytics are placing organizations of all types under pressure to adapt and change. A large part of this change will involve a move to more open, collaborative, democratic institutions and soft and smart power approaches for collaboration and power sharing. These soft and smart power approaches offer much appeal for organizations and the changes ahead.

This is not to say the smart power is the 'silver bullet', the 'end all be all', or the necessary and sufficient conditions that define success. Rather, organizations face a plethora of serious and very steep challenges beyond smart power that include organizational design, security, privacy, skills, governance and overcoming legacy workforce and management mindsets. Technological determinism alone will no longer

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Chapter 4
Economic Growth, Management, and Smart Power

Andrew J. Schein

Introduction

For thousands of years, economic growth was stagnant, and the standard of living for almost all people throughout the world remained at subsistence levels since the growth in human population was roughly equal to advances in agriculture (*The Economist*, 1999, p. 10). Broadly speaking, from the agricultural revolution, approximately 8000 BCE, to the industrial revolution, in the mid-eighteenth century, economic life focused on farming and trading of agricultural goods, precious metals, trinkets, and simple utensils. During this long period, the family was the basic economic unit, most manufacturing was done in the artisan's home, and the firms that existed were small with few employees.

Chandler (1977) notes that as late as 1840 in the USA, there were no firms that had middle managers. A hundred years later, in the mid-decades of the twentieth century, firms in the United States had hundreds and sometimes even thousands of middle managers, and these managers were making major decisions with regard to the production of the goods and services of the firm and the employment and wages of the workers of the firm.

The growth in the size of firms was due to the industrial revolution during which goods began to be manufactured on a large scale, and because of this growth in manufacturing from the middle of the nineteenth century to the present in the developed countries, there has been almost continuous economic growth. For example, according to data from Bolt and Van Zanden (2014) for the period from 1980 to 2010, real per capita GDP in Western Europe increased at an annual rate of 1.56% (overall 59%) and in the United States by an annual rate of 1.67% (overall 64%). The growth in the production of goods enabled people to purchase and consume goods to a degree that would have been inconceivable to people living prior to the

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industrial revolution (i.e., to change one's clothing every day, to have effective medication, to communicate with people all over the world instantaneously) and has led to a substantial rise in the standard of living for people living in the industrialized countries. If the standard of living is to continue to rise in the future, then firms will have to be able to continue to produce more and better goods.

While the resources and circumstances of a firm have a great impact on the success and failure of a firm, what is the added value of managers in producing and selling the goods that generate economic growth? The managers are responsible for organizing the workers in the firms who produce and distribute the goods, and their success or failure in motivating and coordinating the workers to work and to work more efficiently has played a large role in the development and success of firms. Accordingly, when firms are successful, the firm's managers are lauded as exhibiting great leadership and creativity, while when firms fail, the managers are blamed. This means that it is crucial not just to firms and their owners but also to society to ascertain which management practices contribute more to the success of firms than other management practices.

There are a plethora of books and articles advising people how to be better managers. Is there any evidence that all this advice leads to positive outcomes? *The Economist* (2016, p. 59) decries the current state of management theory arguing that today's popular management theories "bear almost no relation to reality" and that management theorists are at "risk of being exposed as just so many overpaid peddlers of dead ideas." Notwithstanding this negative assessment, in this chapter we will argue that smart power management, which we will define later, can be an effective management strategy.

We will begin with a selected review of a few management theories from the beginning of the twentieth century to the present, and this review leads us to the theory of smart power management, which we believe can deal with some of the problems that have arisen with previous management theories. We then will examine the theory of lean management and Nicholas Bloom's studies on effective management to see if these management theories incorporate the idea of smart power management. Afterward, we will present a brief mini-case study of Amazon to explore whether Amazon's management practices are an example of smart power management.

Review of Management Theories

Peter Drucker (1974) notes that there are five basic aspects in the work of a manager: to set objective as to what the firm and workers should be doing, to organize the work in the firm, to motivate and communicate with the workers, to measure performance of the workers, and to develop the people in the firm. All these actions contribute to the success of a firm, but management theories do not always relate to all of these aspects. For example, some management theories concentrate on what are the best business strategies for managers, which is the first aspect in the list.

Others attempt to describe the best ways for managers to increase their workers' productivity, aspects two, three, and four of the list, and in this chapter we will focus on these types of management theories.

Taylor's Management Theory

Frederick Winslow Taylor (1856–1915), who on his death, *The New York Times* (1915) referred to as the "originator of modern methods of industrial management," stressed the idea of efficiency in production and the manager's role in having the work done in the most productive manner. His theory is referred to as the scientific theory of management since he claimed that his method was scientific or as Taylorism.

Taylor (1919) was very bothered by workers who were, he claimed, not working to their utmost ability, what he called "soldiering" or loafing. He claims that this soldiering is the cause both of low wages and low output, and he set out to correct this "evil." Taylor writes that he was not the first person to note this problem, and he describes what he claimed was the best type of management system prior to his system, which he calls initiative and incentive. In this system, the manager uses various incentives such as higher pay, promotions, and better working conditions, to motivate the workers to put forth more effort into their jobs. While this may seem like a reasonable system, Taylor argued that this system was too dependent on the workers' initiative and would not succeed. Instead, Taylor proposed his theory of scientific management. In this system, the manager is to determine "scientifically" how each task can be done in the most efficient manner and then carefully measure how the workers are meeting the goals set by the managers.

Taylor attempted to implement his ideas in various factories and he claimed great success. For instance, in 1898, Taylor went to work for Bethlehem Steel Company, and he "determined" that if the workers tried harder, then a worker could move between 47 and 48 tons of pig iron a day instead of the 12.5 tons they were doing beforehand. He then selected some workers; paid them a little extra, $1.85 a day instead of $1.15; and had a man stand over the workers with a watch telling them when they could work and when they could rest, and "all of the pig iron was handled at the rate of 47.5 tons" (1919, p. 47).

Even though the workers were working harder, Taylor claimed that his system was a win-win situation both for the workers and for the firms since the firms got more efficient workers and the worker's wages would rise, as in the Bethlehem Steel Company, the salaries of the selected workers increased by 60%. He also claimed that his system led to greater cooperation between management and the workers.

Many people have supported Taylor's approach. For instance, Drucker is quoted as stating that:

"Taylor deserves to be ranked with Darwin and Freud in the trinity of makers of the modern world and that Taylorism is perhaps the most powerful as well as the

most lasting contribution America has made to Western thought since the Federalist Papers" (Will, 1997, p. 8).

Blake and Moseley (2011) maintained that Taylor's system was adopted in most of the industrial countries of the world except in Great Britain and that (p. 350) "the successful and dramatic increase in mass production (in the US) during WWII was an indirect, but indisputable, result of Taylor's work." The corollary to this observation is that Great Britain's fall as an industrial power in the twentieth century was because of poor management, and this argument is made by Landes (1969), Drucker (1974), and Chandler (1994).

Taylor's ideas have also generated a great deal of criticism. Wrege and Perroni (1974) have cast doubt on eight of the details in Taylor's report of the workers moving the pig iron in Bethlehem Steel Company, and they label the whole account a "pigtale." However, Hough and White (2001) dispute some of Wrege and Perroni's claims, and they argue that the remaining discrepancies are minor and do not invalidate Taylor's management theory.

More significant criticism is that Kiechel (2012, p. 66) notes that "behind the effort of Taylor was an elitism, a class of arrogance, almost incomprehensible by today's standards." For example, Taylor (1919, p. 59) described the worker who moved the pig iron as "so stupid and so phlegmatic that he more nearly resembles in his mental make-up the ox than any other type." This elitism led Taylor, even though he professed to be concerned for the welfare of the workers, to limit this concern to the worker's wages but to disregard their input and thought into how the work in the firm should be done. In a US Congressional Committee hearing in 1912, Taylor stated, "In our scheme, we do not ask the initiative of our men. We do not want initiative. All we want of them is to obey the orders we give them, do what we say and do it quick" (Will, 1997, p. 8).

Drucker, who as mentioned above views Taylor very favorably, notes that (1974, p. 202) Taylor is blamed for "dehumanization" of workers, but Drucker believes that the criticism is "unfair and unjust" since Taylor's goal was to create the "economic and physical base for the worker's welfare." However, even Drucker believes that the followers of scientific management, or as he calls them industrial engineers, only focus on the "logic of work," how the work is to be done, and not enough on the "logic of working," how to motivate the workers.

McGregor's Management Theory

In 1960, Douglas McGregor (1960) challenged Taylor's belief that almost all workers want to "soldier." McGregor argued that this typecasting was only true for some of the workers, but other workers want their job to provide them with psychological satisfaction. He posited a personality that causes a person to dislike and shun work, as Theory or type X, while a personality that induces a person to want their job to lead to personal fulfillment, as Theory or type Y.

How should managers relate to the two different types of workers? With regard to the workers who try to "soldier," Theory X, then the basic motivation is the tried and true method of reward and punishment, "carrots and sticks." With regard to the workers who want their jobs to provide them with psychological satisfaction, Theory Y, the manager needs to offer more responsibility to the workers, integrate them into the decision-making process of the firm, and offer them the ability to have job enrichment to motivate them to work better. These management practices differ from Taylor's ideas since Taylor believed that workers should not be given room for initiative and that managers should dictate to their workers.

Drucker notes (1974, p. 232) that while McGregor presented these two types of human behavior and corresponding managerial practices, "as alternatives and pretended to be impartial, no reader ever doubted – or was meant to doubt – that McGregor himself believed wholeheartedly in Theory Y." Kiechel (2012, p. 67) notes that this preference for Theory Y or what he labeled as the "humanity of production" became the dominant view in management theory in the USA after World War II (WWII). Drucker agrees and argues:

> The basic fact- unpalatable but inescapable – is that the traditional Theory X approach to managing, that is the carrot-and-stick way, no longer works. In developed countries, it does not even work for manual workers, and nowhere can it work for knowledge workers. The stick is no longer available to the manager, and the carrot is today becoming less and less of an incentive. (p. 235)

Drucker was not claiming that people no longer fear that they will get fired (the stick) or are unconcerned about material rewards (the carrot), but that these methods are less likely to motivate people in their jobs to work harder and more productively than in previous times. With regard to the fear of being fired, Drucker (p. 235) argues that "losing one's job is still unpleasant, but it is no longer a catastrophe" since in most modern economies people are able to change and find new jobs. Instead, fear in the firm can cause resentment and resistance and destroy motivation, and then its negative effects outweigh its reduced ability to motivate people to work harder. With regard to monetary rewards, Drucker (p. 238) notes that "there is not one shred of evidence for the turning away from material rewards," but that since expectations of workers have become larger, the "increment of material rewards capable of motivating people to work has to become larger." Yet, when the monetary incentives become larger and larger, this increases their costs to the firm, and they can also cause resentment and alienation in other workers who do not receive the extra material rewards.

Drucker made these arguments in 1974, but his points are still relevant, if not more so, in the twenty-first century. However, surely there remain many Theory X workers where the carrot-and-stick method is still potent. A recent study by Bryson and MacKerron (2017) cast doubt on the belief that work provides psychological satisfaction for most workers. In their survey of tens of thousands of individuals in the UK with regard to their state of happiness when doing 40 different activities, paid work was not only listed as one of eight activities which gave negative levels of happiness but also paid work was ranked lower with regard to a person's state of

happiness than all the other 39 activities, except for being sick in bed. This negative utility from working raises doubts as to whether most workers are really Theory Y personalities.

If many workers are Theory X workers and the carrot-and-stick method is truly no longer effective to motivate workers, what remains for the manager to do if he/she has Theory X workers? A potentially useful way of answering these questions is to examine the power that a manager has over his/her workers.

French and Raven's Categories of Power

French and Raven (1960) identified five different types or sources of power a person can have over other people: reward, coercive, legitimate, referent, and expert. To which, Raven (1965) added another source of power, information. These categories are also applicable to the power a manager can have over his/her workers. Reward power is the ability of the manager to motivate a worker due to some financial or nonmonetary benefits for doing some particular task. Coercive power is the ability of the manager to motivate a worker due to his/her power to punish workers in some fashion if the worker does not perform the duties expected of him. Legitimate power is the ability of the manager to motivate workers since the worker respects the position of the manager and accepts the manager's dictates. Referent power is the ability of a manager to motivate workers since the workers identify with the manager due to the personal qualities of the manager. Expert power is the ability of the manager to motivate workers since the worker accepts that the manager knows the correct course of action due to worker's acceptance of the manager's knowledge and expertise. Information power is the ability of the manager to motivate a worker since the manager has some information that workers need, want, or want to remain a secret. Of these six sources of power, the first two, reward and coercive, and sometime the last one, information power, are identical to the carrot-and-stick approach.

Nye's Categories of Power

This category of six sources of power can be simplified into two categories based on work done by the political scientist Joseph S. Nye Jr. Nye (1990, 2004) has argued that international power can be divided into two types or sources of power, hard and soft. Nye notes that traditionally a great power was a country that had overwhelming military strength, but he argues that in recent times, power is less focused on a country's military and more on its technology, economy, education, and culture. Nye labels the traditional source of power, hard power, that a country can use its military might to force another country to obey its dictates. On the other hand, Nye labels the new source of power, soft power, and here the goal is not for a country to use force, but to get the "other country to want what it wants" (Nye, 1990, p. 166).

With this power, "the ability to affect what other countries wants tends to be associated with intangible power resources such as culture, ideology and institutions" (pp. 166, 167). Nye (1990) explains:

> Soft co-optive power is just as important as hard command power. If a state can make its power seem legitimate in the eyes of other, it will encounter less resistance to its wishes. If its culture and ideology are attractive, others will more willingly follow. If it can establish international norms consistent with its society, it is less likely to have to change. If it can support other institutions that make other states wish to channel or limit their activities in ways that the dominant state prefers, it may be spared the costly exercise of coercive or hard power. (p. 167)

These categories of hard and soft power can be merged with the six sources of power from French and Raven (1960) and Raven (1965). The category of hard power is a new term for the carrot-and-stick approach, and then it corresponds to the sources of powers, rewards, coercive, and sometimes information. On the other hand, soft power corresponds more with the sources of power, legitimate, referent, and expertise, since in these cases the manager and his/her decisions are accepted because of his/her personality or knowledge, and this occurs without the use of force. Instead, these powers result from a manager interacting with the workers by discussing and encouraging feedback from the workers with regard to the decision-making processes of the firm, and this participation contributes to the worker's motivation.

We can integrate these categories of power with the two management theories discussed beforehand. Taylor with his disdain for worker's input should be classified as being a proponent of hard power, but it should be noted that in the case of the Bethlehem Steel Company Taylor utilized the carrot, higher wages, and not the stick, threat of firing, to motivate workers. With regard to McGregor's management theory, the idea would seem to be that managers of Theory X workers should use hard power, while managers of Theory Y workers should use soft power.

The problem with this neat dichotomy is, as mentioned above, not all workers are Theory X or Theory Y workers, and it is hard for managers both to determine which employees are which types of worker and to apply different rules for different employees. In an interview in 2008, Nye notes that this same problem exists in international relations as nations cannot just use soft or hard power all the time since in some contexts the soft power is more appropriate while at other times, the hard power is more appropriate (Coutu, 2008). Nye then proposes a new term, which he calls smart power, which is the "combination of soft and hard power in the right mix in the appropriate context." This same idea would apply to managers that instead of just having one set of rules for all situations, there is a need for them to apply the idea of smart power, which would be knowing when to combine soft and hard power in the workplace, and we will label this idea as smart power management.

Smart power management is a management practice in which the manager aims for a balance of rewards, punishments, and worker's participation in the decision-making process of the firm. This combination would not just be soft power, worker's participation, for Theory Y workers and hard power, rewards and punishment, for Theory X workers, but for both types of workers, the manager needs to bring

together soft power and hard power. The mix will differ for different workers for different firms, but for all workers, their needs to be a mix and not just a reliance on one of the three elements. The goal is to find the best mix of the three elements, rewards, punishment, and worker's participation, to obtain the highest possible level of effort by the workers. If this goal can be actualized, then smart power management will be an effective management and will increase the output of the firm. Of course, both in international relations and in the workplace, this is easier said than done.

Are there examples of management theories that utilize this idea of smart power? Or to phrase the question differently, can one identify actual cases of smart power management in the economy, and if yes, can one see any evidence of its success or failure? We will try to answer these questions from three different perspectives. One, we will examine the popular management theory of lean management to see if this management theory utilizes the concept of smart power. Two, we will review Nicholas Bloom's studies on effective management to see if his ideas can be correlated with the idea of smart power management. Three, we will look at the performance of the Amazon Corporation to see if this company's success can be associated with the use of smart power management. We start with a brief review of Japan's economic growth post-WWII.

Japan's Economic Growth Post-WWII

Japan's economy was devastated during WWII, and Bolt and Van Zanden (2014) estimate that in 1945, Japan's per capita GDP in 1990 international dollars was $1346, its lowest level since 1914. After the war, Japan's economy began to recover, and from 1945 to 1990, the annual growth in Japan's per capita GDP was 6.03%, the highest rate of recorded growth in the world up to that time. A prime reason for this excellent growth was the development of Japan's manufacturing sector, and the managers of Japan's manufacturing firms played a large role in this success.

In 1950, some Japanese industrial leaders invited Edwards Deming, an American, to give a series of lectures on quality control that firms should use statistics to measure the quality of the goods being produced. While in retrospect, this would seem to be "obvious" as noted by *The Economist* (2010b), at that time "in industrial countries elsewhere, even in Deming's own America, manufacturers were still relying on inspection and rejection of faulty parts—a horrendously wasteful process." Deming's stress of measuring quality was in some ways a reversion to Taylorism that firms have to measure exactly how best to produce the different goods. However, Deming differed from Taylor since Deming "exhorted managers to 'drive out fear,' so that workers would feel free to make improvements in the workplace" (Holusha, 1993, B7). Deming's ideas on quality control were adopted and modified by many Japanese firms with the most prominent example being Toyota, where Taiichi Ohno, who was inspired by Deming, developed Toyota's production system (Economist, 2005).

In 1950, Toyota was an extremely small car producer, as in 1950 the company produced just 463 cars and 11,243 trucks and buses all in Japan (Toyota, 2017). By 1990, Toyota produced 3.3 million cars and 866,488 trucks and buses in Japan and another 677,675 vehicles outside of Japan. By 2016, worldwide Toyota sold 10.2 million vehicles and was the second largest automobile seller in the world after VW. While Toyota's management strategy, as, for example, the decision to develop hybrid cars, is a key reason for Toyota's success, Toyota's reputation for high quality of cars, which relates to its organization of its factories, has played a prominent role in Toyota's success. As noted by *The Economist* (2010c), Toyota was "the company that was at the heart of the Japanese management revolution," and Toyota's success is indicative of other Japanese firms who also adopted Deming's ideas. Again, we see a correlation between economic growth, Japan's great growth from after WWII to 1990, and good management.

Lean Management

Womack, Jones, and Roos (2007) present a very detailed review of Toyota's production system from after WWII to 1990, and one of their researchers, John Krafcik, coined Toyota's production system "lean production." Lean production relates to various facets of the production of a good, such as just-in-time production and inventory, and also to management and its relationship to the workers. Womack, Jones, and Roos note:

> The truly lean plant has two key organizational features: It transfers the maximum number of tasks and responsibilities to those workers actually adding value to the car on the line, and it has in place a system for detecting defects that quickly traces every problem, once discovered, to its ultimate cause…In a lean plant, such as Takaoka, all information – daily production targets, cars produced so far that day, equipment breakdowns, personnel shortages, overtime requirements and so forth- are displayed on *andon* boards (lighted electronic displays) that are visible from every work station. Every time anything goes wrong anywhere in the plant, any employee who knows how to help runs to lend a hand. So in the end, it is the dynamic work team that emerges as the heart of the lean factory. (p. 99)

This freedom of workers to make changes is called *kaizen*, and in a 1986 interview, Mr. Toyoda, then the head of Toyota, said that "Our workers provide 1.5 million suggestions a year, and 95 percent of them are put to practical use. There is almost a tangible concern for improvement in the air of Toyota" (Tabuchi, 2013, B17). In the afterword, which they wrote in 2007, 17 years after they published their initial research, Womack, Jones, and Roos note:

> With nearly twenty years' hindsight we now know problem-solving work by teams can be very helpful for companies but that this is the last portion of a lean system that Toyota implements. As Taiichi Ohno noted, "Without standards there can be no *kaizen*." The work process itself, along with the management process, must be absolutely standardized by managers, and by manufacturing and industrial engineers as well, before a work team can have any hope of improving it. Standardization in this context means creating a precise and commonly understood way to conduct every essential step in every process. (p. 290)

This goal of standardization recalls Taylor's management system, and Driel and Dolfsma (2009) note that Ohno was a great admirer of Taylor. This commitment of standards is an example of hard power that management dictates to workers how the goods are to be produced. However, when we add in the *kaizen* process, of encouraging working to join in the production process, which can provide workers with job satisfaction, then the hard power is being "softened."

These combined processes of standards and *kaizen* mean that Toyota with its lean production was trying to combine freedom for the workers with set rules, and then maybe one can classify this type of management as a form of smart power management. Toyota's success would then be indicative of the effectiveness of smart power management not only for a company but, as Toyota was one of, if not the, flagship of Japan's manufacturing sector, also of its potential positive impact on the economic growth of an entire country.

After the publication of Womack, Jones, and Roos' research, lean production or lean management as it was later called became a very popular management practice. *The Economist* (2009) notes, "Toyota's story has implications beyond the motor industry, for it is not just a car company; it is the model for manufacturing excellence whose 'lean' techniques have been copied by countless firms." One notable example is that the motorcycle producer Harley-Davidson adopted the principles of lean management, and this is credited with contributing to the turnaround in efficiency and profits of the firm (Oosterwal, 2010).

Yet, for all of the claims of lean management, some of its luster has declined in the last few years. Toyota, which had been known for years for such stellar quality cars, recently had serious safety problems, as, for example, there were problems with the accelerator pedals that caused cars to crash (Vlasic & Apuzzo, 2014). In addition, lean management has come to be associated with being mean and hence hard power management (Anderson-Connolly, Grunberg, Greenberg, & Moore, 2002). Arnheiter and Maleyeff (2005, p. 11) note that "the most common misconception of lean management is lean means layoffs," and for all Harley-Davidson's success with lean management, Harley-Davidson slashed its workforce by more than 1000 people with its "lean" turnaround (Patrick, 2012). While these authors claim that layoffs are not the goal of lean management, this misconception indicates the difficulty of fine-tuning the differences between hard and soft power. Similarly, in Toyota's case, maybe because of its great success, the ability of the workers to contribute their input has become limited. *The Economist* (2010a) notes that Toyota's failure by the accelerator pedals was symptomatic of a corporate culture that has evolved into a "rigid system of seniority and hierarchy in which people are reluctant to pass bad news up the chain, thus keeping information from those who need to hear it in a misguided effort to protect them from losing face." This would be an example of a firm that has become a top-down firm, and again this shows the difficulty of maintaining a balance between hard and soft power. Accordingly, while lean management has the potential to be an example of smart power management, it also tends to veer to hard power management. We now turn to look for smart power management in some very recent studies of management.

Nicholas Bloom's Management Studies

Starting in the middle of the first decade of the twenty-first century, Nicholas Bloom and John Van Reenen began a series of large surveys on measuring the effectiveness of management practices across many countries (see Bloom, Sadun, & Van Reenen, 2017). In Bloom and Van Reenen (2007), they report on a survey of interviews with managers from 732 medium-size manufacturing firms (median size was 675 employees) from the USA, the UK, France, and Germany. They examined 18 managerial practices, which were divided into four different categories: operations, monitoring, targets, and incentives. In Bloom and Van Reenen (2010, p. 207), they note that this evaluation of managerial practices was developed by an international consulting firm, and while they examine the same management practices in all of their later studies, they reduced the categories to three: monitoring, targets, and incentives. In Bloom, Sadun, and Van Reenen (2016), they vary the title of the third category to people management. Regardless of the number or the names of the categories, they explain these different practices in the following manner:

> The operations section focuses on the introduction of lean manufacturing techniques, the documentation of processes improvements, and the rationale behind introductions of improvements. The monitoring section focuses on the tracking of performances of individuals, reviewing performances, and consequent management. The target section examines the type of targets, the realism of the targets, the transparency of the targets and the range and interconnection of the targets. Finally, the incentives section includes promotion criteria, pay and bonuses, and fixing or firing bad performers. (Bloom & Van Reenen, 2007, p. 1361)

The interviewers graded the managers' responses to these questions from one (worst practice) to five (best practice), and then the results were incorporated into a regression analysis with the managerial practices being one of the independent variables of the regression. Bloom and Van Reenen found (2007, p. 1368) that "the management score is strongly positively and significantly associated with higher labor productivity," as well with return on capital employed, Tobin's Q specification (the ratio of market value of the firm to its book value) and the average growth rate of sales. The results show that good management practices lead to better firm performance.

Bloom and Van Reenen (2010) report the result of an even larger survey of management practices using the same methodology as in Bloom and Van Reenen (2007). This second survey was of 5850 firms from 17 countries, with the size of the firms ranging from 100 to 5000 employees. Again they found that "higher management scores are robustly associated with better performance" (p. 212). In addition, the countries with the higher per capita GDP had higher management scores, as the firms in the USA had the highest management scores, while the firms in Portugal, Brazil, India, China, and Greece had the five lowest management scores. Finally, in a more recent paper, Bloom, Sadun, and Van Reenen (2016) confirm all of the initial results in an even bigger survey of 11,000 firms in 34 countries. These results are

further evidence of a positive correlation between economic growth and good management.

In a switch from the survey evidence, Bloom, Eifert, Mahajan, McKenzie, and Roberts (2013) report on a management field experiment of 17 Indian textile firms. The firms were split between 11 firms that were offered intensive free management consultant services, while the remaining 6 control firms had limited services from consultants. The results of this experiment confirm the survey evidence. Productivity increased by 17% in the first year for the firms that had the more intensive management consulting, and 3 years later, these firms were expanding by opening more factories.

Altogether, all of these studies demonstrate that management matters, but what type of management? In an interview, Bloom explains what his research shows is good management:

> There are really two core elements of what we define as good management. One is monitoring, the idea that you measure everything that happens in the factory, and when you find a defect, you act on that. It's very data intensive. And the other part is about incentive. That is more classic, the idea that you promote and reward good employees and you deal with underperformers: You retrain them, move them, or eventually kick them out…… Our research finds that structured management is a strong predictor for growth and survival. (Klotz, 2016)

In this interview, Bloom basically adopts Taylorism as the best management process. Accordingly, Bloom, just like Taylor, is more in consonance with hard power and not soft power. This is stated more explicitly in Bloom, Sadun, and Van Reenen (2012, p. 176), where the authors argue that US information technology firms are more productive than European information technology firms since "US firms tend to be more aggressive in promoting and rewarding high performing workers and removing underperforming workers." Also, just like Taylor, Bloom argues that good management, as he defines it, is good for the workers. Again in the interview he states:

> And in spite of the micro-level of employee monitoring we can now engage in, we find that people generally like working for firms that recognize effort and performance. This is something I've looked at in other research on work-life balance and management practices. Most people prefer to be somewhere where the boss seems to appreciate hard work and promotes based on performance and ability rather than office politics. So often employees are typically happier in these well-managed environments. There are concerns over it, but on net it seems to be a better way to operate. (Klotz, 2016)

Bloom's fascinating set of research is then an affirmation of hard power management, though it is unclear how hard or "aggressive" he believes managers need to be. Yet, of course, one could question his conclusion since his surveys did not deal with questions involving worker's involvement in the decision-making process of the firms, and if these questions were added to the list of questions, then maybe the results would indicate a need for a more nuanced smart power management as opposed to hard power management.

In our search to find evidence of smart power management in the economy, we have reviewed Toyota's system of production, lean management, which seemed to

be a promising candidate for smart power management, and the studies by Bloom and his cohorts on management, which is a less promising example of smart power management. We now turn to look at one of the most successful companies in the USA in the last 25 years, Amazon, to see if their management practices accord with the idea of smart power management.

Amazon

In the 1980s and the 1990s, the retail book industry in the USA had become highly concentrated. The independent booksellers, who previously had been the major sellers of books, were being pushed out by large bookstore chains, such as Barnes & Noble, Borders, and a few others firms, and it seemed that these large chains were going to be the dominant firms in the market for the foreseeable future (Bekken, 1997/98). However, the Internet was shortly going to upend these large firms.

In 1994, Jeff Bezos saw the potential of the Internet which was just in its infancy. He quit his job in finance to found a company, Amazon, to sell books on the Internet since he realized that even the large bookstore chains did not stock that many books in each store, which could give a seller on the Internet an advantage since they could list many more books (Packer, 2014). The Amazon website began to function on July 16, 1995, and almost immediately, sales began to pour in (Brandt, 2011). Since then Amazon has branched into numerous fields selling clothing, toys, electronic products (e.g., the Kindle, first released in 2007), music, videos, grocery products, and even cloud service. In 2014, *The Economist* (2014) noted that it was estimated that "Amazon now carries 230 million items for sale in America—some 30 times the number sold by Walmart, the world's biggest retailer." By 2016, Amazon was listed in top ten most valuable firms in Fortune 500 (Gandel, 2016), and in 2017 it is expected to pass Macy's to become the top seller of clothing in the USA (Wingfield, 2017).

The phenomenal success of Amazon is in large part due to Bezos' strategic decisions, as, for example, his and the company's devotion to consumer service and their long-term investment strategy in developing products. Has the firm's management style also contributed to the firm's success? Amazon's management style was described in a lengthy expose in *The New York Times* by Jodi Kantor and David Streitfeld (2015). They report:

> At Amazon, workers are encouraged to tear apart one another's ideas in meetings, toil long and late (emails arrive past midnight, followed by text messages asking why they were not answered), and held to standards that the company boasts are "unreasonably high."… "This is a company that strives to do really big, innovative, groundbreaking things, and those things aren't easy," said Susan Harker, Amazon's top recruiter. "When you're shooting for the moon, the nature of the work is really challenging. For some people it doesn't work." Bo Olson was one of them. He lasted less than two years in a book marketing role and said that his enduring image was watching people weep in the office, a sight other workers described as well. "You walk out of a conference room and you'll see a grown man covering his face," he said. "Nearly every person I worked with, I saw cry at their desk."

The Economist ([2015](#)) in their analysis of the expose noted that the description of Amazon showed that "Taylorism is thriving. The article claimed that the internet retailer uses classic Taylorist techniques to achieve efficiency: workers are constantly measured and those who fail to hit the numbers are ruthlessly eliminated, personal tragedies notwithstanding" (p. 63). *The Economist* calls this version of Taylorism, digital Taylorism, and notes that "the reaction to the Times piece shows that digital Taylorism is just as unpopular as its stopwatch-based predecessor" (p. 63).

The report generated many responses, and the most prominent person to respond was Jeff Bezos himself. In a letter to Amazon employees, Bezos wrote:

> It (the article) claims that our intentional approach is to create a soulless, dystopian workplace where no fun is had and no laughter heard. Again, I don't recognize this Amazon and I very much hope you don't, either. More broadly, I don't think any company adopting the approach portrayed could survive, much less thrive, in today's highly competitive tech hiring market. The people we hire here are the best of the best. You are recruited every day by other world-class companies, and you can work anywhere you want. I strongly believe that anyone working in a company that really is like the one described in the NYT would be crazy to stay. I know I would leave such a company. But hopefully, you don't recognize the company described. Hopefully, you're having fun working with a bunch of brilliant teammates, helping invent the future, and laughing along the way. (Mac, [2015](#))

Bezos' response that the work should be fun and the workers should be laughing along the way implies that he wants the workplace at Amazon to be in accord with Theory Y, and this attitude accords with the company's philosophy to encourage workers to contribute new ideas and to develop them. For example, the article by Kantor and Streitfeld ([2015](#)) reports that:

> Stephenie Landry, an operations executive, joined in discussions about how to shorten delivery times and developed an idea for rushing goods to urban customers in an hour or less. One hundred eleven days later, she was in Brooklyn directing the start of the new service, Prime Now. "A customer was able to get an Elsa doll that they could not find in all of New York City, and they had it delivered to their house in 23 minutes," said Ms. Landry, who was authorized by the company to speak, still sounding exhilarated months later about providing "Frozen" dolls in record time.

However, Bezos is not a believer in soft power, as he stated in an interview "Our culture is friendly and intense but if push comes to shove we'll settle for intense" (Anders, [2012](#)).

This combination of tough management with an encouragement for workers to participate and seek inspiration from working for Amazon would seem to be an example of smart power management. Bezos would then be striving to find the balance between rewards, punishment, and worker's participation that workers will enjoy their work at Amazon but not that the firm will be too worker-friendly. Yet, while maybe this is his goal, the expose in *The New York Times* shows the difficulty of this policy that it tends to lapse into cases of hard power with very few cases of soft power. One wonders if Amazon could have been even more successful if they used hard power less and were more employee-friendly. This claim is made in one

of the responses to the expose by an ex-employee of Amazon, named Dan, who had
worked at Amazon for 15 years. Dan wrote:

> Amazon is a great place to learn from fantastically skilled and intelligent people. It's a ter-
> rific place to work on systems on a scale that most companies can't even fathom. It's a
> thrilling place to work if you thrive and love being part of something huge and powerful...
> It's a great place to work if you don't have any interests outside of work and if you're a
> corporate-ladder-climber type. But corporate culture doesn't really promote treating its
> employees like human beings who have feelings and a life outside of work.… I wish Jeff
> Bezos and Company continued success, but I wonder how much more successful they could
> be if they would only show the same kind of obsessive care about their employees as they
> do about their customers. (*The New York Times*, 18 August 2015)

Conclusion

In this chapter we have seen several examples of the connection between successful
management and economic growth. Proponents of Taylorism argue that the adop-
tion of the principles of scientific management helped spur economic growth in the
USA during WWII, and conversely several scholars maintain that Great Britain's
fall as an industrial power in the twentieth century was due to poor management.
Furthermore, it seems that the adoption of the ideas of quality control and lean man-
agement helped Japan grow from after WWII to 1990. This positive relationship
between economic growth and effective management is further supported by the
very large econometric studies of Bloom and Van Reenen (2010) and Bloom, Sadun,
and Van Reenen (2016).

What is good or effective management? The suggestion here is for managers to
find an appropriate mix of the carrot-and-stick approach, hard power, and an
approach that allows workers more participation in their jobs, soft power. We call
the mix of these approaches smart power management and believe that this is an
effective management strategy. It is possible that lean management with the *kaizen*
system is an embodiment of smart power management.

Smart power management is difficult to achieve since it can drift into hard power,
as seems to have happened at Toyota and Amazon, or soft power management, and
there are no set rules for when each type of power works best. Furthermore, even
with effective management, a firm's success is not guaranteed since the resources of
the firm and the circumstances of the market also determine the firm's performance.
Nevertheless, if managers are able to implement the idea of smart power manage-
ment and determine when to use hard and soft power appropriately, then they will
increase the chances that their firm and the national economy will grow.

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Chapter 5
New Ways of Working: From Smart to Shared Power

Laurent Taskin, Michel Ajzen, and Céline Donis

Introduction

While referring to a large – and somehow confused – number of practices and discourses, new ways of working are depicted today as an organizational mix of flexible work practices (focusing mainly on spatiotemporal flexibility), managerial modes (including self-management), and organizational configurations of work (such as autonomous teams), and contributing to make workplace governance more democratic and transparent (Taskin, 2012). A number of factors driving the growth of new ways of working (NWOW) over recent decades have been identified, including the development of enabling technologies (Baruch & Nicholson, 1997), the increased economic importance of knowledge work (Kärreman & Alvesson, 2004), a greater awareness of sustainability and mobility issues (Perez, Sanchez, de Luis Carnicer, & Vela Jimenez, 2004), the increased cost and space pressures (Felstead, Jewson, & Walters, 2005; Neufeld & Fang, 2005), and the employees' desire to adopt them (Baines & Gender, 2003; Manoochehri & Pinkerton, 2003; Stanworth, 1997).

NWOW concern many professional, technical, and clerical occupations in professional service industries of most developed countries, and it is now commonly admitted

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that it involves a qualitative shift away from traditional forms of centralized social organization (bureaucracy) toward a more diffused, fragmented, and emergent set of social relations (see, e.g., Kelliher & Richardson, 2012). To a large extent, the implementation of new ways of working is supported by a discourse on the need for a new "philosophy of management" promoting a more democratic governance, namely, through the deployment of participatory and collaborative management (Taskin, 2012).

Far from this idyllic vision, critical research in management recently reports contrast evidence of such alternative forms of management and organizations, denouncing, for example, new ways of domination (Cheney, Cruz, Peredo, & Nazareno, 2014; Parker, Cheney, Fournier, & Land, 2014; Picard, 2015), and de-skilling and work degradation effects (Taskin & Van Bunnen, 2015). Drawing on several research results, we report that, in many cases, new ways of working are imposed by management – instead of being codeveloped with all the organization's members. So, in order to consider "smart power" at the workplace, we decided to investigate how smart power could help to understand this specific tension in NWOW's governance in organizations.

The contribution of this chapter is twofold. First, it lightens the very notion of "new ways of working" through defining and characterizing the concept and its components. Second, it questions smart power at the workplace level as a possible condition of the effective production of new ways of working, pursuing an ideal of democratizing organization's governance.

The Rise of NWOW: An Idealistic Philosophy of Management, but More of the Same?

New ways of working are associated with a wide variety of work, organization, and management practices and policies, ranging from home-based teleworking to quality management. In this section, we characterize and classify the organization and management practices claimed by *new* ways of working in the scientific and professional literatures – what leads us to identify practices that are not *new*. Then, we isolate what seems to be specific to such NWOW: the discourse that goes hand in hand with them and which advocates a specific vision of the company inspired from the human relations school of managing staff and work, i.e., where employees, management, and employers are partners and trust each other and share a common concern about their well-being, promoting a more transparent and shared corporate governance.

Context of Emergence and Development

For several decades, profound transformations of work have been observed in our societies, like inter alia globalization, digitalization, flexibilization, and individualization. These changes have directly contributed to the emergence of new ways of working.

At a societal level, globalization is a fundamental trend (Huws, 2014) that makes organizational boundaries much more porous but also refers to the financialization of the economy, i.e., the shift in gravity of economic activity from production to finance. But financialization also affects management in producing result management based on financial and performance indicators that are increasingly disconnected from "real" work (lean management and high-performance work systems develop in such context). Alongside this globalized context, the process of digitalization, i.e., the use of digital technologies and of data in order to improve performance by transforming business processes, also constitutes a major challenge for organizations. Information systems, including enterprise resource planning tools and data management, emerged in this context. But such technological development also supported the spread of spatial and/or temporal flexibility practices (like home-based telework, co-working spaces, virtual teams) (see, e.g., Vartiainen, 2006) allowing people to work anywhere, anytime.

Individualization is also characteristic of a major transformation of our society. In the context of work, this has led to the individualization of the employment relationship (Devos & Taskin, 2005; Linhart, 2015) which took part of a shift of responsibility from organizations – through management practices – to workers. Nowadays, being responsible is not only being responsible of both quality and quantity of work but also being responsible for ones' own career and employability. In this context, new ways of working developed as a strategy to be more flexible, adaptable, and responsive to both market requirements and workers' individual demands for inter alia work-life balance or well-being (Geary, 2003; Knights, Thompson, Smith, & Willmott, 1998). But, characterizing NWOW is not painless.

Describing "New" Ways of Working and Finding "Old" Work Practices

This so-called new world of work (in reference to Microsoft's aim to make organizations agile, productive, and collaborative regardless of where workers are and what device they are using[1]) refers to the common willingness to break with traditional ways of working which are associated to rigidity and no longer relevant to the realities of global competition (see, e.g., Holman, Wall, Clegg, Sparrow, & Howard, 2005; Warhurst & Thompson, 1998). Traditional, bureaucratic, top-down forms of organizing work have increasingly been criticized in favor of innovations like employee involvement, high-performance work systems, quality circles, pay-for-knowledge, multiskilling, or teamwork (Geary, 2003; Milkman, 1998).

Whereas a generic definition of NWOW remains debated, authors often agreed on four main components in order to characterize NWOW (Taskin, 2012). First, NWOW is related to the existence of flexible work arrangements and practices

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[1] Note that the acronym NWOW came first from Microsoft's product, https://news.microsoft.com/apac/2016/03/21/hack-your-way-to-the-new-world-of-work-hack-5/#sm.001ttf7hl1djkdbw11gb2 wvwsuurc#3hQU07u5MFbId2Cp.97.

Table 5.1 Review of practices associated to new ways of working

Spatial and temporal flexible work practices	Organizational configurations of work	Participative and collaborative management
Work from home	Semiautonomous and autonomous teams	Knowledge management
Shared desks	Virtual teams	Management by objectives
Clean desk policies	Open space	Project management
Co-working	Network organizations	Collaborative autonomy
Satellite offices		Participative management
Home-based telework (continuous, alternated, or occasional)		Total quality management
Mobile telework		Lean production

Adapted from Ajzen, Donis, and Taskin, (2015)

(mainly spatial and temporal flexible work practices, such as teleworking, shared offices, or co-working – see, e.g., Felstead et al., 2005; Halford, 2005; Tietze & Musson, 2002). Second, it has been acknowledged that such a concept implies the development of participative management (Hennestad, 2000; Hislop, 2008; Laloux, 2014; Silva & Ben Ali, 2010). Third, the implementation of new organizational configurations of work appears as a prerequisite to manage people and work processes in regards to flexible practices (Barker, 1993; Bell & Kozlowski, 2002; Dixon & Panteli, 2010; Wenger, 1998). Finally, the fourth – inescapable – feature is the use of information and communication technologies (Bobillier Chaumon, 2003; Felstead et al., 2005; Huws, 2014; Richter, Meyer, & Sommer, 2006). In summary, NWOW refers to (a) spatial and temporal flexible work practices, (b) specific organizational configurations of work, and (c) participative and collaborative management practices, drawing on the extended use of ICTs. Table 5.1 draws on this characterization and presents a set of practices associated to the new ways of working in the scientific literature. Note that in the flexible types of employment status (like zero-hour contract, temporary work, or self-employed workers), neither neo-Taylorist, de-humanized, nor other *uberized* forms of employment are part of NWOW.

A quick look at Table 5.1 reveals that many of the practices reported there are far from being "new" (see also van Meel, 2011). Management by objectives and other participative management practices have been studied from the early 1950s: one of the first experiences of self-management took place in 1944 in the Brun biscuit manufacturing plant, in France. Similarly, open-plan offices were set up in the 1950s and home-based telework in the early 1970s (Haigh, 2012). So, what is "new" with new ways of working, if any?

Do "New" Ways of Working Lie in a Specific Vision of Work and Organization They Intend to Serve and Promote?

According to Taskin (2012), the "novelty" lies in the fact that a synergistic mix of practices is supported by a discourse carrying a specific philosophy of management, i.e., which promotes a more democratic form of governance in organizations.

Therefore, traditional work and management practices are not just superposed within organizations, but rather constitute *configurations* of NWOW. This involves a coherent grouping of practices, aligned to corporate strategy, and to both internal and external environment of the firm (e.g., institutional context, employment relations pattern, etc.). And, the coherence of this configuration should ultimately derive from the democratization purpose anchored in the *philosophy of management* that is pursued and announced:

> "The new workplace can be defined as comprising a "historical new," i.e., the presence of new working practices, types of HR practices, or bundles of practice, and an "experiential new," i.e., the presence of qualitatively different managerial and employee orientations and experiences of self and work." (Holman, Wood, Wall, & Howard, 2005, p. 5)

In other words, NWOW not only refer to work and management practices within organizations, but propose a specific purpose of what should be organizations: a thoughtful place for the people working in.

Although the notion of "philosophy of management" remains strongly debated and partially unclear, Boncori and Mahieux (2012) mention that management policy choices are based on management models that are ideologically colored. The "philosophy of management" associated to discourses on new ways of working is humanist in nature: the employment relationship would be based on mutual trust, responsibility, autonomy, and transparency, and attention would be granted to workers, their needs, and their well-being (see, e.g., Kelliher & Richardson, 2012; Peters, Poutsma, Van der Heijden, Bakker, & de Bruijn, 2014).

In many respects, the designation "NWOW" may seem abusive and ultimately constitute only new packaging with well-known organizational forms and widely known high-performance work systems (HPWS). This is particularly the case when NWOW is used as a label in order to flag modernity, even though the practices in question are put in place for the sole purpose of increasing productivity and economic and financial performances. This leads companies to claim NWOW while they just offer home-based teleworking 1 day a week to some of their employees, in a surveillance logic where teleworkers have to report their presence every 15 min by clicking on a pop-up. However, in other organizations, new ways of working are set up with the sincere aim of promoting a different vision of work and enterprise, i.e., a more democratic way of organizing. This (limited) democratization process is at the heart of the "liberated enterprise" promoted by Carney and Getz (2009) which resembles a HPWS mold and promotes various participatory and skill-enhancing schemes aiming at including workers in processes and activities that were formerly monopolized by management (Milkman, 1998). Autonomy, power sharing, and the consideration of stakeholders' expectations are thus central in this "philosophy of management."

In summary, new ways of working are more than a synergistic mix of work and management practices in organizations: it refers to particular values established in a "philosophy of management" suggesting, on the one hand, that corporate governance has to be more democratic and that management and work have to be more collaborative-minded and, on the other hand, promoting a vision of an autonomous worker who would become more responsible and trustworthy. The emergence of NWOW is also a sign of the times. NWOW takes place in a particular context, that of collaborative economics (the so-called uberization of the economy and other platforms where

individuals may express their needs and feel autonomous), among other major transformations (i.e., globalization, individualization, or the recent rise of diverse communitarianism). Since NWOW do not only rely on work and management practices but also involve a normative stance anchored in societal transformations, its implementation in organizations cannot be envisaged in a traditional top-down approach, which can be compared to a hard power perspective in the organizational context. This would suggest NWOW are more compatible with soft power approaches.

"Smart Power" at the Workplace

The concept of "smart power" has been recently developed in the field of political sciences where it has been depicted as a combination of "hard" and "soft" power forms. The former refers to the capacity to coerce through tangible threats and pay-offs such as the use of military actions or economic sanctions (Nye, 2004). The latter is more insidious and intangible.

Soft power is "the ability to get what you want through attraction rather than coercion or payments. '…' When you can get others to want what you want, you do not have to spend as much on sticks and carrots to move them in your direction. Seduction is always more effective than coercion, and many values like democracy, human rights, and individual opportunities are deeply seductive. But attraction can turn to repulsion if we appear arrogant or hypocritical" (Nye, 2006, p. 26).

In other words, soft power refers to the ability to shape preferences of others through inducement, attraction, or seduction. In the midst of such an approach, attraction interplays with values. The more the values are shared the more the use of soft power might be effective: "when our policies are seen as legitimate in the eyes of others, our soft power is enhanced" (Nye, 2006, p. 26). In this vein, sources of soft power are always specific to the context.

In a nutshell, the main differences between hard and soft power strategies reside in the type of behaviors and resources developed to reach particular objectives. According to Nye (2004), hard power strategies refer to particular command behaviors such as coercion or inducement. Developing such behaviors involves specific resources such as force or sanctions for coercion or payments and bribe for inducement. Soft power strategies involve particular behavior such as agenda setting or attraction. By removing the use of hard power, the aim is to co-opt more than to command. To do so, soft power strategies play on values and culture to attract and prefer to let institutions set the agenda (Nye, 2004).

Between these two approaches of power was developed the notion of "smart power," originally defined by the American Center for Strategic and International Studies.

This refers to "neither hard nor soft—it is the skillful combination of both. Smart power means developing an integrated strategy, resource base, and tool kit to achieve American objectives, drawing on both hard and soft power. It is an approach that underscores the necessity of a strong military, but also invests heavily in alliances, partnerships, and institutions at all levels to expand American influence and establish the legitimacy of American action" (CSIS, 2007, p. 7).

In an interview for the Harvard Kennedy School, Joseph S. Nye – committed defender of "smart power" approach for diplomatic purposes – explains how smart power is a mix of hard and soft power strategies through an example about the terrorist threat and the position of the United States:

"We had to use force, hard power, against the Taliban government. But when it comes to the broader question of winning over the hearts and minds of the main stream Muslims so that the hardliners cannot recruit them, the situation requires soft power (…) we need to recover the ability to combine our soft power with our hard power if we're going to build the capacity to use smart power" (Nye, quoted in Gavel, 2008).[2]

Smart power then refers to a political approach that involves different means (tangible or intangible actions and coercion or co-opt strategies) to reach particular goals. In order to meet successfully such goals through a smart power strategy, Nye (2011) suggests to question first the expected outcomes, the available resources, and the particularities of the targeted audiences before planning what might be the most successful mix of hard and soft strategies.

At the workplace, this perspective echoes the political – or strategic – approach of actors proposed by Pfeffer (1981) and Michel Crozier (1964) in the 1960s and onward. Actors are considered as possessing resources which they may use in order to influence other's behaviors (especially, their decisions). Power is considered as relational, and it is admitted that some actors have more resources than others, but no one is powerless. In this perspective, actors are not states, and the relations at stake do not take place in the context of diplomacy or international affairs. At the workplace, the actor commonly refers to groups of individuals sharing a same interest within an organization (operators, managers, blue collars, trade union, young workers, etc.), but this also have been transposed to an individual level.

So, at this stage, smart power invites to focus on the way NWOW are implemented in organizations by considering both management practices and discourses. In this perspective, a hard power approach would suggest NWOW are imposed on individuals who are compelled to work differently, whereas a soft power perspective would refer to a situation where NWOW have been made desirable by management, for everyone. In between, a smart power perspective would balance these extremes and offer attractive possibilities to workers opting for NWOW, as well as constraining them who would not conform to them.

Implementing NWOW: Toward an Instrumentalization of a Democratic Ideal

NWOW encompass several configurations of managerial and organizational practices that have to be guided by a democratic ideal. But, how does it actually happen when NWOW are implemented in organizations? Is a smart power approach required to

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[2] This interview was leaded by Doug Gavel (Harvard University) on June 12, 2008. See Gavel (2008). I observe the first one appears twice. You can suppress the second occurrence.

prevent NWOW simply becoming an additional policy of management only seeking to enhance the economic performance of the firm? What kind of management practices is set up to implement NWOW and to what extent are these consistent with the discourse that supports NWOW implementation? In order to answer these questions, we present research results that contribute to illustrate two main paradoxes in NWOW: (1) a *discursive paradox*, due to the risk of promoting a set of management practices that seek to increase productivity (also by reducing costs) in the name of a philosophy of management that promotes inter alia transparency and (2) a *practice-based paradox*, where NWOW are operated in a nonparticipative stance.

NWOW as a Means to Improve Economic Performance

Although NWOW is associated with a positive vision of human at work through participative practices and democratic governance, this is often not an end per se. In a meta-analysis of 162 case studies found in the literature (for details, see Ajzen et al., 2015), we identified four types of justifications to the development of NWOW: economic (productivity, efficiency, profit, etc.), organizational (flexibility, turnover, absenteeism, etc.), social (work-life balance, well-being, satisfaction, etc.), and environmental (traffic jam, pollution, etc.). Economic reasons were a constant to justify the implementation of NWOW practices. In some cases, organizational and social purposes were expressed, whereas environmental ones never did. For the former ones, many cases reveal that if organizational or social factors are targeted as objectives, it is often considered as an intermediary step that will positively affect economical outcomes. This may be considered as a *stupid* functionalistic approach in management (Alvesson & Spicer, 2012) through which social and managerial innovations (like NWOW and its philosophy) are perverted and instrumentalized to maximize economic and financial performances.

As mentioned earlier, if NWOW practices are not so "new," their association to the underlying management philosophy we mentioned earlier really is. Therefore, developing soft power strategies might be related to more transparency on the expected outcomes. Making NWOW desirable through the use of soft power strategies would involve to work on shared values by giving more opportunities to employees to engage in more democratic and participative governance systems.

As mentioned above, smart power is an approach that combines both hard and soft power strategies. In the case of NWOW, the soft power approach is more likely to refer to discourses aiming to enroll workers into new ways of working by different means such as attraction or seduction. However, as Nye (2006) mentions "attraction can turn to repulsion if [it] appear[s] arrogant or hypocritical" (p. 26). Workers are not dupes. Quite the opposite, as pointed by Cushen and Thompson (2012), workers are perfectly aware of internal tensions between expected outcomes and the underlying managerial rhetoric that aims to make NWOW desirable, for everyone. Many studies have shown how workers are able to resist strategies when such inconsistency appears (e.g., Bélanger & Thuderoz, 2010; Courpasson, Dany, & Clegg, 2012).

Table 5.2 Workers' participation in implementing NWOW practices

	Not involved	Involved through workers' representatives	Involved by means of task forces	Involved by means of a questionnaire
Management by objectives	41.3%	8.3%	46.5%	11.1%
(Semi)autonomous teams	0.9%	2.6%	65.2%	3.5%
Participative management	20.0%	5.0%	74.5%	13.2%
Virtual team	62.1%	1.9%	36.9%	1.9%
Open space	61.5%	5.4%	31.7%	7.2%
Shared desks	63.8%	3.0%	30.2%	9.0%
Knowledge management	34.3%	3.3%	56.9%	12.8%
Telework	59.8%	11.2%	24.9%	12.9%
NWOW	*43.0%*	*5.1%*	*45.9%*	*9.0%*

Source: Taskin and Ajzen (2015)

Trying to further explore the combination of soft and hard power in the implementation of NWOW, and to statute on the smart power perspective in the context of NWOW, we propose to investigate the specific question of employees' participation. Our assumption is that the implementation of participative management practices should not be accompanied by forms of hard power.

NWOW as a Managerial (but Not Too) Participative Project

In 2013, we conducted a survey among 481 Belgian companies with the intention to question the link between NWOW and the sustainable organizational performance. Among many results, this research provides some evidence regarding the level of workers' participation in the implementation of NWOW practices (Taskin & Ajzen, 2015). Each respondent had to choose among the four following options (not involved, involved through workers' representatives, involved by means of taskforces, involved by means of a questionnaire). Table 5.2 shows the percentage of each option for each NWOW practice. Multiple answers were allowed.

Some NWOW-related practices have reached a high level of participation through working groups such as the participative management (74.5% – Fortunately!) and (semi)autonomous teams (65.2%). By contrast, other practices were often implemented on a strictly top-down tradition. This was particularly the case for telework practices (60%), open space (61.5%), virtual teams (62.1%), and shared desks (64.8%). One explanation might be that latter practices are more often implemented for performance purposes, whereas (semi)autonomous teams and participative management practices are more related to the organization of work.

However, in cases where workers where involved through their representatives or by means of a questionnaire, we do not have information on to what extent answers were taken into consideration or how the involvement of worker representatives is limited to an information and consultation procedure or rather to a negotiation between social partners.

Notwithstanding the poor level of workers' participation, in the implementation of some NWOW-related practices, some results are particularly surprising. Whereas the philosophy of management underlying NWOW promotes a more democratic and participative approach, some NWOW-related practices seem to be mainly imposed by the management. In other words, the implementation of some NWOW-related practices is led by hard power strategies, by means of command and coercion. In this vein, NWOW's democratic ideal seems to be perverted and instrumentalized (Ajzen et al., 2015). However, power studies in the field of organization sciences show how actors will appropriate the rules in the production of specific uses, practices, collective strategies, and routines (see, e.g., Reynaud, 1979; Courpasson, 2000; Crozier & Friedberg, 1977 or Taskin & Edwards, 2007, in the specific context of NWOW). To conclude this point, developing a hard power strategy to implement NWOW would be, on the one hand, inappropriate regarding power issues that take place in organizations and, on the other hand, inconsistent with the NWOW philosophy of management.

Discussion

These two illustrations show the impressive capability of management to *functionalize* a social innovation including, in the context of NWOW, its *philosophy*. The "smart power" discussion we proposed in this chapter in fact shows some inconsistencies in the combination of hard and soft power perspectives in the specific context of NWOW implementation.

The illustrations above lead us to identify organizational (and managerial) paradoxes (Smith & Lewis, 2011) in the implementation of NWOW and in the "smart power" perspective we adopted. A first paradox refers to the participatory character of NWOW. While trust, democratization, and transparency are at the heart of the NWOW's philosophy of management, we reported that a large number of organizations implementing NWOW did it in an autocratic way. A second paradox draws on more qualitative research and illustrates the inconsistency that was observed between NWOW's philosophy of management, perfectly transposed in managerial discourses on empowerment, and the ultimate purpose associated to them (in many cases, being more productive and saving costs).

The smart power approach, as developed in the political sciences field, suggests considering a mix of hard and soft power strategies (Nye, 2011). Nevertheless, we show that juxtaposition of hard and soft power strategies would be inappropriate in the case of NWOW. This is consistent with Nye's work (2011) which describes smart power as a comprehensive approach more than a sum of

strategies. Hence, a smart power strategy would require a more integrated strategy based on more transparency about the goals an organization pursues when implementing NWOW. As said earlier, workers might be aware of the purposes and the consequences of their implementation; they also might take part in this process in order to develop organizational shared values and express their views if these practices are not appropriate for their particular work context. In this regard, the smart power approach adopted here reminds us that HR and management policies are the result of a social process "involving choice and often negotiation between management and labour" (Edwards & Wajcman, 2005, p. 25). One cannot impose on employees a willingness to cooperate, to trust each other, and/or to take part to the decision process. In order to illustrate what Edwards and Wajcman (2005) call "negotiation," we refer to Burawoy (1979) who claimed that negotiation among workers is inevitable when the rules of the game are externally imposed. Moreover, far from the "power" issue we discussed in this chapter, recent studies report that NWOW may shape organizational and professional identities.

Conclusion

New ways of working are made of a large variety of seemingly traditional management and organizational practices such as teamwork, telework, or self-management, as well as of a specific philosophy of management that promotes trust, responsibility, autonomy, and a more democratic corporate governance. This chapter has shown how the "new" character of NWOW, i.e., its philosophy of management, was set aside, to the benefit of traditional management and work practices. Paradoxically, a managerial innovation that should promote a shared governance of the firm has the consequence of achieving the opposite effect. As several critical research have shown, NWOW practices (as listed in Table 5.1) may lead to increase disciplinarization, surveillance, de-skilling, and work degradation (see, e.g., Proenca, 2010; Stohl & Cheney, 2001; Taskin & Raone, 2014; Taskin & Van Bunnen, 2015), far from the purpose of promoting responsibility, transparency, well-being, or trust.

In line with this field of research, this chapter has brought several examples of how NWOW are perverted and instrumentalized to maximize economic and financial performances. This calls for further consideration. For example, to what extent the performance concern is really compatible with such philosophy of management that promotes empowerment, autonomy, and emancipation? This question does not require removing the performance debate from the NWOW discussion but rather to consider other performance issues apart from the economic and financial ones by reintroducing elements such as well-being, work-life balance, autonomy, humanization at work, the feeling to be empowered, or the "in-role" performance. By saying that, it becomes clear that implementing NWOW cannot be reduced to a speculative calculation. For instance, empowering the workforce or developing working conditions that promote a better balance between work and family does not follow

the market laws (see financialization discussed above). In this context, investing in work organization and workers may require reconsidering performance from a long-term perspective (Taskin & Ajzen, 2015).

Another issue this chapter raises is that implementing NWOW is not just about practices, but it is also related to the ways practices are implemented. According to the research results presented here, many NWOW are implemented in more auto-cratic ways. It is as if participative management tools were imposed to workers or as if autonomous teams were developed with a low level of discretionary power. Quite the opposite, NWOW suggests renewing the traditional approach to corporate gover-nance (owners delegate the management to (top) management, which is responsible for meeting performance targets that have been assigned – this is a purely top-down relationship). Fundamentally, by promoting trust and workers' participation in deci-sion-making, NWOW invites a revisit to the traditional governance of firms through, ultimately, sharing it. But the research we conducted and reviewed in this chapter did not focus on the ability of such organizational innovation to modify the traditional corporate governance norms; their focus was on the way NWOW were implemented in organizations. So, the description of this managerial project in a soft or hard power perspective strongly depends on the organizational context (including power distri-bution, organizational control modes, and the division of labor) and does not allow assessment of the effectiveness of NWOW (e.g., while high teleworking adoption rates may suggest the success of telework, it may be imposed and create much of tensions, far from attesting of a transparent, comanaged firm).

To conclude, we do not think the soft or hard power perspectives can explain much of this conundrum. We do think the object of this power relation is misplaced, from a smart power perspective. We suggest research investigating smart power issues at the workplace should consider macro- and meso-phenomena (like gover-nance) instead of focusing on organizational projects (at a micro level). Indeed, political sciences have shown their ability to study the regulation processes at meso- and macrolevels, namely, drawing on neo-institutionalism. Among the possible research avenues we would like to mention are the perspective of investigating the transformations of corporate governance of public, not-for-profit, or for-profit orga-nizations through the lenses of soft-smart-hard power seems especially promising. This suggests we consider corporate governance as being subject to multiple insti-tutional influences, while also being coproduced by organization members.

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Chapter 6
Positive Psychological Capital: From Strengths to Power

Edna Rabenu

> *"Where there is no hope in the future, there is no power in the present." (Daft, 2015a, p. 394)*

Overview

This chapter explains the importance of developing psychological resources in order to establish a manager's smart power and his/her effective influence on subordinates.

Therefore, this chapter:

- Reviews definitions of power in general, smart power in particular, and influence. A refined resource-based definition of power is suggested.
- Describes the changes in the workplace that necessitate moving toward smart power while widening managers' resources. The changes are divided into two categories: changes in the structure of workplace (such as flatter organizational hierarchies, working in teams, global workplace, and moving toward freelancers' markets) and changes in the workers' characteristics (such as a growing number of knowledge workers, entrance of Y-generation employees to the workplace, and cultural diversity of employees).
- Presents a process model in which psychological capital (composed of self-efficacy, optimism, hope, and resilience) is a key element of managers' power circuit. Psychological capital increases managers' power and their ability to influence employees. While increasing their own power, managers increase their employees' power. As a result, the performance of the entire unit improves and leads to subsequent increase in the manager's power and so forth.
- Clarifies the interaction between psychological capital and smart power and recommends it as a recipe for managers who can succeed in the world's future job challenges.

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On August 1914, Ernest Shackleton and his crew set sail on the ship "Endurance" on the way to cross Antarctica. By the beginning of 1915, "Endurance" had become trapped in the Antarctic ice, and after several months this ship was crushed and sank, not before the men abandoned it. They camped on an ice floe exposed to freezing cold and dark of an icy wilderness (Huntford, 1985).

This is only the start of one of the greatest survival stories in history. Against all odds, after almost 2 years, the entire crew was rescued alive. Since then, Shackleton has been a symbol of leadership. As a leader of three Antarctic expeditions, Shackleton was known for his optimism ("Optimism is true moral courage," Shackleton as cited in Alexander, 1998, p. 90) and kept the crew's high morale throughout the journey. Also, he demonstrated high resilience ("Difficulties are just things to overcome after all," Shackleton as cited in Huntford, 1985, p. 261), hope to return the crew home safe and sound in every possible way ("but there was hope, of course; with Shackleton there usually was," Huntford, 1985, p. 40), and confidence in his and the crew's ability to succeed in the mission of returning home (Huntford, 1985), namely, self-efficacy. Hence, Shackleton had high positive psychological capital (i.e., self-efficacy, optimism, hope, and resilience). It is important to emphasize that the situation in which Shackleton found himself was not caused by excessive risk-taking behavior on his part. On the contrary, he was able to withstand the excessive risks that were imposed on him, thanks to his positive psychological characteristics. Those strengths or capacities helped him to establish his power as a leader and greatly influenced and strengthened his crew. Although Shackleton's story refers to leadership in extreme conditions, this chapter will explain how positive psychological capital is applicable to contemporary management. To elaborate, this chapter examines the relationship between psychological capital and power while focusing on the interaction between psychological capital and the concept of smart power.

Definitions of Power and Influence

Power

Power is mainly an ability to do something when we want to do it (Murphy, 2011). It is efficacy and capacity (Kanter, 1979). In the literature, there is a distinction between "power over" and "power to": "power to" (or personal power) refers to striving for one's own agency capacity to carry out action, namely, self-control. Conversely, "power over" (or social power) refers to gaining dominance over others or controlling others. It stems from interpersonal, relational power (Overbeck, 2010). In this chapter we focus on social power since the essence of managers' power regarding their employees is social ("power over") (Lammers, Stoker, & Stapel, 2009). Therefore, social power is the potential to influence others via different psychological ways (French & Raven, 1959). Accordingly, Dahl (1957) defined

power as the ability of A to compel B to do something. A recent definition of power expands the former ones by emphasizing that power is not only defined in terms of relationship (Overbeck, 2010), but is part of every relationship and is found in everyday actions (Keltner, 2016). Accordingly, Keltner (2016) defined power as "the capacity to make difference in the world, in particular by stirring others in our social networks" (p. 3).

In order to define power while regarding its source, the resource-dependent theory (Pfeffer & Salancik, 1978) defined A as having power if A possesses a resource on which B is dependent (and cannot substitute it). Namely, A's power does not rely on the absolute value of resources possessed by A, but on the resource dependence of B (Emerson, 1962). The resource-dependent theory belongs to the quantitative capacity perspective of power claiming that what determines social power is the relative amount of one's resources and attributes compared to those of others (e.g., Guinote & Vescio, 2010). That is to say, asymmetrical possession of diverse capitals creates power differences (Guinote & Vescio, 2010). Accordingly, Sturm and Antonakis (2015) defined power as "having the discretion and the means to asymmetrically enforce one's will over others" (p. 139; see also for review of power definitions). Keltner, Gruenfeld, and Anderson (2003) defined power as "an individual's relative capacity to modify others' states by providing or withholding resources or administering punishments" (p. 5). The resources, according to Keltner et al. (2003), can be both material (e.g., food and money) and social (knowledge, affection, friendship, decision-making opportunities), and so the punishments can be material or social.

In this chapter, it is proposed to adopt a refined resource-based definition of power. This definition is inspired by the conservation of resources (COR) theory (Hobfoll, 1989, 2001). COR theory claims that people are motivated to obtain, retain, and protect their resource reservoirs. Resources are defined as "those objects, personal characteristics, conditions, or energies that are valued by the individual or that serve as a means for attainment of these objects, personal characteristics, conditions, or energies" (Hobfoll, 1989, p. 516). Therefore, social power may be defined as the possession of resources valued by others and/or needed by them (as a means for attainment of valued resources), in a specific context. This refined definition enables an understanding of the nature of the dependency of B on A's resources. Moreover, it is worded according to B′s point of view and in positive terms ("value") or neutral ones ("need") versus ones with a negative tone (e.g., punishments, enforce, compel). This definition emphasizes the quality of the resources – their value in the eyes of B. Therefore, it can also include psychological resources (such as psychological capital), on which we focus. Last, the rationale of this refined resource-based definition perfectly fits the concept of smart power (will be explained ahead).

According to the definitions above, power can be seen as belonging to A (usually the manager) but not only to A. B (usually the subordinate) has power too (Ailon, 2006). Actually, since everyone has some kind of resources, every human being has power (Keltner, 2016). Even children have power over their parents (e.g., they can emotionally manipulate them to get something they want). Therefore, in the work-

place, the managers and employees have power. Accordingly, Giddens (1984) stated that the dependent (i.e., B) owns resources that can influence the manager. For example, subordinates can form alliances in order to resist management power.

It is important to notice that A's power depends on B's willingness to be influenced by A (Keltner, 2016). A's power is not grabbed, but ratified by the consent of the subordinates (Keltner, 2016; Overbeck, 2010). In other words, managers' power does not derive only from their personal ability and skills, but from the perception of their subordinates. "Power is a property of the social relation; it is not an attribute of the actor" (Emerson, 1962, p. 32). Subordinates' perception may change according to culture (Popper, 2012). The cultural context affects the appraisal of the quality of managers, since like heroes, they are behavior models in a specific culture (Hofstede, Hofstede, & Minkov, 2010). Also, the perception of subordinates may change according to time (Popper, 2012). For example, British Prime Minister Winston Churchill was appreciated for his mental strength and courage during World War II but was defeated in the 1945 elections (after the defeat of the Nazis, but before the end of the war with Japan) when peace processes were on the agenda.

Sources of Power in Organizations

Managers' social power is critical for desirable outcomes, such as subordinates' commitment and satisfaction with their superior (Gupta & Sharma, 2008), organizational commitment (Pierro, Raven, Amato, & Bélanger, 2013), and less stress and burnout (Bélanger et al., 2016). Basically, power in organizations "is the ability to mobilize resources (human and material) to get things done" (Kanter, 1979, p. 65). Namely, power enables managers to move the organization toward accomplishments.

Managers' power can be categorized according to the source of power: whether their power stems from *personal* characteristics (such as unique expertise or charisma) or from their *position* in the organization (such as legitimate authority derived from institutionalized roles or flexibility to exercise one's judgment in the position; see Pfeffer, 1997). This chapter focuses on personal characteristics since it deals with the manager's psychological strengths (self-efficacy, optimism, hope, and resilience) as a source of power.

French and Raven (1959) identified five potential resources available for agents or power figures, such as managers, in organizations: *coercive power*, based on fear of threat of punishment; *legitimate power*, draws on one's formal authority imbued by the organizational structure; *reward power*, promise of rewards and compensation; *expert power*, based on one's superior knowledge; and *referent power*, based on identification with a charismatic power agent as a role model.

After French and Raven (1959) exhibited their bases of social power, researchers listed some more bases of power, for example, information/knowledge, good working relationships, personal skills, smart agendas for action, resource network, and good track records (Kotter, 2010).

It should be underlined that power bases are often used in parallel and might overlap (such as referent power and expert power) (Podsakoff & Schriesheim, 1985). Therefore, the combination of bases may be more important than specific ones.

Smart Power

Smart power is defined as "the capacity of an actor to combine elements of hard power and soft power in ways that are mutually reinforcing so that the actor's purposes are advanced effectively and efficiently" (Wilson, 2008, p. 115). Hard power includes using coercion and reward bases of power (built on "sticks" and "carrots") (Nye, 2004). The coercion bases of power reflect a small amount of freedom or autonomy given to the subordinate in choosing whether to comply with the manager. Soft power is the ability to get what one wants through persuasion or attraction rather than coercion (Nye, 2004). It provides employees with more autonomy in choosing whether to comply (Bélanger et al., 2016; Nye, 2009). The ability of a manager to attract employees and establish their preference stems from his/her intangible assets such as credibility, an attractive personality, and moral authority (Nye, 2004). "Enduring power hinges on doing simple things that are good for others" (Keltner, 2016, p. 35). Therefore, soft power includes bases such as referent power and expert power (Nye, 2004). The attraction to cooperate stands on shared values and the commitment to achieve them (Nye, 2004).

As said before, the combination of resources of both soft and hard power tactics generates smart power (Nye, 2009).

Smart Power and the Refined Resource-Based Definition of Power

The concept of smart power corresponds fully with the refined resource-based definition of power. This definition requires A's resources to be valued by B, so that A is able to attract B to join him/her in order to act according to shared values. Using expressions like "compel" (e.g., Dahl, 1957) or "enforce" (e.g., Sturm & Antonakis, 2015) in the definition of power does not reflect the entire concept of smart power, since it does not refer to the possibility of attraction (soft power). Certainly, the refined resource-based definition includes references to hard power. For example, in the case of rewards, A can stir B since B wishes to gain valued or needed rewards from A. Regarding coercion, A compels B to do what A wants, since B fears losing the ability to gain valued or needed resources that A possesses and/or because B worries about losing B′s valued resources in the relationship with A.

The aim of this chapter is to demonstrate how using psychological strengths or resources such as self-efficacy, optimism, hope, and resilience contributes to gaining smart power as reflected in this refined definition of power.

Influence

Management is defined by responsibility for the performance of the teamwork, done by exerting influence (Hill & Lineback, 2011). Influence is the result of the individual's actions on attitudes and behavior of others (Daft, 2015b). It is the outcome of power (Sturm & Antonakis, 2015); therefore, if a manager has power, he/she can influence others (but does not necessarily do it). However, if a manager does not have power, he/she cannot influence others.

Sources of Influence in Organizations

Yukl and Tracy (1992) identified nine influence tactics used in organizations, later expanded into eleven (Yukl, Seifert, & Chavez, 2008): *rational persuasion* (logical reasoning and factual evidence), *consultation* (asking the influence target to propose ways for improvements), *inspirational appeals* (appeals to the values, ideals, or emotions of the influence target), *cooperation* (offering help or resources on condition of carrying out the request), a*pprising* (showing the benefits), *ingratiation* (using praise and flattery), *personal appeal* (as a personal favor), *exchange* (offering benefits if the target acquiesces to requests), *legitimating* (possessing the authority to make this request), *pressure* (the influence agent employs demands, threats, and frequent checking), and *coalition* (recruiting the help of others as a means of exerting influence).

After clarifying the definitions of power and influence, the next section will describe the changes in power and influence happening in today's workplace. Those changes increase the need of managers to move toward the perception of smart power in order to influence their subordinates more effectively.

Changes in the Workplace that Challenge Managers' Power and Influence

The organization's external environment has changed. In the twenty-first century, most industries face more dynamic (namely, frequently changing and unpredictable) and complex environments – sometimes called VUCA (volatility, uncertainty, complexity, and ambiguity; Bennett & Lemoine, 2014, Whiteman, 1998). Accordingly, changes have occurred in the structure of the workplace and in the characteristics of the workers. These changes in the workplace necessitated and led, to some extent, to changes in the power distribution in organizations.

Changes in the Structure of the Workplace

The VUCA workplace required changes in the organizational structure in the direction of an organic structure that involved teamwork, information sharing, decentralization of decision-making, and a looser hierarchy of authority (Daft, 2015b).

Regarding teams, 50% of the US workforce works in teams (Keltner, 2016, p. 36). Overall, the rising tendency to work in teams and not individually (Daft, 2015b) might strengthen the power of the group vis-à-vis the manager. Employees become accountable to their teammates and to themselves rather than to a relatively distant manager (Houghton, 2010).

Moreover, today's organizations are often global. Therefore, a significant number of long-distance global managers need to interact with their subordinates by remote control, while their ability to use face-to-face communication decreases. As Whetten and Cameron (2010) claimed: "Some relationships can be created electronically, but meaningful relationships based on trust are the exceptions rather than the rule" (p. 261). Accordingly, the opportunity to consolidate relationships between managers and subordinates, necessary to build power (especially soft power), may decrease.

Furthermore, the organizational hierarchy often becomes flat, with few levels of management (especially middle managers) (Whetten & Cameron, 2010, p. 309). Where the hierarchy is flat, each manager may be responsible for more employees but interact with them less. This state of affairs may challenge the managers' power and the ways they exert influence.

Last, the market has become a freelancers' market (Weil, 2014). Neuner (2013) contends that by 2020 more than 40% of the US force will be freelancers. More and more workers are not part of the organization, sometimes working for a number of employers simultaneously. Therefore, they might be less committed to or influenced by the managers in the client organization.

Changes in Workers' Characteristics

In a VUCA workplace, organizations need employees with sophisticated resources such as deep knowledge and creativity. Consequently, "knowledge workers" emerged – workers that have a high degree of knowledge, which enables them to succeed in their job tasks that generate, distribute, or implement knowledge. These workers comprise at least one quarter of the US workforce (Davenport, 2013). Such employees are self-directed and need high autonomy (Davenport, 2013; Pink, 2009). They are not willing to accept authority regarding the way the work is performed (Davenport, 2013). The need for knowledge workers to be autonomous is felt particularly in workplaces that develop cutting-edge technologies. Knowledge workers' need for autonomy may challenge the way managers influence them. Moreover, in a single path career system, as managers rise through the managerial

hierarchy, they move away from professional expertise hierarchy. Especially in high tech, these managers are no longer "hands on" and therefore often are not familiar with new technologies and/or lack the relevant technical skills. Therefore, knowledge workers may have expert power, sometimes more than their superiors do. Furthermore, many businesses need to attract and retain key talents (Chen, 2011; Pfeffer, 2001), and those talents possess expert power. All those expert employees may challenge the expert power of the manager.

Furthermore, the entrance of Y-generation employees (born after 1980; also called Millennials) into the workplace is challenging to managers. Gen Y employees tend to question rules in the workplace (Gursoy, Maier, & Chi, 2008) and are likely to challenge workplace norms regarding employee-supervisor relations (Gursoy et al., 2008; Myers & Sadaghiani, 2010). This may affect their perception of the managers' power.

Additionally, current organizations embrace diversity because of its potential to increase productivity and competitive advantages (Lockwood, 2005). Sometimes organizations recruit diverse workers because they have to obey legislation and regulations such as equal opportunity initiatives. Therefore, modern managers manage employees of different ages, gender, ethnicity, sexual orientation, and disabilities. Those groups may have different needs that should be recognized and met in order to motivate the workers and to create mutual satisfaction for employees and the organization. Managers may find themselves required to sustain relations and attract and/or reward employees while recognizing noticeable differences in values, norms, or customs.

Undermining Traditional Forms of Authority Necessitates New Power Resources

It appears that the changes in the workplace, to some extent, undermined the balance of power that existed between managers and subordinates. Today, the power is distributed all over the network (Keltner, 2016). In general, subordinates have more power than they used to have, but the power of managers did not increase at the time. Sometimes it seems as if managers' power has even decreased, since the hard power (such as coercive base of power) is less effective in today's workplace. According to Pink (2009), the system of "carrots" and "sticks" is no longer effective and needs an urgent update. Similarly, Zuker (2015) wrote, "These days, *all* managers need to influence their subordinates more effectively. The old style of 'command management' simply doesn't work anymore" (p. 3). In some positions, managers just do not get enough formal authority to do their job (Kotter, 2010, preface). Further, Pines (2011) found that managers indicate lack of power and resources to effect significant impact on the organization and inability to do things as they should be done, as part of the causes of managers' burnout.

In view of the turbulent changes in the workplace, managers must develop a wide repertoire of power bases, both soft and hard, namely, smart power (Nye, 2009), in order to influence effectively.

Four psychological resources are suggested as important for the generation of smart power: self-efficacy, optimism, hope, and resilience, together called psychological capital.

Psychological Capital

Psychological capital is a multifaceted construct that was identified in 2004 (Luthans, Luthans, & Luthans, 2004; Luthans & Youssef, 2004). It was developed from the concept of positive psychology. Specifically, it stems from the positive organizational behavior field, which studies human resource strengths and psychological capacities that contribute to performance improvements in the workplace (Luthans, Youssef-Morgan, & Avolio, 2015).

Psychological capital (in short PsyCap) is defined as "an individual's positive psychological state of development, that is characterized by (1) having confidence (efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success" (Luthans et al., 2015, p. 2)

The whole PsyCap construct may be greater than the sum of its parts (self-efficacy, optimism, hope, and resilience; Luthans et al., 2015). In the organizational context, PsyCap was shown to be positively related to job satisfaction, well-being, mental health, and employee performance (Avey, Reichard, Luthans, & Mhatre, 2011; Krasikova, Lester, & Harms, 2015; Luthans et al., 2015; R, Yaniv, & Elizur, 2016; Siu, 2013). PsyCap was found to be negatively related to stress, turnover intensions, burnout, anxiety, depression, negative affect, substance abuse, and counterproductive workplace behaviors (Avey et al., 2011; Cheung, Tang, & Tang, 2011; Krasikova et al., 2015; Roche, Haar, & Luthans, 2014). (For a review, see also Newman, Ucbasaran, Zhu, & Hirst, 2014).

Psychological Capital Capacities (Strengths)

In fact, each of PsyCap's constituent resources has been defined and examined in the past at the individual level, before psychological capital as a multifaceted construct was identified (in 2004).

Self-Efficacy

Self-efficacy is defined as one's confidence about his or her abilities to put in the motivation, cognitive resources, and actions needed to succeed in a specific task within a given context (Stajkovic & Luthans, 1998). Self-efficacious people set high goals for themselves, welcome and thrive on challenges, and persevere in the face of obstacles (Luthans et al., 2015). The higher the efficacy, the more active the efforts are thought to be (Bandura, 1977).

Optimism

Optimism attributes positive events to personal, permanent, and pervasive causes and negative events to external, temporary, and specific factors. On the other hand, pessimists attribute positive events to external, temporary, and specific attributes and negative events to personal, permanent, and pervasive causes (Seligman, 2002). Thus, optimists are positive and confident about their future even when confronted with negative events, while pessimists tend to blame themselves for the negative aspects of their lives and stunt their own growth opportunities (Luthans et al., 2015).

Hope

Hope is defined as "a positive motivational state that is based on an interactively derived sense of successful (1) agency (goal-directed energy) and (2) pathways (planning to meet goals)" (Snyder, Irving, & Anderson, 1991, p. 287). Accordingly, hope is a cognitive state in which an individual sets challenging (but realistic) goals and then reaches out for them with determination and energy (Luthans et al., 2015).

Resilience

Resilience is a dynamic process of positive adjustment or adaptation to adversity (King & Rothstein, 2010; Luthans, Vogelgesang, & Lester, 2006). Resilience also refers to the ability to thrive in a changing environment, not just "survive" (e.g., Avolio & Luthans, 2006; Caza & Milton, 2012). According to Hobfoll (2011), resilience refers to people's ability to withstand the most negative consequences of stressful challenge and remain vigorous, committed, and engaged in important life tasks.

It is important to emphasize that there are additional potential PsyCap capacities such as creativity, flow, gratitude, forgiveness, emotional intelligence, courage, and

authenticity (Luthans et al., 2015; Youssef-Morgan & Ahrens, 2017). However, because of the "short sheet," we will focus in this chapter only on the four current capacities of PsyCap: self-efficacy, optimism, hope, and resilience.

Psychological capital is important as a power resource for three main reasons: (1) It has positive relationships with desired attitudes and outcomes for workers (as mentioned above). (2) Psychological capital is dynamic and can be improved (Luthans, 2002; Seligman, 2002) since it is a psychological state of development, not a personality trait. It deals with "who the individual is" and, in a developmental sense, "who he/she is capable of becoming" (Avolio & Luthans, 2006). (3) It corresponds with the concept of smart power. The ability of a manager to attract employees, namely, soft power, stems from his/her intangible assets such as credibility and attractive personality (Nye, 2004). Psychological capital falls under this category of intangible assets.

The coming sections elaborate the ideas regarding the relationship between PsyCap and power, focusing on smart power.

Psychological Capital and Power

Research regarding the relationship between PsyCap as a construct and managers' power and/or influence is scarce. However, there are a few studies about capacities of PsyCap and their relationship to power. For example, optimism mediates the relationship between power and risk taking (Anderson & Galinsky, 2006), and health professionals' power was related to the self-efficacy of the patient (Buchmann, 1997).

According to these studies and since power leads to positive desirable consequences such as positive affect, cognitive efficiency, and disinhibited behavior (Guinote, 2010; Keltner et al., 2003), it can be conceptually supposed that power may contribute to psychological capital.

Accordingly, in the next sections, how managers' power may contribute to subordinates' PsyCap will be discussed. However, since PsyCap capacities are resources that, by definition, might increase the power of the one that possesses it, the discussion also delves into the process through which PsyCap may increase managers' and their subordinates' power.

PsyCap Makes Managers More Powerful

As will be explained, PsyCap directly contributes to strengthening social power, especially soft power, which is required to build smart power. However, PsyCap also contributes to building social power indirectly through establishing personal power.

PsyCap as a Source of Managers' Personal Power

Following the rationale of the conservation of resources theory (Hobfoll, 1989, 2001), personal power can be defined as the ability to manage one's resources in a way that promotes fulfilling own agency regarding valued resource.

Accordingly, PsyCap may be a direct source of personal power since it is structured from psychological capacities (or resources) that enhance the agency to act. In other words, the capacities of PsyCap promote motivation and effort (Avey et al., 2011), in general (not dependent on a specific situation) (R et al., 2016). Those capacities of PsyCap may result in improved performance. Indeed, a positive relationship between PsyCap and performance was found in many different samples (Avey et al., 2011; Polatci & Akdogan, 2014; Rabenu et al., 2016). In order to demonstrate how PsyCap may be a direct source of personal power, let's take, for example, a manager in her first managerial role. This manager might be frustrated because of her inadequate ability or agency in the job. If this new and inexperienced manager has high hope, she will search for creative ways to "attack" job problems. If she has high self-efficacy, she will set learning goals for herself. If she has high resilience, she will adjust and bounce back despite inevitable failures and continue to act and grow as a manager. Therefore this high on PsyCap manager may gain the competence to carry out her own intended actions better than a lower PsyCap new manager. In other words, she will increase her personal power.

PsyCap as a Source of Managers' Social Power

Social power extends personal power and involves both "power over" and "power to" (Sturm & Antonakis, 2015). As mentioned before, the essence of managers' power is social (Lammers et al., 2009); however, both sources of power are critical to management success.

The next sections explain why PsyCap can serve as a key variable in developing and conserving bases of managers' social power, especially soft power.

Psychological Capital can Develop Soft Power Bases

Managers with high PsyCap (namely, high self-efficacy, optimism, hope, and resilience) may increase their social power through naturally developing "soft" bases of power such as expert and referent. However, it is important to mention that although the chapter discusses an objective possession of psychological capacities, the subordinate's perception of the manager's capacity is the important thing, although it may be independent of the manager's actual capacity (e.g., self-confidence; Sauer, 2011).

Developing Expert Power

In order to establish expert power (one's superior knowledge), one must invest considerable time and effort in acquiring human capital at the highest level. Human capital refers to the individual's abilities, skills, and knowledge often measured by education and experience. It deals with "what the individual knows" (e.g., Felício, Couto, & Caiado, 2014; Hitt & Ireland, 2002; Luthans et al., 2004; Luthans & Youssef, 2004). Pink (2009) claims that mastery is painful since it requires tremendous effort for years. Also, mastery is never fully attained (Pink, 2009) and is therefore a source of frustration. PsyCap can enable acquiring expertise despite the difficulties. Managers high on PsyCap might set challenging goals (such as being an expert) and feel confident in the ability to achieve them (self-efficacy). Those managers act with determination and energy, persevering in the face of obstacles (hope). They also are positive and confident about their future as experts and see the difficulties as temporary and specific (optimism) (Luthans et al., 2015). Nevertheless, today's knowledge and skills may not be valuable tomorrow (e.g., what a manager or an employee knows now is obsolete less than 5 years ahead; Luthans et al., 2015, p. 5). Therefore, if unfortunately managers are at risk of losing their expert power (e.g., because of new knowledge to learn, new organizational demands, or a new specialist who joined the team), their resilience will lead them to withstand the negative consequences and reestablish their base of power.

Developing Referent Power

PsyCap can also lead to managers' referent power, namely, becoming a credible role model for their employees.

In an era when modern challenges leave many people hopeless (Luthans et al., 2015), and the chaotic VUCA workplace is chronically stressful, employees may appreciate a manager who stays heartened. A hopeful and optimistic manager, resilient to adversity, and confident in the ability to succeed may be a credible manager. In order to have hope, one should set future goals, believe in his/her ability to achieve them, and have support and encouragement from others (Lopez, 2013). "The manager/leader must generate excitement, 'turn the people on', and make the entire experience meaningful. The leader must give his followers hope" (Neuschel, 2005, p. 44). Therefore, the essence of Ernest Shackleton's leadership is still needed in today's workplace. However, Beck and Harter (2014) claim that credible managers are rare because most companies promote workers to managerial positions because of their knowledge and experience (human capital), rather than because they have the required capacities, patterns of thinking, feeling, and behaving, appropriate for managers. Therefore, a high PsyCap manager stands out in his/her potentially valued psychological resources, compared to other managers. Of course, the cultural context affects the appraisal of the quality of managers (Hofstede et al., 2010). Thus, PsyCap can be a central source of referent power in the western world,

where the concept of positive psychology is well established. In other cultures, other sources of power might be more significant.

Psychological Capital can Conserve Power Bases

Management is a profession prone to burnout – a state of emotional, mental, and physical exhaustion caused by continuous stress (Pines, 2011). Hill (2003) elaborates the kinds of stressors inherent in the manager's role: (1) role strain (e.g., overload that requires long working hours, the need to make decisions in ambiguity and lack of perfect knowledge, and to compromise among competing interests), (2) negativity (dealing with problem employees, which generates negative emotions), (3) isolation (managers find themselves isolated with not enough supporting relationships), and (4) the burden of leadership responsibility (e.g., the stress of having ultimate authority and responsibility: managing risks, being a role model, and having power over people's life). Managers high on PsyCap can handle and cope better with every source of stress that Hill (2003) mentioned. Westman (2004) found that each coping blend is based on both acquiring new resources and preventing loss of resources. PsyCap is a resource that was found to be a solid foundation essential for coping and affects it significantly (R et al., 2016). Especially, individuals high on resilience promote adaptive coping strategies. They use positive emotions as a strategy for coping with stress over time. That strategy may become automatic to them, thus requiring minimal attention or cognitive effort, which is extremely beneficial to coping (Tugade, 2011). Coping effectively with stress and having meaning in work (i.e., hope) do not allow the stress to become burned out (Pines, 2011). Therefore, high PsyCap may lessen the probability of managers' burnout. It "vaccinates" them against burnout and losing their (cognitive, physical, and emotional) abilities, namely, their power (Murphy, 2011). Indeed, PsyCap was negatively related to stress and burnout (Avey et al., 2011; Cheung et al., 2011).

Psychological Capital can Increase Potential for Gaining Power

According to COR theory (Hobfoll, 1989, 2001), even when stress does not occur, people are motivated to obtain, retain, and protect their resource reservoirs. However, resources do not occur separately but instead tend to aggregate and sustain one another (Hobfoll, 2011). Those with greater resources are more capable to gain future resources (i.e., "gain spirals") and less vulnerable to resource loss (Chen, Westman, & Hobfoll, 2015).

Therefore, it is important to be proactive in resource investment. Accordingly, developing PsyCap enables the manager to acquire more potentially valued resources and abilities, namely, increase his/her power. For example, courage can be enhanced by building self-efficacy (Luthans et al., 2015, p. 229). Managerial courage can be viewed as a virtue contributing to the perception of referent power. It can be argued that self-efficacy might generate a gain spiral that contributes directly and

indirectly (through the mediation of courage) to the development of referent power. Certainly, a manager can feel self-efficacious in one situation but not in another (Keltner, 2016). For example, a manager might feel efficacious supervising his team but less efficacious handling the politics surrounding decisions at the department level. Yet, in general, feeling self-efficacious promotes a sense of agency (Keltner, 2016) and therefore may increase power ("Power is also a state of mind," Keltner, 2016, p. 7), which leads to positive desirable consequences (Guinote, 2010; Keltner et al., 2003). However, feeling incompetent generates a vicious cycle of power failure. First, feeling incompetent promotes aggressive behavior (driven by feelings of ego defensiveness) (Fast & Chen, 2009). Managers that behave aggressively nowadays may harm their ability to attract employees (by soft power bases). Namely, they may become less powerful. As a result, they may feel even less efficacious than before, which leads them to be less powerful. As managers become powerless, they tend to generate bossiness rather than leadership (Kanter, 1979), and therefore they may be vulnerable to greater loss of their soft power bases (difficulties to attract employees). Moreover, since power leads to positive resources (Guinote, 2010; Keltner et al., 2003), those managers may lose potential resources that could be important for them to establish subsequent power.

Another example of the gain spiral is that optimism may enable acquiring relationship enhancement. Srivastava, McGonigal, Richards, Butler, and Gross (2006) found that optimism was associated with better relationship outcomes (between couples): those high on optimism experienced greater overall relationship satisfaction. Also, optimists and their partners saw themselves and each other as engaging more positively in the conflict and as reaching a better resolution. Since power is part of every relationship (Keltner, 2016) and as Schein (2016) depicts, "the reality of work, I suspect, is all about your relationships to people," high optimism helps to at least maintain power if not strengthen it. In addition, Bandura (1997) stated that people are more likely to take collective action if they have strong social ties (and higher social status). Therefore, managers with greater optimism are more capable of gaining future resources (i.e., "gain spirals," good relationships with others: subordinates and colleagues) (Chen et al., 2015) and therefore can increase their social power.

PsyCap Makes Subordinates More Powerful

"*Leaders don't create followers, they create more leaders.*" – Tom Peters (American writer on business management) (as cited in Jay, 2009, p. 259).

Kanter (1979) argued that powerful managers are more likely to delegate and to pass more resources to their subordinates. Since gaining resources may lead to power, those powerful managers increase their subordinates' potential power. The following paragraphs explain how high PsyCap managers generate more powerful subordinates and why it is worthwhile.

High PsyCap Managers Generate High PsyCap Subordinates

High PsyCap managers can serve as positive resource chargers for those around them. They generate high PsyCap subordinates mainly by means of two psychological processes: crossover and social learning.

Crossover

One of the psychological processes that lead to change in subordinates' PsyCap is crossover. Crossover is a mechanism by which experiences, emotions, and resources are transferred within social contexts (Westman, 2001). Accordingly, in the workplace, crossover deals with the reaction of worker A to an experience/emotion/resource of another worker B with whom he/she has a steady relationship. In other words, B "infects" A in his/her experience/emotion/resource (positive or negative). For example, a burned-out employee may crossover his/her burnout to other employees, namely, other employees become burned out too (Bakker, Le Blanc, & Schaufeli, 2005). Crossover may act as a mechanism for resource exchange between managers and subordinates and vice versa (Westman & Etzion, 1999). Avey, Lynn Richmond, and Nixon (2012), using an experimental research design, found a positive relationship between leader and follower PsyCap in what emerges as a directional contagion effect. The same positive contagion effect was empirically demonstrated between global leaders' PsyCap and their followers' PsyCap (Story, Youssef, Luthans, Barbuto, & Bovaird, 2013). Similarly, Chen et al. (2015), in their conceptual review, provided a framework explaining how crossover may promote resilience in employees.

Social Learning

Another approach that can explain how managers' PsyCap enhances subordinates' PsyCap is the social learning theory (Bandura, 1977), namely, that individuals learn by observing the behavior of credible role models. Therefore, managers exhibiting higher levels of psychological capital may act as role models (e.g., referent power) for followers to imitate. Indeed, in a study on police officers, Walumbwa, Peterson, Avolio, and Hartnell (2010) found that the officers' psychological capital was positively related to followers' (direct reports) performance, with this relationship mediated by the followers' psychological capital. Namely, the PsyCap of the officers related positively to their followers' PsyCap. The authors explained this by subordinates emulating the behavior of officers as role models. Similarly, Ibarra (1999), in a qualitative research following professionals in transition to more senior roles, revealed that managers' personality and behaviors served as exemplary guides to their followers' behavior, ones to emulate. Finally, based on their finding that leaders' positive emotional expressions are related to subordinates' mood, Bono and

Hies (2006) concluded that the leader's behavior is a salient source of information that can influence followers' perceived psychological resources.

Subordinates' PsyCap as a Source of their Power

The last section explained how high PsyCap managers might generate, through crossover or emulation, high PsyCap subordinates. Since it was argued earlier that PsyCap is a source of personal power and that social power extends personal power (Sturm & Antonakis, 2015), the same process can be claimed about subordinates. Therefore, high PsyCap subordinates may have more resources that enable establishment of their personal and subsequent social power.

Subordinates' PsyCap as Related to Their Psychological Empowerment

Psychological empowerment focuses on the way employees experience their work (Spreitzer, 2007). In detail, it is intrinsic motivation manifested by four cognitions related to work environment: meaning (work goal or purpose), competence (self-efficacy), self-determination (autonomy), and impact (contrary to helplessness) (Spreitzer, 1995; Spreitzer, 2007; Thomas & Velthouse, 1990).

It can be seen that capacities of psychological capital (e.g., self-efficacy and hope) are compatible with work-specific concepts of empowerment. Indeed, PsyCap emerged as a strong predictor of empowerment (Avey, Hughes, Norman, & Luthans, 2008).

Psychological empowerment is made possible by structural empowerment (Sharma & Kaur, 2011) – delegation of responsibility throughout the organizational chain of command based on the idea of sharing power between superiors and subordinates (Spreitzer, 2007). Psychological empowerment is positively related to organizational effectiveness (Sharma & Kaur, 2011). Empowered employees perform better than non-empowered ones do (Spreitzer, 2007). As shown before, there is a consistent positive relationship between PsyCap and performance (Avey et al., 2011; Polatci & Akdogan, 2014; Rabenu et al., 2016). There might be a mediation of psychological empowerment between subordinates' PsyCap and performance.

Subordinates' Power Contributes to Managers' Power

Since empowered subordinates often accomplish more, they may increase the manager's power (Kanter, 1979). If subordinates perform better, then the manager may better achieve teamwork/organizational goals. Because many managers are appraised on their ability to achieve these goals, their reputation as professional managers increases. They become more powerful. Moreover, since self-efficacy increases after successful performance of tasks (Bandura, 1977), those successful managers become more self-efficacious. Also, they get positive reinforcement not only for beliefs about the self (self-efficacy) but also for their other personal resources (optimism, resilience, and hope).

Psychological Capital as a Key Element of Managers' Power Circuit

Figure 6.1 summarizes the circular process through which the manager's power intensifies. PsyCap may enhance personal power, which subsequently contributes to the managers' social power, especially smart power, through increasing "soft" bases
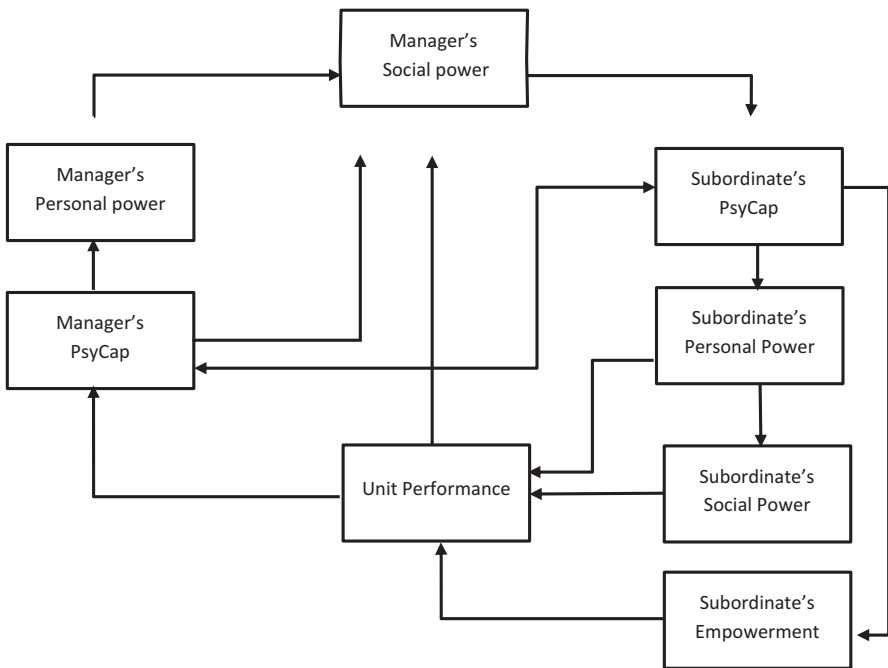
Fig. 6.1 Psychological capital a a key element of managers' power circuit

such as referent and expert. Powerful managers positively relate to high PsyCap subordinates and thus may increase their own personal and subsequent social power. Those subordinates may also feel more empowered. Powerful empowered employees perform better and therefore achieve the team goals effectively. Since managers' work is done through others, achieving the team goals contributes to the manager's power and enhances his/her PsyCap.

PsyCap: From Strengths to Smart Power (Epilogue)

"He who has great power should use it lightly." – Lucius Annaeus Seneca (Roman statesman and philosopher) (as cited in Sato, 2003, p. 101).

This chapter examined the relationship between smart power and PsyCap in the workplace. As demonstrated, PsyCap corresponds with the notion of smart power, since it broadens the repertoire of resources that may attract employees. Therefore, according to the refined resource-based definition of power, PsyCap "equips" the manager with resources that may be valued or needed by employees in the specific context of today's workplace, namely, it increases the manager's power and enables it to be smart. This wide repertoire of resources is especially necessary in the current workplace characterized by diversity of employees and forms of employments. Since hard power is less effective in today's organizations than it used to be (e.g., Pink, 2009; Zuker, 2015), widening soft power by increasing psychological resources is recommended for managers. It is important to mention that although PsyCap may increase employees' attraction (standing at the base of soft power), it does not come at the expense of other resources like the managers' ability to threaten or pay (resources of hard power). In most cases, both resources can be combined in order to influence subordinates effectively. In some situations, soft power has its limits, and there is a need to act based on hard power. For example, a coercive style may fit at times of crisis or vis-à-vis "problematic" employees (Golman, 2000).

In the workplace, soft power concerns getting the employees to want the same outcomes that you, as a manager, want (Nye, 2004). Accordingly, a manager that wants to influence effectively should first be aware of precisely what he/she wants. Managers high on PsyCap generate goals that are meaningful (hope) and challenging (self-efficacy). Those managers generally know what they want. They also have to know what their subordinates need. That way, a mutually satisfactory exchange of transactions (i.e., exchange of resources) is reached (Cohen & Bradford, 1989); namely, managers achieve their goals and, at the same time, help subordinates to achieve theirs. In that process, a manager's positive capacities may lead subordinates to trust him/her more. Trust in the competence and character of the manager is necessary in order to influence productively (Hill & Lineback, 2011). Indeed, trust in management was found to mediate the relationship between PsyCap and performance (Clapp-Smith, Vogelgesang, & Avey, 2009).

The importance of high PsyCap managers as able to influence subordinates by smart power is growing, especially in light of some new directions regarding management. Following a somewhat recent investigation of W.L. Gore & Associates (Paul Restuccia, 2007, as cited in Pink, 2009), Rabenu and Tziner (2016) posit that managers should have the autonomy to choose the employees who work with them on specific projects, just as employees should have the freedom to choose which managers to work with. Managers unable to recruit workers for their projects because they use "harsh" bases of power or coercive influence will suffer from reduced resources such as esteem and rewards; namely, their power will decrease. However, managers with personal positive capacities like PsyCap will be sought after (as well as subordinates high on PsyCap). In general, combining power resources (hard and soft) expands the potential ability to influence employees in a variety of situations. It increases managers' capacity to cope successfully with complex workplace environments. Managers with high PsyCap possess potentially valued resources that enable smart power. Moreover, they are flexible and adaptive to meet the dynamic demands of their jobs (Luthans et al., 2015). Therefore, the interaction between smart power and PsyCap seems to be a recipe for managers who want to succeed in the world's future job challenges.

Conclusions

In the twenty-first-century VUCA workplace, managers should move toward the perception of smart power, in order to be able to influence their employees effectively. PsyCap can provide an adaptive and dynamic resource for managerial smart power, since it widens the repertoire of resources managers can use, especially soft power bases: expert and referent. Moreover, psychological capital serves as a key element of managers' power circuit. Namely, by the process of amassing their power, managers contribute to subordinates' power too (through increasing subordinates' PsyCap). This process is likely to have positive results in terms of performance and therefore contributes to managers' subsequent power. The good news is that PsyCap can be developed, and therefore a positive change toward the establishment of smart power is very possible.

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Chapter 7
Mapping Smart Power onto the Cardinal Virtues and Cross-Cultural Leadership Dimensions

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Introduction

Virtuous leadership implies that power is used to bring about good ends. Yet power is often absent or marginal in much of the literature about virtuous leadership in business. Similarly the nature of virtue is rarely considered. The concept of smart power provides a useful starting point to consider the features of power, culture, and virtue. We propose that the cardinal virtues can be considered as a cross-cultural foundation of virtuous leadership that is exercised in the use of smart power. The universality of particular virtues is an important consideration as nations, economies, and communities become more connected in the twenty-first century, particularly because of growing interest in comparing leadership processes across cultures (Brooke, 2012; Dickson, Castaño, Magomaeva, & Den Hartog, 2012). Although such interest can be a business-focused accompaniment to international management activities, it often includes ethical concerns that are aligned with universal elements of human well-being (Boyd & Gessner, 2013; Kawamura, 2013). This interest in ethical leadership development as a requisite for university education is

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receiving increasing attention (Poff, 2010) and so is worthy of consideration. Considering these trends, effective leadership processes that consider ethical questions and benefits across a range of stakeholders would be consistent as guiding principles for leadership decision-making, leadership development, and leadership effectiveness (Ciulla, 2004; Poff, 2010; Provis, 2010).

Smart Power

To put it simply, having "power" is having the ability to influence another to act in ways in which that entity would not have acted otherwise (Wilson, 2008, p. 114). While leaders can obtain compliance by overt or subtle coercion (hard power), they can also do so by creating an innate motivation for a follower to do a certain task (soft power). Often overlooked in much of the literature about authentic and transformational leadership is the reality that leaders do have the capacity to wield hard power. The notion of smart power, which was initially developed in the political science literature (Cammack, 2008; Nye, 2008), is defined as the intelligent, mutually reinforcing combination of hard power and soft power to achieve goals (Nye, 2008). In this context, hard power is associated with coercive means to influence others, while soft power or soft skills focus on influence through inspiration and cohesion (Gallarotti, 2015) that results in attraction or the ability to change the preferences of another party (Rothman, (2011). Thus, achieving smart power requires a smart leader to act "artfully" (Wilson, 2008, p. 120).

Although smart power was developed outside of management, smart power mechanisms may be applied at multiple social levels, and in fact "the design and conduct of smart power always take place in a practical institutional context" (Wilson, 2008, p. 116). In addition, the use of smart power offers a parsimonious means to illustrate enacted virtues, as noted by several management theorists (Cheng, 2011). For example, smart power posits that ethical means of influence such as benevolence are more likely to lead to the effective exercise of soft power and positive ethical outcomes (Cheng 2011; Vuving, 2009).

Culture

Applying general principles across various cultures is now, rightly, criticised. However, there is evidence that some types of leadership behaviours are considered effective within most cultures (Chhokar, Brodbeck, & House, 2008; Dahlsgaard, Peterson, & Seligman, 2005). We propose that, because there is structural consistency of effective behaviours across cultures, a conceptual framework exists that explains why some types of behaviours are universally acceptable for leaders. To this end, we investigate the intersection of findings

from the GLOBE study and types of cognitive and behavioural patterns characterised by the virtue ethics tradition.

The GLOBE study is a massive effort to understand leadership and organisational processes across cultures. Encompassing research across 65 countries starting from 1993 (Hunt & Peterson, 1997), including findings at the end of its second phase in 2004 (Chhokar et al., 2008), the project investigated leadership as "the ability of an individual to influence, motivate, and enable others to contribute towards the effectiveness and success of the organizations of which they are members" (Chhokar et al., 2008, p. 15). The GLOBE study measured how effective leadership was perceived within 25 countries within the broad cultural spheres of Nordic/Germanic/British origin, Latin European/Latin American, Eastern European, Middle Eastern, Confucian Asian, and Southern Asian cultures (Chhokar et al., 2008). In this chapter, we focus on several primary dimensions of leadership that were empirically rated as being of "very high" value in at least 75% of all cultures investigated, and we conceptually relate these dimensions to aspects of virtues with the virtue ethics tradition. This pattern forms our overall argument that the GLOBE primary dimensions of leadership, which have been empirically linked to effective leader behaviours in over 25 countries across 6 broad culture spheres, can be logically connected to the ancient forms of proactive social behaviours found in the virtue ethics tradition.

GLOBE Leadership Dimensions

The scales used to collect information on leadership attributes in GLOBE were based on six global leadership dimensions. These dimensions included behaviours and attributes that could be expected to appear across cultures and were composed of the following scales: charismatic/value-based leadership, team-oriented leadership, participative leadership, humane-oriented leadership, autonomous leadership, and self-protective leadership. Furthermore, each of the scales had its own subscales or primary leadership dimensions. Overall, there were 21 primary leadership dimensions within all the broader global leadership dimensions; all these dimensions were measured during the GLOBE study using questionnaires distributed to middle managers in selected cultures (Hanges & Dickson, 2006). In this chapter, we focus on four primary dimensions that were empirically rated as being of "very high" value in at least 75% of all cultures investigated because it would be fair to claim that these dimensions are nearly globally incorporated in cultures. No other dimensions were valued consistently as high across the cultural spheres, and each of these four primary dimensions came from the single global leadership dimension of *charismatic/value-based leadership*, which is defined as "the ability to inspire, to motivate and to expect high performance outcomes from others based on firmly held core values" (Brodbeck, Chhokar, & House, 2008, p. 1037). These four

Table 7.1 GLOBE ratings of leadership dimensions by cultural sphere

	Visionary leadership	Inspiration	Integrity	Performance orientation
Nordic	6.2	6.4	6.4	6.0
Germanic	6.1	6.3	6.4	6.1
Anglo	6.2	6.4	6.2	6.3
Latin European	5.7	5.9	5.8	5.8
Latin American	6.1	6.1	5.6	6.2
Eastern European	6.2	6.4	6.4	6.0
Middle Eastern	6.1	6.3	6.4	6.1
Confucian Asian	6.1	6.0	6.2	5.9
South Asian	6.0	5.9	6.0	6.0

Note: This table presents data that were collected as part of the GLOBE study (House, Hanges, Javidan, Dorfman, & Gupta, 2004). Ratings at 6.0 or higher indicate that respondents rated the leadership dimension and its associated behaviours and traits as "very high" on a 7-point scale. Ratings are based on aggregate responses from a collection of over 5000 questionnaires across 21 countries. All scales displayed acceptable generalizability coefficients of greater than 0.85 (Webb, Shavelson, & Haertel, 2006)

primary dimensions are *integrity*, *inspiration*, *performance orientation*, and *visionary leadership*. Table 7.1 provides the aggregated ratings of the charismatic/value-based leadership dimension from the GLOBE study.

This would seem to answer the question of which leader behaviours are considered effective within most cultures: the GLOBE study suggests that the four leadership dimensions of integrity, inspiration, performance orientation, and visionary leadership are at least somewhat global. This is because at least 75% of all culture spheres investigated rated the personal attributes and behaviours within these dimensions as "very high" in value for effective leaders, and this was not the case for any of the other global or primary dimensions. To further support the conclusions of GLOBE, we draw from the virtue ethics traditions that also valorise certain leadership dimensions, indicating that these traditions effectively agree on certain universal principles.

Virtue Ethics as an Organising Principle

In the ancient world, the idea of virtues referred to character traits used as personal aspirations for harmonious living. As such they were developmental tools and were deemed especially important for those in authority. They formed essential components of the education of managers and civil servants in classical Greece and Rome (Dahlsgaard et al., 2005) and in ancient China (Haberman, 1998), and their worth was recognised across the major cultures of the ancient world (Bok, 1995; Dahlsgaard et al., 2005). We are not the first to note that practice of the virtues, which some authors would refer to as components of practical wisdom (Lenssen, 2010; Melé, 2010), may work across cultures to instil ethically sound management practices. The notion that leadership development based on virtue ethics still exists in modern leadership is reinforced in that "the workplace is not solely an engineering arena, and people do not switch off their spiritual values and virtues they abide by when they go to work" (El Garah, Beekun, Habisch, Lessen, & Adaui, 2012, p. 992).

For example, from the Islamic tradition, Islamic leaders may be influenced by personal value orientations based on the values and beliefs of Islamic faith including the definition of permissible work, which is directed towards active demonstration of learned moral principles (El Garah et al., 2012). The use of virtue ethics for leadership development in the Islamic tradition is further evidenced through principles for behaviour such as hikmah, the Islamic term for practical wisdom, which promotes sound ethical judgement and outcomes that benefit society, such as the injunction to break price manipulation by monopolists (El Garah et al., 2012). The Confucian tradition emphasises teaching the virtues as the foundation of practical wisdom. In Confucian cultures, value-based Confucianism stresses living a moral life and preserving proper human existence based on the virtues of ren (compassion) and yi (rightness), used in conjunction with values of lunyu, consideration of others over self-interest and profit, in business leadership (Ip, 2011) as bases for action. Such ethical leadership values and virtues derived from Confucian teachings have sustained business for generations as they have demonstrated good moral outcomes over time and across many stakeholders (Ip, 2011). Within the Indian culture, various philosophical traditions are also oriented to the vital importance of virtue as guiding principles of action (Bhattacharjee, McKenna, & Ray, 2016).

Separating Values and Virtues

The concepts of values and virtues are oftentimes used interchangeably. However, they are not synonyms and need to be defined in order to make better sense of ethics-based leadership. At the core of values, virtues, and ethics is a judgement about doing right or wrong. Prior to the action is conation, which according to philosopher Richard Taylor reflects that humans have needs, desires, and goals, that

they pursue ends, and that they generally seek to satisfy their wants (George & Johnson, 1985). These needs, desires, goals, and wants remain absolute until such time as other people are considered. When others are considered, new considerations emerge, the most basic being whether to cooperate or to conflict. Invariably, societies develop principles of action or rules that govern behaviour. At their most formal level, these are enacted in laws that espouse certain values (e.g. you cannot kill or hurt another person; you cannot steal their property) and can be enforced by violence of some sort (fines, imprisonment, death). However, over and above these foundational rules are social rules of courtesy and respect such as allowing a person to enter a queue before you because of their age, sex, or other condition. These non-legal domains of action lead us to the realm of personal and social virtues and values. Thus, while virtues serve as a basis for action, values address the relative level of rightness in outcomes or action processes (separate from the agent or actor).

Virtues

A virtue is "akin to the deontic judgements of rightness, wrongness, and obligatoriness" by which we can assess the worthiness of an agent (Haji, 2002, p. 356). Socially approved virtues will be influenced by the time and the dominant telos and social orientation (e.g. an agrarian village society is going to be differently oriented in its goals and practices from technologically advanced urban society). What we call a social virtue is one that a dominant number in society would regard as worthwhile characteristics of individuals. However, those socially valorised virtues vary according to the social circumstances from which they emerged. For example, MacIntyre (1985) reminds us that Homer valorised the virtue of courage in his epic tales that promoted Hellenic values and that the New Testament valorised faith, hope, and love. Today Western societies might valorise the virtue of tolerance in dealing with a world where fascist Islamic groups seek to create a repressive caliphate. The understanding of a virtue is taken from MacIntyre (1985, p. 191):

> "A virtue is an acquired human quality the possession and exercise of which tends to enable us to achieve those goods which are internal to practices and the lack of which effectively prevents us from achieving any such goods"

Thus, virtues are displayed in social practice in our relations with others as we acknowledge degrees of agreement about a shared telos. The degree to which the virtues can be practised varies according to the degree to which particular institutions, communities, and societies in which people operate share a teleological vision. If we take the position then that "the fundamental claim that virtue is a disposition to promote good and prevent evil", then virtue is instrumentally good (Haji, 2002, p. 349).

Although good might emerge from non-virtuous behaviour – for example, appointing a local warlord as police chief in a remote area of Afghanistan because he will be able to enforce the law allowing foreign soldiers more troops to fight the

Taliban – a virtuous action is distinguished by its motivation being directed to a desire for the good (Hurka, 2001).

Virtue and Choice

An important distinction between virtue and values is that virtues do not need to originate voluntarily or by free choice if we accept Hurka's (2001, p. 46) "occurrent-state" proposition. That is, although virtues originate in the disposition of the individual, this in effect is instrumentalised in actions and feelings that benefit others (Hurka, 2006, p. 73). While virtues are dispositional, they are of little value unless enacted in daily practices. This is consistent with Snow's (2008, p. 1) definition of virtue as "an enduring disposition incorporating practical reason, appropriate motivation, and affect". Thus, virtues are relatively stable components of personality and character which will manifest in behaviour in different types of situations. Because they are enduring dispositions, virtues can be enacted either as conscious decisions based on cognitive processing or can occur outside of our conscious awareness. That is, they may be in Snow's (2008) terms controlled or automatic. The automaticity of virtuous action does not negate their virtuousness because the motivating character virtues have been moulded according to a positive and worthwhile telos. The preferred telos that we would argue here is the Aristotelian one of eudaemonia or human flourishing.

Smart Power, Virtue, and the GLOBE Dimensions

In the Western tradition also, we find virtues that centre on creating leaders committed to producing socially good outcomes. The behaviours that come from a virtuous person promote the production of social good to self and others. In this sense, the virtues allow the application of practical wisdom or practical rationality, where both means and ends are evaluated based on human good across a range of stakeholders (Melé, 2010). The virtues direct us to self-control over desires, which may otherwise harm us or others, and they enable us to exercise moral reasoning in times of uncertainty that allows us to display respect for ourselves and others. The cardinal virtues, first outlined and discussed in Plato's *Republic* (s 427–433), underpin both religious (particularly in the work of Thomas Aquinas) and humanist traditions in Western culture, although their relative valence may vary (Moreno-Riano, 2005). Taken as foundations for habits and consistent behaviours, the cardinal virtues strongly overlap with the GLOBE leadership dimensions of integrity, inspiration, performance orientation, and visionary leadership. This can be seen in the nature of the cardinal virtues, which have been embedded in practices of morally good people and viewed as core character traits to which people should aspire throughout history

and across cultures (Bok, 1995; Dahlsgaard et al., 2005). In this context, the idea of "cardinal" is derived from the Latin word "cardo" which means "hinge", which is a reference to the central importance of these virtues as the collective joint by which all other virtues operate (Richert, 2012).

Wisdom is a character strength that allows individuals to determine, explore, and identify possible approaches to problems and implement the most appropriate course of action to undertake that will result in good outcomes for self and others. Sometimes also understood as *prudence* (although this derives from the Latin word for wisdom, *prudentia*, we regard prudence as a subset of wisdom rather than a synonym), wisdom is directed towards exploring right judgement in practical decision-making, which comes from knowledge and life experience. In a sense, because wisdom is considered the "mother" of all virtues and an enactment, it might be reasonable to argue that it should not be regarded as a virtue in its own right at all. It might be better to call the virtue *good judgement* because wisdom is a practice that produces a decision that balances the claims of different virtues (justice, courage, and temperance) in a particular situation within a particular context. Nonetheless, these notions relate to the GLOBE dimensions of *performance orientation* and *visionary leadership*, by which leaders seek to motivate group members to exert effort towards goals appropriate to situations. Theorists of smart power have much to say about the central role of wisdom in aspects of leadership related to the use of power. For example, core considerations or enabling factors in leaders' use of smart power include self-knowledge and self-judgement (which presuppose the "virtue" of humility) of the actor's capacity, as well as the knowledge of the contextual factors that may determine the successful use of smart power (Wilson, 2008). Others claim that a deep knowledge of the human condition is necessary to create and implement desirable visions of leaders, especially when leaders must show how a vision is superior to alternative perspectives, visions, and options (Cheng, 2011).

Another cardinal virtue, *justice*, is a character strength that is directed at fairness and equity for self and others. It is centred on exchange in social relations, which can range from supervisor-subordinate dyads, work groups, work and civil organisations, and even national and international relations. The practice of justice is essential for effective living in a community and for making balanced contributions to the health and well-being of self and others. The cardinal virtue of justice is strongly related to the GLOBE dimension of *integrity*. In addition, a key task of leaders is to inspire and enact trust and respect (Cheng, 2011), and from this flows the moral authority and habits that underpin effective institutions where smart power is conducted and its mechanism operate (Wilson, 2008).

Courage, the third cardinal virtue, is a character strength that provides the will and volitional means for individuals to conceive of and demonstrate right action under risk. When exercising courage, leaders must know when to act and when to exercise caution, as excessive action or action at the wrong time can be foolish. Because courage is often essential for the enactment of just reasoning, it is related to the GLOBE dimension of integrity. Courage is also related to the GLOBE dimension of inspiration due to the role of social learning that accompanies the exercise of courage. Within the realm of smart power, there are several actions that require

enacted courage on the part of leaders. One such action or method of influence within the smart power domain is agenda-setting behaviours, where leaders can use information and rhetorical courage to attempt to shift preferences to influence outcomes (Rothman, 2011). Another example of the application of smart power that requires courage is issue-framing, especially in respect to normative framing, where leaders confront individuals with moral claims about right and wrong courses of action that they attempt to influence (Rothman, 2011).

Finally, the cardinal virtue of *temperance* is a character strength that is directed towards the control of our emotions and physical appetites to help one seek balance and moderation between deficit and excess. Temperance must be exhibited in our habitus through restraint. Temperate leaders, for example, would never be publicly seen becoming inebriated or loading one's dinner plate; temperate sporting leaders would refrain from excessive exuberance or humiliating a vanquished opponent. Beyond that, however, exercising moderation correlates strongly with the role of emotional intelligence (e.g. Caruso, Mayer, & Salovey, 2002) and emotional regulation in leadership contexts (Gross, 2007). These relationships connect temperance to the GLOBE dimension of *integrity*, in that effective emotional regulation makes one fit to lead in management practice. Temperance can also be connected to the performance orientation dimension within GLOBE because temperance is essential for the engagement and disengagement of performance across simultaneous, multiple goals, which are a fact of life in modern organisations. In summary, and as discussed in the previous paragraphs, Table 7.2 displays conceptual links and areas where we see a strong overlap between the GLOBE primary dimensions of leadership and the cardinal virtues. It is noteworthy that the dimensions of inspiration and visionary leadership are less central than integrity and performance orientation. The implication is that virtuous leadership can be evident even in those who lack traditional notions of charisma or high levels of articulacy. Smart power is associated with moderation and the control of passions, in respect to the use of norms within smart power, and especially in the patience required for "norm diffusion", where

Table 7.2 Strength of conceptual links between GLOBE leadership dimensions and the cardinal virtues

	Integrity	Inspiration	Performance orientation	Visionary leadership
Wisdom	Moderate	Moderate	Strong	Strong
Justice	Strong	Moderate	Moderate	Moderate
Courage	Strong	Strong	Moderate	Moderate
Temperance	Strong	Moderate	Strong	Moderate

leaders must promote the normative feeling in others that they are doing something morally correct in order to transform their preferences (Rothman, 2011). Because norm diffusion takes time, patience is required from leaders during the process. However, when norm diffusion is accomplished, it can form a strong basis for mutual attraction and cohesion (Rothman, 2011).

Cross-Cultural Applicability of the Virtues

Much like the presence of the GLOBE primary dimensions of integrity, inspiration, performance orientation, and visionary leadership, the cardinal virtues have been shown to be applicable across cultures (Bok, 1995; Greggersen, 2003; Wolfe, 2003). Some philosophers have proposed that the foundation of the virtues lies in human nature, and according to this logic, all people are born with innate patterns that enable the comprehension and pursuit of what is morally good. Some writers have used the term natural law theory to describe these innate tendencies towards growth and affiliation (Dennehy, 2007; Johnson, 1999; Wolfe, 2003). Wolfe (2003) further explains natural law with the proposition that inherent in humankind is a desire or need to know truth and to live in harmony with others in society by rejecting inclinations for harm against those with which we live. This is consistent with the view that the virtues focus on the application of practical wisdom that allows reasonable consideration to both means and ends based on human good across a range of stakeholders (Melé, 2010).

Although cultures may have their own sets of moral beliefs, and different religions may be referenced as origins for these beliefs, the reliance upon virtues for living a good life has prevailed as a strong commonality which transcends cultural differences (Dahlsgaard et al., 2005). Many religions and belief systems explore and elaborate on the virtues in different ways. However, a universal code of virtues has been identified by numerous authors (e.g. Bok, 1995; Greggersen, 2003). Dahlsgaard et al.' (2005) systematic review of major world cultures, which included Judeo-Christian, Islamic, Confucian, and South Asian cultures, rendered a list of six shared virtues. These are presented in Table 7.3, and to illustrate the connections between the virtues and smart power, we have added smart power mechanisms that serve to illustrate specific enacted virtues in that table. That is, the six globally shared virtues as identified by Dahlsgaard et al. (2005) are described as they would be expressed by a virtuous actor. Each of these descriptions is also aligned with a smart power mechanism that is supported by citations from the smart power literature.

Rather than considering simply the possibility, indeed likelihood, that certain values are universally held, it is important to consider the ontological foundations of the value categories. For example, Haidt and Graham (2007) identify five foundations classified as "psychological preparations for detecting and reacting emotionally to issues" (p. 98): harm/care, fairness/reciprocity, in-group/loyalty, authority/respect, and purity/sanctity (for an outline of these, see Haidt & Graham, 2007, p. 104–106). They point out that political liberals give primacy to the first two,

Table 7.3 Shared virtues and smart power applications

Virtue	Description	Smart power mechanism
Wisdom	Cognitive strengths that entail the acquisition and use of knowledge; examples include creativity, curiosity, judgement, and providing counsel to others	Self-knowledge, knowledge of context (Wilson, 2008) Engagement with humanity (Cheng, 2011)
Justice	Civic strengths that underlie healthy community life; examples include fairness, prosocial orientations, and teamwork	Production of morally superior visions (Cheng, 2011)
Courage	Emotional strengths that involve the exercise of will to accomplish goals in the face of external or internal opposition; examples include bravery, perseverance, authenticity, and honesty	Agenda-setting and institutional control; framing and rhetoric (Rothman, 2011)
Temperance	Strengths that protect against excess; examples include forgiveness, humility, and self-control	Analytical framing and norm diffusion (Rothman, 2011)
Humanity	Interpersonal strengths that involve "tending and befriending" others; examples include love and kindness	Helping, protecting, attending to others; unselfish action (Vuving, 2009)
Transcendence	Strengths that forge connections to the larger universe and thereby provide meaning; examples include gratitude, hope, and spirituality	Abstract visions of long-term goals and resonance between groups over time (Vuving, 2009)

Note: Parts of this table adapted from Dahlsgaard et al. (2005)

while conservatives tend to use all five foundations. Consequently conservatives may be more likely to respond negatively to conventional transgressions because they disrupt the social order. Thus, there is a distinction between morality and social behaviour. Societal concepts are similar to moral concepts in that they are "found cross-culturally, but their form and content may vary" (Smetana, Jambon, & Ball, 2013, p. 24–25). Research into childhood moral development shows that "[m]oral concerns with justice, welfare, and rights are seen as developmentally and conceptually distinct from concerns regarding societal arrangements, social organization, and social norms and customs" (Smetana et al., 2013, p. 24). Furthermore, "our moral, societal, and psychological concepts each constitute organized systems or domains of social knowledge" because they emerge from experiences in different social environments and because people have different developmental trajectories (Smetana et al., 2013, p. 25). Blair (2009, p. 99) similarly concludes that "there is no single neuro-cognitive architecture that processes" all moral encounters. Thus, it is fair to surmise "the cognitive resources required for making moral and conventional judgments differ … underscoring that different domains constitute distinct systems of thought" (Smetana et al., 2013, p. 32).

However, beyond the individual, cultures also may valorise various combinations of moral and social behaviours. The ontological foundations on which Kohlberg created his developmental understanding of morality potentially exclude more communitarian-based values particularly those within institutions or families with

particular identities and histories. Such an orientation is more likely to prioritise duty, respect, loyalty, and interdependence (Haidt & Graham, 2007, p. 102). In the current political-economic hegemony founded on a market economy and individualism, there is a tendency to misrepresent such a political orientation as conservative. This is clearly not so as neo-liberals prioritise individualism over communalism and see people in economic terms – *homo economicus* – rather than in more noble, even religious terms such as humanity being made in the image of God. Furthermore, conservatives propose that extreme individualism should be modulated by a higher commitment to family, community, institution, or state (Muller, 1997).

Haidt and Graham's five foundations theory is nativist in the sense that "the human mind does contain a number of social-cognitive and social-emotional abilities" that generate "an automatic responsiveness to certain physical or emotional signs of suffering" (Haidt & Graham, 2007, p. 106). This would appear to align with the philosophical theory of natural law. However, as attractive as natural law is as an objective justification for universally shared values, there are difficulties that inhere in its philosophical foundations because they may not be shared by all. The first difficulty is that natural law, because of its Thomistic foundation, "implies a type of participation within the created order and as such is a reflection of that which is beyond the created order, namely, the supernatural and divine" (Moreno-Riaño, 2005, p. 392). That is, Thomas Aquinas asserts that human law, which seeks to order society in a beneficial way, is the outcome of reason which finds its first principles in the divine, whereas Aristotle derives his first principles from a *natural* order of things. A second difficulty is that behaving according to the natural law implies a special habit that allows a person to understand the principles of this law. Aquinas overcame this problem by asserting that the precepts of natural law "are part of a natural habitual cognition that he terms *synderesis*" (Moreno-Riaño, 2005, p. 392). This is not consistent with the view that making moral judgements is a cultural-psychological process: that the virtues underpinning moral judgements are cultural constructions in the sense that different virtues are prioritised in different cultures and in different historical eras. However, Haidt's proviso is that there is a finite available range of human virtues characterised by the five sets of intuitions he outlines (Haidt & Graham, 2007, p. 106–107):

> "Sitting uneasily with the notion of natural law is the notion of value pluralism, the acceptance of which is strongly supported by globalisation. Value pluralism is the
>
>   'theory that there is an irreducible diversity of ultimate values (goods, excellences, options, reasons for action and so forth)' and that when these values come into conflict or competition with one another 'there is no overarching standard or principle, no common currency or measure, whereby such conflicts can be arbitrated or resolved'". (Gray (1995) quoted in Weinstock, 1997, p. 482)

The implication of this is the likelihood of value incommensurability across cultures. This may be manageable with good will and understanding. However, because "[d]eliberate moral judgments around the world are experienced as truth-asserting" (Cassaniti & Hickman, 2014, p. 253), the potential for righteous intolerance is high. While different cultures may share similar values, there may be certain of these or certain forms of social life that are differentially weighted (Cassaniti & Hickman, 2014, p. 256).

Eventually, we are driven to assert that of the six virtues, justice and humanity are vital to the survival of cultures and societies that are life-affirming. The cardinal virtues of temperance, wisdom, courage, and justice are also valued across cultures as core strengths necessary for good conduct. Consistent with the exercise of smart power, cultures and groups that sustained themselves consistently recognised the importance of these virtues for developing people and for promoting the positive interaction of social groups, which in turn led to successful coexistence with one another – a key goal of smart power application (Dahlsgaard et al., 2005; Vuving, 2009).

General Implications for Management

Researchers in the positive psychology movement claim that virtues are essential human strengths required for cultural survival (Peterson, Martin & Seligman, 2004). Some societies have survived in face of adversity because individuals demonstrated good character, which was founded in teaching acceptable standards and promoting virtues and virtue-based values to succeeding generations (Peterson et al., 2004). These virtues are particularly important in management contexts, such as the need to respect one another and the need to uphold the preservation of life and coexistence within other community groups as principles of action. They are also consistent with modern management theories that managers must be increasingly ethical in their approach to all groups, both those within their native cultural traditions and those outside their native culture (Dickson et al., 2012). The importance of enacted virtues is also highlighted in other academic literatures, particularly in reference to breakdown of community when basic values are lost (Turnbull, 1987).

Peterson et al. (2004) make the point that morally just outcomes based on reverence for life and respect for others promote a longing for healthy and happy communities that also contributes to the continued longevity of communities and organisations. For example, if young managers are educated in humility and compassion, they are more likely to demonstrate these qualities to self and others. This is consistent with social learning theory, which specifies that future managers will inherently adopt behaviours modelled by senior managers and leaders (Brown & Trevino, 2006). It is also consistent with smart power, which uses humanistic mechanisms of "benignity", "brilliance", and "beauty" (Vuving, 2009). Benignity, according to Vuving (2009, p. 8), is manifested by "the positive attitudes that you express" when you treat people well, which in turn produces soft power by engendering gratitude and sympathy. When leaders behave this way, it induces a form of "reciprocal altruism", which is a widely recognised phenomenon that may have emerged through evolution and which may not necessarily be motivated by altruism (Kurzban, Burton-Chellew, & West, 2015). *Brilliance* refers to the positive effect of accomplishment in organisations when leaders are able to work collaboratively with followers to produce desired outcomes. *Beauty* is not well explained by Vuving who identifies it as "an aspect of actors' relations with ideals, values, causes, or visions … the neat resonance that is evoked when you represent ideals, values, causes, or

visions" (Vuving, 2009, p. 9). In this sense, Aristotle linked aesthetics to wisdom in the sense of "creating narrative and cultural expression to create and communicate meaning and knowledge, to stimulate inspiration and imagination, and to attend to individual and group emotional development" (Rooney, McKenna, & Boal, 2010, p. 50; see also Küpers, 2013).

It is well established that wise management and leadership can greatly impact an organisation's overall performance, enhance employee job satisfaction, and project an image of acceptable standards of conduct in the workplace (McKenna, 2013). It is the moral capabilities of managers and leaders and their execution of virtue-based strategies that will inevitably determine moral decisions and codes of conduct emulated by its employees (McKenna, Rooney, & Boal, 2009). This is consistent with many aspect of smart power, to include normative diffusion and "analytic framing", which is a rhetorical method for generating attribution (Rothman, 2011).

According to social exchange theory and social learning theory, virtuous behaviours displayed by leaders and managers will be emulated by employees and subordinates in the organisation (Brown & Trevino, 2006; Brown, Trevino, & Harrison, 2005). It is the conduct and moral values of managers and leaders that set the foundations for acceptable behaviours that become embedded in organisational cultures. For example, it is now a reasonable claim that authentic leadership, which is virtue based, produces higher levels of organisational citizenship behaviour (Banks, McCauley, Gardner, & Guler, 2016). It is this very idea of the diffusion of acceptable behaviours that is captured in the smart power concepts of normative framing and norm diffusion (Rothman, 2011). The importance of virtuous behaviours being demonstrated in the workplace and implemented by managers is evident.

Implications for Management Practice

There are two significant implications of this outline of smart power. First, this line of research may assist human resource professionals in understanding effective dimensions of interpersonal performance for managers and, by extension, how to better craft leadership and management development opportunities for the understanding and applying smart power. Second, because artful leadership has been strongly related to using smart power, we suggest that further research would be useful. Given the well-established relationship between virtue-based behaviour and authentic leadership and also the relationship between ethical leadership and positive organisational performance, further research into enacting smart power through concepts such as agenda-setting and normative framing processes would be appropriate.

This chapter suggests conceptual connections between individuals' moral capabilities, application of smart power, and cross-culturally applicable dimensions of leadership behaviour. More detailed studies could search for empirical connections between these constructs to discover concrete ways of improving the use of smart power for managers. Also, models that explain the mechanisms of smart

power (Vuving, 2009; Rothman, 2011) could possibly be used in the design of management development programmes. When studying management development, longitudinal designs would enable researchers to comprehensively understand the relationship among important variables, such as training and development interventions based on the virtues and the leadership dimensions identified in this chapter, individual managerial performance, and leader development. We expect that longitudinal designs could also be used to test the factors and mechanisms involved in the smart power application of normative and analytical framing, as well as norm diffusion. In addition, future research will likely concentrate on employees' understanding of moral judgements before they are appointed to cross-cultural assignments. This would allow researchers to understand detailed dynamics of refined conceptual models that underpin such training. Such research should be conducted in different cultural and industrial contexts to generalise related propositions and research findings.

Finally, we base these implications and predictions on several trends. First, with the growth of globalisation, despite protestations against its desirability (e.g. Bayart, 2007), the international business environment has become more complex, contradictory, and volatile (McKenna, Rooney & Kenworthy, 2013). Old relations of power across cultures, genders, generations, and regions have become contested and often indeterminate with the consequence that old authoritative forms of power are mostly inappropriate. For example, management literature shows that identifying cross-culturally applicable energising behaviours for leaders is important for working in diverse populations (Preziosi, Gooden, & Balloun, 2004).

The second implication is that the major challenges of managerial leadership in global businesses can be categorised as social, goal-oriented, problem-solving, and decision-making challenges (Mumford, Zaccaro, Harding, Jacobs, & Fleishman, 2000). This is particularly the case given the impact of disruptive technologies on old business verities (Christensen, 1997). Leadership is crucial in developing the organisational capability to incorporate digital transformation into organisational practice. A MIT Sloan Management Review report showed that "of those working at organizations where digital transformation is a permanent fixture on the executive agenda, and a core strategic consideration, 81% believe their companies will be somewhat or much more competitive in two years" (Fitzgerald, Kruschwitz, Bonnet, & Welch, 2013, p. 4). By contrast, only 18% of employees in organizations where leadership was not focused on digital transformation believed that their companies would be more competitive (Fitzgerald et al., 2013). In the face of these two contemporary challenges, smart power application can be an effective means to understand deeper elements of context and cooperative approaches, which is a hallmark of smart power (Nye, 2008).

Leaders who enact the virtues would be well prepared to meet each of these challenges with appropriate energising behaviours and decision processes, which are consistent with the use of smart power (McKenna, Rooney, & Hayes, 2011). This is in accord with the findings of researchers who have indicated that personal characteristics such as open-mindedness, emotional stability, and perseverance, which express behavioural patterns consistent with the cardinal virtues, are critical factors for managers to be successful (Van Oudenhoven, Van der Zee, & Van Kooten, 2004).

Concluding Remarks

In concluding this chapter, we offer three summary statements. First, the primary GLOBE dimensions of integrity, inspiration, performance orientation, and visionary leadership are convergent with the main mechanisms underpinning the use of smart power, such as rhetorical framing and norm diffusion (Rothman, 2011). Although the most parsimonious leadership dimension is integrity, integrity alone does not address all the cardinal virtues, which is consistent with much recent research on behavioural integrity (Leroy, Palanski, & Simons, 2012; Palanski & Yammarino, 2011). Second, although smart power was developed outside of management, we note that "the design and conduct of smart power always take place in a practical institutional context" (Wilson, 2008, p. 116). Accordingly, the use of smart power mechanisms offers a parsimonious means to illustrate enacted virtues that may highlight behavioural cues for leaders (Cheng, 2011). Third, and most completely, we propose that the convergence of the cardinal virtues with the primary GLOBE dimensions of integrity, inspiration, performance orientation, and visionary leadership can be considered as a cross-cultural foundation of virtuous leadership that is exercised in the use of smart power. We suggest that this review and the summaries offered in Tables 7.1, 7.2, and 7.3 may provide a parsimonious yet comprehensive agenda for developing cross-culturally capable managers and leaders for the twenty-first century, through the application of smart power mechanisms and development of the underpinning elements of virtue ethics.

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Chapter 8
Daily Creativity at Work as a Source of Well-Being and Performance, Provided It Is Not Managed

Annick Ancelin-Bourguignon

Creativity as a Recurrent but Controversial Claim

Creativity is not a new concept in the management field. Creativity has long been associated with advertising and research and development (R&D) activities. From the 1990s onward however, in relation to reactivity, flexibility, and innovation requirements in business environments which are perceived as increasingly uncertain, turbulent, and competitive, creativity has been claimed to be a key factor for the success, or even survival, of firms (see, e.g., Brown, 2016 or Williamson, 2001). Not only all operational processes were subjected to this injunction to be creative, but creativity was considered a cornerstone of team performance. Whatever their position, individuals were expected to be creative and leaders asked to "energize the […] creativity of their workforce" (Bennis, 1999, p. 4). Above all, creativity was considered as a factor in individual motivation and self-realization in the workplace (Weaver, 2000).

This demand for creativity gave new life to the old and productive research tradition of social psychology, which had mainly focused on individuals, and raised new research interests in management and organization studies. Creativity has been defined as "the production of novel and useful ideas in any domain," while innovation, a closely related concept, has been defined as "the successful implementation of creative ideas within in organization. […] Creativity by individuals and teams is a starting point for innovation; the first is a necessary but not sufficient condition for the second" (Amabile, Conti, Coon, Lazenby, & Herron, 1996, p. 1154).

Management research in creativity relies on the view that, because creativity is valuable to organizations and their members, it should be managed, at least in establishing a certain organizational environment and using an adequate managerial style – see, for instance, Amabile et al. (1996), McLean (2005), or Dechamp

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and Szostak (2016). This perspective sharply contrasts with the views on creativity that prevail in the arts, where there is no interest for elucidating conditions of emergence of creativity, and even less will to manage it (Bourguignon & Dorsett, 2003). These scholars' comparative review of the concept of creativity in both fields suggests that there are two very different types of creativity: spontaneous creativity and demanded creativity. The former prevails in the arts, a domain where the sense of freedom and gratuity is seminal and where the artist's intrinsic motivation is core – ideal traits that are prevalent even for commissioned art works and have survived the marketization of the field. Conversely, in management settings, work is a directed activity, with a focus on its outcomes, which means that the on-demand and utilitarian dimension of creativity is ubiquitous. Thus, for instance, the above definition limits creativity to the production of *useful* ideas. The striving for creativity of the late 1990s has strengthened this view: more or less explicitly, creativity is always utility oriented and an organizational demand. This fundamental difference between artistic and management creativity does not only explain conceptual divergence (Bourguignon & Dorsett, 2003) but also why on-demand creativity in organizations does not always deliver its promises, namely, in terms of actors' motivation and self-realization. Indeed being creative on demand relies on mechanisms of external motivation that are much less powerful in terms of motivation and self-achievement than internal motives.

Contemporary Needs for Alternate Views on Creativity

Today ill-being at work has become a major societal concern in many European countries as witnessed by polls regularly conducted by various European bodies.[1] Psychosocial risks (PSR) – a term that has gained recognition at the European level during the last 15 years – can be defined as risks which are "linked to the way work is designed, organized and managed, as well as to the economic and social context of work, [and] result in an increased level of stress and can lead to serious deterioration of mental and physical health" (Eurofound, 2012, p. 52). For years now, PSR have been perceived as growing both in terms of magnitude of the problem and of costs, both for individuals and economies.[2] There is thus an urgent need for

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[1] For instance, the European Agency for Health and Safety at Work (https://osha.europa.eu/en) and the European Foundation for the Improvement of Living and Working Conditions (https://www.eurofound.europa.eu/)

[2] In 2013 in EU-28, more than 23% of workers (less than 21% in 2007) were exposed to time pressure or work overload that could adversely affect their mental well-being (http://appsso.eurostat.ec.europa.eu). In Europe, the cost to states and companies of work-related depression has been recently estimated to be €617 billion annually – absenteeism and presenteeism (€272 billion), loss of productivity (€242 billion), health-care and social welfare (disability benefits) costs (€103 billion) (EU-OSHA, 2014, p. 7). In United Kingdom, for example, in 2015–2016, the total number of working days lost due to work-related stress, anxiety, and depression was 11.7 million days, with an average of 24 days lost per case. The total number of cases was 488,000 cases, a prevalence rate of 1510 per 100,000 workers (HSE, 2016).

revisiting traditional work management models to reduce stress at work. One of the most established conceptualizations of stress is Karasek's interactional demand-control (DC) model: when combined with low levels of job control (autonomy, participation, ability to use and develop capabilities), high levels of demand (work load, complexity, time constraints…) lead to "high-strain" situations that put physical and mental health at risk (Karasek, 1979). Empowering workers and liberating their human potential at work thus seems a promising path to improve health and well-being at work.

In this context, creativity still appears as a fertile concept. However the artistic perspective has probably more to offer than the organizational one since it primarily focuses on the person's (the artist's) autonomy – whereas the organizational one emphasizes the outcome and its utility. It appears more aligned with the objective of developing alternative models of management nurturing an organizational culture emphasizing well-being, meaning, solidarity, and respect for all. How can organizations shift from a perspective on creativity where utility and management (in the sense of exerting an influence on processes) are central to a perspective in which people are free to develop their creativity without any external will to control it,[3] as it happens in the artistic field?

Obviously the management/organizational field is not very resourceful to address this highly challenging question. Hopefully work psychology offers some very useful views on what will be named "daily creativity at work[4]" in the remainder of this chapter, drawing on two French schools of thought that study work, respectively, as an "activity" (Clot, 2008) and from a psychodynamic perspective (Dejours, 2015). Though these schools of thought diverge on a number of points (Molinier & Flottes, 2012), they both depart from the same idea, established long time ago by ergonomists, that real work is always much more than prescribed work. In other words, to do the job, people at work always need to proceed differently from that indicated in procedures and other prescription documents. Actually the individual must always find paths to overcome the various impediments that make the expected level of performance (be it a question of volume, quality or on-time delivery) difficult to reach. Thus to realize performance despite all environmental impediments, the person has to creative.

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[3] Creativity has boundaries, namely, those of internal and external regulations. Compliance is unquestionable. The claim here is that one can control compliance without controlling creativity – see below for more details.

[4] Daily creativity at work can be considered as a form of "everyday creativity" (Richards, 2007). Involving originality and meaningfulness, everyday creativity is "a process, and even a way of life" (Richards, 2007, p. 5), since everybody has a creative potential which can be invested in any sphere of life and activity. As an expression of oneself, it is clearly distinct from problem solving (Runco, 2007, p. 99). Unfortunately the concept has been developed from very broad psychological and social perspectives and thus does not shed much light on work issues. The concept developed in this chapter is much more specific, and this is why a different wording has been chosen.

Objective, Contributions, and Structure of the Chapter

The objective of this chapter is to theoretically describe and illustrate daily creativity at work and to show how much it is profitable for both actors and organizations, provided it is not managed – in the usual sense of the word in organizations, that is, monitored through practices involving objectives, evaluation criteria, and performance measures and rewards. Such practices, the origins of which can be traced back to Taylorism (Linhart, 2015 and Chap. 4 of this book), have been grouped under the term of "managerialism" which defines "a kind of systemic logic, a set of routine practices, and an ideology (…), a way of doing and being" in organizations, the ultimate goal of which is enhancing efficiency through control (Deetz, 1992, p. 222). While their expansion in public organizations during the past decades under the label of New Public Management (NPM) has been the most salient (Hyndman & Lapsley, 2016), similar practices have spread in all types of organizations (Bouckaert & Halligan, 2008), potentially putting at risk health at work and performance (Ancelin-Bourguignon, forthcoming; Bourguignon, 2007).

The contribution of this chapter is threefold. First, it renews our views on creativity in organizations in shedding light on conditions and processes that make any person creative in the daily course of work activity. Second, in unveiling an important however most often invisible source of motivation and meaning at work, it improves our understanding of work as an intrinsically rewarding activity that moreover positively impacts performance. Third, it offers bases for alternative models of HR and performance "management" relying on positive views of people at work. If people are keen to make more and more successfully than expected, trust and empowerment may substitute for the ever-expanding managerialist systems.

The remainder of this chapter is organized as follows. The next section presents the psychological concepts and theories founding the concept of daily creativity, unveiling the processes involved and their benefits, both for persons and organizations. The following section then provides examples of daily creativity. While some of these examples are drawn from my own or colleagues' experience, most of them are taken from students' writings as part of homework in one of my class.[5] These examples shed light on the reasons why creativity was needed in the situation, the concrete form of the innovation and its positive consequences, how colleagues and hierarchy welcomed it, and to what extent it was incorporated into established ways of working. The cases exemplify concepts presented in the theoretical section (more specifically genre, style, and catachresis). The following section then explains why, according to the abovementioned work psychologists, daily creativity cannot and should not be managed by the organization. Instead supervisors should leave the community of peers to debate about how to deal with work impediments and their solutions. It also draws on the empirical material to show that daily creativity nurtures internal motivation, highly positive feelings, among which a sense of

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[5] I am very grateful to all students attending my class on "Work, individuals and society" who accepted the uncomfortable challenge of identifying and reporting their experience of daily creativity. Not only their contribution has refined my views on the concept, but it has also offered part of the material for the empirical part of this text.

uniqueness, even in mundane tasks – which would be destroyed by any demand and management of this type of creativity, as we shall see below. The final section discusses the organizational conditions that make daily creativity possible.

What Is Daily Creativity?

This section presents the theories and concepts founding the concept of daily creativity at work. We will begin with the distinction between prescribed work and real work, established by ergonomists, which represents the common basis for the two streams of research that enable to devise and develop the concept of daily creativity at work. We will then present these two streams – respectively, the psychodynamic approach of work (Dejours, 2003, 2009, 2015) and the clinical perspective on work as an activity (Clot, 1999, 2008, 2010) – explaining their differences but also their convergence toward the irreducibly creative dimension of everyday work. Since it seems that international publications by these two French work psychologists are very scarce and, if any, narrow focused, we will mainly rely on original publications, providing these authors' translation. It should be noted that all the works presented below originate in clinical research. In psychology, like in the medical sphere, the adjective "clinical" refers to the existence of a pathology and of a relationship between a practitioner and a patient. In clinical research on work however, the patient is the organization, not an individual, and the pathology is an organizational problem (for instance, a dysfunction or an accident). Clinical research takes the frequent form of action research where concepts and empirical evidence are worked out simultaneously. In clinical research the scientific objective (developing concepts and theories) also serves the "clinical" one, namely, understanding and preventing further "pathological" working situations – see Lhuilier (2006, pp. 59–79) for more details on epistemological and ethical dimensions of clinical research.

Prescribed Work Versus Real Work

Ergonomics is "the scientific discipline concerned with the understanding of interactions among humans and other elements of a system."[6] Aiming at protecting persons' health at work, improving their working conditions, and increasing production

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quality and performance, ergonomics relies on interdisciplinary knowledge (psychology, physiology, sociology, technology, etc.), among which psychology, at least in the French tradition, has played a major part. In their seminal work, Ombredane and Faverge (1955) have provided the foundation of what will become a valuable object for research and practice – the analysis of work. Ombredane and Faverge claim that human work should be described in terms of behaviors, departing from prior views that privileged abilities in the perspective of selection and orientation: quite generally, work is a behavior by which an actor tries to actively adapt to a given situation.

From these premises, Leplat (1985, 1990, 2000) has developed the idea that there is always a gap between prescribed work and real work – a gap which is at best disregarded, at worst denied in organizations. Prescribed work refers to all that is predefined by the employer and given to the worker to define, organize, and realize work – that is, local objectives, procedures and expected working methods, written and oral instructions, security rules, machines and other devices, cognitive and other resources, time constraints and working conditions, work organization and task allocation between workers, as well as the physical environment of work.

Ergonomists contrast task (prescribed work) and activity – what workers "really" do to realize production (Berthet & Cru, 2003). Activity (or real work) is always more than prescribed work. For a number of reasons, work is never pure execution. First, devices and other resources may not be used or turn out to be less effective than expected. Second, procedures may fail to take into account some physical, temporal, etc. constraints of the environment. Third, internalized objectives may be different from prescribed objectives – thus a front office worker may wish to offer a better service than expected and will change tasks accordingly. Fourth, the outcome may deviate from the internalized objective: will and effort are not always sufficient to succeed. Fifth, work means permanently adjusting activity to changes in the situation and in the worker's own inner emotional and psychological state. Prescription is about discourse, activity about doing (Davezies, 1993).

Thus the gap between prescribed work and real work does not mean that workers are rebels who do otherwise than prescribed; it means that work contains an irreducibly part of creation and thus can never be reduced to predefined plans and prescriptions. Activity always falls outside the framework.

Work Psychodynamics and Mètis

Subjectivity at Work

Dating back to the early 1980s, work psychodynamics can be defined as "the psychodynamic analysis of intersubjective processes taking place in work situations" (Molinier & Flottes, 2012). In clinical psychology the adjective "dynamic" evokes the psychic conflicts arising when subjects, with their singular heritage, meet

situations on which they often have very little control (Dejours, 2015). While this stream of research has been primarily concerned, from a psychoanalytical perspective, with ill-being at work and subsequent defensive strategies, it has also provided interesting insights on subjectivity at work.

Dejours' phenomenological view of subjectivity at work draws on Böhle and Milkau (1991) who have analyzed workers' activities and shown that these activities, while intentional, were not always fully conscious. Work activity is considered to be "subjectifying" (Böhle & Milkau, 1991) in that the completion of tasks fully engages the subject, well beyond the representations of these tasks. Dejours (2009) defines the concept of subjectification as follows.

Subjectification deals with:

– *Conditions* under which the world (matter, tools, technical objects) can be appropriated by a subject
– *Forms* through which this appropriation occurs (as affective experience of the body and not as cognitive representation) (pp. 31–32, original emphasis)

The apparent opposition here between "the affective experience of the body" and "cognitive representation" should not be literally understood as a denial of cognition but as a claim that cognition fails to fully account for subjectification. Dejours' conception of subjectification is based on the assumption that the world only exists through our "psychic reality" that arises from neither words nor "constituted discourses" but from "a hand to hand combat with the world and with the resistance the world opposes to the capacities of the body" (2009, p. 32). Dejours does not deny the cognitive dimension at work but argues that there is more than cognition invested at and in work. In other words, "thoughts and movements engaged in working activities precede consciousness and symbolization of action" (Dejours, 1999, p. 45). In subjectifying activity, objective constraints (e.g., those related to systems and prescribed rules) and subjective processes support each other, as highlighted above in Dejours' definition of subjectification. Subjective processes involve emotion – first and foremost suffering or pleasure depending on whether the world resists the person's intentions. This integrative view is consistent with more general propositions that cognition and emotion are tightly intertwined (Solomon, 2002) and that motives and representations can be unconscious (Freud, 1973).

Other authors have highlighted the significance of body at work – see, for instance, Pezé (2009) or Lhuilier (2006) who additionally notes that in sectors like services, sales, health, or education, the most female occupations are those where the "main working tool is the body" (p. 103). Work is "self-usage" [*usage de soi*] (Schwartz, 1992), "self-trial" [*épreuve de soi*] (Jobert, 2005) in which workers develop a "virtuosity ethos" [*ethos de virtuosité*], that is, "a concern for self-actualization in their technical activity in an evaluative space" (Dodier, 1995).

Dejours posits that work is a central element in the structuration of subjective identity, in other words psychic identity is at stake in work activity (Deranty, 2008, 2009). Hence workers develop strategies to cope with situations where their subjective identity is at threat – be it a question of fatigue, boredom, intensity, or even

danger. Externally and internally oriented strategies may occur, depending on whether the individual has (or has not) the power to change work constraints. Here we will only detail individual strategies relying on individual resources, namely, "inventive intelligence" (Dejours, 2009, p. 28) – which are only possible when these constraints can be changed.[7]

Mètis: Creative Intelligence at Work

"Inventive intelligence" consists in finding a solution to a problem the solution of which is unknown, when prescription does not lead to the expected outcome. Inventive intelligence is what the worker has to bring to fill the gap between prescribed and real work. Far from academic knowledge, it is the outcome of practice, arising from the physical and emotional experience of work. This kind of intelligence, Dejours claims, was recognized in Ancient Greece under the name of the goddess *Mètis* (Vernant and Détienne, 1974): *Mètis* refers to the way animals cunningly simulate death to discourage predators, to David's craftiness facing Goliath, or to "tricks of the trade" that save effort (Dejours, 2009, pp. 29–30). It is a matter of both body and mind. It is concerned with effectiveness to the detriment of established rules. Dejours quotes the example of childminders who have to watch over many infants sleeping after lunch. To avoid falling asleep themselves (which would be a risk to babies' life), they have found a tip: they knit. This silent activity fosters free-floating attention that is best suited to the situation. This kind of know-how is generally kept discreet, if not secret, because it is doubtful that superiors would understand that employees knit during working hours. Referring to the Kabyle notion of "tiherci" or ruse (Yacine, 2001), Lantheaume (2007) also describes teachers' action to accommodate sticky situations in classroom. Practical intelligence comes from determined efforts engaging workers' whole subjectivity, sometimes outside working hours – however it is most often invisible. Dejours' *Mètis* echoes de Certeau's notes on "the practice of everyday life" (1990) which is more a matter of tactic than strategy. Tactics, de Certeau claims, grow as far as "local stabilities (…) collapse" and evidence how much "intelligence cannot be separated from the daily fights and pleasures it articulates" (de Certeau, 1990, p. XLVII).

To sum up, this clinical perspective considers four different aspects of work (Dujarier, 2006, p. 46): prescribed work, real work, realized work, and experienced work [*travail vécu*]. Realized work is the final outcome of real work – what has been delivered as a result of all creative tips included in real work. It is the visible part of real work, the one which is measured and evaluated – an aspect to which we will

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[7] In such contexts appealing to collective resources (cooperation) can also take place – although those are fading with the weakening of work collectives as a result of both the precarization of work (Dejours, 1998) and the diffusion of management practices (Dejours & Bègue, 2009). When work constraints cannot be changed, defense strategies are internally oriented – avoidance, rationalization, euphemizing, and concealment are symbolic means to change inner states, cognition, and negative feelings.

return later in this chapter. Experienced work is the intimate subjective experience of work: "how the subject experiences, interprets and makes sense of ongoing work not only at the moment of work but beforehand and afterwards" (Dujarier, 2006, p. 48), in the full meaning of the subjectification concept above.

The "Clinical Perspective on Activity": Genre, Styles, and Catachresis

Work as an Activity

Like Dejours' work psychodynamics, Clot's clinical approach to activity pertains to the wider category of clinical perspectives on work that quite generally consider that the person is "affected" by work: subjectivity, emotions, and feelings are the very source of performance and motivation (Molinier & Flottes, 2012). As Clot says, "you cannot have dedication without emotion" (Clot, 2010, p. 16). Although Dejours and Clot both build on the same ergonomics-inspired distinction between prescribed and real work and both insist of the way individuals "inhabit" their own work, their perspectives then diverge on a number of points. First they draw on very different theoretical frameworks – psychoanalysis for Dejours and Bakhtine's and Vygotsky's works for Clot (Clot, 2001). Second they differently locate sources of well-being at work: for Dejours health at work depends on the worker's capacity to ease the psychic tensions arising from the constraints of real work, whereas Clot considers that the feeling of "well done work" and the possibilities to debate about it are keys for workers' health (Clot, 2010). Finally while, consistently with his focus on psychic identity, Dejours has paid equal attention to what people do and how they feel at work, Clot has devoted most of his work to the study of activity and developed a very fine-grained framework to understand in depth what people really do at work.

First, Clot develops a view on activity that goes further than ergonomists' classical perspective – in which activity is equated with real work. "Realized activity" and "real activity," Clot argues (1999, p. 119), are not the same thing. Real activity is more than realized activity, because in the daily course of work, we are full of unrealized possibilities. Clot provides a humorous illustration of these unrealized possibilities.

> The real of activity [real activity] is also what should not be done, what cannot be done, what one unsuccessfully tries to do – failures –, what one would have wished to do or could have done, what one thinks or dreams to do elsewhere. It should be added – frequent paradox – what one does for not doing what has to be done, or else what one does without willing to. Not to mention what has to be done again. (Clot, 1999, p. 119)

Such a view insists on the ineluctable inhibited dimension of activity. Indeed Clot conceives work as a "directed activity in real situation" (Clot, 1999, p. 94) – which is "not only directed *by* the subject's conduct or directed *through* the object of the task, [but] is also directed *towards* others" (Clot, 1999, p. 98, original emphasis).

Direction is thus threefold and the three poles permanently interact to shape activity in context. First, there is no activity without a subject, and here Clot agrees with Dejours that working is primarily an "activity on oneself" (Clot, 1999, p. 95). Second, activity is addressed to the immediate object of action – the goal to reach. Subject and object interact in that the person subjectively shapes the object in incorporating prior experience and established ways of working, in relation to available instruments and systems. In other words, the subject is part of the object. Third, working activity takes place in a chain of activities. Thus "the subject's action does not come directly from the object but from contradictions in the structure of activities that are intertwined through it [the object] (…)" (Clot, 1999, p. 101). Surgery situations are illustrative of working moments where actors' (surgeon, nurse, anesthetist, etc.) activity is simultaneously directed through specific objects while tightly intertwined with others' ones. Activity is thus "a living triad" (Clot, 1999, p. 98) that needs to permanently address the contradictions existing within and between the three poles. This means being creative: "Depending on circumstances, work consists in facing tensions arising between these three poles in drawing on each of them to free oneself from the two others [object and others] so as to remain, so to speak, the *creative* subject of the situation" (Clot, 1999, p. 101, emphasis added).

To understand how creativity unfolds within this triadic frame, Clot and Faïta (2000) have developed the concepts of "genre" and "style," borrowing them from Bakhtine who used them about language activities.

Genre: The Collective Occupational Norms

> Genre is the implicit part of activity, what workers in a given milieu know and see, expect and recognize or fear; what they share in common and what gathers them under real life conditions; what they know they have to do given a shared set of pre-supposed evaluations, without having to re-specify the task when it arises. (Clot and Faïta, 2000, p. 11)

Genres of activities are the impersonal and collective memory that contains personal activity in context: "ways of behaving, ways of communicating with others, ways of beginning and ending an activity, ways to successfully drive it towards its object" (Clot & Faïta, 2000, p. 12). They are made of ways of doing (technical genre) and talking (genre of discourse or speech) of equal value – for an example of genre of discourse among stone carvers, see Cru (2014). Genre is the collective presupposed of activity which enables workers to face the unexpected events of real activity in providing a set of preexisting answers. It is a shared capital that anybody can use as a resource, but also a constraint for beginners who are taught and must follow the "right" manners of doing things. Hence it may be considered as the reinterpretation of prescription by the community of workers. Genre is intersubjective in that it enables to evaluate colleagues' work through occupational internalized norms, although most often not thoroughly consciously.

Styles: Individual Variations

As genre is oriented toward efficient action, it is an unstable resource which has to adapt to new conditions of work. Genre is transformed through "styles": "styles keep changing occupational genres in taking them as work objects as soon as they [genres] "get tired" as guidelines to action" (Clot & Faïta, 2000, p. 15, original emphasis). Style is individual: it is the worker's capacity to change the genre at the very moment of action, depending on circumstances. Stylistic variations generally assume good knowledge of activity – although, as we shall see below, young practitioners can also bring stylistic variation. Style means getting free from both genre and oneself – in that it disrupts repetition of one's own ways of working. Under different words, style is individual creativity.

Genre and style are interdependent. You need a "living" genre (that is, a genre that constantly changes to adapt to activity requirements) to develop your own style – and genre cannot live without styles. Both have a psychological as well a social function. Before having a social impact on genre, style is addressed to oneself; it is part of one's "personal history of development" (Clot & Faïta, 2000, p. 17); it constitutes an emancipation from subjective "incorporated" (in Bourdieusian terms) behaviors and representations. Genre has also a psychological function in that it enables style to develop – in managerial terms, it empowers workers. And while the social function of genre is core, style also contributes to the empowerment of the working collective through the changes it brings to genre. It might happen however that style fails to be included in the genre. Indeed, as we shall illustrate below, style always lies at the boundary of transgression – since it does not follow the existing genre. When the working collective does not recognize and accept the stylistic variation, it remains an individual transgression. To sum up, in Clot's theory of activity, while individual creativity (style) has a psychological function (as in Dejours' conceptualization), it is always embedded in the social – which ultimately recognizes it as creative.

Genre and style are two of the four dimensions of work (Clot, 2008, p. 258) that include:

- The "impersonal" dimension, that is, tasks and procedures – in other words, prescription as ergonomics defines it (see above)
- The "transpersonal" dimension, which, at a given moment of time, is the outcome of the history and organization of workers' practices – the "occupational genre"
- The "interpersonal" dimension, which is made of relationships with others (superiors, subordinates, peers, direct and indirect customers)
- The "personal" dimension, which encompasses all subjective and personal aspects of the relationship the person has with one's work – personal and career trajectory, but also individual "style"

Catachresis as a Specific Form of Creativity

The last concept worked out by Clot is called "catachresis" – a term again borrowed from linguistics. Catachresis means using a tool for another usage than the established one – either because tool is missing and inadequate or fails to produce expected effects (Clot, 1997). Catachrestic usage is something common in daily life: this is, for instance, the spoon handle used to force the opening of a jam jar, the chair placed in front of a door to prevent closing or climbed to reach an upper shelf, etc. Such uses are creative in that they divert objects from the usage for which they have been designed. However they do not appear creative since such catachrestic uses are now frequent. We could say that they have been incorporated in the genre of activities (opening a jam jar, preventing a door to slam) – which masks their original creative use. In working situations, catachreses are often used as creative ways to be more efficient or more comfortable at work.

Clot distinguishes three types of catachreses: (1) "centrifugal catachreses," orientated toward action on external objects with the aim of enriching the tool bag to meet real work requirements; (2) "centripetal catachreses," oriented toward oneself with the aim of maintaining a sufficient level of cognitive and subjective activation; and (3) catachreses "aiming at enriching or selecting lexicon or verbal expression" (Clot, 1997, pp. 114–115). In industry a classic example of centrifugal catachresis is the screwdriver used to open an electrical cabinet – instead of the regular key which is held by electricians who are the only ones allowed to enter the cabinet – thus saving time and enhancing production regularity and volume. Regarding centripetal catachreses, many examples have been documented. For instance, train drivers used to play arrow crosswords to sustain their level of attention when conditions of traffic lead to passivity and risks that "mindfulness goes away": arrow crosswords, which are not as difficult as crosswords, keep the mind occupied enough to help the driver focus on the driving situation (Clot, 1997, p. 119). The same kind of catachresis has been documented in petrochemical industries where, during routine operations, control workers play Scrabble – a silent game that fosters listening out for irregular noises that could signal malfunction – to sustain their attention, manage boredom, and exorcize fear (Dessors, 2009). The above cited example of childminders knitting to prevent sleep is another illustration of centripetal catachresis. All these examples describe techniques of "work on oneself" (Clot, 1997, p. 120). Finally, the third type of catachresis, directed toward others, uses language as a part of activity. Thus stretcher-bearers who take patients to the operating room use metaphors to humorously relax their patient – which is much appreciated by anesthetists (Clot, 1997, p. 121). Dejours (2009) also reports how, in his early career as a psychiatrist, he successfully produced the "staging" of an injection (a kind of performance, such as in a theater, to successfully administer the injection) to a patient in using military metaphors.

As we shall see below, not all creative stylistic variations use catachreses. But all creative practices at work are means of releasing work constraints that, additionally, nurture the feelings of having a "work of oneself" and of full engagement in the working activity.

To conclude this theoretical section, it is notable that both schools of thought emphasize the ineluctable need to be creative to deliver performance at work: in other words performance relies on individual creativity. Both also insist on the invisibility of daily creativity, because it always deviates from prescription (and might be reprimanded by hierarchy), also because discretion is a way to protect personal "tricks" from being incorporated into prescription. Both equally underline how much daily creativity is a source of meaning at work, how it generates motivation, pride, and other positive emotions.

Examples of Daily Creativity

This section offers examples of "inventive intelligence" in office and management jobs that illustrate how daily creativity at work constitutes itself against the lacunae of prescription, the inadequacy of work resources, or the obstacles constituted by other's activity. For this inventory, the author relies either on her own experience or on practices reported by students or colleagues. All these examples have been carefully documented (written reports)[8] and collectively debated. It is also notable that most often, individuals do not spontaneously perceive themselves as creative persons in the daily course of their working activity. Students report it took them some time to identify personal experiences of daily creativity at work. Similarly, regarding the first example derived from the author's experience, it is only many years after the facts occurred that she realized she had been creative – namely, when the author came across these concepts of inventive intelligence at work and catachresis. Awareness of creativity comes generally ex post facto – which supports Dejours' views that inventive intelligence at work precedes consciousness (Dejours, 1999).

This section is organized along the threefold categorization of catachreses, whatever the creative practice uses a catachresis or not. While some examples may take place in outdated or specific contexts, we have chosen to quote them for their exemplary illustrative value and/or because they take place in environments which are often denied any space for creativity by common sense – for instance, accounting. In this section, our examples have a heuristic, not a pragmatic value: considering our argument, it would be meaningless to use them as models to be reproduced.

Centrifugal Creative Practices

All the examples reported here first originate in the perceived need of doing things differently (from prescription) to achieve working outcome; in other words centrifugal creative practices are deliberately oriented toward performance.

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[8] Extensive details have been provided – many more than the ones reported here due to lack of space.

Catachrestic Creativity in the Accounting Field

The first example dates back to a time when computerization of accounting activities was still ongoing in an international production and distribution sportswear firm. General accounting entry and ledger were computerized, but no specific subsystem was available to manage supplier payment. Traditional practice (genre) required that once the invoice was booked in the general ledger, then the original purchase invoices were filed in a folder until payment was due. The folder was organized along dates of payment (twice per month), and 10 days before the date (to preserve treasury treatment times), the bunch of invoices due were extracted from the folder and sent for payment. Unfortunately this very rudimentary organization proved unreliable: when the invoice was not appropriately filed, payment was lacking, and moreover, the slightest delay in approval and payment procedures made the whole process late – suppliers were complaining that payment was late or missing. The chief accountant then decided to open 24 different "supplier payable" accounts[9] (one for each date of payment in the year) and to book invoices to the adequate account, depending on their expected date of payment. Then detailed balance sheet accounts gave real-time information about invoices to be paid at each deadline. Since the folder was then useless to manage due dates, payment approval (which required the circulation of original invoices throughout purchasing departments) could be anticipated, thus minimizing the risks of late payment. The new practice proved very efficient: it significantly decreased delayed and missing payments. It improved performance as well as the chief accountant's well-being at work in fostering feelings of "well done work," since operations were now reliable. Accountants were also happy: booking time was about the same and the risk of errors smaller than under previous practice. This creative change in practice used a catachresis (ledger accounts are not meant to manage and secure on time payments). While its explicit objective was clearly centrifugal (remediate to failures in supplier payments), it also turned out to have centripetal benefits, in the form of increased well-being at work.

Then came the auditors... and they were very angry. Of course, at a particular moment of time, no more than 6 (out of 24) payable accounts showed movements, the rest of them having a zero balance. Additionally, auditors said, there "should" only be a unique account for all invoices, and the company chart of accounts should be back to its original configuration – the one they approved in the past. The chief accountant had to explain in depth and struggle hard to be allowed to keep the new creative chart of accounts and practices, but was eventually successful, so the new practice persisted until the implementation of a computerized supplier accounting subsystem some years later. This story is a good example of how a stylistic variation can be at first sight perceived as a transgression[10] of genre, but how it can finally be incorporated in it, thus making it a living resource for workers.

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[9] The case presented here does not enter into accounting complexities (i.e., fixed asset invoices need booking in specific accounts) and presents the principle used for "ordinary" suppliers.

[10] In this case, there was no internal debate (inside the financial department) about the relevance of transgressing the genre.

Catachrestic use of various software appears common in students reporting of their activities as temporary workers or interns. Such stylistic variations of genre are sometimes incorporated into the genre. When the whole team decides to change their working methods, the young practitioner feels highly proud and truly happy at having contributed to something "lasting" and surviving the time period spent within the team. It might be also that the team does not adopt the innovation, which is disappointing for the creative worker. In some cases, the absence of recognition may be understood as a defensive denial that a young newcomer can bring something valuable to traditional modes of working – as if permanent workers, with all their experience, were jealous not to have discovered the improvement by themselves.

How to Creatively Improve Meeting Experience

The second example is provided by catachrestic uses of Google Docs ®. These files aim at enabling people at a distance to work simultaneously on the same text: while typing you see what your colleague is writing some paragraphs below or above. Such devices are very valuable to coauthors: they avoid countless transfers of files (with associated risks of confusion), and they substantially save time. However other uses are reported by IT experts. Google Docs ® are used in meetings, where they enable a group of persons to discreetly share perceptions and drive collective behavior while keeping the other group fully ignorant of such exchanges. This practice (which is, for instance, reported in higher education meetings of students, administrative, and academic staff) assumes that every member is digitally equipped and active – which is credible since notes have to be taken for reporting, documents consulted in the course of the meeting, etc. The same device enables an executive manager attending a meeting to communicate with team members, sometimes quite far away, to collect additional information or elaborate new pieces of argumentation in real time – and thus make better use of the meeting. Again, this is a creative catachrestic use, centrifugally oriented toward performance. In addition, it introduces a flavor of play since the practice, which is kept secret between communicating members, gives the feeling of achieving an advantage vis-a-vis the other party. However it might be that every party uses Google Docs ® so that the advantage is void. What is important however is participants' subjective experience of pleasure and play that arises from the creative practice.

Other Examples of Centrifugal Creativity

Other examples of catachrestic creativity include, in the marketing department of a cosmetics firm, the use of hair gel to temporary stick products on a board, whereas glue damaged products when they were removed, and tape was not strong enough for heavy products; the use of an Excel ® worksheet to "store" hyperlinks leading to a variety of key files recurrently used throughout the day, which saved much time in providing almost immediate availability of these files; the use of a high-pressure

cleaner to create highly visible yet labile thus non-illegal graffiti on streets floors to promote a student event; etc.

Change in the physical organization of storage spaces to better fit operational working requirements, namely, save time and fatigue, is an example of non-catachrestic creativity. The need to overcome resistance to change during project implementation also stimulates creativity: gathering workers' personal perceptions of the ongoing change (for instance, through a questionnaire or in spending time with workers to better understand their constraints) involves people into the process and facilitates implementation. Students also report a variety of learning "tips," such as course recording that can be listened to during journeys or domestic tasks.

All these centrifugal creative practices primarily aim at improving performance whatever its contextual definition – improving reliability in accounting matters, saving time, easing change, optimizing meeting interactions or learning time, etc. All these practices emerged without any organizational demand: they resulted from workers' individual will to be more efficient in their daily work. Additionally the creative solution made work a more enjoyable experience: work was smoother. Even when creativity is oriented toward external problem solving, it invariably turns out to be beneficial to the worker.

Centripetal Creative Practices

Let us see now examples of centripetal creative practices, that is, practices oriented toward oneself. As we shall see, drivers for creativity may vary.

Creatively Challenging Oneself

The first example takes place in the mail service of a company. A new temporary worker is provided with the company directory to help dispatch the incoming external and internal mail into various department mailboxes (twice a day). After a few days, the worker began to sort out the mail without using the directory (or using it only in case of doubt). It clearly saved time but the student reporting the story indicates that it was not the main motive. It was rather the will to evidence ability to do the job without the directory that "progressively got a status of rival vis-a-vis [the] memory." Relying only on personal capabilities was a kind of proof that one "could have full confidence in [oneself]." "Ease in working and self-confidence" were the goals to reach. Feelings of "pride and success" were rewarding work that did not use the directory, whereas "anger and self-deception" followed mistakes that required to come back to it. The student also explains that permanent workers in the same position did not use the repertory either and that it was also a motive of spontaneously giving it up. The student's report does not mention it explicitly, but we could think that being as effective as permanent workers was also a goal, with maybe positive inclusion benefits. It might be also that doing without the directory

was a challenge that made this rather uninteresting job more stimulating for a higher education student.

"Self-motivation" is also a driver reported by a student whose job as an intern was to fill in Excel ® worksheets – a "boring and repetitive job" that however was key for the firm. To "stay focused," the student decided to set quantitative targets "divided into steps" – which prevented from "wandering offtrack" and wasting time. This, the student explains, helped "stay proactive and find meaning in the activity." Another student explains that making "learning cards" is a must before exams, which however is a fairly "passive" activity that makes keeping focused difficult. To avoid turning to emails, websites, or other more rewarding activities, the learner tried a number of means to "relieve the tedium of this passive task" and finally found out that listening to classical music, without lyrics, while writing learning cards preserved focus. Paradoxically, the student explains, simultaneous writing and listening (which is appealing to more cognitive resources) was more efficient than writing alone, maybe because listening music (a catachresis) was cognitively associated with leisure and rest – a representation unconsciously transferred to writing and work.

Making Catachrestic Use of the Cigarette Break

These illustrations invite to consider that almost anything in an organization, well beyond physical or computerized instruments (as in previous examples), can serve as a creative catachresis. The "cigarette break" is a recent institutionalized organizational moment and space, at least in countries where smoking has been forbidden in company offices: employees must leave the premises to smoke, and there is a place which has generally come to be institutionalized as the "smoking corner." It is well known that such moments are times of socialization and communication among organizational members who otherwise would probably never meet. The cigarette break can also be used quite purposefully to informally approach someone likely to bring help in a difficult situation – a catachrestic use. The intern student reporting the story felt really bad because the situation involved an ethical dilemma vis-a-vis a customer. The solution proposed had been refused by the supervisor, and the intern could not find any way to override it until, at the next cigarette break, the intern discovered a person enjoying high legitimacy in the organization who was likely to be empowered enough to successfully recommend again the rejected solution – what finally happened, for the profit of both the worker and the customer, hence the company. The student reporting the case emphasized personal traits, namely, introversion and discretion, to underline that if smoking had not provided this lucky opportunity, personal contact with this resource person would have proved impossible.

In all these examples, creativity primarily serves the worker's internal states (boredom, lack of focus, ethical dilemma), but it also serves performance: a person who feels well works more efficiently.

Linguistic Creative Practices

Putting Emotion into Math

Examples are more occasional, as is also the case in literature where such examples are scarce. A student reported a creative teaching practice in mathematics with a learner who had great difficulties with the abstract aspect of the discipline. The student-teacher decided to "personalize mathematical concepts." Thus the Bernoulli theorem was "kind" (because the formula was simple), the binomial distribution was "annoying" (because the formula was more complicated), another one was "tricky" (because the formula was confusing), etc. The student analyzed this practice as probably mirroring unconscious personal representation of math: as in ordinary life, where we "meet persons with good or bad tempers" but finally find solutions, in math "there are different situations in each exercise but we always meet the same characters, the same formulae and finally the same solutions." The student considered that "personality [was] engaged" in the task since, more generally, emotions were perceived as important and meaningful. Introducing emotions in a discipline which denies them any room was a stylistic variation, which turned out highly successful (the pupils passed their math exams with honors) and meaningful for the teacher.

Creating and Naming New Categories

Another example takes place in a student humanitarian association devoted to visiting patients in hospitals – the local branch of a federation which ensures training of potential new volunteers, who cannot visit patients until they are trained. However to make sure that training resources will not be wasted for inactive branches, the federation rule is that branches are allowed trainees in proportion of actual past visits realized only. What is supposed to be a virtuous circle (high number of visits, new trainees and volunteers, higher number of visits) turns into a vicious one when the number of visits declines: few visits, few new trained volunteers, fewer visits, etc. At the time, due to situational factors, the number of visits had declined, but the branch could not hire many new volunteers because of the declining slope of visits that reduced the training allowance. Thus the very survival of the branch was at stake. The new president of the branch analyzed that the declining number of visits was actually due to an increase in management tasks (event organization, search for funds, etc.) that were undertaken by the volunteers – who consequently had less time for hospital visits. The president then decided to create and name a new category of volunteers, besides the traditional one (trained volunteers). "Untrained" volunteers were in charge of all administrative and communication tasks, while trained volunteers could be fully devoted to visiting patients in hospitals – which was likely to increase the number of visits, then the possibilities of future training. In this example, where the survival of the local branch was at stake, creativity consisted in dividing labor, which needed redefining the local volunteer and creating both categories of "trained" and "untrained" volunteers. In this example, the semantic creation goes hand in hand with a more formal innovation (division of tasks).

Concluding Remarks

As a conclusion, it seems clear that, while the categorization of creative practices (and catachreses) in three groups (centrifugal, centripetal, and linguistic) might be useful for presentation purposes, it should not mask the fact that performance and well-being at work are most usually intertwined – inefficient activities create discomfort (and reversely), and this is the conjunction of both that stimulates spontaneous creativity. Daily creativity at work might be considered as micro-creativity in that changes are often incremental (even invisible); however, micro-changes make a huge difference in terms of individual well-being and performance. Our abovementioned creative workers have unequal levels of responsibility, in very different working environments. These examples complement the existing body of research (that has most often focused on industry or transportation workers, sometimes teachers) and suggest that daily creativity at work is part of the working experience of any person whatever the job and qualification (chief accountant, childminder, control worker, train driver, product manager, management control assistant, teacher in math, mail assistant, executive manager, sales assistant, event organizer, etc.) in firms of various sectors and organizational culture (public sector transportation, cosmetics, petrochemical industry, higher education, media, banking, social economy, etc.).

These examples suggest that the concept of daily creativity is an embodiment of smart power – employees who feel free to invent tricks to improve both their performance and well-being are empowered. They use their soft skills. But to feel free, you must be granted freedom. Hence daily creativity can only bloom if the whole environment is also aligned with smart power principles – treating people decently, trusting their competencies and motivations, etc. This means both supervisors that make use of their soft skills in team and individuals' management and organizational arrangements that allow daily creativity at work.

Why Daily Creativity Should Not be Managed

There are many positive emotions associated with daily creativity – relief (of finding a solution to an external issue or releasing an internal tension), pride, sense and meaning of work, sense of competence, self- satisfaction and esteem, motivation, and social recognition when the innovation is recognized as such and incorporated into the local occupational genre. As we have seen, daily creativity positively impacts performance, either because it is its primarily objective (centrifugal creativity) or because well-being and positive emotions at work (centripetal creativity and all consequences of any type of daily creativity) have a positive impact on performance. Considering its benefits, managing daily creativity might be a temptation. This would mean considering it is part of every worker's job to propose innovation in work processes and evaluate proposals, with possible consequences on recognition, compensation, and/or career.

Spontaneous Versus Demanded Creativity

As we have discussed, this unfortunately would kill the benefits. Indeed positive emotions are the direct outcome of the spontaneity and autonomy of the creative process. When creativity is on demand (in the frequent form of "please find a way to solve this problem"), the worker may be happy to have brought an answer, but it is the mere satisfaction of having met the objective and the demand. There is none of the supplement of personal engagement one puts in un-demanded tasks, no supplement of meaning. Being spontaneously creative means working primarily for oneself, for one's own satisfaction. Including daily creativity into the prescription would turn intrinsic motivation for daily creativity into extrinsic motivation and then deprive creativity from its specific meaning.

One might think of the success of Japanese quality circles as on-demand creativity counterexamples of the above claim: although explicitly asked to find solutions to problems, members feel highly engaged in the process that generates many innovations. One should however note that Japanese success sometimes turned to failure abroad. In France, for instance, quality circle outcomes have proved very disappointing, as a consequence of societal characteristics that are very distant from Japanese ones (see Chap. 3 of this book). The success of Japanese quality circles can primarily be attributed to modes of collective engagement that owe much to the "collectivist" (group) basis of the Japanese society (Hofstede, 1984), to the Confucian philosophy which makes a Japanese company a kind of second family, and to the dominance of cultural/clanic control over bureaucratic control (Ouchi, 1980) in Japanese companies – see Bourguignon (1993) for a more complete discussion about the local anchorage of successful management practices.

The Key Role of Peers and Dialog in Maintaining the Occupational Genre

This is because spontaneous creativity is more meaningful than on-demand creativity that Clot and Faïta (2000) insist that this is the work group only that should be in charge of maintaining the genre, of debating of work practices. To "work out" genre, third parties can help in encouraging the description and awareness of activities. Clot thus proposes various methods based on dialog (Clot, 2009): self-description based on videos showing the worker in context (the worker is invited to comment on own actions and words – *auto-confrontation simple*), crossed self-description (same as previously but another worker is invited to comment on the colleague's actions and words so that both workers can debate about their respective practices – *auto-confrontation croisée*), or else "letter to Double – *lettre à Sosie*," a method by which the worker is requested to write everything done in the course of daily activity to a possible double, who then should do exactly the same in case of replacement (for an example in education, see Friedrich, Goudeaux, & Stroumza, 2006). Only special conditions deserve such cumbersome and costly methods that, additionally, need

intervention of a third party (external consultants), but they may be inspiring for more ordinary situations. The main point, Clot insists, is that there should be some room for debate of occupational practices and that, for creativity to take place, there should be no attempt by the management to control it, for instance, in the yet common form of "best practices" collection, because documenting and disseminating them would mean renewing prescription: "…the only "good practice" is the practice of debate on well done work. And first and foremost, among peers" (Clot, 2010, p. 164). Debate regarding genre should be permanent and there should not be any "last word" (Clot, 2006, p. 166). Living controversies are a condition of mental health and performance – a view that sharply contrasts with more traditional views about consensus in teams. Controversies among peers also contribute to reducing the erosion of work communities that deprive workers from collective support in case of difficulties.

Dejours (2003) has also claimed that real work could not and should not be evaluated. Only its visible part, realized work, can be evaluated. What makes the difference – all the tips and tricks developed to achieve objectives, that is, daily creativity – cannot be grasped by the manager and should not be made visible, because it belongs to the worker and is a condition of mental health at work. Hence evaluators should be aware that evaluation, whatever its necessity for the firm, is always very unfair considering the gap between real and realized work. According to Dejours, there are only two relevant judgments regarding work: "judgment of beauty" and "judgment of utility." The former addresses the worker's ability to work according to established occupational practice rules (genre) and possibly to renew them (style) and can only be granted by the work group; the latter concerns the worker's technical, social, and economic contribution, which goes well beyond the realization of formal objectives and should be granted by all interested stakeholders (customers, colleagues, etc.). Such recommendations suggest again that management and hierarchy should stay away from gauging real work, from trying to shed light on daily creativity encapsulated in work activities and leave it to the working group to debate and evaluate their occupational practices.

While daily creativity at work should not been managed and controlled, it does not mean that all controls should be given up. In particular, internal and external regulations need compliance. Creativity is not full freedom: it must develop within the limits placed by external regulations and internal rules. While controlling compliance will always be necessary, it does not mean controlling the creativity process itself. In the famous Société Générale case (Allen, 2008) in which a creative trader almost brought down the company, the problem was not uncontrolled creativity, but uncontrolled compliance with rules.

Conditions for Daily Creativity in Practice

If daily creativity is not to be managed, what can organizations and managers do to provide the best conditions for its development? In this section we explore some paths that can more broadly been referred to smart power-inspired management.

Intrinsic Motivation, Meaningfulness at Work and Performance Management

First it should be noted that daily creativity relies on intrinsic motivation. Hence the organizational environment should protect and encourage this kind of motivation. Although original findings that all rewards are detrimental to intrinsic motivation whatever their contingency (engagement, completion or performance[11]) (Deci, Koestner, & Ryan, 1999) call for some nuance (see Gagné & Deci, 2005, for a complete discussion), it remains that contingent, tangible rewards and other factors such as competition and evaluations can be detrimental to creativity, cognitive flexibility, and problem solving (Gagné and Deci, 2005). Thus evaluation expectations have a strong negative effect on creativity[12] (Amabile, Goldfarb, & Brackfield, 1990). Organizational managerialist environments (including objectives of all kinds, associated performance measures, and/or bonus plans) drive employees' attention and behavior toward compliance to expected performance; they appeal to persons' external motivation, and their effect on daily creativity at work is very debatable. Indeed one might hypothesize that emphasis on expected performance might stimulate centrifugal creativity (aiming at efficiency). However Kuntz and Linder (2012) have recently evidenced that monetary rewards negatively affect the "norm-based" part of intrinsic motivation.[13] This is not really surprising since performance management systems enhance competition between explicit organizational norms and objectives and personal internalized ones, with the aim of substituting the former for the latter. Such competition induces internal conflict, representations of "thwarted activity", and perceptions that work is not well done (Collard, 2012). As we have seen above both theoretically and empirically, daily creativity at work is tightly connected to meaningfulness at work. Thus one might as well hypothesize that managerialism will impinge on daily creativity. Additionally and worse, performance systems, whether they are driven by management control or HR management, focus on realized work, which is a way of denying of the complexity and creative nature of real work: the lack of recognition of real work is likely to undermine self-engagement in work.

To bloom daily creativity needs an environment recognizing this complexity and the creative potential of any worker. Concretely this means providing autonomy to persons – freedom of developing thoughts about their work, freedom of trying new ways of doing things, and, above all, right to make mistakes. It has been established for long that trials and errors are part of the conditions fostering creativity (Carrier & Gélinas, 2011). However, except in R&D departments where this is the rule of the game, the right to make mistakes is something hardly acceptable in the great majority of companies. The pressure on outcome put on workers by the various above-

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[11] Rewards can be contingent to working on the task, on completing it, or on performance (Deci et al., 1999, p. 628).

[12] These authors study on-demand creativity and research relies on lab experiments.

[13] Intrinsic motivation is made up of two dimensions: enjoyment-based motivation (stemming from the mere enjoyment of activity without concern for its consequences) and norm-based motivation (associated with the coherence of activity and personal norms) (Gagné & Deci, 2005).

mentioned performance systems does not only induce reward expectations but also punishment threats, thus dampening any motivation of trying new paths. There is no daily creativity at work without an open and kind environment which locally releases organizational pressures toward objectives and performance. Local managers' attitudes are keys in this matter.

Trusting Persons

At more central levels, daily creativity can be fostered in releasing control (over processes and outputs). Concretely it seems more difficult to implement in the present context of the increasingly numerous and all-encompassing control and management systems. However some rare organizations – the industrial French company Favi or the Brazilian Semco (Semler, 1993), for example – have promoted methods reducing hierarchical and system control over production, leaving it to workers to self-organize and manage activities. Such an organization means trusting organizational members and their inner drive for and ability to be creative; it relies on beliefs such as "people are good persons" or "there is no performance without happiness."[14] If such radical change may prove difficult to implement, its basic assumption is more easily applicable: the person**,** not the outcome, not the process, is the core of management methods. In other words it would mean, quoting a student's word, "treating performance as a consequence, not an objective" – that is, encouraging employees' intrinsic motivation and being confident that their creativity will generate performance, as explained and illustrated above.

Moments and Spaces of Collective Debate

Besides, while management should not try to manage daily creativity at work, using smart power could leave room for organizational arrangements that offer moments and space of collective debate about work. Scholars disagree on whether the team manager should be present in such meetings (Van Belleghem, 2016). Those who advocate for presence underline that debate spaces should be devoted to "change work, find solutions" (Detchessahar, 2013, p. 29) or that "discussion bearing on real work should be able to produce transformations in the situations analysed [and that] discussion spaces should be connected to other decision-making spaces in the business" (Van Belleghem, 2016, p. 295). Such proposals can be seen as taking us back to on-demand creativity, not spontaneous creativity. They might be a way to improve work processes, but they can only bring the limited benefits of on-demand creativity. To fully take advantage of spontaneous daily

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[14] Http://www.favi.com/management/

creativity, we would rather follow scholars recommending team managers' absence. Beyond the anonymity and confidence requirements emphasized by these scholars (Van Belleghem, 2016), meetings with no other objective than debating about work and its difficulties and no other attendant than team members are more likely to ensure the maintenance of the occupational genre. Such meetings could be places for workers to share their creative tips; freely discuss about the relevance of changing work methods and practices (i.e., incorporating personal tips into the local genre), with the help of "beauty" and "utility" judgments; and together experience inclusion and support of the working collective. As we have seen above, it is sometimes disappointing for the creative worker when the innovation is not recognized by the group, especially when no explanation for it is given. Meetings would offer places of open debates for decision regarding genre and thus decrease potential frustration.

Letting Go

All these proposals can be reformulated in terms of "letting go" – trust people instead of controlling them, allow them to fail, give them time and space to discuss about their work, and believe in their creative abilities and in well-being at work as a source of performance. All this means changing management practices, but first and foremost refining our representations of management and creativity. Management is more than direction, more than voluntary influence; paradoxically it sometimes is (or should be) an effort not to drive. Creativity is not something to be asked and managed, it is a freely given present; it is a gift, for which any person is gifted provided that the environment offers welcoming conditions.

In sum, the development of daily creativity at work needs a coherent environment that relies on smart power principles. Two points are central: an organizational philosophy of management nurturing practices in which traditional controls (hard power) are released for the benefit of trust and empowerment and managers who have developed their soft skills enough (belief in human beings' creative potentialities and intrinsic motivation at work, emotional and relational intelligences, nonviolent communication, active listening, etc.) to be considerate, to accept trials and errors, and to regard long-term outcomes beyond short-term performance. Daily creativity at work requires mature organizations and managers.

Limitations and Perspectives

A final word is needed about the local validity of both the theoretical and practical propositions of this chapter. As underlined above regarding practices of creativity in Japan, the success of management methods is highly dependent on the societal

cultural context in which the organization operates. The present analysis unambiguously addresses Western contexts where the individual is given a prominent place in society, both in representations and practices, and where managerialism embodies local ways of thinking action, time, and the world (Ancelin-Bourguignon, 2014). The author's specific concern with the need of finding alternative modes of management, alleviating stress and improving well-being at work, and empowering workers may be related to the French context: in European surveys (EU-28), France ranks among the highest for work intensity index and has the poorest social environment index (social support, exposure to adverse social behavior – verbal abuse, bullying, threats, etc.) (Eurofound, 2016). This local context can also explain the fertility of French work psychology research. We however believe that, while its conditions and forms of actualization may vary across cultures and societies, the concept of daily creativity at work is universal – because everybody is potentially creative and because creativity is "inherent to life itself" (Winnicott, 1971). However more research is needed on this topic, as well as research providing further empirical evidence of the positive impact of daily creativity on well-being and performance.

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Chapter 9
Narcissistic Leadership in Organizations: A Two-Edged Sword

Gidi Rubinstein

Introduction

The BBC documentary (co-produced with the Open University) Child of Our Time (BBC, 2000), designed to build up a scientifically accurate picture of how genes and environment interact to make a fully formed adult, vividly demonstrated the results of a study on employees working in a high-rise building. The higher the floor in which their offices were located, the more senior their management positions. The employees had filled in a personality questionnaire and after then were videotaped upon entering the elevators at the beginning of a working day. Those whose agreeableness level was the highest came out of the elevator in the lowest floors, while those whose agreeableness level was the lowest came out of the elevator in the highest floors, where the offices of the top management were located (Winston, 2010).

A recent meta-analysis (a statistical analysis that combines the results of multiple scientific studies), based on 310 independent samples drawn from 215 sources (O'Boyle, Forsyth, Banks, Story, & White, 2014), yielded a negative statistically significant correlation between narcissism and agreeableness across the many studies reviewed in this meta-analysis.

Agreeableness is one of the Big Five personality traits (a personality model consisting of openness to experience, conscientiousness, extraversion, agreeableness, and neuroticism) (Costa & McCrae, 1992) that reflects individual differences in general concern for social harmony. Having an optimistic view of human nature, agreeable individuals value getting along with others and are generally considerate, kind, generous, trusting and trustworthy, helpful, and willing to compromise their interests with others. Disagreeable individuals, on the other hand, place self-interest above getting along with others, are generally unconcerned with others' well-being,

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and are less likely to extend themselves for other people. Sometimes their skepticism about others' motives causes them to be suspicious, unfriendly, and uncooperative.

Individuals high in narcissism may be charming and gregarious initially, but they show little concern for others' opinions, do not go out of their way to help others, and are anything but modest (Campbell & Miller, 2013; Samuel & Widiger, 2008).

- Do people have to be disagreeable and/or narcissistic in order to reach the position of senior managers?
- Are agreeable non-narcissistic individuals doomed to remain subordinates?
- Does promotion and leadership go hand in hand with egocentrism and ignoring the needs of others?
- How can organizational leaders harness the personality needs that led them to leadership for the sake of the organization without suppressing their subordinates and abusing them as to satisfy their self-serving needs?

The chapter consists of five sections: section "Narcissism: A Personality Trait or a Personality Disorder?" is devoted to the psychology of narcissism, starting with the Greek myth of Narcissus, followed by the psychoanalytic theories, the "narcissistic personality disorder," a review of recent empirical studies, and a discussion of healthy narcissism. Section "Narcissism: A Personality Trait or Cultural Phenomenon" puts individual narcissism in a cultural context of the narcissistic era that offers individual channels to express their narcissism. Section "Narcissism in Workplace Environment" presents narcissistic leadership in workplace environments as one of these channels, introducing the problematic aspects of destructively narcissistic managers, followed by their incredible pros and the inevitable cons, and ending in the difficulties to contain both the bright sides of narcissistic leadership. Section "Harnessing Smart Power to Maximize the Benefit and Minimize the Cost of Narcissistic Leaders" offers some practical recommendations for organizations, trying to avoid the recruitment of toxic narcissistic leaders in the first place, followed by coaching narcissistic managers who are already working within the organization, and ending in strategies to prevent attempts to seek revenge by malignant narcissistic executives, when replacing them is imperative. Finally, section "Practical Recommendations for Organizations" equips employees with a toolbox of coping strategies with narcissistic bosses, starting with distinguishing between things that can and cannot be changed, do's and don'ts while having to deal with them, strategies of "managing the managers," and finally, the challenge of seeing the possible scared inferior child behind the façade of the scary grandiose narcissistic boss.

Narcissism: A Personality Trait or a Personality Disorder?

The Greek Myth

The term "narcissism" comes from the Greek myth of Narcissus, a handsome Greek youth who rejected the desperate advances of the nymph Echo, which led him to fall in love with his own reflection in a pool of water. Unable to consummate his love, he lay gazing enraptured into the pool, hour after hour, and finally changed into a flower that bears his name. The concept of excessive selfishness has been recognized throughout history. In ancient Greece the concept was understood as hubris (Gantz, 1993). Only more recently narcissism had been defined in psychological terms.

The Psychoanalytic Perspective

According to Freud (1914), narcissistic individuals turn the psychosexual energy. (known as "libido"), usually directed toward other people, toward themselves. He distinguished between primary and secondary narcissism. Primary narcissism occurs in the early infantile phase of object relationship development, when children have not differentiated themselves from the outside world and regard all sources of pleasure as originating within themselves. In "secondary narcissism" the psychosexual energy ("libido"), once attached to external love objects, is redirected back to the self. "Secondary narcissism" during adulthood may take the form of falling in love with one's own ideas, values, and actions. According to this view, this is the source of all battles of egos and respect games.

Kernberg (1975) considered high level of self-reference in interpersonal contacts as a central characteristic of narcissists, because of a discrepancy between an inflated self-evaluation and an extreme need for admiration from others. At the same time, the narcissistic individual devaluates those others and feel no empathy toward them. The grandiose behavior serves, in fact, as a defense against an infantile pathological rage toward rejecting parents, who are often narcissistic themselves. Kohut (1971), on the other hand, did not consider narcissism as essentially pathological but rather as a sequence, ranging from infancy to adulthood. In Kohut's opinion, a measure of narcissism among adults may well be mature and healthy, whereas pathological narcissism takes place when one cannot assimilate one's ideal self with one's actual deficiencies, hence demanding from other people the admiration one has not received from one's parents.

The Current Criteria of Narcissistic Personality Disorder: The Diagnostic and Statistical Manual of Mental Disorders (DSM) for Diagnosing "Narcissistic Personality Disorder" (NPD)

The psychoanalytic view of pathological narcissism is currently translated in DSM-V (American Psychiatric Association, 2013) into narcissistic personality disorder (NPD). The DSM, published by the American Psychiatric Association (2013), offers a common language and standard criteria for the classification of mental disorders. NPD is defined as a pervasive pattern of grandiosity (in fantasy or behavior), need for admiration, and lack of empathy, beginning by early adulthood and present in a variety of contexts, as indicated by five (or more) of the following:

1. Has a Grandiose Sense of Self-Importance (E.G., Exaggerates Achievements and talents, expects to be recognized as superior without commensurate achievements).
2. Is Preoccupied with Fantasies of Unlimited Success, Power, Brilliance, Beauty, or ideal love.
3. Believes that he or she Is "Special" and Unique and can Only Be Understood by, or should associate with, other special or high-status people (or institutions).
4. Requires excessive admiration.
5. Has a sense of entitlement (i.e., unreasonable expectations of especially favorable treatment or automatic compliance with his or her expectations).
6. Is Interpersonally Exploitative (I.E., Takes Advantage of Others to Achieve his or her own ends).
7. Lacks Empathy: Is Unwilling to Recognize or Identify with the Feelings and Needs of others.
8. Is often envious of others or believes that others are envious of him or her.
9. Shows arrogant, haughty behaviors or attitudes.

Recent Empirical Psychological Literature

While the origins of the psychological discussion of narcissism are psychoanalytic, recent studies suggest other theoretical models which are all rooted in the conceptualization of narcissism as a personality disorder. There seems to be a fine line between healthy self-esteem and pathological grandiose narcissism. The latter is characterized by insatiable craving for adoration, feeling a special entitlement and right to be insensitive, even cruel, to others, but at the same time being either enraged, or crushed, by criticism. Narcissists feel that they deserve special treatment but are extremely upset if they are treated like any ordinary person. They are marked by grandiosity (in fantasy or behavior), need for admiration, and lack of empathy (Furnham, 2007).

Morf and Rhodewalt ([2001]) proposed a dynamic self-regulatory processing model of narcissism that casts narcissism in terms of motivated self-construction, in that the narcissist's self is shaped by the dynamic interaction of cognitive and affective intrapersonal processes and interpersonal self-regulatory strategies that are played out in the social arena. A grandiose yet vulnerable self-concept appears to underlie the chronic goal of obtaining continuous external self-affirmation. Because narcissists are insensitive to others' concerns and social constraints and view others as inferior, their self-regulatory efforts often are counterproductive and ultimately prevent the positive feedback that they seek—thus undermining the self they are trying to create and maintain.

Foster and Campbell ([2007]) developed the extended agency model. They argue that narcissism is a quality of the self that has significant implications for thinking, feeling, and behaving and that individuals with narcissistic personality possess highly inflated, unrealistically positive views of the self. This includes strong self-focus, feelings of entitlement, and lack of regard for others.

Narcissists focus on what benefits them personally, with less regard for how their actions may benefit (or harm) others. Most interesting from their perspective as self-researchers is the vast array of self-regulatory strategies used by narcissists (e.g., admiration-seeking, bragging, displaying material goods, socializing with important individuals, etc.). These strategies are both causes and consequences of narcissists' inflated self-beliefs. Their general orientation toward the narcissistic self is evident in the agency model of narcissism (Campbell et al. [2006]). According to this model narcissists focus on personal rather than communal concerns. The narcissists are approach-oriented, their self-regulation is focused on acquiring self-esteem, they have an inflated view of themselves on many dimensions, and narcissism is linked to entitlement, which is widely regarded as a core feature of narcissism (Ackerman & Donnellan, [2013]).

Back et al. ([2013]) presented a process model that distinguishes two dimensions of narcissism: admiration and rivalry. They proposed that narcissists' overarching goal of maintaining a grandiose self is pursued by two separate pathways. In a set of seven studies, they validated this two-dimensional model using the newly developed Narcissistic Admiration and Rivalry Questionnaire (NARQ) and showed that narcissistic admiration and rivalry are positively correlated dimensions, yet they have markedly different networks and distinct intra- and interpersonal consequences. Narcissistic admiration and rivalry showed unique relations to the Narcissistic Personality Inventory (NPI), the Big Five, self-esteem, pathological narcissism, and other narcissism-related traits like Machiavellianism, psychopathy, self-enhancement, and impulsivity. In one of the studies, 96 students participated in individual experimental sessions, filled out a questionnaire (including the NARQ and NPI), and were asked to sit down in front of a camera, while three videos were recorded for each participant. The participants had to introduce themselves, read aloud a standardized weather forecast, and act as if applying for a scholarship. The investigators used edited videos to obtain (a) full videos (audio and visual), (b) silent videos, (c) auditory tapes, and (d) transcripts of spoken words for each target on each speaking task. For each file, two independent observers then assessed

behavioral indicators on an 8-point Likert-type rating scales and by counting ascribed behaviors, respectively. Despite the positive relation between admiration and rivalry, the two differentially predicted general interpersonal orientations and reactions to transgressions in friendships and romantic relationships, interpersonal perceptions during group interactions, and observed behaviors in experimental observations.

Can Narcissism be Healthy?

Although narcissists are notorious of being manipulative, demanding, and self-centered to the degree that even therapists do not like them (Furnham, 2007), there is a fine line between pathological narcissism and "healthy narcissism," a concept that developed slowly out of the psychoanalytic tradition. The healthy narcissist has been characterized as possessing realistic self-esteem without being cut off from a shared emotional life, as the unhealthy narcissist tend to be (Crompton, 2007).

Freud (1914) considered "normal" narcissism essential for the development of a healthy personality. Freud did recognize the allure of the narcissist for other people, but he didn't have a concept of "healthy narcissism" as such. Kohut (1971) spoke of a child's "normal narcissism" and normal narcissistic entitlement and considered that if early narcissistic needs could be adequately met, the individual would move to a mature form of positive self-esteem and self-confidence which may be considered as healthy narcissism. At another level Kernberg (1975) specified three subtypes of pathological narcissism – regression to the regulation of infantile self-esteem, narcissistic choice of object, and narcissistic personality disorder – as well as normal infantile narcissism. He also described normal adult narcissism, defined as normal self-esteem based on normal structures of the self. Brown (2008) suggested a continuum of narcissism, from the healthy to the pathological, with stable narcissism and destructive narcissism as levels in between.

Meanwhile Lubit (2002), who focused on destructively narcissistic managers, considered the positive characteristics of healthy narcissism as high outward self-confidence in line with reality (unlike unhealthy narcissism), the ability to enjoy power, real concern for others and their ideas without exploiting or devaluing them, having values and following through on plans, and healthy childhood with support for self-esteem and appropriate limits on behavior toward others. Healthy narcissism is based on relatively secure self-esteem that can survive daily frustrations and stress. Failure to attain desired goals, criticism, and seeing the success of others may cause disappointment, but it does not threaten the self-image of healthy individuals as worthwhile, valuable people. In addition to the self-confidence provided, we need self-esteem to tolerate frustrations, stand up for our beliefs, and maintain commitments to values. Secure self-esteem and healthy narcissism are also necessary to relate in a healthy manner with others, i.e., empathize with others, enjoy true friendship and intimacy, and inspire confidence in others. Although both healthy and destructive narcissism provide outward self-confidence, they are very different

phenomena. The grandiosity of destructive narcissistic managers may appear to be due to high levels of self-confidence, but it is frequently a reaction to fragile self-esteem.

Narcissism: A Personality Trait or Cultural Phenomenon

So far in this chapter narcissism has been discussed from an individual psychological perspective.

However, narcissism can be sanctioned or encouraged by cultures. Some cultures endorse or encourage narcissism to make this appear normal or even desirable. Can this explain what seems to be an epidemic rise of narcissistic personality disorder?

On a more macro level narcissistic phenomena are also discussed from cultural and sociological perspectives. Pride, one of the essential elements of narcissism, is traditionally considered as one of "the seven deadly sins," also known as the "capital vices" or "cardinal sins" (Tucker, 2015). Lasch (1979) defines a narcissistic culture as one where every activity and relationship is defined by the hedonistic need to acquire the symbols of wealth, this becoming the only expression of rigid, yet covert, social hierarchies. It is a culture where liberalism only exists insofar as it serves a consumer society, and even art, sex, and religion lose their liberating power.

In such a society of constant competition, there can be no allies, and little transparency. The threats to acquisition of social symbols are so numerous, varied, and frequently incomprehensible that defensiveness, as well as competitiveness, becomes a way of life. Any real sense of community is undermined—or even destroyed—to be replaced by virtual equivalents that strive, unsuccessfully, to synthesize a sense of community. The question of whether narcissism is a personality disorder or a cultural phenomenon was discussed recently in a trilogy of three studies, comparing narcissism among candidates for the "Big Brother" reality TV show, gym trainees, women who have undergone cosmetic surgery, and three control groups. The narcissism levels of all of the research-group participants were significantly higher than those of the corresponding control groups, suggesting that although we live in a culture of narcissism, there are narcissism differences between those who choose or choose not to use the ever increasing opportunities for grandiose-exhibitionist individuals offered by the society in a narcissistic era (Rubinstein, 2014).

Narcissism in Workplace Environment

Self-absorption with dreams of fame, avoidance of failure, and quests for spiritual panacea means that people define social problems as personal ones. This personality trait involves a limited investment in love and friendship, avoidance of dependence, and living for the moment. The narcissism, or the ethic of domineering self-image,

appears to some people to be the best way of coping with the tensions, vicissitudes, and anxieties of modern life. The traits associated with this ethic – charm, pseudo-awareness, promiscuous pansexuality, hypochondria, protective shallowness, avoidance of dependence, inability to mourn, dread of old age, and death – are, according to Lasch (1979) who does not provide evidence, learned in the family and reinforced in the society but are corruptible and changeable. Ultimately the paradox of narcissism is that it is the faith of those without faith; the cult of personal relations for those who are disenchanted with personal relations. This cynical view of the change of the work ethic into the narcissism ethic is an analysis from a sociohistorical view of current in the USA. To what extent it is generally or specifically true is uncertain or, indeed we may wonder, if it applies to other countries with apparently broadly similar political and economic systems. It may also be that norms and values in the USA workplace condone and promote narcissism. It is therefore possible that many organizational cultures take on board narcissistic values which are trumpeted. Organizations may therefore have selected, sought, and praised these with self-esteem bordering on narcissistic personality disorder. In this sense narcissism can be seen as the property of culture as well as property of individuals (Furnham, 2010, 2015).

Foster, Campbell, and Twengeb (2003) examined a large (n = 3445) sample of participants representing several different world regions and ethnicities and found that that participants from more individualistic (Hofstede, 1980) societies reporting more narcissism. This finding is especially relevant to workplaces, where competition between individuals play a central role. The link between the egocentricity narcissists and the conflicting interests between individuals, who compete for the achievement of limited career resources, is extremely expressed by Hobbes (1998), who adopted the Latin proverb "Homo homini lupus" meaning "A man is a wolf to another man" to describe the nature of relationship between human beings.

While narcissistic individuals are self-centered, societies, cultures, and nations can also be ethnocentric, i.e., judging another culture solely by the values and standards of one's own culture. de Zavala et al. (2009) introduced the concept of "collective narcissism" to define a type of narcissism where individuals have an inflated self-love of their group, in which they are personally involved. While the classic definition of narcissism focuses on the individual, collective narcissism asserts that one can have a similar excessively high opinion of a group, and that a group can function as a narcissistic entity.

The same is true with respect to organizations. In hospitals, for example, physicians use medical jargon both to communicate with each other in front of the patients, and quite often while talking with the patients. This prevents clear and open communication, which makes patients feel ignorant, even if they are highly educated in other fields. Duchon and Burns (2008) argue that in order to protect their identities, organizations can become self-obsessed and display extreme narcissistic behaviors which will, in the long run, lead to decline. In their opinion, extreme narcissism can take two forms. The high self-esteem narcissistic organization institutionalizes an exalted sense of self-worth and becomes blind to its weaknesses. The low self-esteem narcissistic organization institutionalizes a profound sense of

unworthiness and becomes blind to its own strengths. In between the extremes, an organization can remain reality-based and institutionalize a healthy sense of self-worth and value.

Destructively Narcissistic Managers

Discussing the organizational culture, Lubit (2002) argues that organization's cultural norms of behavior, values, and beliefs are forged from the role models that leaders provide, the myths and stories leaders tell, what the organization measures and rewards, the criteria used for hiring and promoting people, and the organization's historical norms of behavior and values. Some organizational cultures are tolerant.of destructive narcissism behavior and some are not so accepting. Those not tolerant force destructive narcissistic managers to change or leave. In Lubit's opinion, many destructive narcissistic managers survive and prosper because the influential contacts who supported their elevation to their present positions continue to support them despite evidence of problems.

Most managers have to skillfully handle their relationship with both their supervisors and their subordinates. They have to be agreeable toward their supervisors, but the more narcissistic they are, the more disagreeable they can be toward their subordinates, agreeableness being negatively related to narcissism across many studies (O'Boyle et al., 2014). Some degree of narcissism, which is identified with lack of empathy and disagreeableness, may be necessary to get to senior management positions, while agreeableness and taking into account the need of others may counterproductive to this process. Narcissistic managers have both the audacity to push aside others obstructing their way to more senior positions and the audacity to push through revolutionary changes that organizations periodically need, defined by Maccoby (2000) as the "incredible pros" and the "inevitable cons" of narcissistic leaders.

Narcissistic leadership is a leadership style in which the leader is only interested in himself or herself. Their priority is themselves – at the expense of their people/group members and colleagues. This leader exhibits the characteristics of a narcissist: arrogance, dominance, and hostility. It is a sufficiently common leadership style that it has acquired its own name. Narcissistic leadership (especially the destructive form) is driven by unyielding arrogance, self-absorption, and a personal egotistic need for power and admiration (Neider 2010). Lubit (2002) also considers narcissistic managers as essentially destructive to organizations and argues that destructive narcissism particularly limits the ability of managers to work effectively with colleagues and subordinates. Lubit claims that the outward self-confidence, drive for power, and ruthlessness of destructively narcissistic managers facilitate their rise to positions of power. At the same time, their devaluation of others, singular focus on what is best for themselves, and difficulties in working with others can markedly impair an organization's morale and performance and even drive away the most talented employees. In his opinion, most large organizations have enough

destructive narcissistic managers to present a significant and costly problem. He discusses why such managers are able to survive and prosper in some organizations despite their destructive behavior, how people can recognize them more quickly, and how to design organizations to decrease the prevalence of them. He even provides recommendations for how other managers, executives, and board of directors can deal with destructive narcissistic managers and CEOs, for instance, paying attention to things that lead to problems and avoiding them, avoiding gossiping with destructively narcissistic managers, trying to obtain written directions, documenting one's work as a measure of defense against unfair criticism about failing to do one's job properly, and documenting interactions and the course of events for defending oneself to someone higher up. Sometimes moving to another position within the company may be the best long-term strategy. This is particularly important for very capable individuals, who destructively narcissistic managers will see as a threat and will therefore try to undercut. After such an employee is out of their unit, he or she can report to superiors how the narcissist manager treats people. If possible, it is better to do this reporting in collaboration with others who can validate such statements. Informing superiors of the problem may help the company as a whole and improve the working environment for all.

Pathological narcissism among managers, on the other hand, is also associated with "toxic leadership,", which includes an apparent lack of concern for the well-being of subordinates, a personality or interpersonal technique that negatively affects organizational climate, and a conviction by subordinates that the leader is motivated primarily by self-interest (Reed, 2004). Pelletier (2010) reviewed characteristics of harmful leadership, which includes bullying, i.e., using mental or physical strength against someone who is likely to be in a weaker or subordinate position to the person who is engaging in bullying that often occurs at the hands of top leaders and middle managers. She provides empirical support for the behavioral and rhetorical constructs associated with toxic leadership in organizational contexts by conducting two exploratory studies that examined behavior and rhetoric of leaders through the lenses of abusive, bullying, destructive, toxic, and tyrannical leadership theories. In a qualitative study, participants expressed their direct experiences with leader toxicity. Eight behavioral dimensions emerged. Integrating those findings, a 51-item leader behavior assessment was developed to assess agreement of the severity of harmfulness of these dimensions. Her analyses revealed eight dimensions of leader toxicity that involved the leader breaking down followers' self-esteem, threatening employee's occupational and/or personal security, promoting a culture of inequity, intimidating employees physically and mentally, and being dishonest. Leaders were also considered toxic when they fostered a divisive culture or when they failed to listen or act on employee concerns. In short, the behaviors identified in theories of harmful leadership were supported; employees had experienced these behaviors directly, or had witnessed their leaders exhibiting these behaviors toward their coworkers. Observers in these two studies generally agreed about what constituted toxicity and employees' reports of their actual experiences with destructive leaders provided an in-depth representation of the prevalence (98% had witnessed

leaders exhibiting destructive behaviors) and manifestation of leader toxicity in organizations (Pelletier, 2010).

When the DSM-V criteria for narcissistic personality disorder (NPD), such as a sense of entitlement, lack of empathy, envy, and arrogance (American Psychiatric Association, 2013), mentioned earlier in this chapter, appear among CEOs and other leaders, their destructive potential on the organization is obvious. These characteristics of the narcissistic leader are in complete contradiction to the collective teamwork recommended in the literature on organizational behavior: "A functional team must make the collective results of the group more important to each individual than individual members' goals" (Lencioni, 2002, p. 217–218). In fact, NPD and antisocial personality disorder have a lot in common (Samenow, 2011). Indeed Stout (2005) points out that narcissism is half the element of sociopathy, although unlike sociopaths, narcissists often are in psychological pain, and may sometimes seek psychotherapy.

The link between narcissism and leadership has long been recognized (Campbell et al., 2011), with early psychological treatments of narcissism linking narcissism and leadership (Freud, 1950). Indeed, narcissists are likely to be perceived by others as self-confident and outgoing, two characteristics that occupy a prominent place in the perception of leadership (Lord , Foti, & DeVader, 1984). As noted by Kets de Vries and Miller (1984): "Narcissistic personalities … are frequently encountered in top management positions. Indeed, it is only to be expected that many narcissistic people, with their need for power, prestige, glamour, eventually end up seeking leadership positions. Their sense of drama, their ability to manipulate others, their knack for establishing quick, superficial relationships serve them as well" (p. 32).

However, it seems essential to distinguish between different degrees of severity of narcissistic personality disorder in the context of organizational leadership. While a mild disorder might look like a personal style that may be beneficial to the organization, a severe disorder might be harmful. The damage of a narcissistic disorder of a manager might be manifested in various ways, including difficulties to listen to and consider contrary views or evidence, to work with partners and to show respect for their contribution, and to nurture subordinates as well as confusing and contradictory attitudes to rules and regulations while displaying unrealistic fantasies.

Brunell et al. (2008) investigated whether individuals with high narcissism features would be more likely to emerge as leaders during leaderless group discussions. They assessed narcissism using Raskin and Terry's (1988) Narcissism Personality Inventory and examined groups of unacquainted individuals working on a group task. Emergent leadership was assessed from ratings of each individual's contribution to a leaderless group discussion instead of leader ratings among preestablished groups. In three studies, they used groups of four unacquainted individuals, assessing emergent leadership in three complementary ways. In Studies 1 and 2, they examined (a) the emergent leadership rating of each member made by the other three members of the group as well as (b) self-ratings of both the desire to lead and of emergent leadership. In Study 3, they used ratings of unbiased expert observers to assess leader emergence of practicing managers. In Study 2, they accounted for leadership effectiveness by investigating performance on the group task. Their

primary hypothesis was that narcissism would predict leadership emergence measured by peer ratings of leadership and self-reported leadership in Studies 1 and 2 and observers' ratings of leadership in Study 3. They further investigated the unique role of narcissism and its dimensions above and beyond self-esteem and the Big Five personality traits (Openness to Experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism). In Study 2, they investigated achieving goals or performance at the task but made no a priori predictions that narcissists would be any better at achieving goals or task performance than the other group members would. Studies 1 and 2 used undergraduate students, and Study 3 used practicing managers enrolled in an Executive Master of Business Administration (EMBA) program. In Study 1, participants were told that they were on a committee to select a director of the student union. Each participant was to be an advocate for a particular candidate but the end goal was to reach a group consensus to select the best candidate for the job. In Study 2, participants were told that they were shipwrecked and needed to rank a list of items for their survival. Finally, in Study 3, participants assumed the role of a school board deciding how to allocate a large financial contribution from a fictional company.

In the three studies, participants completed personality questionnaires and engaged in four-person leaderless group discussions. The results from all three studies revealed a link between narcissism and leader emergence. Studies one and two further revealed that the power dimension of narcissism predicted reported leader emergence while controlling for sex, self-esteem, and the Big Five personality traits. Study 3 demonstrated an association between narcissism and expert ratings of leader emergence in a group of executives.

In contrast, Crompton (2007) has distinguished what he calls "productive narcissists" from "unproductive narcissists" and characterized the healthy narcissist as possessing realistic self-esteem without being cut off from a shared emotional life, as the unhealthy narcissist tends to be.

The Incredible Pros and the Inevitable Cons of Narcissistic Managers

Maccoby (2000) acknowledged that productive narcissists tend to be oversensitive to criticism, over-competitive, isolated, and grandiose. He did, however, consider that what draws narcissists out is that they have a sense of freedom to do whatever they want rather than feeling constantly constrained by circumstances and that if they are able to show elements of charisma, they are able to "draw people into their vision and produce a cohort of disciples who will pursue the dream for all it's worth. In his opinion, narcissism can be extraordinarily useful –even necessary. He even saw narcissists as closest to the collective image of great leaders, because they have compelling, even gripping, visions for companies,and they have an ability to attract followers. He argues that productive narcissists understand the essence of vision,

largely because they are by nature people who see the big picture and attempt to create it. However, despite the warm feelings that charisma can evoke, narcissists are typically not comfortable with their own emotions. They listen only for the kind of information they seek. They don't learn easily from others. They don't like to teach but prefer to indoctrinate and make speeches. They dominate meetings with subordinates. The result for the organization is greater internal competitiveness.

Similarly, Rosenthal and Pittinsky (2006) review and critically assess the theoretical and research literature on narcissistic leaders in order to understand the potential positive and negative consequences of their leadership, the trajectories of their leadership, and the relationship of narcissism to established models of leadership. Discussing the downside of narcissistic leadership, they point out arrogance, feelings of inferiority, insatiable need for recognition and superiority, hypersensitivity and anger, lack of empathy, amorality, irrationality and inflexibility, and paranoia. However, discussing the upside of narcissistic leadership they cautiously agree with Maccoby (2000) about the ability of productive narcissists to inspire great numbers of followers. They propose a new definition of narcissistic leadership, which enables them to transform the discussion from a good to bad debate about narcissistic leader traits to an examination of the dynamics between leaders' psychological motivations and behaviors and the motivations and behaviors of the constituents and institutions they lead. In so doing, they hope to facilitate a more advanced and fruitful discussion about the role narcissism plays in leadership.

This paper aimed to establish a critical synthesis of the dynamics of narcissistic leadership in organizations. Moreover, Rosenthal and Pittinsky (2006) offer suggestions for research aimed at providing greater insight into this form of leadership.

In a review of the dynamics of narcissistic leadership in organizations,

Ouimet (2010) presents details of four factors that can trigger manifestations of narcissistic leadership:

(a) *Idiosyncratic factors* – traits that are compatible with assertiveness (egotism, self-esteem, and the need to exercise power). The manifestation of narcissistic leadership may also be facilitated by the weakness of some subordinates and the ruthless ambition of others. Fundamentally rooted in a blind affective dependence, the weakness of subordinates nourishes the all-powerful feelings of the narcissistic leader.

(b) *Cultural factors* – The level narcissism among members of individualistic cultures (Hofstede, 1980) is higher than that found among members of collectivistic cultures. The more a culture emphasizes individualism, the higher the level of narcissism of its members. Also, by relentlessly pushing their members to outdo themselves and promoting immediate results, audacity, ambition, individual initiative, financial success, professional prestige, and social celebrity, organizations have become a veritable breeding ground for a culture of narcissism. Essentially, the ideology upheld by this culture is that self-realization ultimately depends on each individual's determination, courage, and talent.

(c) *Environmental factors* – When facing a period of severe political, economic, or technological instability or any other type of imminent, alarming threat,

members of an organization are particularly receptive to the reassuring rhetoric of a leader who displays supreme confidence in his or her ability to ward off ill fortune. These two circumstantial factors literally pave the way for the emergence of a narcissistic leader whose innate and arrogant self-assurance can be so reassuring in times of crisis.

(d) *Structural factors* – The absence of mechanisms providing for oversight of executive behavior and the strict control of information, which cripples subordinates' ability to act, give narcissistic leaders all the latitude they need to act out their fantasies of omnipotence. Firmly convinced that everyone owes them something, narcissistic leaders work relentlessly to expand their sphere of influence. From a structural perspective, it can be argued that only institutionalized rules placing formal limits on the narcissistic leader's prerogatives and the circulation of information aimed at making the organization's members truly aware of the value of the power exerted by them can effectively keep the excesses of their grandiosity in check.

Discussing the bright side and dark side of chief executive officer (CEO) personality, Resick, Whitman, Weingarden, and Hiller (2009) report on an examination of the relationships between CEO personality, transformational and transactional leadership, and multiple strategic outcomes in a sample of 75 CEOs of Major League Baseball Organizations over a 100-year period. CEO bright-side personality characteristics (core self-evaluations) were positively related to transformational leadership, whereas dark-side personality characteristics (including narcissism) of CEOs were negatively related to contingent reward leadership. In turn, CEO transformational and contingent reward leadership were related to four different strategic outcomes, including manager turnover, team winning percentage, fan attendance, and an independent rating of influence. CEO transformational leadership was positively related to ratings of influence, team winning percentage, and fan attendance, whereas contingent reward leadership was negatively related to manager turnover and ratings of influence.

Brunell et al. (2008) found that the power dimension of narcissism provided a unique explanatory contribution. The key practical implication of their work is that narcissism, a trait that is linked to a range of potential leadership problems, from risky decision making (Chatterjee & Hambrick, 2006) to white-collar crime (Blickle et al., 2006), actually predicts leader emergence. In other words, the same characteristic that facilitates an individual's emergence as a leader can also make this person a potentially destructive leader. Some attempts have been made to discuss "healthy narcissism" and to show its possible advantages of narcissistic leadership in the context of organizational behavior (e.g., Maccoby, 2000).

Narcissistic Leadership: A Two-Edged Sword

The dark side of narcissistic leadership does include negative and unpleasant interpersonal aspects, like arrogance, lack of empathy, requirements for excessive admiration, exploitativeness, and envy (American Psychiatric Association, 2013). However, a question may be raised whether individuals, who cannot or do not wish to put themselves in the limelight (even if it involves a certain degree of grandiosity or self-importance), may have enough motivation to take the role of leaders. Ideally, a good organizational leader would have only the bright side of narcissism, i.e., high self-esteem together with the ability and the motivation, or at least the pretense, to take into account the needs of other (e.g., Crompton , 2007), but is it not just our idealization or fantasy that we can "choose" just the bright side of narcissism and turn it to leadership? Are we not trying to defend ourselves by splitting between the dark and the bright sides of narcissistic leadership? Might we suggest that the narcissistic leader is using smart power?

Splitting is a primitive defense mechanism that helps the individual to oversimplify ambiguous and threatening situations by dividing people, groups, and human phenomena into bipolar dichotomies, such as "good" and "bad" and "black and white." In this way the individual avoids the complexity of human nature and interpersonal situations (i.e., an individual's actions and motivations are all good or all bad with no middle ground) (Carser, 1979).

Frenkel-Brunswik (1949) introduced the construct of "ambiguity tolerance-intolerance" to define and measure how well an individual responds when presented with an event that result in an ambiguous stimuli or situation. Perhaps the difficulty to contain and integrate the bright and the bad sides of narcissistic organizational leaders is a case of ambiguity intolerance of us as subordinates of narcissistic managers, who are grandiose enough to promote themselves and provide a vision (Maccoby, 2000), on the one hand, and may be arrogant and unsympathetic to our needs, on the other hand.

Harnessing Smart Power to Maximize the Benefit and Minimize the Cost of Narcissistic Leaders

The Origin of "Smart Power" in International Relations

The term smart power, originally coined within the discipline of international relations, is defined by the Center for Strategic and International Studies as "an approach that underscores" the necessity of a strong military, but also invests heavily in alliances, partnerships, and institutions of all levels to expand American influence and establish legitimacy of American action. It refers to the combination of hard power, the use of military and economic means to influence the behavior or interests of other political bodies, and soft power (Nye, 2004), the ability to attract and co-opt

rather than by coercion and to shape the preferences of others through appeal and attraction (Wilson, 2008).

Smart Power: From Politics to Workplace

While smart power, as the combination between hard power and soft power, has been discussed in the context of international relations, much research has been done on the importance of soft skills in the workplace. Klaus (2010) found that 75% of long-term job success depends on people skills, while only 25% is dependent on technical knowledge, while in another study it was found that hard skills contribute only 15% and the rest 85% are attributed to soft skills (Watts & Watts, 2008, as cited in John, 2009). According to Wilhelm (2004), employers rate soft skills as number one in importance for entry-level success on the job. Robles (2012) identified ten top soft skills as perceived the most important by business executives: integrity, communication, courtesy, responsibility, social skills, positive attitude, professionalism, flexibility, teamwork, and work ethic.

Smart Power as a Coping Strategy with Narcissistic Managers

While soft power skills of employees are considered to be so important by employers, there seems to be a lack of either theoretical works or empirical studies regarding the use of smart power for the sake of dealing with the problematic issues arising from the conduct of narcissistic managers.

As we saw up to this point, although narcissist managers are only interested in themselves at the expense of their subordinates, even to the degree of bullying them, they also have the appearance of an ability to offer the big picture (even when over simplified) and the audacity to push through the massive transformations that organizations periodically undertake as well as the apparent charisma that makes them able to stir enthusiasm among their followers for the sake of advancing the organization. Moreover, without some degree of narcissism, one may not have the ambition to pave one's way to top management position in the first place. The challenge is therefore not just how to avoid narcissistic managers in order to liberate the human potential of the employees and protect them from the toxic potential of narcissistic managers but rather how harness the concept of smart power to cope with them, so that their own human potential will be used for the sake of the organization without risking the human potential of the employees. In the spirit of this book, it is suggested to harness the concept of smart power in order to maximize the benefit and minimize the cost of narcissistic leaders.

As far as organizations are concerned, it is suggested to limit the use of hard power strategies to the inevitable necessity to replace toxic narcissistic managers, although even in those extreme situations using some soft power skills may be

necessary as to avoid acts of revenge as a result of narcissistic rage. However, as long as the unique contributions of the narcissistic manager may still be beneficial for the organization, coaching that apply soft power skills, is recommended. As far as employees are concerned, soft power skills, such as "managing the manager" or relating to the "scary child" who maybe hides behind the grandiose façade of the narcissistic manager, may be useful, although "formalizing" the situation by setting limits to abusive behaviors, documenting the interaction, and turning to those who are in charge of the narcissistic manager may also be required.

Practical Recommendations for Organizations

The literature on coping strategies of organizations with narcissistic leaders can be divided into two main issues: (a) how to avoid preemployment of extreme cases of narcissistic leaders, who are more likely to do more harm than good, and (b) how to coach narcissistic leaders who already work within the organization as to maximize their potential contribution and minimize their tendency to bully their subordinates.

Selection of Candidates for Top Management Positions

According to Robinson (2009), the first and most important opportunity begins at the first meeting between the investors and the key individuals representing the prospective company or when a board is considering hiring a new CEO. He warns organizations of the misleading exceptional capability of executives, who fit the description of a narcissistic personality disorder, to be gracious, humorous, empathic, and slyly manipulative when it suits their purposes. It is therefore recommended to set clear parameters about board involvement before signing any agreements and to make it known to what extent a board member will be involved in decision making. The board must develop a strategy to attempt to coach the problematic executive while preparing for the likely outcome of having to find a replacement.

   Given the above review of the literature, there are healthy aspects of narcissistic leadership that can serve both the personal needs of the leader and those of the organization. However, as far as pathological narcissism is concerned, there seems to be a paradox in which those narcissists who may cause harm to the organization by humiliating and harassing their subordinates for the sake of feeling superior. The danger of workplace bullying of narcissistic leaders becomes clearer, if one looks at the overlapping parts between NPD and antisocial personality (Samenow, 2011). It is therefore recommended that organizations introduce a procedure of referring candidates for management positions to institutes specializing in human resource selection, based on personality assessments. It is also recommended that this assessment

should include a measure of narcissism, like the Narcissistic Personality Inventory (Raskin & Hall, 1981). This questionnaire measures the leadership-authority dimension of narcissism, which may contribute to the organization, as well as the entitlement-exploitativeness (EE) dimension, potentially harmful for the welfare of the subordinates of the manager. A high EE level should serve as a warning signal during the process of selection.

According to Lubit (2002), one of the best tools for early recognition of destructive narcissistic managers is 360-degree feedback, since they are unlikely to contain their problematic behaviors when dealing with subordinates and colleagues. A potential difficulty is that subordinates may fail to give accurate assessments, out of fear that their negative comments about a manager will get back to the manager, be traced to them, and lead to retaliation. Despite Lubit's (2002) sweeping recommendation to use the 360-degree feedback as a regular part of the organization's routine, other researchers argue that it's utility depends largely upon the cultural values held by participants (e.g., Shipper, Hoffman, & Rotondo, 2007).

In case of narcissistic managers, the subordinate must transmit his or her concerns explicitly. To get around this conflict, one can make it clear to employees that negative comments about their manager will not be forwarded unless the concerns are widespread and unless the negative feedback can be given in a way that protects the anonymity of the people who provided it. In addition to supporting the use of 360-degree feedback, executives should foster an organization in which communication across multiple levels of the hierarchy is supported.

Coaching Narcissistic Managers

Coaches of narcissistic executives are advised to engage them in a dialogue about what the board believes are areas for "development" (vs. problem behaviors) and to elicit feedback from them as to their perception and interpretations, with an open mind and without a predetermined position regarding the situation. Because individuals with extreme narcissistic characteristics are basically insecure, the coach must be careful how to deliver information that they will perceive as criticism. The executive may actually have better insights and solutions to problems than coaches may have, so it may be useful to remember that to become an executive possibly requires a degree of narcissism. Because of the volatility of the narcissistic individual's reactions, it may be necessary to hire an independent and objective professional to facilitate difficult discussions. A "facilitator" could help contain the reactions of the parties involved and train this group of strong-willed individuals how to work better together (Robinson, 2009).

In his work as an executive coach, psychotherapist de Vries (2014) identified four personality disorders among bosses. One of them is the pathological narcissist, who is selfish and entitled, has grandiose fantasies, and pursues power at all costs. de Vries believes that with appropriate coaching, toxic bosses can learn to manage their conditions and become effective mentors and leaders. The first rule when

dealing with narcissistic managers is to avoid anything that might upset their delicate sense of self, despite the temptation to administer a loud wake-up call. Narcissists may seem very confident, but that confidence conceals a deep vulnerability. The coach's first goal must therefore be to place the narcissist's self-esteem on firm foundations rather than destroy it. de Vries' recommendation for the coach is to show empathy in order to build initial trust and attempting minor confrontations of individual dysfunctional behaviors. Narcissists are prone to transferring their childhood desire to please their parents onto other authority figures, and experienced coaches will use this propensity to establish a more secure working relationship that allows them to begin confronting the narcissist about their dysfunctions, pointing out how they are limiting opportunities. Narcissists' ambitions can also be used to motivate them, as long as the coach avoids fueling the narcissist's grandiosity. Since narcissists tend to regress into their old ways, it is important to follow up with more engagement.

Boyatzis, Smith, and Blaize (2006) also believe that coaching others with compassion can be a partial antidote to narcissism, because the leader is genuinely focused on others. At the same time, the improved quality of the relationship with others around the leader could result in people being willing to provide the leader with disconfirming, negative, or even critical reactions. Put in a more positive way, coaching with compassion could result in the leader being more open to others and their ideas. It allows or invites more self-awareness by moving a person into a relational world in which to get feedback and have to look at it. Limits on neural activity and inhibition of neurogenesis under chronic power stress will, on the other hand, lead to a more defensive posture toward critical feedback.

Replacing Narcissistic Executives

After recommending ways to avoid hiring potentially harmful narcissistic executives in the first place, as well as coaching them once they are already hired, Robinson (2009) suggests tactics to replacing harmful executives, when the circumstances require that. In such situations one has to be forewarned, prepared, and unequivocal about one's decision before taking any action. It is essential to prepare a face saving exit strategy for the individual before making any public announcement, since in extreme forms individuals with a narcissistic personality disorder may harbor fantasies of revenge and act on them to sooth their broken ego (e.g., announce publicly that the board is incompetent and the company is doomed).

Practical Recommendations for Employees

Reality Testing: Possible and Impossible Missions

Until better selection of managers is applied, employees will still have to cope with their narcissistic (and often destructive) managers. For such coping, employees may find the Serenity Prayer of Reinhold Niebuhr potentially useful: "God, give me the serenity to accept the things I cannot change; the courage to change the things I can; and the wisdom to know the difference" (Niebuhr, 1962). Distinguishing between what can and cannot be changed, as well as what is included in our inner world and what is included in the external environment or in others, is not a simple goal.

Acceptance of both the bright and the dark sides of narcissistic leadership in organizations requires applying some strategies to cope with the negative potential of narcissistic managers. Many nonacademic websites suggest various strategies of dealing with narcissistic managers, written by organizational consultants, who accept the inherent narcissistic personality of managers as fait accompli, or in terms of the Serenity Prayer terms "things one cannot change."

Do's and Don'ts

Smith (2014) suggests seven tactics for handling narcissistic bosses:

1. Recognizing their narcissistic traits (requirement of excessive admiration, lack of empathy, speaking more than listening, externalizing blame and never taking responsibility for their own mistakes, enjoying telling others what to do, and never wanting to be challenged)
2. Keeping distance (avoiding sharing too much personal information that can potentially be used against you)
3. Establishing boundaries (deciding what are and are not acceptable ways to be treated and having the courage to speak up when the line is crossed)
4. Being deferential, respectful, and guarded (understanding that winds change quickly and you may be undercut at any time)
5. Avoiding gossip (avoiding of being the one who talks about feeling stressed, disrespected, or guarded with your boss)
6. Speaking up (scheduling a private meeting with your narcissistic boss, telling him all the things that you appreciate about him, and making some specific suggestions as to what you would appreciate he works on)
7. Establishing an exit plan (starting looking for another job in case the above tactics do not improve or considering looking for another position within the organization)

Managing the Manager

Realizing that narcissistic managers often flatter their superiors in the workplace hierarchy, to make themselves look good, and that that may include putting someone else down, Eddy (2009) also suggests eight tactics of managing narcissistic managers:

1. Understanding their predictable patterns of behavior
2. Understanding that their behavior is deeply rooted and cannot be changed
3. Understanding their moods and behavior will swing back and forth
4. Trying to connect with empathy, attention, and/or respect
5. Analyzing your realistic options (getting a different job, a different organization, or a different position at the same company, talking to someone else about strategies for dealing with them, studying the organization's policy of bullying)
6. Responding quickly to misinformation (providing the correct information to the superiors of the narcissistic manage – without directly challenging the narcissist – before her or she puts you down)
7. Carefully setting limits on really bad behavior
8. Dropping little hints about the respect you get from others or let them know more formally

The Inferior Child Behind the Grandiose Monster

So, if you are a subordinate who is not, yet narcissistic enough to be a manager. yourself, the above counter-manipulations might be considered a good reality check that could be helpful in coping with the manipulations of your narcissistic manager. If you are not a narcissist yourself, then you should be selfless enough to be a flattering mirror of your narcissistic manager. Remember that behind the threatening, self-centered, nonempathetic, and even humiliating narcissistic manager, there is an attention-seeking child, who is not equipped with adequate and mature interpersonal skills to get your attention.

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Chapter 10
Conclusion: End Note and Future Actions

Varda Muhlbauer and Wes Harry

In this book, we have outlined, analyzed, and posited ideas around the emerging topic of smart power in organizations. At this early stage in research and commentary field, we are able to experiment with new managerial theories and practice, more appropriate for the twenty-first century, from the viewpoint of smart power. We believe that by studying the use of smart power, we can reevaluate the role and construct of power within organizations. We also believe that managers themselves need to be supported and guided in the use of smart power. Managers today – as well as parents and teachers – are overwhelmed by the need to make conceptual and practical changes and adopt different strategies where it is not possible or appropriate to use traditional power tactics of "carrots and sticks."

The damage which can be caused by misuse of power is not only apparent in the impact on individuals but, for those taking a more materialistic view, possible drop in the financial worth of corporations or loss of reputation which may take years to recover. Media reports regularly publicize instances in which managers use or abuse their position to exert hard power on subordinates or third parties lead to substantial losses to their employers. A quick look online will give many examples where sharp drops in value are caused by use of hard power when smarter solutions would have been much more appropriate. From the viewpoint of management as a group and managers as individuals, smart power can be much more effective than hard or soft power.

Smart power might be aligned with more positive or progressive visions of management which are a better fit to the business and social environment in which

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Millennials and knowledge workers have more prominent parts to play. Managers trained in command and control ways of hard power or inclined to abdicating responsibility through overuse of soft power face blurred power boundaries. With the increase in regulation and laws applying in workplace relationships, old ways of managing (hard or soft) are no longer appropriate.

Every day we face choices in how to get things done through the efforts of others. Sometimes it seems most effective to just tell the person what is to be done. At other times, the other is asked how they would like to get something done. So do hard, soft, and smart power exist on parallel planes? Is there no interweaving between them? Do hard power and soft power together, or separately, evolve into smart power? Who still insists on applying hard or soft power? Who has the power and how do they manages to hold to that power base? What is the organizational context that allows "smart power" to flourish? We have tried to answer some of these questions. There are undoubtedly other answers – as well as other questions.

At this stage of development, however, we believe that smart power already offers an advanced or progressive managerial strategy. Smart power allows a more egalitarian style within structurally built-in power asymmetry (i.e., the manager-employee relationship). Our belief is that smart power is better at enabling well-being of employees. Giving employees a voice and power while showing the harm from using the hard power authoritarian approach or the abdication of the manager role in using only soft power has led us to often use the term "democratization" – this word encapsulates the shifts in political and organizational structures and systems.

Just as the privileges of democratic ways of ordering societies are limited, we are aware that few organizations have power features of democracy. Just now only privileged employees enjoy the organizational and managerial "smart power approach." Yet on the whole, the demand for democratization of work arrangements, delegitimization of abusive control, and overall use of hard power is building momentum to trigger the need to expand our understanding about how the facilitation of smart power into management might affect managerial outcomes along with well-being and more positive work experience of employees and managers.

The editors and contributors along with others interested in this topic of management have established an International Center for the Study of Power and Management. The ICSPM is a virtual platform based on our website www.managesmartpower.org. This Center studies the application of smart power in managerial policies and practices. The core objectives of the ICSPM are designed to better understand how smart power can increase organizational effectiveness and individual well-being at work. We value any comments and suggestions on the ideas expressed in the book either on the website www.managesmartpower.org or by email to vardavm@gmail.com or wesharry@gmail.com.

We hope that you have enjoy reading this book and will be inspired to use power in smarter ways.

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