**Chapter 2 – The need for influence**

**Type I** – emphasise rationality of the decision. Type I models emphasise the rationality of decision making. Organizations are supposed to arrive at decisions by a rational process, usually incorporating three main steps. Examples of Type I decisions - net present value, investment appraisal, risk analysis, discounted cash flow, internal rate of return, the key accounting ratios. **Step One:** The organisation, through key people within it, becomes aware of a need to alter current arrangements in order to deal with threatened or actual changes to the status quo, either from external changes in the environment (market, technological or political ‘shocks’) or internal changes of people in the organisation. **Step Two:** Key people search for all available options to deal with the external or internal changes from their experiences, or from active interrogation of data, or from experts in the field. These options are sifted exhaustively and listed. **Step Three**: A preferred option is chosen from the available options according to a set of criteria that conforms to selected ‘rules’ (e.g., net present value, legal constraints, or policy) that are broadly objective, open and devoid of ‘fear or favour’.

**Type II decision** processes are neither rational nor objective. Type II decisions are unashamedly prejudiced and are susceptible to varying degrees of manipulation by people who succumb (consciously or otherwise) to influences outside a rational calculus. In a Type II process, particularly at a routine and lower level, the people making the decision are not prisoners of a datadriven calculation Type II decision makers use their subjective judgement. They massage the data, or its implications, and they widen their discretion if it helps to secure the decision they prefer. This is probably the neatest way of thinking of Type II decisions: people act to select the decision they prefer, which may be – and by implication they may intend it to be – different from the decision that would otherwise be taken on Type I grounds.

**Politics of Decision Making** While, formally, managerial decisions can be assumed to be made on purely rational grounds (and hence the science of decisionmaking techniques), in practice observation of managerial behaviour suggests that there is much more than rational objectivity to the making and implementing of managerial decisions. this is the study of the ‘politics’ of decision making. Influencing, in contrast, can be thought of as an ‘upwards’ or ‘sideways’ directed set of behaviours in which those who are conceived of as traditional ‘followers’ influence those above them (vertically and diagonally) and also those of equivalent ranking alongside them in the management hierarchy.

**The Scope for Politics** Interactive politics, or influencing, is one of the main means by which organizations actually work in the real world. There is no other way that business organisations can work, whatever a company’s mission statement asserts and whatever is asserted by managers or academic observers about the behaviour or prevalence of Type I rational managers. Organisations are staffed by people and not by mission statements. Individuals interpret their role and the roles of others from different viewpoints. Management faces other policy conflicts beyond the functional conflicts (between departments) inherent in any organisation. People who take issue over the options take sides and deploy a range of behavioural skills to ensure that their preferred options prevail. When they seek to motivate downwards through the organisation, they deploy leadership skills; when they seek to motivate upwards or sideways, they deploy influencing skills. Competence in management demands competence in ‘office politics’.

**EPILOGUE** Managers who see the need to improve their influence within their organizations have a full agenda and, typically, think that they already have too much to do to perform their normal duties. But influencing is about exploring ways in which people might be able to affect the actions of others in ways that will help these people achieve their goals within the organisation. Not paying attention to the influencing components of your management functions leaves you open to being influenced by the actions of others, perhaps to the detriment of your hard work in pursuit of your purely managerial goals. Influencing is a legitimate managerial activity and, because of its prevalence in all manner of organisations across the world, it is also a legitimate subject for research and teaching in business schools. Organisations are seldom, if ever, ruled entirely by Type I decision making processes. These rational models, in which decisions are decided disinterestedly by sagelike individuals entirely on objective merits, are theoretical constructs about rationality rather than real world practice. Whether decisions would be in some sense ‘better’ if Type I models predominated is less important than

whether managers can improve their interventions in the Type II processes that prevail across most organisations. People do not manage theoretical constructs; they manage organisations. Where people are active, observation suggests, they interact in ways that cannot be contained within a Type I model. It follows that to have influence in the way that an organisation actually works, managers must use influencing strategies that enable them to obtain what they want through the thoughts, feelings and

behaviours of the people they encounter in their organisations and not through the people they ‘ought’ to encounter but don’t.

**Influence- Module 2**

**The Need for Influence**

**2.2: Type I and Type II Models**

* There are two types of models of how decisions are made in an organization.
* Type I models emphasize the rationality of decision-making. Organizations are supposed to arrive at decisions by a rational process, usually incorporating three main steps:

🡪Step 1: The organization, through key people within it, becomes aware of a need to alter current arrangements in order to deal with threatened or actual changes to the status quo, either from external changes in the environment (market, technological, or political “shocks”) or internal changes of people in the organization.

🡪 Step 2: Key people search for all available options to deal with the external or internal changes from their experiences, or from active interrogation of data, or from experts in the field. These options are sifted exhaustively and listed.

🡪 Step 3: A preferred option is chose from the available options according to as et of criteria that conforms to selected “rules” (e.g.: net present value, legal constraints, or policy) that are broadly objective, open and devoid of “fear of favor”.

Therefore, Type I decisions eschew subjectivism and personal prejudices. They are defensible on rational grounds and constitute a robust solution to the new or pending situation.

* Type II decision process are neither rational nor objective. Type II decisions are unashamedly prejudiced and are susceptible to varying degrees of manipulation by people who succumb to influences, outside a rational calculus, though they might sometimes be given a “rational gloss” for purposes of presentation. The more complex the decision, the more likely it is that upper management will exercise its discretion in this way.

🡪In a Type II prices, the people making the decision are not prisoners of a data-driven calculation. Type II decision makers use their subjective judgment. They massage the data, or its implications, and they widen their discretion if it helps to secure the decision they prefer. This is probably the neatest way of thinking of type II decisions: people act to select the decision they prefer, which may be different from the decision that would otherwise be taken on Type I grounds.

🡪People in some circumstances resorting to Type II methods to ensure the acceptability of Type I decision they have made, which they happen to prefer but which they also believe is unlikely to be accepted solely on its merits. They use, therefore, Type II means to defeat efforts by rivals who opposite the Type I decision.

**2.3: Politics of Decision Making**

* Managerial decisions can be assumed to be made on purely rational grounds, in practice observation of managerial behavior suggests that there is much more than rational objectivity to the making of implementing of managerial decisions. There is a sub-culture of managerial decision-making that does not appear in the rational calculus models but that definitely influences how real world decisions are made and implemented.
* The study of organizational politics takes one of two forms: that of “leadership” or that of “influencing”.
* Leadership can be though of as a “top down” or “sideways” directed set of behaviors in which the leader leads followers in the traditional manner.
* Influencing, can be thought of as an “upwards” or “sideways” directed set of behaviors in which those who are conceived of as traditional “followers” influence those above them (vertically and diagonally” and also those of equivalent ranking alongside them in the management hierarchy.
* Leadership and influencing behaviors operate in a common domain when they are directed “sideways” and they share some common behavioral characteristics. They meet head-on in the “downwards” and “upwards” roles, where their behavioral characteristics are quite different in the purposes they serve, though for certain purposes it is sometimes useful to think of managers engaging in “downwards influencing” and in “upwards leadership”.

**2.4: The Scope of Politics**

* Individuals interpret their role and the roles of others from different viewpoints.
* Production people in large manufacturing processes favor long runs of standard products with little or no variation in their specifications. These are the easiest product types to manage. They maximize production output for given resources. Short runs of varying specifications reduce output efficiency and increase downtime while machines are retooled and restocked and employees shuffle between operations.
* Sales personnel selling against competition prefer to sell from ready-made stock. They don’t want to keep customers waiting in case they buy from rivals who claim they can supply immediately. Their ideal stock includes unlimited quantities of every possible combination of the varying features of their products just in case a customer is ready to place a large order for a particular specification.
* Sales staff makes delivery promises to customers even when they know full well that they are impossible to meet. The short-sightedness of such behavior is no barrier to its repetition. That a customer wants something is sufficient for sellers to promise it, leaving production with the problem of meeting their reckless promises.
* Their performance as buyers is regarded as being “excellent” to the degree that they reduce actual spending on inputs below the budgets allocated to acquire them. They are measured by the variance they achieve below their budgets.
* Accounts do not care whether the output is form long runs to a homogeneous specification or short runs of batch “specials”, just as long as the company’s stock of output is sold with the minimum of delay. Large volumes of slowly moving stock in a company warehouse are expensive to finance. It is less profitable to hold large stock of anything than to have fewer stocks that earn a profitable return more quickly.
* Management faces other policy conflicts beyond the functional conflicts inherent in any organization. It is a myth to believe that organizations consist of monolithic policy processes in which everybody is in agreement about what is “good for the company” , or that interpretations of the appropriate policies for the organization are unanimous.
* Serious differences over the appropriate policy for an organization can be present without anybody intending to be disruptive or disloyal. Indeed, a negative reaction to a genuinely held viewpoint can surprise the holder, who may well consider that his viewpoint is the only “rational” choice in the circumstances.
* People who take issue over the options take sides and deploy a range of behavioral skills to ensure that their preferred options prevail. When they seek to motivate downwards through the organization, they deploy leadership skills; when they seek to motivate upwards or sideways, they deploy influencing skills.

**Epilogue**

* Managers who see the need to improve their influence within their organizations have a full agenda, and typically think that they already have too much to do to perform their normal duties. But influencing is about exploring ways in which people might be able to affect the actions of others in ways that will help these people achieve their goals within the organization. Not paying attention to the influencing components of tour management functions leaves you open to being influenced by the actions of others, perhaps to the detriment of your hard work in pursuit of your purely managerial goals.
* Influencing is a legitimate managerial activity and because of its prevalence in all manner of organizations across the world, it is also a legitimate subject for research and teaching in business schools.
* People do not manage theoretical constructs; they manage organizations. Where people are active, observations suggests, they interact in ways that cannot be contained within a Type I model. If follows that to have influence in the way that an organization actually works, managers must use influencing strategies that enable them to obtain what they want through the thoughts, feelings and behaviors of the people they encounter in their organizations and not through the people they “ought” to encounter but don’t.