**Chapter 5 – Currencies of influence**

**First rule of Influence** – “One good turn deserves another”. Good turn means a kindness such as an intangible favors or benevolent act that we undertake voluntarily for someone who has need of one.

**The reciprocation principle** – For cooperation to work the benefits of cooperating must exceed its costs. For benefits to exceed the costs co-operation has to be reciprocated and defectors have to be punished or avoided. Most obvious punishment of defectors who have not reciprocated is not to treat with them again. Advocated of the principle imply that people do someone a good turn because they hope that they will receive a good turn in reply. For some doers to good turn they believe that they do something just because it is “good to do: not because they will receive anything in return. This principle is not about the motives of any particular persons acts of kindness. It is not linked to an explicit transaction (like negotiation) linking the act of taking to the act of giving. In reciprocation the exchange (if there is one) is separated in time and not always consummated.

**Non-Reciprocation** – reciprocation principle suggests that it is unwise not to do a good thing for someone who at one time in the past did for you. It destroys a relationship faster than any other event. Victims can become totally unforgiving and immune to counter reason. Non reciprocation is followed by embargo on doing good turns for the guilty party in the future.

**BAD TURNS**: “One bad turn deserves another”. Ex. Gossiping about someone, raising damaging issues, not covering someone’s absence etc. Best friend, lovers, relatives, partners, colleagues, neighbors and strangers fall out sometimes permanently and sometimes violently over bad turns allegedly inflicted on one another. People remember bad turns more vividly than good turns. In orgs bad turns lead to dysfunctional relationships. Performance suffers if people do not get along together.

**The currencies of Influence:**  Adam smith’s suggestion – you are more likely to serve your interests by addressing yourself to the interests of those who have what you want. In short, serve others to serve you. The alternate “expect others to serve you “is exploitative as well as naïve and self-centered. Nay person with this attitude is likely to be disappointed. Smith was referring to monetary transaction in trading. In influencing the exchange is often intangible and always implicit – but it also involves currencies. Influencing currencies are mainly intangible and are more like services rendered, sentiments expressed, commitments made or obligations fulfilled. Key is to identify which currencies are sought by which individuals. One of the key tasks as an influence is to identify correctly which currencies will be received well by a particular individual. If you want to influence people who deal with inspirational currencies, such as vision, excellence and ethical principles you are likely to do so if you demonstrate to them that you share their vision. If you wish to influence someone excellence - doing sloppy work will not extend your influence.

Common currencies:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Inspiration | TASK | Position ( people like to be noted) | Relationship | Personal |
| VisionExcellenceEthics | ResourcesAssistanceSupportResponseInformation | RecognitionVisibilityReputationBelongingContacts | UnderstandingAcceptanceBacking | GratitudeEsteemComfort |

Organizations mobilize resources to achieve goals and are task oriented. All tasks consist of:

1. ***inputs*** from outside the task group
2. an added value ***process*** inside and under the control of the group
3. ***outputs*** delivered outside the task group

These allow to identify many opportunities to build influence in the value chain. People striving to complete their assigned tasks are more likely to be influenced by the people who assist or make it easier for them to complete the task than those who add to their difficulties (real or imagined) .

Supporting people to obtain , maintain, and retain the resources they need to accomplish their tasks is a powerful source of influence. If you can’t it is better to remain neutral and silent. If you can’t help – don’t hinder.

Positional currencies are powerful as people like to be noticed “hawthorn’s experiment” . visibility is a tangible form of recognitions. Self promotion at the expense of others is destructive. If it is too embarrassing to defend a reputation – it s best to be silent. Influencing is about building good and positive relationships with many people in a lot of places in and around the organization and particularly with those you wish to influence. Ultimately relationships are face to face and personal. Expressing gratitude is not just manners – it is too easily forgotten and yet it takes only moments to transact and has a disproportional effect for the effort involved.

EPILOGUE

Influencing currencies, linked to the reciprocity principle, form the basis for influencing strategies. They address commonly held psychological needs, though in different mixes, which may be identified with a little effort in the people you seek to influence.

There is more work to do to turn these ideas into a strategy, but for the moment your understanding of the phenomenon of influencing currencies – which you will recognize from a little introspection into your own psychology – is crucial to what follows.

People are grateful for favors done for them. The greater the need, the more a good turn is appreciated by the receiver and, by corollary, the greater the damage, the more a bad turn is deplored. The implicit obligation of reciprocation for good turns is a commonly held universal code for behavior. Disappointing someone with no reciprocation of their good turn inevitably provokes a degree of hostility best avoided if you want to influence them. Of course, not all good turns are reciprocated and evidence of this having happened in the past is a sure guide to the state of the relationship between the individuals concerned.

Seeking out opportunities to do people good turns is one element of the development of influence. That some of your efforts fall on stony ground is part of the cost of influence. As you do not know for sure who might be receptive to your influencing, or who might over time be worth influencing, you cannot sensibly and without risk neglect to do good turns for particular people with whom you come in contact. The advice ‘to be nice to the people you meet on your way up in case you meet them again on your way down’ is worth heeding. People trade in markets for priced goods and services and the mechanism for ensuring that markets work is negotiation (the explicit exchange of goods for money currency or, more generally, obligations for a consideration). People also have requirements to transact in implicit currencies, such as reputation, acknowledgement, gratitude, vision, self-esteem and recognition. These can be intangible (words spoken) or tangible (words printed or rewards given) but they are no less important to the recipients and beneficiaries. Their absence – deliberate or unintentional – can be hurtful and may alter a person’s behavior detrimentally to the culprit’s interests. Hence, carefully considering the preferences that people have for receiving the currencies they desire and delivering them whenever within your gift is a basic building block of your influencing strategy in an organization.

**Influence- Module 5**

**The Currencies of Influence**

**5.2: First Rule of Influence**

* “one good turn deserves another” . By “good turn” we mean a kindness such as intangible favor or benevolent act that we undertake voluntarily for someone who has need of one.
* If somebody does you a good turn, then they deserve to receive a comparable good turn from you. The principle upon which the saying rests is that of reciprocity.

**5.3: The Reciprocation Principle**

* With no co-operation, everybody would be dependent solely on what they found or killed and they would go hungry when they found nothing to eat. Meanwhile, defectors would eat any shared finds made available to them by co-operators and eat or waste their own.
* Defectors would become marginally stronger than co-operators as long as co-operators continued to feed defectors.
* Countless sequences of acts of co-operation, sometimes followed by non-reciprocation, have been repeated endlessly through the millennia entrenched in our psyche, and in our culture, reciprocation as a universal principle, accompanied by hostility towards acts of defection.
* In modern society, extreme punishments for defection are not typical! But punishments there are, and while modern defectors are not usually beaten up in the coffee break they can suffer varying degrees of emotionally painful ostracism.
* The most obvious punishment of defectors who have not reciprocated appropriately is not to treat with them again. This goes to the core of the reciprocation principle and raises some interesting, though false, ‘ethical’ issues.
* Advocates of the principle of reciprocation are alleged to imply that people do someone a good turn because they hope that they will receive a good turn in reply. To some doers of good turns this notion is wholly unacceptable; they reject it as a description of their motives in doing good turns and they reject it as a prescription for others to follow. They raise high red flags against such notions. They do good turns, they assert vehemently, solely because good turns are ‘good to do’ and not from any base motive or devious expectation that they will receive anything in return.
* It is perfectly possible for a person to do someone a good turn with absolutely no thoughts of public acknowledgement nor hopes of receiving anything in return.
* The reciprocation principle is not about the motives of any particular person’s acts of kindness. Good turns, like romantic love, are often unrequited.
* Defectors in a negotiation are likely to be spotted quickly once what they have explicitly promised to do (i.e., pay their bills, or supply their product) is not done. The courts are full of defendants resisting defection charges brought against them by aggrieved parties to the explicit transaction (and above 90 per cent of defection disputes are settled, or not proceeded with, before they get to a court).
* Rarely are defectors to a reciprocation transaction brought to court by an aggrieved ‘doer of a good turn’. And, if they were, the aggrieved parties must make a case that the implicit reciprocation was in fact explicit – i.e., the transaction amounted to an agreement, and it was not merely a case of them ‘doing someone a good turn’.

**5.4: Non-reciprocation**

* The reciprocation principle does not address the motives that precede the good turn.
* While the motives of the original source of the good turn are not relevant, the action or inaction of the non-reciprocator becomes highly relevant.
* The reciprocation principle suggests that it is doubly unwise not to do a good turn for somebody who at some time in the past did one for you. The principle of reciprocation is sanctioned by aeons of human history and it remains a deeply held conviction common among people transacting today.
* The quarrel escalates if the non-reciprocator refuses to acknowledge his obligation or makes what are considered to be pathetic excuses for his conduct.
* Memories of instances of serious and serial non-reciprocation recharge otherwise emotionally drained antagonists with new surges of recriminatory energy. It is the one sure event to seal the fate of a putative relationship. It will destroy a relationship faster and more certainly than any other event. The victims of serious non-reciprocation can become totally unforgiving and immune to counter-reason. Most of the time, though, the penalty is on a much lower key. Non-reciprocation is followed by an informal embargo on doing good turns for the guilty non-reciprocators in future.

**5.5: Bad Turns**

* Why should a bad turn tend to be reciprocated by a bad turn? For much the same reason as its corollary reciprocates good turns with good turns: it is what humans do to each other, irrespective of occasional counter-exhortation by high-minded individuals
* If, as they do, people take unkindly the non-reciprocation of their good turns, they react much more sharply to gratuitous and unilateral bad turns from anyone.
* It is easy to react badly to people you meet for the first time. If you affect them negatively they take umbrage. What could in other circumstances have flowered into a working relationship suddenly spirals downward from mild hostility to outright hatred.
* Non-reciprocation of a good turn is a serious breach of an ancient code and the imposition of a bad turn is the same, only more so. Normally, people remember incidences of bad turns more vividly – and more quickly – than good turns. Suppressing anger at the perpetrator’s behaviour is not easy. Nor is it easy to suppress the desire for revenge.

**5.6: The Currencies of Influence**

* Smith is simply suggesting, that you are more likely to serve your own interests by addressing yourself to the interests of those who have what you want. In short, serve others to serve yourself!
* The alternative – expect others to serve you – is exploitative as well as being naïve and self-centered. Any person subscribing to this alternative as a lifestyle is likely to be disappointed. So, taking account of what Smith meant, how does his 18th-century observation help us to develop an influencing strategy in the 21st?
* In influencing, the exchange is often intangible and always implicit. But it also involves ‘currencies’, albeit not in the form of physical money (though money and other tangible goods may be part of the transaction).
* Influencing currencies are mainly intangible and are more like services rendered, sentiments expressed, commitments made or obligations fulfilled. They take numerous forms and different people desire different currencies. The knack of using influencing currencies in an influencing strategy is to identify which currencies are sought by which individuals and deliver them accordingly.
* Your influence on potential allies and partners within an organisation is likely to be greater when, over many trials and opportunities to co-operate or defect, the people you want to influence perceive that you consistently do them good turns and that simultaneously and consistently you avoid doing them bad turns. In short, you are perceived to contribute something positive to their sense of well-being and to their self-interests.
* The idea behind influencing currencies is not that everybody seeks to transact in all of them, or that any particular person would accept ‘payment’ in any particular currency from anybody offering it. People don’t and won’t. They are often fussy over the currencies in which they transact and with whom they transact. They can also become irritated by people who ‘misread’ their preferred currencies, as when you refrain from sharing information with them that they need to do their job.

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| --- | --- |
| **Table 5.3** | **Some generic influencing currencies** |
| **Inspiration** | VisionExcellenceethics |
| Task | ResourcesAssistanceSupportResponseInformation |
| Position | RecognitionVisibilityReputationBelongingContacts |
| Relationship | Understanding AcceptanceBacking |
| Personal | GratitudeEsteemComfort |

* If you want to influence people who deal in inspirational currencies, such as vision, excellence and ethical principles, you are more likely to do so if you demonstrate to them that you share their visions. Remember, though, that these are only labels for their preferred currencies and not clearly defined taxonomies; one person’s sense of inspiration may differ markedly from another’s.
* Leaders have a vision for their organisation, which they identify with their role in it. They are irritated by skepticism, pessimism, conflicting visions and criticism and by people whom they perceive as obstacles. They seek people around them who solve problems with solutions consistent with their vision. To influence them you must help them, or at least be neutral
* If the persons you wish to influence proselytize for excellence in everything the organisation does, a reputation for sloppy work, or a tolerance of it, will not extend your influence. But it goes further than that. These people trade in the currency of excellence (however they define it) and it is necessary that you support their ethos and avoid mocking, undermining or criticizing it and that you aim for excellent standards in your work (a ‘safe pair of hands’).
* As for influencing people who are imbued with a sense that everything they do must be guided by strong ethical principles, it is not helpful if you are known to offer solutions involving ‘short cuts’, less-than-honest maneuvers, and behaviours that sully their ethical principles. It is best to treat what they profess at face value and to deliver solutions in terms that they recognize as ethical.
* Organisations mobilize resources to achieve their goals. An organisation is task-oriented. This creates many opportunities to influence the people charged with accomplishing these tasks (and to undermine your influence by failing to facilitate the people in it).
* A deficiency of resources makes it more difficult to accomplish the tasks set for people. All tasked operations consist of:
1. *inputs* from outside the task group;
2. an added-value *process* inside and under the control of the task group;
3. *outputs* delivered outside the task group.
* This enables you to identify many opportunities to extend your informal influence with other people in the value chain. You can think of an organisation as consisting of linear and criss-crossing chains of the basic input–process–output model ([Figure 5.1](http://coursewebsites.ebsglobal.net/CourseContent/H17IL/textpages/il05-bk-en_06.html#figure_ile0504)).



(Figure 5.1: The basic model)

* The task may be simple (checking a form and passing it on) or complex (assembling many components into a circuit board), but the most complex parts of any process may be disaggregated into sub-processes.
* The basic model also applies to non-manufacturing processes, where the added value in the process is of a discretionary and not a physical nature (for example, that by an academic who is grading examination answers). Of course, an added-value process may receive many inputs from many sources and it may supply its outputs to many destinations.
* People striving to complete their assigned tasks in an organisation are more likely to be influenced by people who assist or make it easier for them to complete their tasks than those who add to their difficulties (real or imagined).
* Supporting people in their endeavors to obtain, maintain and retain the resources they need to accomplish their tasks is a powerful source of influence. Of course, there is stiff competition for resources in any organisation and it is easy to become partisan when fighting for resources for your own task group, but where there are winners there are losers, and not all losers accept their fate with equanimity.
* Blinkered self-promotion of one’s own requirements at the expense of others is a risky strategy – it creates multiple enemies among the losers and among those who fear the outcome when they join the resource queue. However, a reputation for getting what one wants raises one’s profile as a powerful player. But a demonstrable reputation for being powerful enough to help (selected) others get what *they* want also raises one’s influence. Favors done are favors owed.
* The influencer, when beginning a currencies’ strategy, is a long way from being able to ride the line between helping one task group to acquire the resources it needs as opposed to another such group. Initially a currencies’ strategy must be spread across many competing groups.
* Where you cannot help some managers get the resources they believe they require, it is better to remain neutral and silent. If you cannot exchange the currencies of support or assistance, you can avoid exchanging the negative currency of obstruction.
* Positional currencies are powerful influencers. It is observable that people like to be noticed.
* Not acknowledging somebody when there is good reason to do so, and when you have the opportunity, causes deep offence, while deliberately and publicly acknowledging a rival’s contribution, especially a deadly rival, does wonders for your reputation as a fair-minded peacemaker.
* Recognition as an influencing currency is closely related to visibility. Some people like visibility; a few can never get enough of it. Some chief executives and most politicians, for example, crave visibility.
* If you are in a position to supply visibility, you won’t do your influencing much good by deliberately withholding it. Visibility is a tangible form of recognition. When shared with others, even to the point of self-denying self-effacement in their favor, it piles up credits in the influencing balance faster than most alternatives – assuming, of course, that they prefer to trade in visibility. In contrast, self-promotion at the expense of others is destructive of influence and causes *sotto voce* mockery by one’s peers.
* Undermining reputations by gossip, rumour and innuendo is a certain way to undermine your own influence. If it is too embarrassing to defend a reputation, the next best course is silence.
* Influencing is about building good and positive relationships with many people in a lot of places in and around the organisation, and particularly with those whom you wish to influence. Understanding what they are about – their intentions and aspirations, and their difficulties and challenges – is a key activity that can only be accessed if you can grow a relationship with them. This, necessarily, is a slow process.
* Trading in threats to their position undermines your relationship with them. Being overly keen to replace them – sometimes referred to as ‘carrying their coffins on your back’ – is not productive with them or with onlookers. Trading in backing people is better than back-stabbing them.
* Ultimately, relationships are personal and face to face. Expressing gratitude is not just good manners. It is too easily forgotten, yet it takes only moments to transact and has a disproportionate effect for the effort involved.

**Epilogue**

* Influencing currencies, linked to the reciprocity principle, form the basis for influencing strategies. They address commonly held psychological needs, though in different mixes, which may be identified with a little effort in the people you seek to influence.
* People are grateful for favors done for them. The greater the need, the more a good turn is appreciated by the receiver and, by corollary, the greater the damage, the more a bad turn is deplored.
* The implicit obligation of reciprocation for good turns is a commonly held universal code for behaviour. Disappointing someone with non-reciprocation of their good turn inevitably provokes a degree of hostility best avoided if you want to influence them.
* Seeking out opportunities to do people good turns is one element of the development of influence. That some of your efforts fall on stony ground is part of the cost of influence. As you do not know for sure who might be receptive to your influencing, or who might over time be worth influencing, you cannot sensibly and without risk neglect to do good turns for particular people with whom you come in contact.
* The advice ‘to be nice to the people you meet on your way up in case you meet them again on your way down’ is worth heeding.
* Carefully considering the preferences that people have for receiving the currencies they desire and delivering them whenever within your gift is a basic building block of your influencing strategy in an organisation.