Illusion of Control: Theoretical Perspective on Power-Dependence Relationships

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Abstract
One of the key arguments presented in this paper is how the leadership literature has insufficiently addressed power. It has implicitly treated power as though it were permanently embedded within the context of organizational hierarchy rather than being a characteristic of the individuals in the social relationship. An examination of leadership and power in a rotational leadership design is provided along with an alternate framework for conceptualizing power through the Leadership Distortion Model.

Keywords: leadership, power, leader-member exchange, coworker exchange, teams

1. Introduction

Power-dependence relations in organizational settings have focused almost exclusively on the nature of the relationship between those who hold legitimized power and those who do not. For example, research on leader-member exchanges (LMX's) has focused predominantly on the nature of the relationship between leaders and followers (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995; Sparrow & Liden, 1997). Yet many theorists have argued that studying relationships among other organizational members may hold value (Dunegan, Tierney, & Duchon, 1992; Sherony & Green, 2002; Seers, 1989; Seers, Petty, & Cashman, 1995; Sparrowe & Liden; 1997). However, these investigations of alternative influence have been researched with respect only to their effects on various organizational phenomena such as work attitudes, perceptions of climate, efficiency, or performance (Dunegan, Tierney, & Duchon, 1992, Sherony & Green, 2002; Seers, 1989; Seers, Petty, & Cashman, 1995). Not surprisingly, most studies (such as the above) in a relational context presume the known direction of influence. The leader has considerable influence over the follower because he has legitimized power to exert that influence. Weber (1978) discussed orthodox organizational designs whose structure promote clear boundaries for individuals and groups. This logic is consistent with Parsons (1937; 1951), who contended that relationships can be easily controlled through departmentization with clear boundaries as to those who direct work and those who do work. As such, virtually all research on leader-member relations assumes the leader is the primary holder of influence over the follower in any given situation. Minimal investigation into the possibility that someone other than the leader may in fact be the primary influencer of an organizational member has been conducted in organizational literature. This underdeveloped state of influence, which we feel to be a recurrent flaw within relational investigations of social phenomena; only serves to hinder adequate theoretical development as well as meaningful empirical research. This flaw is an implicit treatment of power as though it were permanently embedded within the context of organizational hierarchy rather than being a characteristic of the individuals in the social relationship.

LMX theory (Graen & Uhl-Behn, 1995) holds that through a series of tacit exchange agreements with their members, unique relationships with various subordinates originate. Within their body of work, LMX is just one type of exchange that coexists as part of a larger network of exchanges including coworker exchange (CWX) (Graen & Uhl-Bien, 1995). Graen and Uhl-Bien (1995) suggests that investigating CWX may be an important part of understanding how leadership processes work. CWX is the development of relationships between workgroup members that differ in respect to the amount of goods and emotional support exchanged (Graen & Uhl-Bien, 1995). In this paper, we seek to provide clarity to the potential of coworkers holding the capacity to
exert influence over each other beyond that of the leader. Stated more directly: “Do bonds between coworkers form in such a way that worker A could influence worker B to perform an organizational task where the leader could not?”

In situations where differentiated exchange relationships develop, two groups of employees can be thought to formalize. The first is an in-group of trusted lieutenants, assistants, and advisors, to whom leaders give high levels of responsibility, decision influence, and access to resources. The second is an out-group, who are given low levels of choice and influence. This process works at odds with outcome interdependence (Wageman, 1995). Yukl and Van Fleet (1990) discuss how problems may arise between in-group and out-group members, undermining team processes. Therefore, exploring LMX and CWX in a team context will provide a clearer window in which exchange relationships and their effects upon influence can be seen to manifest.

Erez, Lepine, and Elms (2002) have suggested that rotated leadership within teams fosters workload sharing, voice, and cooperation among team members. At the same time, this team design has interesting implications for the development of relationships and the distribution of power within those relationships. We propose that through rotational leadership design, personal relationships and their associated perceptions of influence develop by way of a four stage process which we refer to as the “Leadership Distortion Model”. The first stage is that of cognitive assessment. In this initial stage, team members create cognitive appraisals of each other by evaluating one another’s competence, credibility, fairness, and identification with the team and its goals. The second stage in this process is that of credit building. This is where team members begin to process the value of contributions made by each member which leads to the formation of stronger or weaker relationships. The third stage in this process is the bonding stage. Here, the relationships between team members have transformed into deep level, influential relationships where some have the ability to compel others easily while others may be able to exert little persuasion. The final stage of this process is what we call leadership distortion. This stage occurs where the current leader of the team has been rotated out and the new leader presumes control of the team. It is at this stage that we argue that the conventional leader-follower dynamic has changed and that the institutionalized leader is no longer the primary influencer within the team.

2. Theory & Propositions

Common to most organizational institutions is the utilization of the self-managed or empowered team (Lawler, Mohrman, & Ledford, 1995). Within these teams, decision-making authority is left to the members who belong to that team. Additionally, self-managed teams allow for various configurations of team processes such as leadership (Erez, Lepine, & Elms, 2002). In one instance, a leader within the team may emerge and carry out the task of completing 4 projects within that group for the fiscal year. With there being 4 projects to accomplish within the year and there being 4 team members, each member will act as leader of the team for a period of 3 months. After their leadership term is over, a new leader will secede them in acting as leader of the next project. Here we will focus on Team 1, at the very start of their first project through its completion and into the beginning of project 2. Team 1 is comprised of team members A, B, C, D. Team member A has been designated to be the leader of this first project. From here on, Team member A will be referred to as the “leader” and his subordinates will be referred to by their respective letters, B, C, and D.

2.1 Stage 1–Cognitive Assessment

Give and take in relationships on both sides of a relationship is vital. Homans (1961, p. 261) has said, “Influence over others is purchased at the price of allowing one’s self to be influenced by others.” Gergen, Greenberg, Willis (1980) expressed the willingness of group members to accept the influence of a leader depends upon a
process of exchange in which the leader gives something and gets something in return. This conceptualization is consistent in keeping with the social exchange views found in Thibault and Kelley (1959), Homans (1958, 1974), Blau (1964), and Jacobs (1971). However, the recipient of a given act of influence is not just a passive reactant to the assertions of the influence source.

Bauer (1964) holds that an important component of the exchange process involves a communication between the source and the recipient. Thus, the relationship between two individuals is shaped by perceptual and motivational factors that are at work within the receiver, who also perceives them within the source. For instance, a recipient might make a determination of the credibility of the source in determining whether or not to comply. The credible source is usually seen as having expertise and being trustworthy (Hovland, Janis, & Kelley, 1953). Additionally, Gergen, Greenberg, and Willis (1980) suggest that a source’s reaction to an act of influence depends upon several of other factors including the source’s competence, fairness, and identification with the group and its goals. However, at the beginning of the first project these team members will have had no prior relations with their respective teammates. Opportunities to note previous workload sharing, cooperation, and voice have not yet presented themselves. No transformational or transactional approaches to leadership have been undertaken. The disappointment of not having a history to base decisions against leave those within the group to form initial evaluations of each other, i.e. the so called “first impression.” Having no previous knowledge of the leader’s or coworker’s competence, credibility, fairness, and identification with the group and its goals, it would reason that initial levels of LMX and CWX would be low. Accordingly, no strong distinction between LMX and CWX relationships can be made. In other words, it would not be easy to identify if the leader held a better relationship with team member B than team member B held with team member C. This stream of logic brings us to our first set of propositions:

*Proposition 1a:* During the cognitive assessment stage of project 1, low levels of LMX will be reported by team members.

*Proposition 1b:* During the cognitive assessment stage of project 1, low levels of CWX will be reported by team members.

*Proposition 1c:* During the cognitive assessment stage of project 1, differences in LMX and CWX relationships will be difficult to distinguish.

However, this situation would not manifest itself at the beginning of the second project. At the beginning of project 2 a significant history will have developed such that important relationships between the parties will have grown. Team member B now has a reasonable expectation of the competence, credibility, fairness, and identification with the group and its goals of team member A (now the former leader of the group) based on his performance during project 1. We will return to this point at stage 4. This stream of logic brings us to our second set of propositions.

*Proposition 2a:* During the cognitive assessment stage of project 2, varying levels of LMX will be reported by team members.

*Proposition 2b:* During the cognitive assessment stage of project 2, varying levels of CWX will be reported by team members.

*Proposition 2c:* During the cognitive assessment stage of project 2, differences in LMX and CWX relationships will be easier to distinguish.

### 2.2 Stage 2: Credit Building

As we have already noted, the possibility of acting as a leader, and being perceived as one, is dependent upon some validation from other group members. This concept is a key element of the “idiosyncrasy credit” model (Hollander, 1964), which discusses the impressions team members hold of one another which translate into influential power to guide the team in directions not yet navigated. One of the primary positions taken in this model is that a leader earns “credits” by contributing to the group’s primary task. Accordingly, as a leader develops a fund of these credits, he/she positions them self to make more acceptable assertions of influence. These credits need not be developed from scratch either, as a leader can bring derivative credit from another group, based on his/her reputation. The concept that one accrues credits as they perform within a team assumes that a process of evaluation goes on (Hollander, 1964). This means, maintaining an influential role as a leader depends on showing results. Therefore, we might recognize that consistently accurate decisions by the team’s leader, leads to more credits that lead to the team members’ willingness to be influenced whereas consistently inaccurate decisions by our leader, will lead to a depletion of credits that will result in a reluctance to be influenced by team members. This brings us to our third set of propositions.
Proposition 3a: Decisions by the leader, which are interpreted to contribute towards the team’s goals, will lead to higher reports of LMX.

Proposition 3b: Decisions by the leader, which are interpreted to fail to contribute towards the team’s goals, will lead to lower reports of LMX.

For some time now, theorists have noted the importance of examining “deep structures” which are forms of organizational constraint that are not easily identifiable (Clegg, 1989; Deetz, 1985). This idea of deep structure emerges from the rationale that when our leader continues to make valuable contributions towards the pursuit of the team’s goals, the team’s members will develop levels of esteem and respect for the leader who has now been part of the organization for a period of time with successes attached to his/her reputation. Therefore, according to Gordon (2002) team member B may deflect acts of influence to engage him in empowerment by deferring tasks back to his leader because he perceives his leader as holding a higher associative status within the organization. This leads us to our fourth proposition.

Proposition 4: The reputation of a leader as a source of valuable contribution to the team will encourage followers to behave in ways that may defy traditional role assignments.

2.3 Stage 3–Bonding

Social relations involve ties of mutual dependence. Team member B depends upon team member C if he seeks outcomes whose achievement is facilitated through actions on C’s part (Emerson, 1962; Skinner, Donnelly, & Ivancevich, 1987). In short, influence resides in the other’s dependency. Emerson’s (1962) conceptualization of power developed an interesting framework for examining power relations where:

Table 1. General power-dependence framework

<table>
<thead>
<tr>
<th>Relationship 1</th>
<th>Relationship 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pbc=Dcb</td>
<td>Pbc=Dcb</td>
</tr>
<tr>
<td></td>
<td>v</td>
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<tr>
<td>Pcb=Dbc</td>
<td>Pcb=Dbc</td>
</tr>
</tbody>
</table>

Description: Table Depicting General Power-Dependence Framework.

Here, Emerson (1962) defines dependence (Dbc) as the dependence of team member B upon team member C is related to B’s motivational investment in goals mediated by team-member C and the availability of those goals outside of the B-C relationship. Secondly, power of team member B over team member C is the amount of resistance on the part of C which can be potentially overcome. The relationship depicted in figure 1 represents an equitable distribution of power and dependence between two parties. Here, team member B can influence team member C at the same level team member C can influence team member B. The relationship projected in figure 2 represents an unequal distribution of power and dependence between the two parties. In this scenario, team member B is the more influential party while at the same time is less dependent. This framework has important implications for relationship development in our leadership model.

Table 2. Power-Dependence relationship development between leaders and followers

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plf (1) = Dlf (1)</td>
<td>Plf (5) = Dlf (5)</td>
<td>Plf (10) = Dlf (10)</td>
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<tr>
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</tr>
<tr>
<td>Plf (1) = Dlf (1)</td>
<td>Plf (5) = Dlf (5)</td>
<td>Plf (10) = Dlf (10)</td>
</tr>
</tbody>
</table>

Description: Table Depicting Power-Dependence Relationship Development Between Leaders and Followers Across Stages.

As we argued in the cognitive assessment stage (Stage 1) of this model, no prior opportunity to evaluate workload sharing, cooperation, or voice from team members had presented itself. Neither had transformational or transactional approaches to leadership. This inability to examine the history of the team and its members led us to believe that initial reports of LMX and CWX would be low and that there would exist difficulty in
perceiving any significant difference between the developments of the two. Thus the power-dependence relationships depicted in Stage 1 above, reflect equivalent levels of influence at non-significant intervals. That is, in the beginning the leader had not developed a strong enough relationship with team member B to ask him to perform too many acts outside of his prescribed job duties. For instance, the leader may have little trouble in having team member B staple some copies for him but may encounter significant resistance if he asks team member B to work late all week. Likewise, team member B may be able to successfully request for some additional clarification on an assignment but may be unsuccessful if he asks for Friday off.

In the credit building stage of our model (Stage 2) we extended the idea that the leader can build a reserve of credits for his successful contributions to the team. By doing so we asserted that presumed codes of order begin to develop where the leader is perceived as a reliable and valuable source of decision making to the team. As the leader builds his reputation he is likely to increase his power-dependence relationship with some of his team members. He may do this by making a request upon team member B who complies in kind. The leader may reward team member B by allowing him more job latitude. Bauer and Green (1996) argue that this interaction within the dyad contributes to and eventually defines the quality of exchange in a leadership relationship. At this point the relationship between the leader and the team member has increased in levels of reciprocal power and dependence at moderate intervals. At this stage, the leader may in fact be able to influence team member B into working late throughout the week. In kind, team member B would likely be more successful in asking for Friday off. However, this relationship has not reached its peak potential. The leader may still not be able to convince team member B to participate in a strike nor might team member B have enough influence to convince the leader to demand a raise for the team.

During stage 3 of our model we have reached the highest attainable level of our power-dependence relationship. Continued support and reliable contributions from the leader have propelled the subordinate into a bonding social relationship with the leader. At this same time, through acts of delegation, rewards for performance, and participation in the give and take relationship, the leader has risen into a bonding social relationship with his subordinate. At this point, virtually any request could be conceived to at least be given careful thought by either party.

It is important to acknowledge, that this process can occur simultaneously for coworkers within the group. That is, team member B can form long-lasting and bonding relationships with team member C or team member D, or both. However, it is important to recognize that team member B does not have the same avenues for relationship building available to him as the leader. He cannot delegate assignments to team member C nor can he provide days off or pay incentives. While some avenues for relationship building still exist they won’t necessarily be as impactful in the coworker exchange. For instance, team member B could share workload with team member C. But that act may be construed as a contribution to the team and not as part of the dyadic relationship. The same holds for voice and cooperation. Thus the leader can effectively build stronger bonding relationships with team members than team members can with each other. This brings us to our fifth proposition.

**Proposition 5: Power-dependence relationships will develop faster for leader-member exchanges than coworker exchanges.**

Given this proposition we might expect our power-dependency relationships to look like this:

<table>
<thead>
<tr>
<th>Leader-Member Exchange</th>
<th>Coworker Exchange</th>
</tr>
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<tbody>
<tr>
<td>[ \text{Pfl}(10) = \text{Dlf}(10) ]</td>
<td>[ \text{Pbc}(4) = \text{Dcb}(4) ]</td>
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<tr>
<td>[ \text{Pfl}(10) = \text{Dlf}(10) ]</td>
<td>[ \text{Pcb}(4) = \text{Dbc}(4) ]</td>
</tr>
</tbody>
</table>

**Table 3. Power-Dependence differences between leader-member exchange and coworker exchange**

<table>
<thead>
<tr>
<th>Leader-Member Exchange</th>
<th>Coworker Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ \text{Pfl}(10) = \text{Dlf}(10) ]</td>
<td>[ \text{Pbc}(4) = \text{Dcb}(4) ]</td>
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<td>[ \text{Pcb}(4) = \text{Dbc}(4) ]</td>
</tr>
</tbody>
</table>

Description: Table Depicting Power-Dependence Differences Between Leader-Member Exchange and Coworker Exchange.

### 2.4 Stage 4–Leadership Distortion

At this point, we have reached the end of project 1. The team has undergone many experiences that have allowed them to create future expectations based on previous events. At the beginning of project 2, a leadership succession event will have taken place. Team member A (the leader of project 1) now must step down in order for team member D to begin performing the leader’s duties. Change in formal workgroup leadership has been
suggested to not only result in changes in team processes and performance (Finkelstein, & Hambrick, 1996; Grusky, 1960; Vancil, 1987) but also affect team members who remain following the change (Gordon & Rosen, 1981). Indeed, Ballinger and Schoorman (2007) argued that the effect of a succession on team members results from the structure and quality of the relationship between the former leader and team members prior to the succession episode.

This situation presents itself as a dilemma. Prior research in leadership succession in sports teams has shown that the record of the incoming coach affects the performance and dynamics of the remaining team (Cannella & Rowe, 1995; Pfeffer & Davis-Blake, 1986). In this situation we have a new leader attempting to exert influence upon the team where they have no prior record or “reserve of credits” to draw from. However, team member A, provided that he performed successfully during his tenure as leader has a proven track record of success and a reserve of credits. Furthermore, team member A has likely developed strong bonds with one or possibly more of the team’s members whereas the new leader has not. This situation has presented itself as a coworker exchange having the potential to exert more influence than a leader-member exchange. This notion has interesting implications for rotational leadership design and our current conceptions of power in relational contexts.

Two different outcomes are feasible from the manifestation of this social quandary. The first is that team member A has developed a bonding social relationship with team member B or team member C, or both, but not with the new leader (team member D). In this case, team member B or team member C, or both will likely be compelled to continue to follow the suggestions of team member A notwithstanding the formal directions given by the new leader. In this situation, an in-group and out-group will likely form, resulting in difficulties between these groups being able to effectively work together. This is so, because team members A & B see one course of action as appropriate and plan to stand behind one another due to their deep social bond. While at the same time, the new leader and team member C may feel another course of action is accurate and plan to stand behind each other. This could lead to the development of a strong social bond between the new leader and team member C. This leads us to proposition six.

Proposition 6: The development of strong social bonds between the former leader and any team member other than the new leader, will result in the formation of in-groups and out-groups.

The second outcome that could present itself from this situation is that the new leader had developed a strong social bond with team member A prior to the succession. Here we reiterate our previous logic that once a leader proves himself as a valuable contributor to the team’s outcomes he differentiates himself by developing social codes of order. Therefore, the new leader may deflect acts of responsibility back to team member A due to his record and because he perceives team member A as holding a higher associative status within the organization. In either scenario, the process of rotational leadership design is undermined and the leader-follower dynamic becomes distorted.

Proposition 7: The development of strong social bonds between the former leader and the new leader will lead to deferrment of responsibility by the new leader unto the old leader.

3. Discussion & Summary

This unchallenged notion that proper organizational structure through related divisions of labor and job titles specified at the surface-level are adequate mechanisms to promote clear boundaries for individuals and groups has existed in organizational behavior for decades. The focus of this paper has been at the dyadic level, where shifts in social relationships have been examined as they develop from scratch and progress into a more solidified set of attitudes, behaviors, and cognitions about that relationship. In this paper we have developed a model of social relationship progression by integrating research in LMX theory, CWX theory, and idiosyncratic credit theory. Future research should endeavor to apply the concepts discussed herein and measure actual shifts in power-dependence relationships within work teams.

3.1 Implications for Theory

A theory of social relationship progression and leadership distortion offers several benefits over previous approaches. It allows us to study relational development within teams with special consideration to the impact of the former leader’s relationship to team members concurrently with developing and established coworker relationships. In addition, this model adds to the existing knowledge base of power dependence relations by proposing a setting in which this model can be tested for empirical results.

3.2 Implications for Practice

Research on power dependence relationships helps us understand the impact of influence attempts from one organizational member to another and shows that certain relationships can progress in such a way as to
undermine the bureaucratic structures put into place by organizations to avoid differentiation among such relationships as predicted by our model. Understanding relationships within teams will also be of considerable importance to organizations in their structuring of labor division and strategic team implementations. Executives within organizations who strategically implement teams to accomplish organizational goals need to carefully consider team design and the possibility that the reverence and competency instilled in coworkers could possibly carry more decisional influence in team decisions above and beyond those that may be the formal leaders of said teams. Knowledge of the relationships that already exist within the organization or that could develop should consistently be taken account of in order to ensure appropriate group processes take place.

3.3 Conclusion

Extending research on power dependence relationships to the coworker exchange level is a new frame of reference for teams and leadership research and opens up a new perspective for measuring influence attempts in organizational settings. For researchers, it opens up the possibility of reconceptualizing relational developments between company members and their effects on company outcomes. The relevance of this theory for the practice of management clearly lies in its ability to understand that structured boundaries between managers and subordinates prevents relationship development to reach the same level of mutual influence that can manifest in coworker relationships. It also holds promise for organizations in understanding how relationship development within teams can change team composition and dynamics.

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