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Understanding how balancing autonomy and power might occur in leading organizational change

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ABSTRACT

Leading organizational change involves many leadership skills. The literature indicates that there is one basic underlying skill: the ability to form and use judgment that is informed by analysis and experience. The literature also indicates that constructing and implementing good judgment from analysis and experience requires discretion in terms of *autonomy* and *power*. However, the findings from a field study of leaders with strong reputations as change agents demonstrated that it was difficult for change agents to have both autonomy and power. This result introduces critical but underexplored dilemmas associated with balancing autonomy and power in leading change. This article argues that balancing might occur when change agents have learned to understand and handle the dilemmas, and it describes enabling conditions for this learning. Furthermore, a future research agenda is indicated.

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1. Introduction

Leading change so that an organization can adapt to new demands and challenges related to efficiency, effectiveness, social image, and legitimacy involves a number of leadership skills (Burke, 2014; Burnes, 2014; Kakabadse & Kakabadse, 1999; Kotter, 2005; March & Weil, 2005; Northhouse, 2010; Schein, 2010; Yukl, 2012). The literature indicates that there is one basic underlying skill: the ability to form and use judgment that is informed by analysis and experience (March 1994). The literature also indicates that constructing and implementing good judgment from analysis and experience requires *discretion* (Hambrick, 2007; Kotter, 2005; March & Weil, 2005; Northhouse, 2010; Yukl, 2012).

A large portion of contemporary research on organizational change envisions organizational change as the result of the intentions and actions of leaders, and a high level of discretion is assumed to enhance leaders' impact on the outcomes. When leaders as change agents have discretion, they have freedom of choice and, in turn, the autonomy and power to influence and structure the field of possible actions in change processes. In relation to this perspective, Foucault (1982) claimed that influencing the actions of others requires not only the capacity to act freely but also the capacity to exercise power. If there is no space to act freely, then there is no way for power to influence the actions of others. Hence, leaders have to combine or balance autonomy and power in

leading change. This article is concerned with discretion in terms of *autonomy* and *power*, but the focus is on what actually happens when change agents attempt to balance autonomy and power in leading organizational change. In exploring this issue, the article proceeds as follows. First, I will outline the main features of the study's theoretical concepts. Second, the method employed in a field study will be discussed. I will then present the results from the study and elaborate on the findings to identify principles for understanding how and under what conditions balancing autonomy and power might occur in leading organizational change. This discussion is followed by a conclusion.

2. Literature

2.1. What is discretion?

Proponents of discretion argue that leaders greatly influence what happens in their organizations, but this influence depends on how much discretion exists. In other words, discretion, in terms of autonomy and power (as mutually related moderators), affects the strength of the relationship between leadership and organizational outcomes (Espedal, 2009; Finkelstein & Hambrick, 1996; Hambrick, 2007; Kotter, 2005; Stewart, 1989; Yukl, 2012).

In an increasingly dynamic world, organizations are being forced to make room for discretion to enable change and adaptiveness (Hambrick, 2007). Discretion is assumed to enhance a leader's impact on organizational outcomes, as the organizational

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constraints common to leadership are generally less severe in a context that allows for discretion. Such constraints relate to job demands, expectations, rules, routines, formal control systems, resources, social embeddedness, and networks (Hambrick, 2007; Stewart, 1989). From this point of view, Hambrick (2007, p. 335) argues that “discretion exists when there is an absence of constraint and when there is a great deal of means-ends ambiguity—that is, when there are multiple plausible alternatives.” Hence, the exercise of discretion implies reduced organizational limitations in the form of demands and constraints.

In addition to the organizational determinants of discretion, Finkelstein and Hambrick (1996) identified individual determinants in the form of personal commitment, cognitive complexity, tolerance of ambiguity, and mindfulness. Therefore, discretion is not only shaped by organizational demands and constraints but also by the individual factors that form a leader's conception of the basis and motivation for action (March & Weil, 2005). This conception influences leaders' choices, the justification of those choices, and how leaders ultimately act after making a choice.

Leaders need discretion to influence strategy and performance, but they also need discretion for motivational reasons, namely, to help them believe they can make a difference in situations in which there may be ambiguity about outcomes and who is responsible for them (March & Weil, 2005). This belief can justify the considerable commitments demanded of leaders, but it can also lead to complacency, which may affect how leaders interpret success or failure in an organizational change process.

In summary, this article focuses on what actually happens when change agents attempt to balance autonomy and power in leading organizational change. To explore and examine how and under what conditions change agents can combine or balance autonomy and power, I will first outline the main features of the two dimensions.

2.2. Leading change: the role of autonomy

The freedom to make and use judgments informed by knowledge is viewed as the central hallmark of discretion (Hambrick, 2007). Freedom of choice (autonomy) is especially important when leaders have a role as change agents (Burke, 2014; Kotter, 2005; Schein, 2010). Such leaders act by making choices, and they need autonomy to make the decisions they see fit in different settings and at different stages in a change process.

From a change and adaptiveness perspective, autonomy may allow for exploration, which is sometimes associated with new possibilities. March (1991, p. 71) defined exploration as “search, variation, risk-taking, experimentation, play, flexibility, discovery, and innovation.” This definition is quite broad in scope and open to various interpretations. In a subsequent study, Levinthal and March (1993, p. 105) restricted the scope of these activities to the knowledge domain, stating that exploration involves “a pursuit of new knowledge.” Novelty, in terms of new knowledge, can be viewed as the lifeblood of the process of organizational adaptation. Adaptation suggests change, and the notion of change in turn suggests a shift to a new course of action, to a new knowledge base, to a set of new practices, and to a new form. Hence, autonomy can be considered an arena that nurtures exploration as a source of change and adaptiveness. Such a context may enable the pursuit of novelty and new possibilities because the legitimacy associated with autonomy protects the leadership from the uncertain success of new ideas. Furthermore, leaders may have the authority to explore ideas that do not appear to be justifiable in terms of internal organizational norms, but the ideas may have high potential in the view of external stakeholders. In these ways, leaders can

sustain exploration because they have both the opportunity and the capability (autonomy/legitimacy) to be impatient with old ideas and patient with new ideas.

Ideally, autonomy or freedom of choice suggests that change agents make the correct decisions or avoid making incorrect decisions, specifically in relation to balancing efficiency and adaptation, the short-term view and the long-term view, stability and change, and passion and discipline. In a complex and dynamic context, however, leadership-initiated exploration might increase both the number of good new ideas that are beneficial for appropriate adaptiveness and the number of bad new ideas that are not (Elster, 1986; Greve, Palmer, & Pozner, 2010; March 1994; March & Weil, 2005). In handling the resulting dilemma, an organization faces two types of risk. The first is the risk of eliminating autonomy to an extent that undermines the change agent's ability to explore to help the organization adapt to new and changing demands. The second risk is that the change agent's unbridled freedom of choice might lead to harmful organizational outcomes.

2.3. Leading change: the role of power

Leading change requires autonomy, but it also involves the power to act. A rough definition of power is a leader's capacity to obtain what he or she wants or to help others obtain what they want (Dahl, 1957). Based on this view, we evaluate power by considering resources (hierarchical position, information); processes (communication, decisions); behavioural patterns (leadership style); and organizational participants' attitudes (trust, respect, fairness, legitimacy). Thus, there are several bases of power (French & Raven, 1959; Haugaard & Clegg, 2012; Lukes, 2005; Mintzberg, 1985; Pfeffer, 2011; Yukl, 2012):

- Power of position (associated with hierarchical control)
- Power of charisma (associated with communication and co-workers' attitudes)
- Power of expertise
- Power of information
- Power of relationships (associated with social control)

Research on power in the context of change and adaptiveness has mostly focused on power bases associated with expertise, information, relationships, and charisma (Bass, 1985; Burns, 1978; Kotter, 2005; Pfeffer, 2011; Yukl, 2012). Although these sources of power are different, links may exist between them. Expertise and information are associated with knowledge, and the transformation of knowledge is linked to social relationships. In particular, the sharing of tacit and embedded knowledge requires social networks, personal contacts, regular interaction, and trust (Kogut & Zander, 1993).

As change agents, leaders have access to power, and they may have a sense of the type of power appropriate to a given change process. However, using the appropriate power is complicated by a problem, namely, that power is at once central to leadership and a complication thereof (March & Weil, 2005). In an organizational change process, there might be tension between hierarchy and participation, power and equality, and control and autonomy. Thus, change agents operate in contexts regulated by social norms and associated with efficiency, effectiveness, adaptiveness, fairness, trust, and transparency. The feeling of power in this context is linked to reputation. A leader's reputation for powerfulness or weakness may contribute to success or difficulty during the change process. Therefore, change agents might be concerned about how they gain power and how they handle their reputation. They might endeavour to act as ostensibly legitimate holders of power. There are some problems with this approach, however. Reputation is

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