Strategic management in the context of organizational politics

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ABSTRACT

Early strategic management literature often ignored the political nature of organizations and assumed strategy making to be a rational, logical process, which occurred in a rational, logical organizational context. Although many of these assumptions have been challenged in academic literature, they continue to inform practice, and research linking strategic management and OP remains limited. Organizational politics is generally viewed as having negative outcomes in the strategic management process or as an indication of problems in the process. We argue that organizational politics can have both positive and negative outcomes and that the strategic management process and power relations in the organization moderate these outcomes. We articulate propositions for further research and implications for practice.

Keywords

Strategic management process, Organizational Politics

INTRODUCTION

One of the key questions in strategic management process research and practice is the issue of effectiveness of strategic management processes, and the influences upon the effectiveness of these processes (Tegarden et al 2003; Hart and Banbury 1994; Miller and Cardinal 1994). This paper suggests that one of the key influences upon strategic management process effectiveness, which has not been adequately or accurately addressed to date is organizational politics (OP). In the early 1980s, Narayanan and Fahey (1982) identified that valuable efforts to conceptualise strategy formulation as a political process were underway, but that a ‘coherent framework in which to study strategic decision making from a political perspective’ was lacking. Similarly Zahra (1987: 579) noted that despite an increasing awareness of the ramifications of organizational politics in organizational success ‘there is a paucity of empirical studies that articulate the link between organizational politics and the strategic process.’ Nearly twenty years on, the situation remains the same. Among the ten distinct schools of strategic management thought identified by Mintzberg et al (1998), politics does not figure prominently; ‘power used to be viewed as a kind of fifth column in this field. Everyone knew about it but nobody studied it’ (Mintzberg et al 1998: 235).
We contend in this paper, that efforts to improve the effectiveness of strategic management will benefit from further research that considers the role that organizational politics plays in strategic management. We seek to contribute to this, through a review of the relevant literature and identification of propositions to inform future research. In particular, we suggest that organizational politics can have both positive and negative impacts on the success of the strategic management process and we highlight some factors that may determine whether positive or negative outcomes occur.

ORGANIZATIONAL POLITICS

Organizational politics is a highly complex construct and widely divergent views exist as to what it is, and how to measure it. ‘While certain similarities may be said to exist among the definitions proposed thus far, at present there is no widely shared definition of organizational politics’ (Kacmar et al 1999: 384). This lack of a coherent view of organizational politics, is partly attributable to the different perspectives brought to bear on the issue. One difference in perspectives is the level at which politics is analysed. This paper is concerned with ‘micro-politics’ which describes politics within the firm, rather than ‘macro-politics’ which describes the firms’ engagement in influencing and other political behaviours behind the firm (Mintzberg 1999). We consider organizational politics as the use of influencing behaviours in organizations, in the face of conflict or potential conflict.

This definition does not suggest that political behaviour is positive or negative; we do this deliberately as we suggest it can be either. However, this is an area of some contention in terms of defining OP. Most research has tended towards defining politic as negative. For instance, Darr and Johns (2004: 171) suggest that organizational politics is ‘generally understood as involving behaviour that is directed toward furthering self or group interest at the expense of others’ well being’. However, increasingly many researchers support the view that organizational political behaviour is not inherently negative; that it can be used for positive and negative outcomes. For example, Pfeffer (1992) argues that the use of influence and power should not be viewed negatively as it can be used for evil purposes and to accomplish great
things. Zanzi and O’Neill (2001) identify negative political tactics as those behaviours that are not sanctioned by the organization, including manipulation, blaming or attacking others, and the use of innuendoes, as well as positive political tactics such as the use of superordinate goals and networking. In commenting on the commonly negative definition of organizational politics, Pfeffer suggests that ‘the end may not always justify the means, but neither should it be used automatically to discredit the means’ (Pfeffer 1992: 35). Vigoda (2003: 25) also argues for a balanced perspective on organizational politics. He suggests that research into OP should consider ‘the conditions under which organizational politics is harmful for the organization and / or its surroundings and on the other hand, the conditions under which it becomes a functional component that has a positive influence on organizations and their employees’. Baum (1989) similarly defines politics in a way that allows it to be considered as both negative and positive. He identifies that positive, or collaborative organizational politics has the potential to add significant value to the organization and the individual.

Defining politics in this manner enables the broadening of consideration of its impact on the effectiveness of organizational processes such as strategic management. We suggest that the use of positive political tactics such as persuasion, reference to superordinate goals, development of coalitions and networking (Zanzi and O’Neill 2001) will enhance the effectiveness of the strategic management process by, amongst other things, encouraging debate, improving collaborative behaviour and improving implementation (Zahra 1987; Baum 1989). Das and Teng (1999) propose that the adoption of political decision making modes will help to overcome cognitive biases prevalent in other modes of decision making, including reducing the potential of biases arising from exposure to limited alternatives, insensitivity to outcome probabilities and illusions of manageability. Additionally, the use of politics in the implementation elements of strategic management will help to overcome and combat resistance to strategic intentions, or where organizations are more united, to facilitate collaborative action (Hardy 1996).
On the other hand, as is well documented, negative political tactics such as manipulation, control of information and cooptation (Zanzi and O’Neill 2001) to pursue self interest at the expense of others’ and the organization’s goals will detract from the success of the strategic management process by creating a factionalised organization, distorting information, reducing focus on organizational goals and creating a negative context for strategic management (Jones 1985; Zahra 1987; Eisenhardt and Bourgeois 1988; Voyer 1994).

In line with this view that politics can be either positive or negative, we therefore propose:

*Proposition 1: Some political behaviours will be found to positively impact the strategic management process (fig. 1-A), while other behaviours will negatively impact success (fig.1-B).*

![Figure 1. Political Means and Ends](image)

A further complexity arises in assigning organizational politics as positive or negative. Considering the elements of “means” and “ends” separately, suggest that the relationships between sanctioned behaviour and negative intent and non-sanctioned behaviour and positive intent requires further exploration (Mayes and Allen 1977; Vrendenburgh and Maurer 1984; Zanzi and O’Neill 2001). This is highlighted by Zanzi and O’Neill’s (2001:259) finding that negative political behaviours were sometimes viewed in a positive
light, perhaps because ‘people see their potential value’. We argue therefore that it is important to distinguish the ‘means’ from the ‘ends’ (Drory and Romm 1990) and we therefore propose that:

*Proposition 2: Organizational politics with a positive means can have a negative intent (fig. 1-c) and tactics with negative means can have a positive intent (fig. 1-d).*

**STRATEGIC MANAGEMENT PROCESS**

Another key factor which can be expected to intervene in the relationship between the display of politics and the effectiveness of the strategic management process, is the type of strategic management process in place. More specifically, we argue that strategic management processes based on rational assumptions are likely to exacerbate negative politics.

As Dean and Sharfman (1993: 1070) note ‘most of the strategic management literature is explicitly or implicitly based on the assumptions of rationality.’ The rational view of strategic management, which is based on work undertaken at Harvard in the 1960s is based on the concept that ‘strategy is a rational, top-down, structured process that involves clear steps of establishing mission and goals, conducting internal and external analyses, choosing strategies at the corporate, business and functional levels, and then implementing these strategies through changes in the organizational structure and control systems’ (Heracleous 2003: 16). This approach can be characterised by words such as analysis, synthesis, formal, structured and timetabled. Farjoun (2002) describes it as ‘mechanistic’ and it is exemplified by the design and planning school approaches (Mintzberg 1990). The term ‘synoptic’ meaning comprehensive, formal and sophisticated has also been used (see for example Hendrick 2003).

However, as a number of scholars have pointed out, the nature of strategic management processes means that they are particularly likely to be rife with political behaviour. Strategic decision-making and implementation are open to conflicting opinions and versions of what should be done. ‘Change and
uncertainty heighten the intensity of the politics which are part of the fabric of all complex organizations’ (Buchanan and Badham 1999: 12). Uncertainty is part of the very nature of strategy and strategic initiatives, since they concern largely unknowable outcomes with high stakes which ‘critically affect organizational health and survival (Eisenhardt and Zbaracki 1992: 17). Similarly, Dean and Sharfman (1993) point out that ‘decisions are arenas where individuals compete to satisfy their interest. Preferences are based on subunit and individual goals, rather than organizational goals; thus conflicts of interest and political behaviour are seen as inevitable’ (Dean & Sharfman 1993 p. 1071).

Further, it is widely agreed argue that the rationalist model ignores important factors in organizations. Heracleous (2003: 19) argues that rationalist models tend to ‘neglect social and organizational factors in the strategy process.’ As Pfeffer (1992: 30) comments ‘it is not clear that by ignoring the social realities of power and influence we can make them go away’. Masking political behaviour with rational processes does not reduce its effect; ‘all organizations strive for the appearance of rationality and the use of proper procedures, including using information and analysis to justify decisions, even if this information and analysis is mustered after the fact to ratify a decision that has been made for other reasons (Pfeffer 1992: 71). Similarly, Narayanan and Fahey (1982: 28), point out that strategic planning does not actually overcome politics, despite appearances; rather it creates the ‘appearance of rationality, rather than rationality per se, defined in organizational terms’.

In addition, we anticipate that the use of rational strategic management processes is likely to increase the incidence of use of tactics such as manipulation and use of information that have a negative impact on the organization. While there may have been some hope for strategy practitioners to ensure that politics did not dominate in a planning approach which assumed top management planned and workers implemented, there is very little hope of it in an ongoing, iterative process in which people have their own opinions and interests. That is, if the underlying assumption is that strategic management processes are rational, formal decision-making processes, followed by hierarchically controlled implementation of the decision, the use
of rational control mechanisms such as performance indicators and performance contracts, can be seen to be useful in countering political tactics and achieving strategic goals. In a model where strategy decisions are made in an ongoing and continuous way, and where emergent strategy is encouraged beyond the direct control of top management, control mechanisms implemented in the traditional way can be expected to not only be ineffective in controlling behaviour, they may actually work against the sorts of behaviour needed for effective strategy to emerge by sending these behaviours “underground”. Eisenhardt and Bourgeois’ (1988) research into the impact of politics in strategic decision making supports this view, with the finding that increased centralisation led to increased politics.

A quite subtle, and therefore pervasive ramification of the dominance of a strategic planning model based on rationalist assumptions, is that effectiveness is judged according to this perspective. Decisions which have not been determined rationally are assumed by default to be ineffective. As well as potentially providing a distorted judgement of what is effective and what is not, such an approach is likely to exacerbate views that OP negatively impacts strategic management. The issue of how to measure strategic management success is complex, not least due to debate about whether effectiveness should be measured according to the outcomes or process (see for example Venkatraman and Ramanujam 1987; Stone and Brush 1996; Brews and Hunt 1999; Hendrick 2003). We do not intend to resolve that debate here, simply to identify that any measures of process effectiveness are a result of the paradigm that informs them.

Therefore, as well as having a potential impact on the actual political behaviour that occurs, the type of strategic management process in place in an organization is likely to affect the way that the effectiveness of strategic initiatives is judged. If successful strategic management is defined as the process by which decisions are made according to a predetermined rational process, then organizational politics is likely to be regarded negatively and have a negative impact. If, on the other hand, successful strategic management is defined according to how well organizational members are able to openly discuss and debate issues of organizational direction, generation of commitment of organizational members, creation of cooperation
across organizational boundaries, full consideration of alternatives, or involvement of stakeholders organizational political behaviours are likely to be regarded positively and have a positive impact. We, therefore, propose:

Proposition 3: The type of strategic planning process moderates the outcome of political behaviours in organizations. Specifically, rational strategic management processes are likely to lead to more negative politics, while less rational processes will lead to less negative politics.

This leads us towards a contingency theory of the role that organizational politics plays in strategic management. The usefulness or damage of political behaviour to the strategic management process effectiveness depends, in part, on the strategic management process in place.

POWER

We argue that another dimension that needs to be considered is how power relations affect the outcome. Top-down approaches to strategic decision-making place more power in the hands of those at the top. The aim of the process is to implement decisions of the key decision-maker or decision-making group. Hence, political behaviour by those lower down will not only be viewed negatively but have negative effects on the process. The same behaviours by those at the top may have different effects. The opposite may be true of bottom-up decision-making processes where political behaviour by those lower in the organizational hierarchy is viewed more positively which may enable its legitimate use and improve strategic management effectiveness. On the other hand political behaviour by those at the top may be viewed as attempts to manipulate the decision-making process.

Proposition 4: Power of those instigating the actions moderates the outcome of political behaviours in organizations.
4a: In organizations where a top down strategic decision-making process is the norm, political acts by those at the top will have a more positive effect than political acts by those lower down the organizational hierarchy. Political acts by those at the bottom of the hierarchy will be negatively regarded and have a negative effect.

4b: On the other hand, in organizations where a bottom-up strategic decision-making process is the norm, political acts by those at the top will be more negatively regarded and have a negative effect and political acts by those lower down the organizational hierarchy will be more positively regarded and have a more positive effect.

CONCLUSION

Researchers have argued for both positive and negative definitions of organizational politics. We side with researchers who assert that organizational politics can be both positive and negative and that it can have both a positive and negative effect on the effectiveness of the strategic management process. Furthermore we suggest that the type of strategic management process and the power relationships encouraged by that process moderate the degree of positive and negative politics and the effects of organizational politics in strategic decision-making and implementation. Further research could examine which types of strategic management processes are most effective in controlling the negative impacts of organizational politics.
REFERENCES


