GLOBAL BUSINESS AND TECHNOLOGY ASSOCIATION

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READINGS BOOK

EVOLUTION AND REVOLUTION IN THE GLOBAL KNOWLEDGE ECONOMY: ENHANCING INNOVATION AND COMPETITIVENESS WORLDWIDE

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FORWARD

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THE IMPACT OF PATERNALIST LEADERSHIP ON RESISTANCE TO CHANGE: THE MODERATING AFFECT OF LMX AND POLITICAL SKILL

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ABSTRACT

Within this research model the impact of a culturally specific model of leadership namely "benevolent leadership" on resistance to change will be investigated. Two levels of moderators are also included into the model. One is about the context of the relationship namely: leader member exchange quality and the other is an individual level variable namely: political skill. The impact of these moderators on resistance to change seems to be a new research idea when we review the resistance to change literature.

LITERATURE REVIEW

Resistance to Change and Leadership

Organizational change is an empirical observation in an organizational entity of variations in shape, quality or state over time (Van de Ven and Poole, 1995), after the deliberate introduction of new ways of thinking, acting, operating (Schalk et al., 1998). Organizations in today's business environment have to implement numerous regulatory, economic, competitive and technological organizational changes to survive in order to improve in performance or compete better. Every change brings potential benefits and risks.

It has been argued that employee reactions to change e.g., resistance to change and support for change have critical implications for the outcomes of organizational change (Kotter, 1995). The reasons for the failure of many change initiative can be found in resistance to change. The term resistance to change is used on organizational change, usually as an explanation for why efforts to introduce large-scale changes in technology, production methods, management practices or, compensation systems fall short of expectations, or fail altogether (Oreg, 2006). Resistance to change introduces costs and delays into the change process (Ansoff, 1990) that are difficult to anticipate (Del Val, Fuentes, 2003).

The context-specific antecedents of resistance have been addressed in many researches. Whereas some antecedents have to do with the outcomes of change such as losing or gaining power. According to Dent and Goldberg (1999), organizational members resist negative consequences (e.g., losing one's job) and not necessarily change in itself. Others focus on the way in which change is implemented such as the amount of information about the change is given to employees (Oreg, 2006). Therefore, the belief that people resist change hinders organizations' changes of understanding and dealing with real organizational problems. *At this point we believe that leadership plays an important and critical role on managing resistance to change*. With the right strategies and tactics, leaders can minimize the resistance to change in their organizations. Nult (1987) has examined the tactics used by leaders to implement change. Research on overcoming resistance to change centers

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on the effects of subordinate participation in decisions about the change. Thus, for Nult (1987) participation is an implantation tactic designed to reduce resistance. Lawler (1986) and Lawrence (1969) show that participation can lead to significant reductions in resistance.

Leaders can demonstrate organizational support by effecting and communicating efforts that go well beyond what is required. The higher level of mistrust in the organization's leaders, the lower the likelihood that changes will survive. These factors contribute to an environment that more readily accepts and promotes change (Krause, 2008). Leaders' behaviors that influence perceptions of trustworthiness include consistency, integrity, sharing control in decision making and through delegation, communication and benevolence, therefore, in this research, benevolent leadership on resistance to change will be investigated.

A culturally Specific Leadership Model: Paternalist Leadership

Paternalist leadership consists of 3 elements: Authoritarian leadership, benevolent leadership and moral leadership.

Authoritarian leaders stress their unquestionable and absolute authority and they will take rigorous control over their subordinates and demand complete obedience from them. The concrete behaviors that characterize authoritarian leadership are control and domination underestimating the ability of subordinates, building a lofty image of the leader and instructing subordinates in a didactic style (Cheng, 1995). As distinct from the supervisory power coming from the position in the West, the power of authoritarian leadership reflects familism, paternalistic control and submission to the authority.

Benevolent leader is a leader who displays personal, overall and long term concern for the well being of subordinates. It differs from leader consideration (Stodgill, 1974) and supportive leadership. Benevolent leadership goes beyond the work domain and it is also applied to personal issues, is long term oriented, involves the granting of grace and protection to subordinates, and is exercised in the context of strong authority so that the subordinate don't forget who is the boss.

Moral leadership is characterized of a high degree of personal integrity, self-cultivation and selflessness. A moral leader should demonstrate behavior that their authority isn't only for personal benefit but also for the public good. The actual behavior includes unselfishness, being upright and responsible, leading by example, and not mixing with business interests with personal interests (Cheng, Chou, Fang, 2000).

In paternalistic cultures the employees voluntarily accept the authority of their managers and leaders. Managers are like "father figures". They give help, assistance and support to their employees in return for an unquestioned commitment and loyalty to the leader and his objectives. Paternalist leaders take decisions in the name of their employees because they have an assumption that "I know better than you" against their employees. Within that theoretical explanation we can assume that paternalistic leadership can reduce the employee's uncertainty perceptions, in such a relationship followers believe that the leader will protect him against the uncertainties that the change brings and he will take the right decisions in the name of themselves. A family culture can prevail in paternalistic leadership environments. So as a culturally specific model paternalistic leadership can facilitate change and reduce the negative reactions of the followers to change especially in a paternalist culture like Turkey.

Leader Member Exchange Quality (LMX) and Resistance to Change

Leader-member exchange quality (LMX) theory explain the leadership process as a dyadic linkage between the leader and the member (employee, follower) (Gestner & Day, 1997).According to LMX theory, the quality of the relationship between supervisors and subordinates falls into 2 categories: in-group and out-group (Graen,1976) Due to time pressures, supervisors develop close relationships with a few key subordinates. These subordinates are referred to in-group. In-groups are characterized by high levels of interaction, support, trust and formal / informal rewards. (High quality LMX)The other category, out-group is characterized by low levels of interaction, support, trust & rewards. In managing the out group, the supervisor relies primarily on formal rules, policies and authority. (Low quality LMX).When the LMX quality is high,

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resistance to change will decrease since a high LMX context reduces the level of uncertainty. The employees in the in-group will have much more access to information channels, they will be more participated and included to the decision processes and they take more respect, consideration, help and support from their managers. In a changing environment with high level of uncertainty employees perceiving a high LMX level, by perceiving a trusting environment will be able to cope with this uncertain situation (Farr Watton & Brunetto, 2007). Therefore it can be assumed that resistance to change will decrease in a high quality leader-member exchange relationship. Paternalistic leadership decreases resistance to change and a high LMX context can further increases this affect so LMX can be considered a moderator between paternalistic leadership and resistance to change.

Political Skill and Resistance to Change

Political skill of the employees can have a similar uncertainty reducing affect on resistance to change. Political skill is the ability to effectively understand others at work, and to use such knowledge to influence others to act in ways that enhance one's personal or organizational objectives (Douglas & Ammeter, 2004). Politically skilled individuals convey a sense of personal security and calm self-confidence that attracts others and gives them a feeling of comfort. People high in political skill not only know what to do in different social situations at work but how to do it in a manner that disguises any ulterior, self- serving motives and appears to be sincere.

There are 4 key dimensions under political skill construct (Ferris, Treadway, Kolodinsky, Hochwater, Kacmar, Douglas and Frink (2005): Social astuteness: People high in this dimension have an accurate understanding of social situations as well as the interpersonal interactions that take place in these settings. Interpersonal influence: Politically skilled individuals have a subtle and convincing personal style that exerts a powerful influence on those around them. Individuals high on this dimension are capable of adapting and calibrating their behavior to each situation in order to elicit particular responses from others. Indeed interpersonal influence dimension capture what Pfeffer (1992) referred to as "flexibility" which involves adopting one's behavior situational to different targets to influence different contextual conditions in order to achieve one's goal. Networking ability: Politically skilled individuals easily develop friendships and build strong, beneficial alliances and coalitions. Apparent sincerity: Politically skilled individuals appear to others as possessing high levels of integrity, sincerity and geniuses. Because their actions are not interpreted as manipulative and coercive, individuals high in apparent sincerity inspire trust and confidence in and from those around them.

So we can hyphotize that as an individual variable political skill can be a moderator between paternalistic leadership and resistance to change. Politically skilled individuals can successfully tolerate and cope with organizational changes. Paternalistic leadership decreases resistance to change and political skill further increases the magnitude of this relationship. At the same time we can say that LMX and political skill can compensate each other in such a model. Because those employees who experience low quality relationships with their supervisors are not likely to experience the same outcomes (e.g. network formation, promotions etc.) as those high quality relationships with their supervisors, they need some way of acquiring those desired outcomes their own. Political skill is the mechanism for which can be accomplished. So even tough a politically skilled employee has a poor quality relationship with his leader can cope with organizational change and his resistance level decreases comparing to a low politically skilled individual.

METHOD

Sampling and Procedure

Participants: The sample for the survey study consisted of 80 Executive MBA students at a large university working full time in an array of industries including, computer services, accounting and, customer relations.

Procedures: Questionnaires are distributed to those volunteered to participate in this study in classrooms and collected within 2 hours period of time. The surveys were also accompanied by a letter

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explaining the focus of the study. It was reminded the participants that their responses were completely confidential.

Measures

Paternalist Leadership scale: Paternalism was measured with 13 items based upon Aycan's initial item pool from the preliminary stages of her scale development (Aycan, 2005). LMX was measured with LMX7 developed by Graen & Scandura (1987). Political skill was measured by Ferris, Treadway, Kolodinsky, Hochwater, Kacmar, Douglas and Frink (2005)'s political skill inventory. Resistance to change (RCT) was measured by Shaul Oreg's 17 items Resistance to Change Scale (2006).

FINDINGS AND RESULTS

To be able to test the relationships between model variables factors are computed and the reliability analysis were done to all of the factors. When we look at the factor structure of paternalist leadership scale SPSS 13.0 version computed two factors. From 13 items of the original scale, items decreasing reliabilities are excluded. One factor is about the father figure of the manager the other one is about the managerial concern of the managers. The Cronbach Alpha scores of the factors are .85 and .89. The sample items of the factors for being a father figure is like: "My manager behaves his/her employees as if a father", "My manager created a family climate in the workplace". Sample items of the managerial concern figures are: "My manager concerns with the every aspect of his employee's lives", "My manager participates the very special days of his/her employees (wedding, funeral etc...). The result of the factor analysis of two moderating variables namely LMX and political skill: LMX is a one factor variable and for the political skill again SPSS computed four reliable components namely: social astuteness, interpersonal influence, analyzing ability of the people and apparent sincerity. The reliability score of LMX7 is .85. And the inter item reliability scores of political skill factors are .83 for social astuteness, .71 for interpersonal influence,. 83 for apparent sincerity and .72 for analyzing people. For the RCT scale with 17 items SPSS computed 2 main factors. One is "dislike change" the other one is "being stressed under change". 7 questions were excluded from the analysis since their scores decreases reliability co-efficient.

To be able to test the explanatory power of independent variables on RCT, multiple regression analysis were made. In the first step the paternalist leadership style factors are entered to the model and regressed on RCT factors. However no meaningful explanatory power can be measured between being father like figure and managerial concern on "disliking change" and "being stressed under change" contrary to our theoretical framework explanations which means that benevolent or paternalist leadership has no a direct influence on the change perceptions and resistance to change reactions of the employees. In the second step first LMX and later political skill factors are entered to the analysis. However LMX doesn't change the explanatory power whereas the only meaningful variable that have an explanatory power on RCT factors are "analyzing skill" component of the political skill variable. The Beta and R Square scores are given in Table1.

Table 1: Explanatory power of political skill on RCT (Stepwise Multiple Regression Analysis)

Dependent variable: Resistance to change factors: "dislike change" and "being stressed under change".
Independent variables: LMX, Paternalist leadership factors (being a father like figure and managerial concern), Political skill components (social astuteness, interpersonal influence, analyzing people and apparent sincerity)

The variable entered to the analysis: Analyzing ability component of the political skill

		Being stressed under change	Dislike change
Analyzing people	R	.29	.28
	R Square	.10	.10
	F test	5.030	4.459
	F test significance	.02	.02

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Beta coefficient	-.29	-.28
Significance	.02	.03

All of these analyses indicate that when an individual has political skill he/she can more easily tolerate the change process. As it is explained in the literature review part, political skill decreases the level of uncertainty of the individual which in turn can decrease the level of fear from change or being stressed during change periods. Most of the previous studies in the RCT literature give importance to the context of the change and they state that change process has to be carefully managed. But the relationship between political skill of the employees and resistance to change provides an important cue for the change management which is even the leadership or LMX has no influence on RCT political skill can compensate their non effect. So if a manager has to cope with resistance to change he/she has to be aware that politically skilled individuals who have an analyzing power of the different people will less resist to change. He/she can use these people as catalyst in the change process. At the same time if a company is in the change process, in personnel selection, HRM department can give importance to this personality trait in the selection of new employees. As it is shown, personality of the employees can be an important determining factor of RCT. The up coming studies may concentrate on the affect of different personality traits and variables together with political skill on RCT of the employees.

The most important limitation of this study is the time limitation and the low number of participants to the questionnaires. These are an impediment to the generalization of the study result. So we can assume that this study a pilot and generalize the study results with the new factors and different samples.

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