

# Power and Influence – A Case Study of Leaders in Real Estate Company

Wardah Mohamad\*, Norazian M. Ramli, Norhayati Shuib, Tuan Fatma Tuan Sulaiman

OUM Business School, Open University Malaysia

**Abstract** Power and influence are vital ingredients for a leader's success. However, the level of power and influence which a leader has differs depending on his capability, his followers and the situation on hand. This study looks at what leaders in the real estate industry understand about the concept of power and influence in leadership, based on their own experience and perception. The research is qualitative in nature, with data collected using in-depth interviews and also open-ended questionnaires. Findings from the research could provide constructive information to real estate leaders to better manage their followers and achieve organisational goals. This is especially important as there is currently little leadership research done in the real estate agency in Malaysia while the number of real estate leaders have increased a lot in recent years. Findings from the study indicate that power is important as a control tool while influence is basically used as guidance. Despite previous researches that support this finding, there is also a contradiction from other studies. This paper also found that there is a need for the top management to interfere in their subordinates decision making or actions in work-related matters in order to achieve the company target, to minimize any wrongdoings by negotiators, to assist in the initial stage of any new projects or task given as well as to ensure no rules and regulations of the Board of Valuers, Appraisers and Estate Agents will be violated.

**Keywords** Leadership, Power, Influence

## 1. Introduction

The aim of this paper is to explore what leaders in the real estate industry understand about power and influence, based on their experience and perception. In Malaysia, real estate professionals consist of real estate agents, appraisers and valuers whom registered with The Board of Valuers, Appraisers and Estate Agents Malaysia (hereinafter referred to as the "Board") Various types of corporate entities exist in the property industry such as real estate agencies, property management firms and property development firms (21). According to (17), a real estate agency is a real estate firm or company set up by an individual real estate agent or a group real estate agents to conduct business in real estate in which the agency comprises of the business owner (i.e. the real estate agent), managers and a group of real estate negotiators. According to the Board official website, currently there are 952 active firms act as Registered Estate Agents, 318 firms of Valuer and Estate Agents, 7 firms as Estate Agent and Property Management, 8 firms of Appraisers & Estate Agent, and 52 firms of Property Management that registered with the Board in Malaysia.

## 2. Objective of the Study

This research examines what leaders in the real estate industry understand about power and influence based on their own experience and perception. Based on the research objective, the following research questions were formulated:

- Based on their experience and own perception,
- what do leaders in the real estate industry understand about the concept of power in leadership?

## 3. Ignificance of Study

Follett in 1949 once said that "superior leadership is to have the power within a group to take complete control and influence them to a common goal" (4). Additionally, the importance of both mechanisms in leadership is worthwhile to be examined as a complement to such investigation.

This research is beneficial to today's leaders, for them to learn and value the importance of power and influence in an organization in order to gain trust and confidence from their followers. It is expected that the findings of this research could provide constructive information to real estate leaders to efficiently and effectively manage their agency for a better future.

\* Corresponding author:  
wardah\_mohamad@oum.edu.my (Wardah Mohamad)  
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## 4. Literature Review

(3) in her study cited that leadership is a power relationship that exists between leaders or followers (16) and a process which involves utilising power to influence others behaviours to meet organizational goals (Handy, 1993). Therefore, “leaders inherit a responsibility to model desired behaviour not only for the benefit of the organization, but also for the benefit of those they supervise” (20).

(19) mentioned in his research on Fairholm’s (1993) idea that “undoubtedly power should be turned “on” by management to produce intended and effective results”. According to this, leaders’ power plays a main role in terms of persuading followers to carry out planned missions for achieving the intended vision of an organization. A supportive leader who shows appropriate examples, clarify their vision and foster common goals among the members of their organization are likely to generate high employee satisfaction (15). The more power possessed by the leaders, the higher the possibility of them gaining trust from their followers. Aydogdu and Asikgil in 2011 stated that in order to attain power in an organization several ways are available, but getting comfortable with power as a tool is the most important. Oxford Dictionary defines power as “the ability or capacity to do something or act in a particular way or, the capacity or ability to direct or influence the behaviour of others or the course of events”.

Robert Cialdini, a leading expert on the psychology and social science behind influence) introduced six principles of influence (i) reciprocity; when we do something for another person, they will feel obliged to do something for us, (ii) commitment and consistency; people will positively respond to anyone that are consistent in their messages, (iii) social validation; decisions made by someone is due to his / her observance to others’ decision, (iv) liking; people will more readily respond to people whom they like or feel comfortable with, (v) authority; when a person has authority it will make others respond to them positively, and (vi) scarcity; scarce resources make people become more competitive (7).

In her studies, (7).stated that “influence is a core skill at every level of every business transaction. Whether you are the CEO, CFO, Division Head, Accounts Manager or IT Professional, your future success depends on your ability to influence others today” (p 320). To change the attitudes, values, beliefs or behaviours of the subordinates in order to achieve specific goals of the organization, any leaders will find that their function to influence others are not as easy as it looks. Influence helps a leader to further value the tactics that they use in getting subordinates’ commitment namely rational persuasion, inspirational appeals, consultation, ingratiation, personal appeals, exchange, coalition tactics, pressure tactics, and legitimizing tactics (6). (7) also stated that leaders should understand influence skills that are relevant to any business transactions that involves relationships and the need to lead effectively. This she said, would produce fewer problems with task implementation as

potential issues are easily identified and there would be less resistance to change.

In many instances, people will view ‘power’ and ‘influence’ of a leader negatively since they believe that these are associated with autocratic or dictatorial way of management. This is the reason why leaders and members of the organizations should understand the concept of power and influence.

## 5. Methodology

A qualitative approach was adopted for this study as it is useful for seeking answers by the use of predefined set of procedures and collection of evidence which in turn would produce a finding that has not being determined in advance and beyond the study boundaries (8). These characteristics are important given that they could provide an understanding of a given research problem from the local population perspectives, and effectively provide specific information about the values, opinions as well as social context and behaviours of the involved population (11).

The information for this study was collected by conducting semi-structured interviews and a set of written questionnaires with open-ended questions. Semi-structured interview have pre-determined questions, however respondents have more freedom to talk on the selected topic. The interviewer has the flexibility to modify the order of questions (5), and questions which are not in the interview guide list may be asked as interviewer pick up on certain things said by the respondents during the session. According to Boyce and Neale (2) “in-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation”.

This project studied the top management of the real estate agency. A real estate agency in Klang Valley, Malaysia which is fully owned by locals is the unit of analysis where five of its top managers, technically four Managing Partners and one Director/Principal were interviewed separately for the purpose of data collection.

## 6. Findings

Figure 1 displays summary of interview data collected from the respondents in terms of their perspectives on power and influence of a leader. First of all, based on the interview, the respondents were required to explain Leadership in terms of power and influence in their own terms. The questionnaires separated the subject of power and influence of leaders. Question on a leader’s power were highlighted from several angles i.e. definition, effectiveness of power, different sources of power, person who influenced them most and last but not least challenges that they were facing or will be facing due to their use of power as a leader. Other than power, the respondents had been questioned on the topic

of influence of a leader in which they were required to share their own ideas on the definition of influence, influence tactics, their ability to influence the subordinates, responses received from their subordinates and improvement that may be practiced for better leadership.

Secondly, the respondents were required to elaborate on the importance of power and influence. Data shows that according to respondents, power is considered as a control tool, whereas influence is applicable as a guidance for the subordinates.

The interview further examined the point of leaders' interference in subordinates work. Based on the collection of data from respondents, four reasons were outlined by the respondents in order to justify their interference in subordinates' work i.e. result expectation, real estate industry rules and regulations, early stage direction for subordinates and minimizing wrong decision made by the subordinates.

Respondents were then asked to discuss on their subordinates behaviour, in other words subordinates acceptance or rejection of such a situation. It is important to figure out whether such responses would affect the leaders-followers relationship in the company. Last but not least, interviews with respondents ended by highlighting the improvement that shall be adopted by leaders in the real estate industry in terms of their power and influence. From the interview data, five points have been identified as significant towards improving leaders' power and influence towards their subordinates i.e. two-ways communications, balanced approach, minimum observation and follow-up by leaders, understanding subordinates' situation and motivational aspects of the job.

## 7. Analysis and Discussion

Findings from the interview sessions show that the respondents' style of leadership is merely focusing on flexibility, motivation, inspiration, ability to delegate jobs and subordinates freedom in carrying out their routine at work - which directly show the leaders' focus on managing people in the organization. This result supports the finding by Stewart (1994) who literally mentioned that in order to be effective, leaders' role in a team-based organization has shifted from managing work to managing people. The top management believe that the most important thing is the end results, either subordinates could produce a result as what have been expected by the top management, or they fail to deliver. In the event of negative results or results below the management's expectation, an activity control will be implemented in order to monitor, and find out what went wrong in the whole process.

However, there are times where punishment will be implemented for any failed results by subordinates while rewards will be given for recognizing their hard work. This is positively related to (9) report in 2005 in which according to them leaders should have the ability to convey their expectations, advice and rules of work regardless of the size of the company. Given the idea by Stewart in 1994, it can be concluded that as a team-based organization, a real-estate company top management responsibilities are basically more into managing their people in the organization since the negotiators work hand-in-hand individually as well as in a group to achieve their sales target.

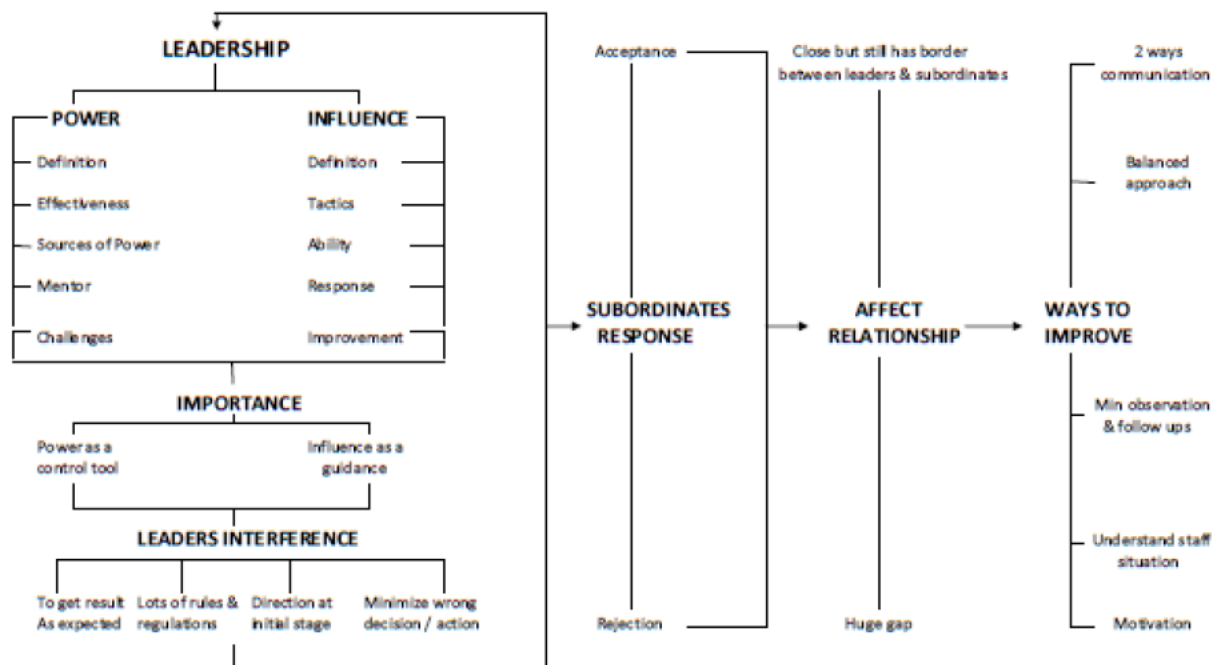


Figure 1. Summary of interview data collected from the respondents in terms of their perspectives on power and influence of a leader

It was found that a combination of transformational and transactional leadership is practiced by most of the top management. The approach used by the top management did fulfil some, if not all, both leadership style attributes, in terms of their responses towards subordinates actions at work, motivational approach, rewards and punishment and their control over the company.

By understanding the entire concept of power in leadership such as the perception of leaders' power, the effectiveness of using power over subordinates, sources of power, the guidance and advice on how to become a good leader, as well as the challenges in the organization, the top management in this real estate company believe that for them to make it a success, they shall not interfere in other partners' roles and responsibilities. Each of them has their own roles, division and groups to manage, therefore interference is not a good practice unless any one of the partners seek for an advice. Even though all leaders have different roles and responsibilities, however their motive is still taking the company towards success in the real estate industry in Malaysia. The findings support Henry Fayol's theory in which a successful organization requires its leaders to possess a great administrative ability rather than technical ability (23).

The result from this particular study on the importance of leaders' power and influence shows that most respondents perceived power and influence as important and should be imposed on subordinates equally. Power is considered as a control tool whereas the ability to influence is used as guidance for subordinates in carrying out their daily routines at work. Since the negotiators income is commission-based, which indirectly seems like a 'freelance', therefore leaders are required to use their power to control the negotiators' actions and influence them from time to time to achieve the pre-set target. The flexibility of working hours of the negotiators sometimes may create disciplinary issues in which some of them feel "I am my own boss", thus there is less commitment to report back to top management on a regular basis. This results in management having difficulty in controlling them as well as influencing them to make the right and appropriate moves as expected.

The finding portrays that for the past few years, the company was not fully practicing leaders' power and influence, which affected the effectiveness of the company policy, standards and procedures. It became a culture for the negotiators to take company policy and standards less seriously. The finding on leaders' power as a control tool supports the research carried out by Hickson in 1971 which stated that leaders could generate power in certain contingencies including in a situation where others aware of power base of a person who control valued resources and knowledge. On the other hand, leaders' influence as a guidance for their subordinates was proven by Rost (1993) who mentioned that influence is an attempt to convince other people to act in certain ways. However, from Manning's (2012) point of view, influencing other people is more into getting them to act in certain ways that they would otherwise

not do. Both views from Rost and Manning on influence could be used as a benchmark on whether the influence of leaders lead to a positive or negative condition within the organization. (6) believed influence is an attempt to change target agent's attitudes, beliefs, or behaviours as a result of influence tactics. As such, it could be concluded that types of influence tactics of leaders will in turn leaders influence as a guidance for subordinates or merely used as a pressure on them. Apart from those previous researches, (19) mentioned in his research that power and influence of leaders are basically used to control the individuals and divisions, which negate the finding of this paper that power is a control tool whereas influence is a guidance for subordinates.

The study also found that power and influence are necessary in leadership for taking the company into the next level. Without any power and ability to influence, there is a possibility of the company failing to achieve its vision of total freedom given to subordinates in relation to their work. The situation would turn worse and the subordinates may lose their directions, resulting in the company's financial deterioration. The finding positively correspond to Handy's (1993) research which mentioned that leadership is a process that involved leaders power to influence others' behaviours in order to meet the organizational goals. (10) also considered both power and influence as important element for leaders in managing their business especially the human workforce.

## 8. Conclusions

From the perspective of leaders and followers, power is important as a control tool while influence is basically used as guidance. Despite previous researches that support this finding, there is also a contradiction from other studies. This study found that there is a need for the top management to interfere in their 'decision making or actions in work-related matters in order to achieve the company target, to minimize any wrongdoings by negotiators, to assist in the initial stage of any new projects or task given as well as to ensure no rules and regulations of the (22), Appraisers and Estate Agents will be violated. Even though the majority of subordinates accepted the use of power and influence by leaders, there will always be negotiators who reject the whole situation and end up leaving the company.

Despite the positive or negative response by subordinates towards the practice of both power and influence in their top management leadership, the relationship between both parties are considered as close i.e. friendly but maintaining the professionalism between them. Various ways could be taken into consideration to improve the leadership style of the top management. This could include the use of their power and influence skills to develop better two-way communications between both parties, utilizing a balanced approach which suits each negotiator either by using a hard tactic or soft approach depending on the negotiators situation, minimum observation and follow-ups by leaders in order to encourage more creative ways of carrying out any given

tasks but not compromising on rules and regulations, an attempt to observe and understand any issues from both leaders and ‘ perspectives and last but not least, continuous motivation to keep the negotiators momentum.

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