

A Study of Influence Tactics Used by Entrepreneurs

Lakshya Singh^{*1}
*Sresha Yadav*²
*Shreyansh Dewangan*³
*Vaibhav Thakur*⁴

Abstract

Entrepreneurs have to deal with different stakeholders for the success of their ventures. These stakeholders include but are not limited to investors, employees, customers, and suppliers. An entrepreneur has to influence different stakeholders to support him during times of crisis or uncertainty. The present study analyzed different influence tactics used by the entrepreneurs with different stakeholders. The influence tactics taken into consideration include inspirational appeals, consultation, personal appeals, and exchange. Quantitative analysis helped conclude the tactic used with different stakeholders under different circumstances. The researchers hope this study will help entrepreneurs in selecting the right tactic and increase the chances of their venture's success.

Keywords : Consultation, entrepreneurs, exchange, influence tactics, inspirational appeals, personal appeals

Paper Submission Date : April 17, 2022 ; **Paper Sent Back for Revision :** May 10, 2022 ; **Paper Acceptance Date :** May 16, 2022.

Influence is a way to convince subjects to do a task by changing their point of view or perspective towards the task which can lead to change in attitude and ultimately successful completion of the task. A leader's or manager's greatest asset is his ability to convince people he is leading to support and execute his vision, plans, and ideas. Many leaders rely on their authority by their position to make others follow them. The problem with this approach is that it doesn't work in the long term. The reason for this is that this type of behavior lowers employee morale resulting in low productivity and increased employee churn.

Influencing increases employee morale and boosts productivity. All people under different situations can't be influenced in the same way. Different strategies used by leaders to influence different people in different scenarios are termed influencing tactics. The use of tactics doesn't only vary by the situation but also by the desired result. There are nine influence tactics used by leaders. The right use of influence tactics helps the leader create an informal base of power. Creating an informal base of power is more relevant in today's world because of the need to lead cross-functional teams, where each team represents a different department. A leader's success in such an environment is measured by his ability to make teams work in sync with each other.

Student^{*1}, Department of Electronics and Communication Engineering, IIIT-Raipur, India. Dr. SPM International Institute of Information Technology, Naya Raipur. Plot No. 7, near Purkhoti Mukhtangan, Sector 24, Atal Nagar-Nava Raipur, Chhattisgarh - 493 661. Email : lakshay19101@iiitnr.edu.in ; ORCID iD : <https://orcid.org/0000-0002-2642-0826>

*Assistant Professor*², Department of Humanities, IIIT-Raipur, India. Dr. SPM International Institute of Information Technology, Naya Raipur. Plot No. 7, near Purkhoti Mukhtangan, Sector 24, Atal Nagar-Nava Raipur, Chhattisgarh - 493 661. Email : sresha@iiitnr.edu.in ; ORCID iD : <https://orcid.org/0000-0001-5812-4143>

*Student*³, Department of Electronics and Communication Engineering, IIIT-Raipur, India. Dr. SPM International Institute of Information Technology, Naya Raipur. Plot No. 7, near Purkhoti Mukhtangan, Sector 24, Atal Nagar-Nava Raipur, Chhattisgarh - 493 661. Email : shreyansh19101@iiitnr.edu.in ; ORCID iD : <https://orcid.org/0000-0001-5014-6719>

*Student*⁴, Department of Electronics and Communication Engineering, IIIT-Raipur, India. Dr. SPM International Institute of Information Technology, Naya Raipur. Plot No. 7, near Purkhoti Mukhtangan, Sector 24, Atal Nagar-Nava Raipur, Chhattisgarh - 493 661. Email : vaibhav19101@iiitnr.edu.in ; ORCID iD : <https://orcid.org/0000-0002-4146-3162>

DOI : <https://doi.org/10.17010/amcije/2022/v5i2/171469>

Several studies on the use of influence tactics have been done in the past covering people of different professional backgrounds one of which (Fu and Yukl, 2000) showed the effect of culture on the outcome of the tactic used. This study proved that same influence tactics work differently in different cultures. Rational persuasion alone is not enough to influence a person. The leader must enlist the advantages of doing the task being asked along with reasoning. Trust is another important component for using influencing tactics. If the leader is trusted and has a healthy relationship with his subordinates, she is more likely to achieve success while using influencing tactic.

Literature Survey

Entrepreneurs are ambitious people who dream big and possess the ability to rally people behind them to turn dream into reality. Convincing people to follow them on their journey is important for entrepreneurs. It may require the use of different influencing tactics under different circumstances. There are nine universally accepted influencing tactics but all are not equally effective.

Falbe and Yukl (1992) showed how different tactics when used independently by a manager lead to one of the three outcomes which were resistance, compliance, and commitment. An outcome was defined as resistance if the subject refused to perform the task required. An outcome was characterized as compliance when the subject did the task against his will. An outcome was recognized as commitment when the subject did the task at will.

Commitment was the most desired outcome as it doesn't reduce employee morale and keeps productivity high. The drawback of this study was that researchers did not experimentally manipulate influence behavior in the research, so we can only infer causality from the results. Any conclusions about the relative effectiveness of different tactics rests on the assumption that the results were not biased by confounding factors or sampling problems.

Collot and Lefebvre (2015) studied the influence tactics used by trainers at incubators on budding entrepreneurs during different training sessions which included business concept, business model, marketing, and fundraising. The researchers didn't take into account the effect of the influence tactics being used by the entrepreneur.

Todorovic and Schlosser (2007) devised a framework that studied the influence of leadership style on a firm's entrepreneurial orientation and performance relationship. They asserted that charismatic leaders stimulate positive employee behavior because employees indulge in organizational citizenship. They also asserted that Machiavellian leaders stimulate negative employee behavior because employees indulge in impression management behavior. According to Todorovic and Schlosser (2007), a charismatic leader is defined as someone who uses charm, interpersonal connection, and influencing tactics to motivate others. The paper describes Machiavellian leaders as those who lie, manipulate, and use coercive persuasion to gain power and prestige. Organizational behavior was defined as when a person was so committed to the organization that he undertook tasks and responsibilities outside his/her job description for the benefit of the organization. Impression management behavior was a kind of behavior in which people put effort to influence the perceptions, decisions, and opinions of other people.

Todorovic and Schlosser (2007) focused on leadership at an organizational level instead of a personal level and no statistical data has been provided to prove the hypotheses made.

Searle and Hanrahan (2010) examined the psychological impact of leading to inspire others on leaders by investigating lived and personal experiences of leaders. Leaders were nominated by others based on five metrics which were visionary, openness, transparency, passionate, and unconventional. The study defined being visionary as the ability of the leader to envision the future in consultation with those around him. The metric of openness was defined as the ability of the leader to be empathetic towards others and be open to the ideas of others. The authors characterized a leader as transparent if he were authentic and did not portray himself as someone he is not. Leaders who were highly focused on the vision of the company and motivated those around them were defined as passionate. In the study, leaders who did things differently and thought outside the box were termed as unconventional.

Searle and Hanrahan (2010) only took into account the experiences of the leader and left out the experiences of the people inspired making the experiment one-sided. Charbonneau (2004) examined the association between four influence tactics successful in generating target commitment to a task and perception of transformational leadership. The four inspiring tactics studied were rational persuasion which indicated the use of logic and reasoning to influence

or persuade others, inspirational appeal was characterized by the use of vision, inspiration, and values, and consultation was defined by a decentralized decision-making process where instead of the leader of the team taking decisions, team members took decisions in a collective manner, and last was consultation which meant that the team leader helped his team members in the task they were trying to accomplish by giving them advice etc.

While rational persuasion and inspirational appeal proved effective, consultation and collaboration were not so much effective. The drawbacks of this paper are (a) the sample size was very small consisting of only 181 people; (b) All the people were of military background; and (c) No people from business or management backgrounds were included.

Fu, P. P. and Yukl (2000) examined the differences in influence behavior of American managers and Chinese managers. The tactics preferred more by American managers are rational persuasion and exchange, whereas the tactics preferred more by Chinese managers were coalition tactics which involved not only building a consensus but also defining a group position to support the leader. Upward appeals included the use of higher authority by the leader for his authority and gifts which refers to giving objects in order to get a favor.

The limitation of Fu and Yukl (2000) was that the sample size was very small compared to the number of managers in America and China combined. Another limitation was that all the participants were from large manufacturing companies. These results may not hold true in small organizations or across different industries.

There are very limited studies done to analyze the usage of different influence tactics by entrepreneurs in their everyday work and most of these studies are fairly old. With time there are cultural changes taking place along with changes in business practices. These changes can impact the usage of influence tactics over time. This study intends to fill that gap.

Methodology

(1) Participants

The participants were entrepreneurs who had one or more years of experience successfully running their own startup. Participants were recruited from online platforms such as Facebook, LinkedIn, etc. Candidates were asked to willfully and explicitly volunteer for the study. The final sample size used in this study was restricted to 50 entrepreneurs.

(2) Measures

Online and in-person surveys were used to collect in-depth information about the use of influence tactics from entrepreneurs between July 2021 – December 2021. Use of influence tactics was accessed using a five-point Likert scale. Four influence tactics were tested which were found to produce most outcomes of commitment based on Falbe and Yukl (1992). The four influence tactics tested were inspirational appeals, consultation, personal appeals, and exchange. The questions were designed to test the use of the mentioned tactics under four broad scenarios including meetings with team members, fund-raising from investors, marketing, and hiring.

Analysis

After receiving the responses, different influence tactics selected under different scenarios by the participants were coded as shown in Table 1. Using the code in Table 1, a score was generated for each response. A correlation analysis was run for every question between the scores and their corresponding Likert scale values which indicate how likely an influence tactic is to be used by a respondent in a given scenario. The results of the analysis are shown in Table 2.

Table 2 implied that there was a very weak correlation between the tactics chosen and the likelihood of using them. Since this table did not provide any concrete results, the frequency of tactics used in each scenario was used to draw meaningful conclusions.

Table 1. Influence Tactic Score

Influence Tactic	Score
Inspirational appeals	1
Consultation	2
Exchange	3
Personal appeals	4

Table 2. Correlation Analysis Results

Scenario	Correlation
Business concept discussion	-0.0082732
Business model discussion with investor	0.27522164
Convince investor to Invest	0.01126161
Potential customer to try product/service	0.07373745
Potential recruit to join company	-0.015482

Results

Business Concept Discussion

This scenario asked participants tactics used by them during pitching a business concept to their co-founders and team members in order to convince them to join the founding team in the new venture. Table 3 shows that 48% of participants preferred using inspirational appeals closely followed by consultation at 42%. This finding implies that people are ready to follow an entrepreneur if they are inspired by the vision and feel that they are being heard and are helping shape the future of the venture because visionary leaders share their vision with the rest of the team and encourage others to build on it.

Business Model Discussion

This scenario asked participants tactics used during team meetings discussing the business model with their team which can include people from but not only the finance, marketing, product teams. Table 3 shows that 52% of participants preferred using consultation followed distantly by inspirational appeals at 22%. This means that most entrepreneurs rely on the advice of their team as they may be more qualified in certain fields such as finance, marketing, etc. This type of decision fosters creativity and can result in unique and unconventional solutions to the problems at hand.

Business Model Discussion with Investor

This scenario asked participants tactics used by them during meetings with investors discussing their business model in order to get approval. Table 3 shows that 34% of participants preferred consultation indicating they like to seek guidance from their investors because investors generally are associated with a wide range of startups through different stages of growth. 30% of participants showed a preference for inspirational appeals meaning entrepreneurs use their vision to get their investors to back them. Another 26% gave preference to exchange meaning they rewarded their investors for supporting them by increasing their ROI.

Table 3. Survey Results

Scenario	Consultation	Personal Appeals	Inspirational Appeals	Exchange
Business concept discussion	42%	4%	48%	6%
Business model discussion	52%	18%	22%	8%
Business model discussion with investor	34%	10%	30%	26%
Convince investor to invest	22%	16%	28%	34%
Potential customer to try product/service	6%	36%	28%	30%
Potential recruit to join company	22%	8%	44%	26%

Convince Investor to Invest

This scenario asked participants tactics used by them to convince potential investors to invest in their venture. Table 3 shows that 34% of participants preferred exchange followed by inspirational appeals at 28%, which suggests that they convince their investors by promising them a minimum ROI in a fixed time period by telling them about future growth prospects of their venture. 22% of participants selected consultation indicating investors want to invest in a company only if their advice is asked for and valued.

Potential Customer to Try Product/Service

This scenario asked participants tactics used by them to convince potential customers to try their product/service through marketing or other means. Table 3 shows that 36% of participants chose personal appeals indicating they try to incite emotions in order to encourage them to do the needful. 30% of participants chose exchange indicating using their value proposition to convince them.

Potential Recruit to Join Company

This scenario asked participants tactics used by them to convince potential recruits to join their company. Table 3 shows that 44% of participants preferred inspirational appeals meaning they try to convince potential recruits that by joining the company, they would have a big impact on the lives of the users of the product/service. 26% of participants selected exchange indicating they used perks like salary, flexible working hours, etc.

Implications

One of the most significant implications of this study is that it has asserts that inspirational appeals are preferred by a large number of entrepreneurs across all the scenarios, it is the most versatile influence tactic among the four tactics selected for this study. This finding will help entrepreneurs make arguments using the tactics discussed in this paper when dealing with investors, employees, or during hiring with potential employees.

Academicians can use these finding to teach how to effectively build arguments using inspirational appeals to M.B.A. students to prepare them for negotiations in the real world.

Conclusion

This study successfully showcases the use of four different influence tactics which are inspirational appeals, consultation, personal appeals, and exchange by entrepreneurs in different aspects of their work such as in team meetings, with investors, in marketing, and during hiring of new employees.

Limitations

One of the limitations of the study is that it hasn't established a strong correlation between the tactics used in different situations and its likelihood from the Likert scale.

Scope for Further Research

Further research can be conducted including variables such as gender and age of the entrepreneur so that a strong correlation can be established between the tactic used and the gender or age of the entrepreneur. Furthermore, the sample size can also be increased to get more concrete results.

Authors' Contribution

Lakshya Singh, Dr. Sresha Yadav, Shreyansh Dewangan, and Vaibhav Thakur are the authors and have performed the entirety of the work described in this paper.

Conflict of Interest

The authors certify that they have no affiliations with or involvement in any organization or entity with any financial interest or non-financial interest in the subject matter or materials discussed in the manuscript.

Funding Acknowledgement

The authors have not received any financial support for the research, authorship, and/or for the publication of the article.

References

- Charbonneau, D. (2004). Influence tactics and perceptions of transformational leadership. *Leadership & Organization Development Journal*, 25(7), 565–576. <https://doi.org/10.1108/01437730410561459>
- Falbe, C. M., & Yukl, G. (1992). Consequences for managers of using single influence tactics and combinations of tactics. *Academy of Management Journal*, 35(3), 638–652. <https://doi.org/10.2307/256490>
- Fu, P. P., & Yukl, G. (2000). Perceived effectiveness of influence tactics in the United States and China. *Leadership Quarterly*, 11(2), 251–266. http://www.communicationcache.com/uploads/1/0/8/8/10887248/perceived_effectiveness_of_influence_tactics_in_the_united_states_and_china.pdf
- Redien-Collot, R., & Lefebvre, M. R. (2015). Communication and entrepreneurship: influence tactics in business support situations. *International Review of Entrepreneurship*, 13(4), 269–297.
- Searle, G. D., & Hanrahan, S. J. (2011). Leading to inspire others: Charismatic influence or hard work. *Leadership & Organization Development Journal*, 32(7), 736–754. <https://doi.org/10.1108/01437731111170021>
- Todorovic, Z. W., & Schlosser, F. K. (2007). An entrepreneur and a leader! A framework conceptualizing the influence of leader style on a firm's entrepreneurial orientation-performance relationship. *Journal of Small Business and Entrepreneurship*, 20(3), 289–307. <https://doi.org/10.1080/08276331.2007.10593401>

About the Authors

Lakshya Singh is a student at the Department of Electronics and Communication Engineering at IIIT-Raipur, India.

Dr. Sresha Yadav is Assistant Professor with the Department of Humanities at IIIT-Raipur, India. She was a recipient of MHRD scholarship assistance during her Ph.D.tenure at IIT Roorkee and has published several research articles in edited books.

Shreyansh Dewangan is a student at the Department of Electronics and Communication Engineering at IIIT-Raipur, India.

Vaibhav Thakur is a student at the Department of Electronics and Communication Engineering at IIIT-Raipur, India.