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Understanding Authority and Power in Organisations

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Abstract:

“Authority” and “Power” are terms that are often used interchangeably and are often confused. Authority is the organizational right to do something based upon the position one holds.

Contrasted with Authority, power is the ability to get others do as one wishes. In organizations, this ability is the influence one person has upon others. A person may sometimes have more Authority than power, with the result that he or she is unable to effectively supervise others. In other cases, the power a person holds may exceed formal authority. When either situation occurs, the person’s organizational position does not fully reveal the person’s ability to get things done by the organisation or rather to do the things necessary to accomplish their part of the organisation’s objectives.

This paper, therefore, examines the nature of authority and power in organizations, their sources/theories behind them, the imbalance between power and authority, the consequences of such imbalance, and offers suggestions to those who manage people.

Key words: Authority, Power, Power without Authority, Authority without Power, Organizations

1. Introduction

Since the emergence of social sciences, authority and power has been a subject of research in a variety of empirical settings; the family (parental power/authority), small groups (informal power/authority of leadership), intermediate organizations such as schools, churches, armies, industries and bureaucracies (organizational and bureaucratic power/authority) and society-wide or inclusive organizations ranging from the most primitive tribal society to the modern nation state and intermediate organisation (political power/authority). Thus, power and authority are very important topics in understanding organization and management. However, history reveals that the terms “authority” and “power” have been used interchangeably by politicians, economists, sociologists, and scholars. Hannah Arendt writes, “The time has come to consider the importance of making distinctions between authority and power. Thus, authority is often times confused with power and social scientists are by no means agreed on how the concept should be used (<http://en.Wikipedia.org/Wiki/authority>). To Micheals, in the encyclopedia of social sciences, authority is the capacity, innate or acquired for exercising ascendancy over a group. But Kiersten’s argues that authority is not a capacity, it is a relationship. It is sanctioned power, institutionalized power.

It is against this background that this paper aims to explore authority and power in organizations with a view for proper understanding.

2. Authority

Authority is the formal right of a manager to make decisions, give orders, and expect the orders to be carried out (Gomez-Mejia and Balkin, 2002:232). It is the right to direct and command, to be listened to or obeyed by others (Maritain, 1981: 126). To Hicks and Gullett (1988: 329) authority is the right a manager has to request or require a subordinate to do something to accomplish organizational goals. It is principally the right to decide and command. It originates at the top of the organisation based on property rights of the owners and flows down the vertical organizational hierarchy from top executives to middle managers to supervisors and operative employees. Authority is thus, formal power accorded to the position rather than the person.

2.1. Forms of Authority

Authority can be classified into three broad categories (Ngige, 2008: 196-197):

2.1.1. Formal/Positional Authority

Formal or positional authority is based on the position of the holder in the organisation. To Max Weber (in <http://en.Wikipedia.org/wiki/Authority>), it is rational – legal Authority. In other words, it is delegated from a superior to a subordinate on the basis of bureaucratic rules and regulations. Chester Barnard (1938:173) refers to it as the authority of position.

For example, an individual is promoted to a higher position because of his seniority. He has authority because of his new position, and not necessarily due to his ability, knowledge and skill.

2.1.2. Authority Based on Knowledge/Informal Authority

One observes in day to day life that some people have superior ability. Their knowledge and understanding, regardless of their position, command respect. This type of authority derives from knowledge and is based on professional expertise. Chester Barnard refers to it as the authority of leadership. It comes from the bottom, i.e. it rests on the acceptance or consent of subordinates.

In a formal organisation managerial authority asks of workers three responses – subordination, loyalty, and productivity. Subordination may be achieved through the authority of position, but other things may not be realized by it. Loyalty and high productivity will be achieved only when the authority of leadership is combined with the authority of position.

2.1.3. Situational Authority

A third form of authority is termed situational authority. This form of Authority is often found evolving in small groups, where leadership may shift from one person to another depending on the tasks or problems being faced. It could also be appropriate in organizations whose operators are mainly professionals, technologists and scientists.

2.2. Sources of Authority

A brief review of major theories of authority will provide useful insight regarding the sources of authority. To Albanese (1966), there are three major theories/sources of authority:

2.2.1. The Formal Theory of Authority

According to this theory, authority in formal organizations is known as formal authority, and it generally has its source from the individual or the group that conceived the organisation. Authority under this theory comes “from above”, i.e. it radiates from ownership of the business and is delegated to the representatives of the owners.

2.2.2. The Acceptance Theory of Authority

According to this theory, the source of authority is in the subordinates. If one’s subordinates do not accept the order, then one has no authority. In this sense, authority comes from below. This theory refers indirectly to the effective authority. The ultimate source of authority, however, is the individual’s ability to influence.

2.2.3. The Contractual Theory of Authority

The consent-of-the-governed theory is the basis of the contractual theory of authority. According to this theory, the authority of the manager has its source in the contract, written or implied, between the employer and the employee. The contract is source of the manager’s right to give orders and his right to expect compliance.

3. Power

Power is the ability to cause subordinates to do what the manager wishes them to do (Hicks and Gullett, 1988:333). Thus, when the right to command and influence subordinates involves the presentation of force or coercion for compliance, it is known as power. It is the force by means of which you oblige others to obey you (Ngige, 2008: 189).

To Ezigbo (2006:183) power is the ability of one person or department in an organisation to influence other people to bring about desired outcomes. However, Dahl (2009:7) and Robbins (2005:390) are of the view that this influence A has over B in an organisation is the extent to which A can get B to do something which B would not otherwise do. That is, we can get someone to act in a way that they consider to be contrary to their interests.

3.1. Sources of Power

French and Raven in Gomez-Mejia and Balkin (2002:288) and Raven (1993:227) classifies power into five broad categories. The first three sources of power are based on an individual’s position in an organisation. The later two sources of power originate from the power holder’s unique characteristics (i.e. personal power).

3.1.1. Coercive Power

The ability of a leader to obtain compliance through fear or punishment is coercive power. Punishment may take the form of assigning unpleasant work activities to subordinates, official reprimands, pay cuts, demotions, suspensions, or even termination. Intimidation and anxiety may induce people to go along with the actions, attitudes, or directives of a superior even if they disagree; and in this sense, coercive power usually is less effective than, say, reward power for the simple reason that punishment has a limited effect as a motivator. Some employees respond to coercion by falsifying performance reports, stealing company property and exhibiting similar negative behaviour, rather than improving their performance.

3.1.2. Legitimate Power

Legitimate power in formal groups and organizations implies influence based on the leader’s formal position in the organisation’s hierarchy. Access to resources, information, and key decision makers gives some leaders legitimate power in influencing events and passing on information and rewards to subordinates. Legitimate power can get a good job for a talented employee; provide

easy access to top people in the organisation and elsewhere, and ensure knowing early about important decisions and policy shifts; and obtain approval for expenditures beyond the budget.

3.1.3. Reward Power

The influence stemming from a leader's ability to satisfy follower's need is reward power. This means that the leader can provide something that other people value so that they trade their support for the rewards. Employees act on the leader's request in the belief that their behaviours will be rewarded. Rewards may be financial (such as promotion with higher pay, raises and bonuses) or psychological/non financial (such as greater status from being perceived as close to the leader/recognition).

3.1.4. Expert Power

Expert power is influence wielded as a result of an individual's unique knowledge or skills, which other people recognise as worthy of respect. It thus originates from within the individual as a result of expertise, special skill or knowledge. Employees are gaining expert power in the work place as our society moves from an individual to a knowledge-based economy. The reason is that employee knowledge becomes the means of production, not some machine that the owner controls.

Therefore, in both reward power and expert power, the most obvious source of power is control over something of value to someone else. In reward power, an important source of power for some managers is control over bonuses, influence over promotion decisions, and so on; while in expert power, it is an individual's unique knowledge and skills which other people/the organisation wants. Reward power and expert power forms the basis of the "dependency theory" of power (<http://usrs.ox.ac.uk/-jesu0073/power>). This dependency model also points to the possibility that power might be balanced. As A has control over something of value to B, but this will not confer power if B also controls something that A wants.

This implies that there is no one in an organisation who has no power, unless he or she is truly redundant. Power is not the exclusive preserve of managers. The factors that might affect the power of other employees include; the more rare a skill, the more power the possessor of the skill will have, and employees would be expected to have more power when unemployment is low, since labour will be in short supply.

3.1.5. Referent Power

Referent power is based on identification with a person who has desirable resources or personal traits. People have referent power when others identify with them, like them, or otherwise respect and admire them. It is largely a function of the person's interpersonal skills and usually develops slowly. Referent power is usually associated with charismatic leadership. Charisma is defined as a form of interpersonal attraction whereby followers develop a respect for and trust in the charismatic individual.

However, Singhvi (1969:66) classified power into two broad categories:

- **Realistic Power:** Realistic power is here referred to as those attributes of an individual which he possesses, or are accessible to him, to influence others, such as knowledge of the job, leadership traits, interpersonal competence, monetary resources, physical strength and the like. This type of power may also be defined as one's ability to mediate rewards and punishments for the other.
- **Perceived Power:** People perceive the situation differently because of the different desires, motives, values and attitudes (Chaplan and Krawied, 1975:161-167). It is quite possible that people may over-estimate or under-estimate the realistic power of an individual. For example, someone is hired by a business firm. He has the capacity to work as a supervisor of a particular department in the organisation, but he may not be given authority to do that job if his boss is preoccupied with ethnic/racial prejudices.

4. Differences Between Power and Authority

In brief, the following are the main differences between power and authority:

- Authority is delegated, while power is mainly acquired. Parker Follet (1960:99) said, "I don't think that power can be delegated because I believe that genuine power is capacity.
- Authority accompanies responsibility while power does not.
- Authority tends to reflect the common will, while power tends to reflect the personal will. However, this view is opposed by Hannah Arendt (Sikka, 2009:10). She is of the view that "power is never the property of an individual: it belongs to a group and remains in existence only as long as the group keeps together. When we say of somebody that he is 'in power' we actually refer to his being empowered by a certain number of people to act in their name.

5. Power Without Authority

Power without authority means that an individual has comparatively more power than his authority. In some cases power can also exist without authority in absolute terms. This disequilibrium situation exists in numerous situations. For example:

- **Informal Leader:** An informal leader of a group is an individual who has power or ability to influence the group, but he does not have formal authority to get work done from other individuals.
- **"Assistant to":** Individuals carrying such title have power, i.e. knowledge about the job, but they do not have authority to get work done. In other words, these people can get work done through their influence, but they do not have formal authority to do so.

- **Staff Member:** To Dalton (1980:71-75), there exists a conflict between staff members and line personnel. Staff members have power, i.e. ability and competence to make decisions, but they do not have authority to implement them. Increasing specialization in many situations has left staff members with more power than authority.
- **A Robber:** An example of power without authority in absolute terms has been cited by Eells and Walton (1981: 340). The robber who holds a man at gunpoint will just as surely achieve compliance as a policeman armed with the same kind of weapon. In this case, the robber has power to get work done, but he does not have any authority.

6. Consequences of Power Without Authority

- To Maritain (1981: 126), power with authority is tyranny. Power exercised without authority constitutes a threat to freedom. Under this situation there will be an imbalance and the members of an organisation will not contribute effectively in the system of coordination.
- The individual having power without authority may use some kind of defensive mechanism, such as:
 - He may form a sub-group and oppose the formal leader.
 - If this situation continues for a long period, he may become a passive contributor in the organisation and slow down his work speed.
 - He may begin to identify himself more with other groups, viz. unions rather than the formal organisation.
 - He may quit the organisation.
 - He may withdraw himself from the situation and begin to lose confidence in his abilities
- The situation creates obstacles in the self-actualisation process of an individual. Differences exist in goals of individuals and the organisation, and this creates a conflict situation in the organisation.

7. Authority Without Power

This type of situation exists when an individual has relatively more formal authority than realistic power. Authority without power exists in many cases such as:

- **Stockholders:** Berle (1979) is of the view that power can exist without property. The reverse of this statement, i.e. property can exist without power is also true. Since property is one of the sources of authority, therefore it can be said that authority can exist without power. Stockholders in most of the corporations have more authority than their individual influence or power. While the board of directors, on the other hand, has more power than the authority.
- **In a Company:** Where a new purchasing Vice President was appointed to centralize purchasing procedures of twenty plants. He wrote letters to all plant managers saying (Singhvi, 1969):

Dear (Plant Manager),

The Board of Directors of our company has recently authorized a change in our purchasing procedures. Hereafter, each of the purchasing executives in the several plants of the company will notify the Vice-President in charge of purchasing of all contracts in excess of \$10,000 which they are negotiating at least a week in advance of the date on which they are to be signed...

Very truly yours,

William Post

Purchasing Vice-President

With two weeks after the letter was received, the majority of the plant managers had assured Mr. Post that he could count on their cooperation. The fact is, however, that they sent him no orders to process or review. This state of affairs lasted for a substantial period of time. This is an example of authority without power. Mr. Post had formal authority over the plant managers but he did not have influence or ability to exercise this authority over them.

8. Consequences of Authority Without Power

- The individual having authority without power will not be able to get full cooperation and active participation from his subordinates. Consequently, organizational goals are not likely to be achieved as planned and inefficiency and ineffectiveness are likely to result.
- His subordinates will stop contributing to the system of coordination. In order to satisfy their need of belonging, they will identify themselves with sub-groups or unions, etc.
- The individual having authority without power will have conflict with the informal leader. He will have a hard time in getting the job done in time. Under such a situation he may react as follows:
 - He may become aggressive and follow the policy of “be strong” He may fire some people and hire “yes men” of his liking.
 - He may quit the job to get rid of this tense situation.
 - If this situation continues for a long time, he may develop his abilities to cope with his present authority.

9. Conclusion

It is concluded that authority and power are two different terms and should not be used interchangeably. Power is necessary for successful implementation of authority, and authority is necessary for exercising one’s power legitimately. Power can exist without authority and authority can also exist without power, and this creates disequilibrium in a formal organisation. Authority

without power is a relative term, and it means that a person has relatively more formal authority than his power. In modern bureaucratic organizations, there is a growing imbalance between ability/influence and authority.

By developing an index for measuring the magnitude of power and authority for each individual, one can hopefully establish an equilibrium in an organisation. The development of such an index will require research by academics in cooperation with practitioners. Such research will be useful to an executive in a formal organisation in making decisions regarding hiring, firing and promoting individuals. Management should promote those individuals who have power but no corresponding authority, such as informal leaders and staff members.

If authority is delegated to those who possess power, it is referred to as the legitimate power or effective authority. The manager should find out the situations where an imbalance between power and authority exists, and then should try to eliminate these situations since the consequences of such imbalances are not desirable for the organisation as well as for the individuals involved. However, it should be recognized that the manager is faced with a dilemma. On the one hand, he is expected to delegate authority under a bureaucratic system to a senior person; on the other hand, the seniority does not necessarily mean that he is the best qualified person to do the required job. The manager should adjust the bureaucratic system to minimize imbalances between power and authority.

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