

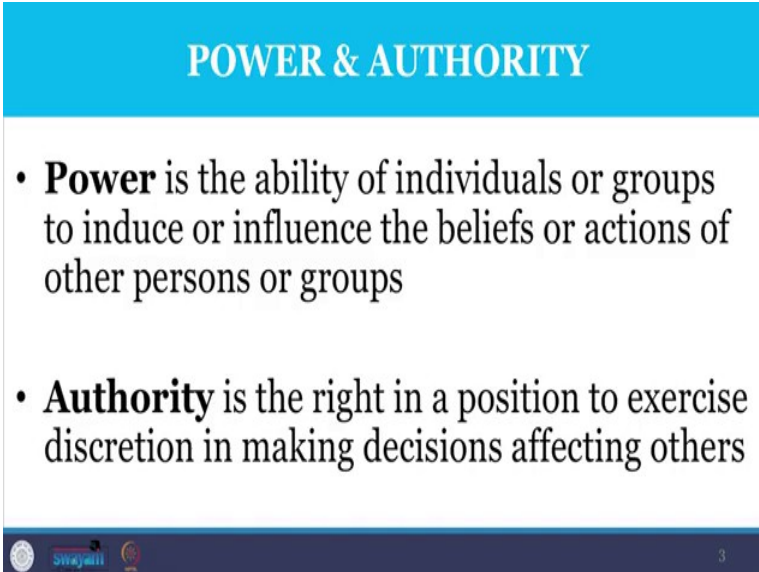
Principles of Management
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Lecture - 32
Organizing and Directing - IV

Today in this lecture of organizing and organizational structure, I will discuss foundations of power and authority. What is power, what is authority, how power and authority is being implemented in the organization, what are the various ways of power or what are the basis of power, the formal power and what is key to power relations in the organization? I will discuss in details about power and authority.

So, coming back to the definition of power, what is power and why it is important in organization?

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POWER & AUTHORITY

- **Power** is the ability of individuals or groups to induce or influence the beliefs or actions of other persons or groups
- **Authority** is the right in a position to exercise discretion in making decisions affecting others


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

Power is ability of individual or groups to induce or to influence the belief or action of other people. Very simply we can say that power is ability to influence a person or a group. Then what is authority? It is the right in a position to exercise discretion in making decisions which will influence others which will affect others.

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A Definition of Power

- Power
 - The capacity that A has to influence the behavior of B so that B acts in accordance with A's wishes
 - Exists as a potential or fully actualized influence over a dependent relationship
- Dependency
 - B's relationship to A when A possesses something that B requires
 - The greater B's dependence, the more power A has



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So, what are the other definitions being associated with power? The capacity of a person A or a manager A to influence the behavior of his subordinate B. So, that B acts in accordance with the wishes of A or the goals which have been defined by A. So, it exists as a potential or fully actualized influence over a dependent relationship. So, generally the power influence of one person over another as it exists in a dependence relationship.

When one person is depending on another person. When there is a supervisor subordinate relationship, a teacher and a student relationship is based on power relations or the influence which is exercise due to power. Position power, referent power, knowledge power. We will discuss in details about that what is dependency? Dependency is B's relationship to A, if a person B is related to A. When A has something that B requires when A has knowledge, expertise or skills which he posses.

So, in that case the dependencies the person B intends to possess or intends to learn something from person A. The greater B dependence the more the power A has which means say so, suppose I want to learn something from my senior from say my supervisor because he has expertise in a particular area.

So, I depend on the person based on his knowledge, based on his expertise. The higher the requirement of that knowledge or higher the need for that knowledge higher will be dependence. So, what we have learnt in this definition? Power is the ability to influence

somebody and the influencing ability will be more or less based on the dependence relationship.

Further moving on to the definition of power in contrast to the definition of leadership if we compare what is leadership and what is power.

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Contrasting Leadership and Power	
Leadership	Power
<ul style="list-style-type: none">– Focuses on goal achievement– Requires goal compatibility with followers– Focuses influence downward• Research Focus<ul style="list-style-type: none">– Leadership styles and relationships with followers	<ul style="list-style-type: none">– Used as a means for achieving goals– Requires follower dependency– Used to gain lateral and upward influence• Research Focus<ul style="list-style-type: none">– Power tactics for gaining compliance


Let us see leadership is the focus on goal achievement. Leadership basically focuses on achievement of a desired goal. It requires goal compatibility with followers and focuses influence downward and whereas, in power it is used as a means of power or a method to achieve goal.

It requires followers' dependency when there is a dependence or dependency of the follower on the person who is possessing power, when that is more the influence of power will be more it is used to gain lateral and upward influence.

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Bases of Power: Formal Power

- **Formal Power**
 - Established by an individual's position in an organization
 - Three bases:
 - **Coercive Power**
 - » A power base dependent on fear of negative results
 - **Reward Power**
 - » Compliance achieved based on the ability to distribute rewards that others view as valuable
 - **Legitimate Power**
 - » The formal authority to control and use resources based on a person's position in the formal hierarchy



The illustration shows a large purple figure representing a manager standing on the left, interacting with three smaller figures (blue, yellow, and green) representing subordinates. They are in an office environment with a city skyline visible in the background. The manager is gesturing towards the subordinates, who are standing in a line.

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Now, we will discuss about what are the bases of power. There is a formal power formal power is established by an individual position in an organization. As we know that theory of authority structures and relations says that, individuals' behavior is controlled by certain rules and regulations and based on this formal definition of power there are three types of power coercive power, reward power, legitimate power.

We know that in an organization the manager controls the behavior of subordinates by exercising coercive power, reward power and legitimate power. So, I will explain each of them in more details what coercive power. Coercive power is a power base which is dependent on the fear relationship or fear of negative result.

Then what is a reward power? Compliance which is achieved based on ability to distribute rewards that others view as valuable and third one is legitimate power. Formal authority to control and use resources the various resources information available in the organization based on a person's position in the formal hierarchy.

What is coercive power? Coercive powers say suppose an individual or say a manager has given a task to his subordinate. So, subordinates' behavior can be controlled or subordinate has been given a task to achieve on a specific deadline and they will be given a reward if they finish the work on time as per the goal they finish it on time and they will be getting a reward.

Whereas, if they do not achieve or if they are not able to exercise or exhibit or they are not able to complete the time work on time. So, there is always a fear of being reprimanded, there is a coercive power which is exercised by the supervisor for not being able to finish the task on time.

Supervisor has given specific tasks to a group of subordinates. Say suppose sometimes when a group has been given a task to accomplish on a specific deadline or to improve the quality of the product or to improve or to have a proper order or to maintain a proper order in a team or to effectively, to make the team work effectively.

So, there would always be some kind of norms which are defined by the supervisor. Norms to be norms for team performance and it also the supervisor always says that if there is a violation the person who violates the rules would be reprimanded, would be given punishment. So, characteristic policy guides or influences behavior of individual, behavior of subordinates, behavior of a group of people.

So, coercive power, reward power they always help in influencing the behavior controlling the behavior of subordinates. Lastly, we will also discuss about legitimate power.


Somebody who is possessing a position, who is holding a position will always have some kind of legitimate power which is bestowed by the formal authority to control and use resources like the person possessing a power, the person holding a position is given some access or a control over resources, control over decision making.

So, these are the basis of the legitimate power based on a person's position in the hierarchy in the formal hierarchy.

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Bases of Power: Personal Power

- Power that comes from an individual's unique characteristics – these are the most effective
 - **Expert Power**
 - Influence based on special skills or knowledge
 - **Referent Power**
 - Influence based on possession by an individual of desirable resources or personal traits



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Next I will discuss about what is personal power. The power that comes from an individual's unique characteristics. Apart from the coercive power, reward power, legitimate power, individuals also hold some power which is related to their self. So, the power that comes from the individual's unique characteristics like expertise, knowledge, or personality traits or ability to perform their competencies.

So, those bases of knowledge or expertise also help in influencing or controlling the behavior of subordinates. So, what we know is power that comes from a person's unique characteristics, which can also help in controlling behavior they are most effective.

Like control the power that comes from and a person's unique characteristics like expert power, referent power which are also very effective in controlling the behavior of subordinates.

What is expert power? Influence based on special skills or knowledge. If a person has mastery over a subject or a unique competency or a specific skill which he has learnt over a period of time or based on his practical experience so, that remains the unique or inherent competency of an individual.

So, that person knowledge is mostly sought after and a large number of people would seek that knowledge. So, there is an expert power which influences the behavior of individuals. Another point to be discussed is referent power. It is an influence based on

position by an individual of a desirable resource or personal traits. Referent power is the influence which is exercised by an individual based on his or her personal traits.


Like a person who has an effective communication skill or a person who has a leadership skill or leadership competency, a person who is expert in decision making. So, these are certain personality traits, an expert in negotiation skills. So, these are certain competencies, these are certain traits of an individual, risk taker, a creative person a creativity of a human talent.




So, such traits, such personal traits also influence a group of people. Then what is dependency? We will discuss why people are able to influence another person and what is dependency relationship?

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Dependency: The Key to Power

- The General Dependency Postulate
 - *The greater B's dependency on A, the greater the power A has over B*
 - Possession/control of scarce organizational resources that others need makes a manager powerful
 - Access to optional resources (e.g., multiple suppliers) reduces the resource holder's power
- Dependency increases when resources are:
 - Important
 - Scarce
 - Nonsubstitutable



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The general dependency postulates that the greater a person is dependent on another person the greater would be the power exercised by the person with whom he has a dependence relationship. Let us talk about a person A and person B. If A is a supervisor or a person possessing power, knowledge, expertise and B is intending to learn those tricks or those skills from A.

So, B has a dependence relationship on A. If there is a greater desirability of B to learn that skill from A, then the dependence is more and the. So, the person A would be

exercising more power. Possession or control of scarce resources that others need makes a manager very powerful.

In an organization the person who possesses a position he has a power and he also access to resources he has because of the position power, access to resource, access to taking decision or control over taking decisions he has access to information. So, the person is more considered to be more powerful it makes a manager very powerful.

So, manager possesses power due to the position or authority which comes due to the formal rules and regulations and the person who is holding the position has access to resources, can take decision he has power to take decisions because of the position he is holding.


And he can also take actions, he can also the person is able to take decisions, person is able to exercise control over a large group of individuals. Access to optional resources like multiple suppliers it reduces the resource holder's power, access to optional resources reduces the resource holder's power.

Dependency increases when resources are important when the person or the manager is holding a position, where the resources where he has control over resources which are important, which are scarce and which are not substitutable. So, then the person is consider to be holding more power and when the subordinate is depending on the manager because in that relationship. So, the dependency increases when resources are important scarce and non substitutable.

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Power Tactics

- Power Tactics
 - Ways in which individuals translate power bases into specific actions
 - Nine influence tactics:
 - Legitimacy
 - Rational persuasion*
 - Inspirational appeals*
 - Consultation*
 - Exchange
 - Personal appeals
 - Ingratiation
 - Pressure
 - Coalitions



* Most effective
(Pressure is the least effective)

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Power tactics. What is power tactics? It is a way in which individual translates power bases into specific actions. There are nine influence tactics one is the power which come, the power which is exercised due to legitimacy in the position legitimacy, rational, persuasion, inspirational appeals. Like I said a person can influence a group of subordinates because of his communication, because of his decision making, because of his leadership ability.

So, his emotional appeal or his ability to influence or his ability to control emotions of others. So, inspirational appeals. Consultation if he is a good consultant, he is able to give his views or suggestion. So, the person can also possess power due to exchange of relationships, exchange of rewards and personal appeals, ingratiation, pressure, coalition.

So, power tactics basically is the way in which individual translates the basis of power into specific actions and the nine influence tactics are legitimacy, rational persuasion, inspirational appeal by a influencing people through motivational speeches through communication ability, consultation through their suggestions, through exchange of rewards or through personal appeals by motivating somebody, by personally influencing ingratiation in giving rewards in return through pressure tactics or coercion and building coalitions.

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Preferred Power Tactics by Influence Direction		
Upward Influence	Downward Influence	Lateral Influence
Rational persuasion	Rational persuasion	Rational persuasion
	Inspirational appeals	Consultation
	Pressure	Ingratiation
	Consultation	Exchange
	Ingratiation	Legitimacy
	Exchange	Personal appeals
	Legitimacy	Coalitions

EXHIBIT-1

So, preferred power tactics by influence. Preferred power tactics; in this we will discuss about the preferred power tactics by influence direction upward influence, downward influence and lateral influence. What is the preferred power tactics, which is used by influence? Upward influence, rational persuasion when what is upward influence?

When subordinates influence managers. So, they can influence their managers through a rational persuasion rational or judicial appeal. Downward influence is a rational persuasion through which the top management or the person in a higher rank can force, can exercise power either through a rational appeal that is through judicious way of giving, a judicious way of convincing subordinates or convincing and or influencing subordinates.

Inspirational like in inspirational appeals, a manager can influence a group of subordinates through the inspiration, through motivation, by showing them higher goals or they can also influence subordinates to perform or to work according to the goals or to the wishes of the manager. Let us discuss about preferred power tactics by influence of direction. There can be upward influence where the subordinates influence their managers or the boss.

Downward influences are when boss influences or the person in a higher rank influences or exercises cut a power on the subordinates, lateral influence, peer to peer influence. Let us understand how the power tax tactics is being exercised in the first case that is upward

influence. When subordinates want a wish certain thing to be exercised on certain things to be accomplished.

So, they exercise power or they exercise a rational persuasive approach judicious way or they try to convince their supervisor or the boss by a rational means or rational persuasive tactics. Downward influence is when the supervisor influences or exercises power. How does a supervisor influence or subordinates? Through rational persuasion or by rationally justifying the need for getting the task done or getting the goal accomplished.


Inspirational appeal or motivating subordinates by inspiring them to perform. The third thing is using pressure tactics or by using the authority bestowed on the supervisor. The pressure tactics can be used of a power, use of reward power or coercion. Consultation by convincing by including them or inviting their suggestions or taking their views is consultation. Ingratiation is giving them some benefit in exchange, exchange of rewards, legitimacy.




So, these are various ways through which the boss can or supervisor can exercise or influence subordinates to perform. Lateral influence when two people are holding positions which are of equivalent rank. So, they can influence each other through rational persuasion, by consulting, by ingratiation or exchange legitimacy, personal appeal or by building coalition. So, these are various ways or the preferred power tactics used by managers in different positions.

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Factors Influencing Power Tactics

- *Choice and effectiveness of influence tactics are moderated by:*
 - **Sequencing of tactics**
 - Softer to harder tactics work best
 - **Political skill of the user**
 - **The culture of the organization**
 - Culture affects user's choice of tactic





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Then what are the factors influencing power tactics? Choice and effectiveness of influence tactics are moderated by sequencing of tactics, softer to harder tactics, work best. We cannot exercise a harder tactics or hardest way to get the things done, but we should move from a softer to a harder tactic. What we discussed earlier there are of course, many tactics like ranging from consultation to using of pressure.

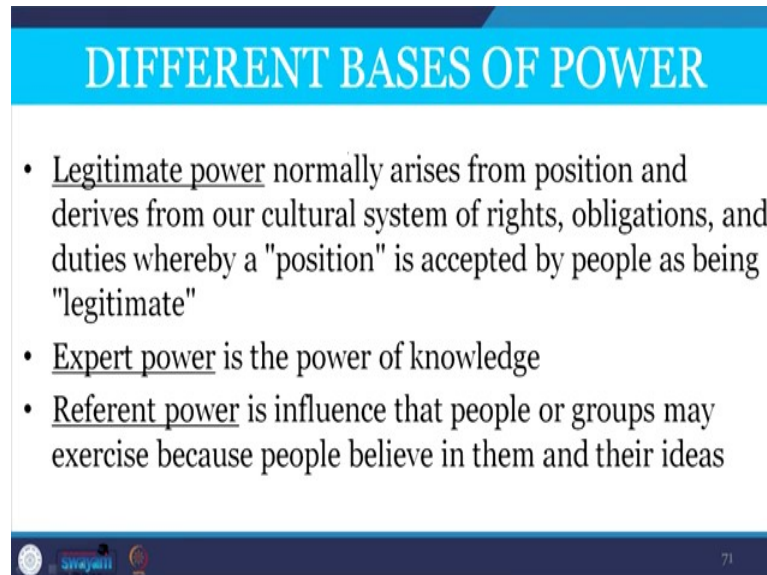
But always it is advised to use softer tactics first. Political skills of the user; political skill or the way to influence subordinate can be a rational approach or can also have some manipulation which is otherwise called political skill of the user, it also depends on the culture of the organization.

As we know that culture of an organization to a large extent influences or influences the behavior of subordinates, influences or molds the behavior of people at large. So, therefore, culture affects user choice of tactics. If you were working in an organization which has an open culture where there is a more participation from subordinates.

Open culture means which mostly emphasizes on consultation involving subordinates in decision making. So, in that culture there would be the power tactic used would be mostly consultation and if the organization has a culture where there is authority being exercised by the top management, autocratic style of management. So, the culture would be the prevailing, culture would be use of power tactics which is a use of coercion or

authority to be exercised. So, there the culture guides the user choice of power tactics or influence tactics.

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DIFFERENT BASES OF POWER

- Legitimate power normally arises from position and derives from our cultural system of rights, obligations, and duties whereby a "position" is accepted by people as being "legitimate"
- Expert power is the power of knowledge
- Referent power is influence that people or groups may exercise because people believe in them and their ideas

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Coming back to the discussion on different bases of power. As we already discussed legitimate power, expert power, reference power these are the dominant bases of power. What is legitimate power?

Let us summarize normally legitimate power arise from the position and drives from our cultural system of rights, obligation and duties whereby a position is accepted by people as being legitimate which I would rather like to say that, if I hold a position which has been bestowed to me by the organizations authority structures and relations, the organizations rule and regulations.

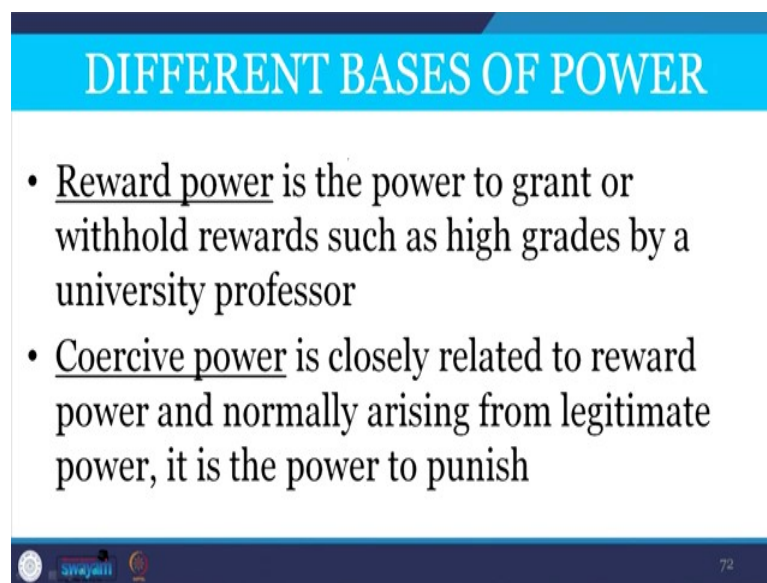
So, then the person would possess, the person would have the ability to exercise the legitimate. Person would have the legitimate power and which arises from the position he or she possesses and which gives him.

So, this is the basis of legitimate power. Next is expert power. Expert power is possessed by an individual because of his expertise in a particular domain it can be like if a person, if a manager or if a technician is expert in a field, he amasses that expertise in the field because of his continuous involvement in that particular domain.

And he knows where the error is and how we can improve the task. So, with his day in and day out of hard work he develops that expertise. So, expert power is the power of knowledge, which the person possesses and because of which he can influence a large number of subordinates.

Referent power is influence that people or groups may exercise because people believe in them and their ideas. Referent power is influence that people or groups may exercise because they believe in them and their ideas.

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DIFFERENT BASES OF POWER

- Reward power is the power to grant or withhold rewards such as high grades by a university professor
- Coercive power is closely related to reward power and normally arising from legitimate power, it is the power to punish

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Reward power is the power to grant or withhold rewards whether to give reward to a person or not such as higher grade by a university professor. Whether if a person performs then he should be rewarded, if a person does not perform should he be rewarded or not to be rewarded.

Coercive power is closely related to reward power and normally arising from legitimate power. Coercive power comes or a person can exercise coercive power because of the position he holds, because of the authority been given to that person. So, it is the power to punish or simply we can say coercive power is the power to punish and reward power is a power to give rewards, which comes due to the position the person holds or the authority being restored by the position.

So, what we discussed in this lecture is, we discussed about power, we discussed about the basis of power, how with power people can influence a group of subordinates or the behavior they can control the behavior of a large number of people.

We discussed about the dominant bases of power, reference power, then the power tactics used expert power, referent power, legitimate power, reward power, coercive power and the various power tactics to influence subordinates while using upward influence that is rational persuasion, downward influence and lateral influence.

Thank you.