

Understanding Power and Authority

Authority is a manifestation of power, it exists where one person has a formal right to command and another has a formal obligation to obey, this is typically understood as having the power to give directions and require compliance (but in these days it is rarely an 'absolute power'). Authority may be seen as institutionalised power. For example, a police officer has authority to 'stop' a motorist. The motorist is legally obliged to comply. Similarly, managers are said to possess a 'right to manage'. Employees are obliged to obey the employer's instructions provided these are lawful and within the scope of the contract of employment. However, authority can also be earned by virtue of the person's leadership capabilities, knowledge or experience; an expert is often referred to as an 'authority' on a subject and other defer to his or her opinion. What is important, in both situations, is for the authority to be effective the subordinates to the leader or manager have to be willing to accept that person's authority.

In this respect, authority is different to influence; power and authority are potentially mandatory, influence, by contrast implies persuasion. Influence is usually conceived of being broader in scope than power and is more closely associated with leadership¹. Marx was highly influential but not powerful; in contrast Stalin was powerful but not particularly influential. In organisations, employees may influence decisions through joint consultative committees and other mechanisms², yet the organisation reserves the final say.

Modern organisations cannot grant an automatic 'right to rule' to its managers, each person needs to earn the respect of his/her subordinates and through a combination of skills develop a culture in which the subordinates agree to accept the manager's authority. This requires a combination of leadership skills, management skills and personality. This post will discuss the traditional views on power and authority that still underpin the practical exercise of authority by managers and others in leadership roles. Leadership is discussed in *WP1014 Leadership*³. Management is discussed in *WP1094 The Functions of Management*⁴.

Types of Power

As previously stated, authority is a manifestation of the use of power. Social psychologists John French and Bertram Raven conducted studies on power in 1959⁵ which identified five bases of personal power:

1. **Positional Power.** (Also: Formal, Legitimate, Authoritative.) This is associated with having status or formal job authority. This comes from the belief of the person's subordinates that the person has the right to make demands, and expect compliance and obedience from others. For example a CEO, politician or project director could all be considered to have legitimate power because of their formal job authority.
2. **Reward Power.** This derives from having the capacity to provide rewards to others, resulting from one person's ability to compensate another for compliance. Whilst financial 'rewards' are rarely available to project leaders; rewards by way of praise, recognition and opportunity are equally effective.
3. **Expert Power.** This is based on a person's own experiences, superior skills and knowledge; or more precisely it is based on the followers' perceptions of the leader's competence – generally this has to be

¹ For more on *influencing without authority* see:

https://mosaicprojects.com.au/Mag_Articles/SA1025_Influence_without_authority.pdf

² For more on personal influence see *How to influence others*:

https://mosaicprojects.com.au/Mag_Articles/SA1052_How_to_influence_others.pdf

³ For more on *leadership* see: https://mosaicprojects.com.au/WhitePapers/WP1014_Leadership.pdf

⁴ For more on the *functions of management* see:

https://mosaicprojects.com.au/WhitePapers/WP1094_Defining_Management.pdf

⁵ French, J., & Raven, B. The bases of social power. *Studies in social power* (1959)



demonstrated. Typically this power is awarded to someone who is perceived to be a subject matter expert by others - not just subordinates. The project leader may be able to exercise expert power either as a subject matter expert in the content of the project (technical knowhow) or as an expert in the context of the project: the tools practices, disciplines and rigour of effective project management. However, having knowledge and information *is not* power, power is earned by sharing that knowledge and information. To earn 'expert power' the expert has to be willing to share their 'hard earned knowledge'.

4. **Referent Power** refers to the ability of a person to influence others because of the follower's loyalty, respect, friendship, admiration, affection, desire to gain approval from, or desire to be associated with the person. It is the result of a person's perceived attractiveness, worthiness, influence and/or right to respect from others and can be thought of as charisma, charm, admiration, prominence, connections or appeal.

Referent power comes from one person liking, respecting and/or seeking approval from another, and wishing to identify or connect with that person in some way:

- a. Celebrities have referent power, which is why they can influence everything from what people buy to whom they elect to office.
 - b. A person with charm often makes everyone feel good, so he or she tends to have a lot of influence in a workplace.
 - c. Or a person associated with someone who is perceived to be powerful (eg, the CEO's Personal Assistant) can reflect their associate's power; their power is based on their perceived ability to influence decisions or actions taken by the 'powerful person' (a type of 'network power').
5. **Coercive (or Punitive) Power** is exercised through fear. This power is derived from having the perceived capacity to penalise or punish others for noncompliance. This source of power can be subject to abuse and is often associated with legitimate power and to a lesser extent expert power. For example one may come across a project director whose position gives him legitimate power and he may be tempted to use that power threatening others with their jobs should their performance not be as he wishes. The use of this power will inevitably damage any relationship with the subordinate. Coercive power is the antithesis of leadership but may be appropriate in an emergency.

There are two groups of power in the French and Raven model:

- One group is about the person: expert power and referent power. Most people carry these with them from job to job but a new team may take time to appreciate these abilities – these are most closely associated with leadership and motivation.
- The other group is about the context: legitimate power, reward power and coercive power which are more job specific (but are available immediately on appointment to a new role). These are more closely associated with management and hierarchy.

Other forms or sources of power that fit within these five include:

- Informational – power derived from controlling the flow of information;
- Situational – power taken or assumed due to a 'situation' typically a crisis where someone needs to provide direction;
- Charismatic / personal – power derived from the leader's exceptional personal qualities (charm, communication skills) or accomplishments;
- Relational – power gained from being influential and connected within networks of people;
- Manipulative – power gained by creating or changing the perceptions of others, this can include: persuasion and oratory (the effective use of argument), ingratiation (using flattery or similar to gain cooperation), pressure-based (limiting choices or options), guilt-based (imposing an obligation or sense of duty).



Most managers and leaders have various combinations of personal power which underpins their ability to exercise authority.

Sources of Power

The characteristics of a situation affect or determine power. Important structural sources of power include knowledge, resources, decision making and networks⁶. The original tests reference organisations and sovereign states but each of these sources of power can also be used by individuals:

Knowledge as Power: Organisations are information processors that must use knowledge to produce goods and services. Intellectual capital represents the knowledge, know-how, and competency that exist in the organisation which can provide an organisation with a competitive edge in the marketplace. Within an organisation, the concept of knowledge as power means that individuals, teams, groups, or departments that possess knowledge that is crucial in attaining the organisation's goals have power, but only if they use the power to advance the interested of their organisation - hoarding knowledge to the detriment of the organisation is destructive and self defeating. Outside the organisation, the situation is reversed; protecting the organisations intellectual property is vital to maintaining its competitive power in the market.

Control of Resources as Power: Organisations need a variety of resources, including money, human resources, equipment, materials, and customers to survive. The importance of specific resources to an organisation's success and the difficulty in obtaining them vary from situation to situation. The departments, groups, or individuals who can provide essential or difficult-to-obtain resources acquire more power in the organisation than others, as do external suppliers in a market where the particular resource is scarce. Resources (goods) can be:

- Material: physical things or people others need;
- Positional: geographical or other 'positions' that can restrict or allow transactions between two other parties, eg, the Panama Canal or a person controlling access and timing of meetings;
- Ideational: goods of a virtual nature that only exist as long as there is a need for them; eg, a facilitator or mediator is only needed whilst there is a dispute.

Decision making as Power: The decision making process in an organisation creates more or less power differences among individuals or groups. Managers exercise considerable power in an organisation simply because of their decision making ability. Although decision making is an important aspect of power in every organisation, cultural differences make for some interesting differences in the relationship.

Networks as Power: The existence of structural and situational power depends not only on access to information, resources and decision making, but also on the ability to get cooperation in carrying out tasks. Managers and individuals that have connecting links with other individuals and managers, in the organisation and beyond, will be more powerful than those who don't. Being in the centre of a diverse network generates power both from the knowledge gathering, using (early warnings, etc.) and distribution perspective and from the ability you have to influence others⁷. The power generated by social media networks is a phenomenon that is still emerging and is not well understood.

⁶ *Structural Sources of Intraorganizational: Power: A Theoretical Synthesis* W. Graham Astley and Paramjit S. Sachdeva (1984): three structural sources of power—hierarchical authority, resource control, and network centrality. And: *Towards a New Understanding of Structural Power* Jan-Frederik Kremer and Andrej Pustovitovskij (2012)

⁷ For more on **influencing within your network** using the IWA model see: https://mosaicprojects.com.au/Mag_Articles/SA1025_Influence_without_authority.pdf



Bases of Power

Amitai Etzioni identified three types of organizational power: coercive, utilization, and normative⁸.

Coercive power forces people to do something through threat, intimidation or violence. It is appropriate for use in situations where other options are not viable but violence should only be used within the parameters of legal authority.

Utilitarian power influences people by providing them with rewards and benefits. Managers prefer this form of power if it is available, and it is appropriate for businesses and other organisations.

Normative power influences members through peer pressure, or by letting the individuals know that they are expected to act according to the overall wishes of the group. It is the appropriate form of power for an organisation with moral or 'connected' membership.

The 'coercive' and 'utilitarian' bases of power are effectively the same as in the French and Raven model above; 'normative power' (peer pressure) is very significant within groups that have a strong 'culture' and can be beneficial or detrimental (but cannot be ignored).

Importantly Etzioni considered the use of power is an ethical process⁹. The unethical use of power will inevitably result in the eventual loss of power.

Authority

The effective use of authority is a key part of any management role, including project management, and an element of leadership. Within organisations, *management authority* is defined as the power or right to give orders, instructions or directions, make decisions, and enforce obedience; but this is rarely an absolute power; a person has a greater or lesser degree of authority depending on a range of circumstances including their personal attributes, the management position held, the culture of the organisation and the willingness of subordinates and others being directed to accept the person's authority.

Traditionally, the right to manage relied on the exercise of authority (Fayol's function of *commanding or directing* subordinates discussed in WP1094). Similarly a central tenet of Taylor's 'scientific management'¹⁰ was the centralisation of authority with management (to the exclusion of workers).

What has changed in the intervening century between Taylor, Fayol and Weber's work (discussed below), and modern times, is the difficulty of managing knowledge work¹¹ (recognised by Peter Drucker in the 1950s) and the expectations of subordinates in 'Generations X, Y and Z' to be consulted and involved in decisions about their work. In most cases, the simple application of authority through a 19th century 'command and control' system is no longer sufficient. The advent of matrix management, self-governing teams and knowledge work requires different approaches.

⁸ *A comparative analysis of complex organizations: on power, involvement, and their correlates*. Free Press. 1961. ISBN 978-0-02-909650-5.

⁹ For more on **ethics** see: https://mosaicprojects.com.au/WhitePapers/WP1001_Ethics.pdf

¹⁰ For more on **scientific management** see, *The Origins of Modern Project Management*: https://mosaicprojects.com.au/PDF_Papers/P050_Origins_of_Modern_PM.pdf

¹¹ For more on **managing knowledge workers** see: <http://mosaicprojects.wordpress.com/2013/08/08/leading-knowledge-workers/>



In the 21st century effective managers need to be effective leaders prepared to work with their subordinates in a collaborative environment (particularly Gens X, Y & Z); when a manager is an effective leader he/she does not need to rely on traditional authority to motivate and lead subordinates. So whilst the manager's formal authority is a residual power for use only when needed, the concepts of management authority and power remain important concepts in modern organisations.

The foundation of authority is the amount of power the person is perceived to have, to give directions, their willingness and ability to use their power effectively and in most circumstances the degree of acquiescence or cooperation of the people being directed or lead.

Max Weber's 1922 essay, *The Three Types of Legitimate Rule (Die drei reinen Typen der legitimen Herrschaft)* discusses the basis of the authority used by rulers. The term 'rule' in the title was changed to 'authority' in later English translations of his work.

Weber's essay focused on state political power (the power to rule), but is also relevant to understanding the sources of management power and authority. He defines three categories of legitimation (which he calls *pure types*) used to justify the right of rulers to rule, and managers to manage:

- **Legal authority** is based on a system of rules that is applied administratively and judicially in accordance with known principles. The persons who administer those rules are appointed or elected by legal procedures. In a hierarchy, superiors are subject to rules that limit their powers, and a degree of authority can be delegated to subordinate managers.
- **Traditional authority** is based on a system in which authority is legitimate because '*it has always existed*'. People in power usually enjoy 'power' because they have inherited it either through 'birth' or by moving into a role that is traditionally seen as 'powerful'. Subordinate's prerogatives are usually similar to those of the ruler above them, just reduced in scale.
- **Charismatic authority** is based on the charisma of a leader who shows that he or she possesses the right to lead by virtue of their personal attributes. Followers respect his/her right to lead because of these personal qualities (charisma), not because of any tradition or legal rules.

Traditional 19th century management used a combination of *legal* and *traditional authority* reinforced by the willingness of subordinates to accept the authority of managers because '*this was the way things were done*' at that time in society and in organisations. These powers still remain effective to a degree. However, what has become increasingly important in the 21st century is the third category of *charismatic authority*, which represents the junction between authority and leadership.

The nature of *charismatic authority* was described by Weber as "*Men do not obey him [the charismatic ruler] by virtue of tradition or statute, but because they believe in him*". He grouped all of the different types of leadership¹² into this single classification of *charismatic authority*. But what is clear from his writings is the source of the power underpinning *charismatic authority* is the power gifted to a leader by his/her followers. The formal power of the leader is irrelevant as long as the leader's followers are prepared to concede power to the leader to '*exercise authority over them for the time being*', either collectively or individually. When a group of followers decide to gift power to a leader collectively, the group will often act collectively to reinforce the leader's authority within the group, sometimes to excess.

Consequently, being a leader with authority does not require *traditional* or *legal authority* – leaders are leaders because people choose to follow them and in doing so the followers grant the leader a degree of *charismatic authority* to exercise power over the group. The source of the power underpinning *charismatic authority* is created by the person's leadership abilities. However, unlike *traditional* and *legal authority*,

¹² For more on the **different types of leadership** see:
https://mosaicprojects.com.au/WhitePapers/WP1014_Leadership.pdf



what the followers freely give, they can quickly change or remove; the position of leader needs continual reinforcement.

Where *charismatic authority* created by a person's leadership abilities is particularly important is in matrix organisations and when the person needs to 'manage upwards'¹³. *Traditional* and *legal* authority only applies downwards to subordinates in a hierarchy. *Charismatic authority* underpinned by the power of leadership can transcend organisational boundaries because the power to exercise authority comes from the people willing to follow the leader's advice or recommendations.

Summary

The power base of *legal authority* is the powers derived from holding a management role in an organisation; very senior managers may also attract a degree of referent power. In contrast, the power base of *charismatic authority* is derived from the personal attributes of the individual. *Traditional authority* is almost always associated with an ability to reward followers, and depending on the individual and the situation may also draw on any of the other types of personal power. The relationship between Weber's three types of authority and the five types of personal power is set out below.

	Legal Authority	Traditional Authority	Charismatic Authority
Coercive Power	✓	?	✗
Reward Power	✓	✓	?
Legitimate Power	✓	?	✗
Expert Power	✗	?	✓
Referent Power	?	?	✓

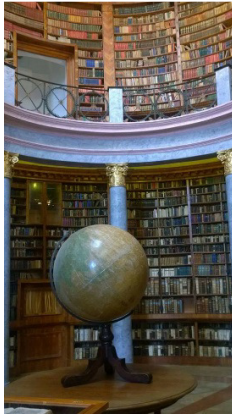
Most effective managers combine elements of *legal*, *traditional* and *charismatic authority* in their role and choose how, when and 'how much' of each option they will use at any point in time to maintain relationships and to direct, motivate¹⁴, lead, and support the subordinates they are responsible for managing.

You cannot be a leader without followers being prepared to accept your use of the authority they have gifted you; but as a manager you can wield authority over anyone subordinate to you provided you have sufficient power underpinning your *legal* and/or *traditional* authority. Skilled managers balance these options and tread lightly - leadership built on relationships and motivation does not need the overt use of power or authority.

¹³ For more on **managing or advising upwards** see: <http://mosaicprojects.wordpress.com/2012/09/22/advising-upwards-for-effect/>

¹⁴ For more on **motivation** see: https://mosaicprojects.com.au/WhitePapers/WP1048_Motivation.pdf

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