Understanding Organization
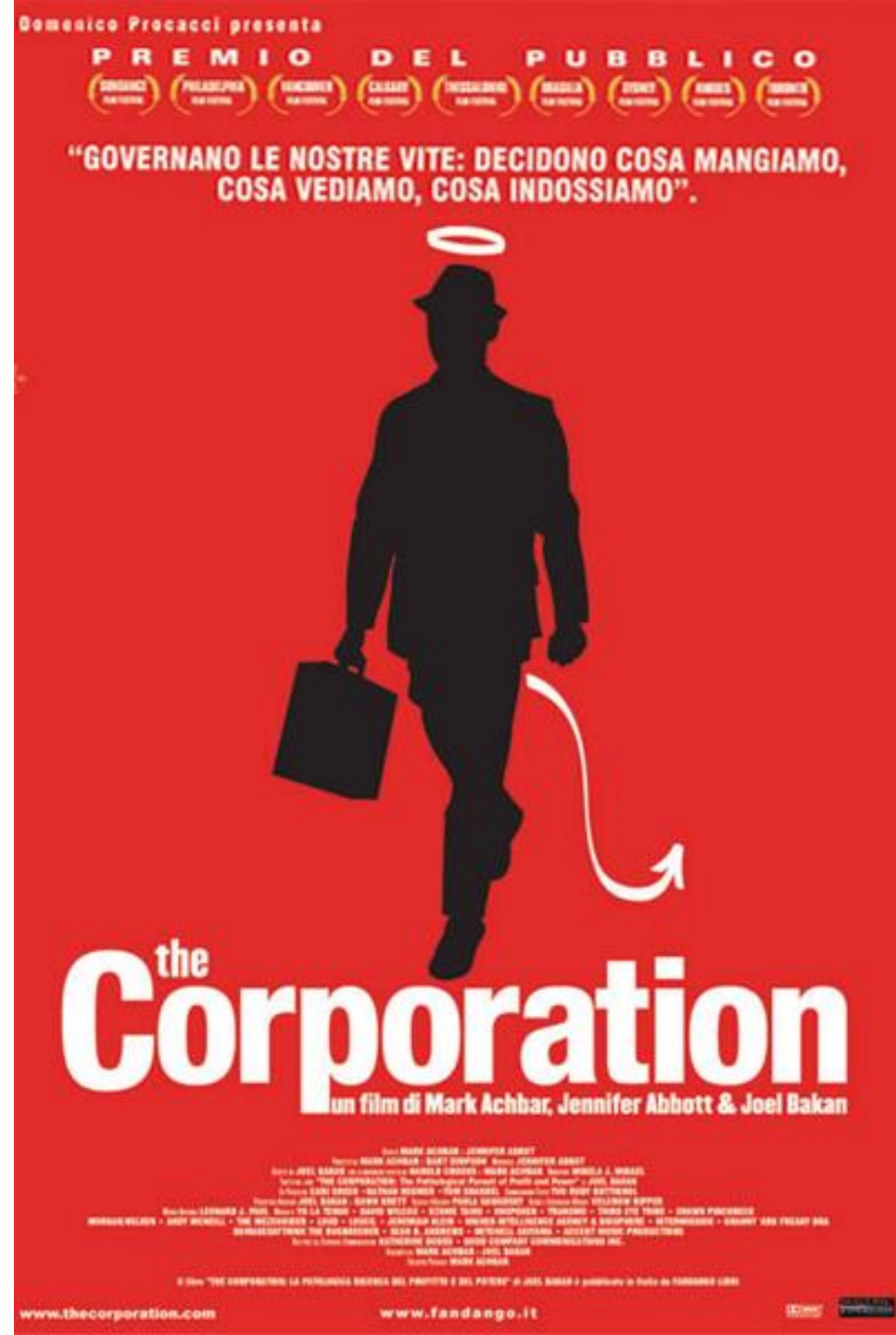
(Tutorial 5: Power and Politics)

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Power

- Definition: Power is the potential ability of one person or department to influence other people.

- Power is a capacity that A has to influence the behavior of B so that B acts in accordance with A's wishes.

- Power can be:

  - Legitimate power

  - Reward power

  - Coercive power

  - Expert power

  - Referent power

- Organizational power is the result of structural characteristics.

Power

- Five bases of power:

Base of power	Explanation
Legitimate power	Associated with having status or formal job authority. A judge who administers sentences in the courtroom exhibits legitimate power.
Reward power	Derived from having the capacity to provide rewards to others. A supervisor who give rewards to employees who work hard is using reward power.
Coercive power	Derived from having the capacity to penalize or punish others. A coach who sits players on the bench for being late to practice is using coercive power.
Expert power	Based on followers' perceptions of the leader's competence. A tour guide who is knowledgeable about a foreign country has expert power.
Referent power	Based on followers' identification and liking for the leader. A teacher who is adored by students has referent power.

Question: What kind of power does 华妃 exercise in the video?
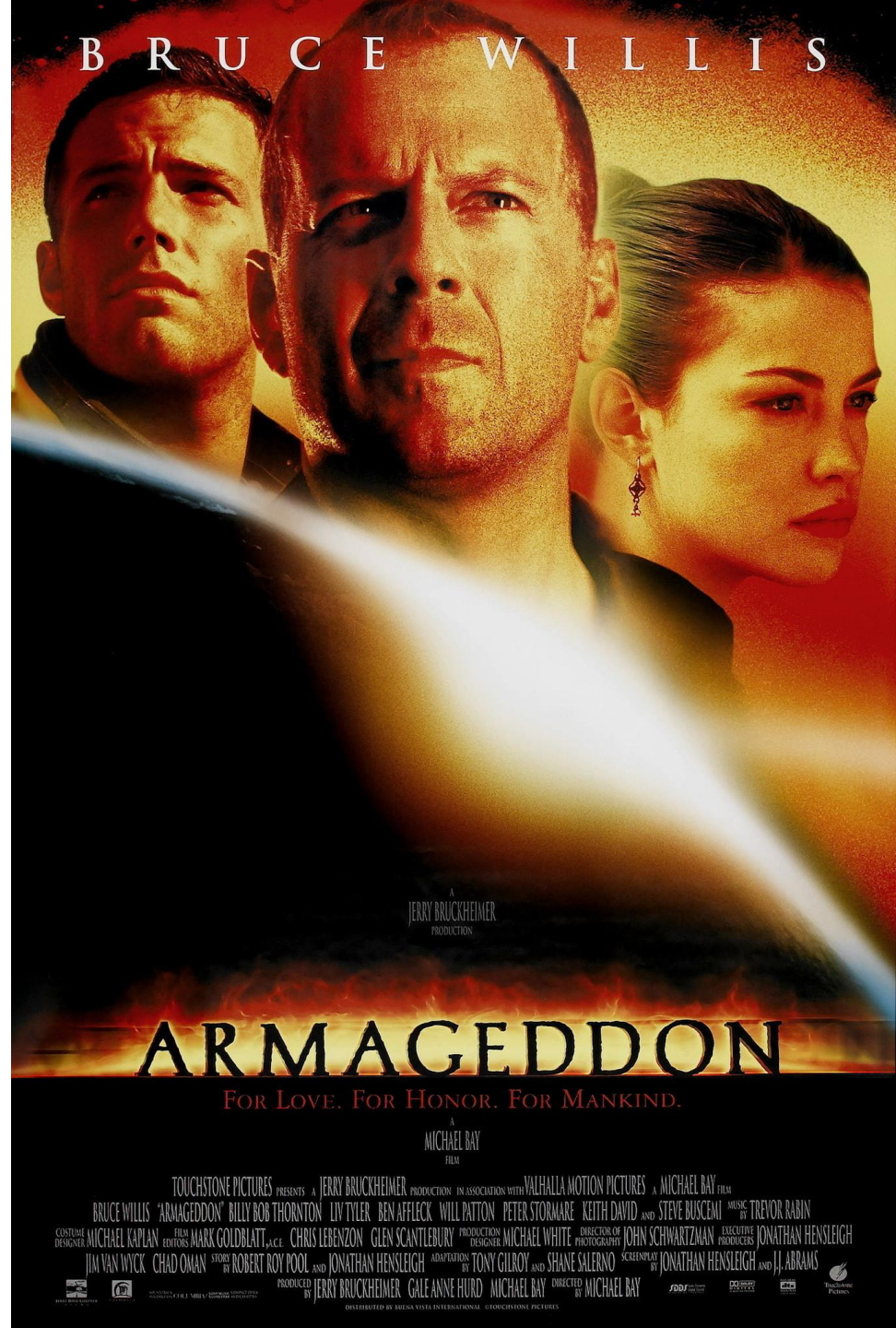
Question: What kind of power does Tom exercise in the video?

Question: What kind of power does Harry exercise in the video?

Typology of Power

- A widely used typology for analyzing power in political decision-making and democratic participation identifies three faces or dimensions of power:

  - Visible: observable decision making (formal rules, structure, institutions, and procedures).

  - Hidden: setting the political agenda (maintained by elite individuals or institutions).

  - Invisible: shaping meaning and what is acceptable.

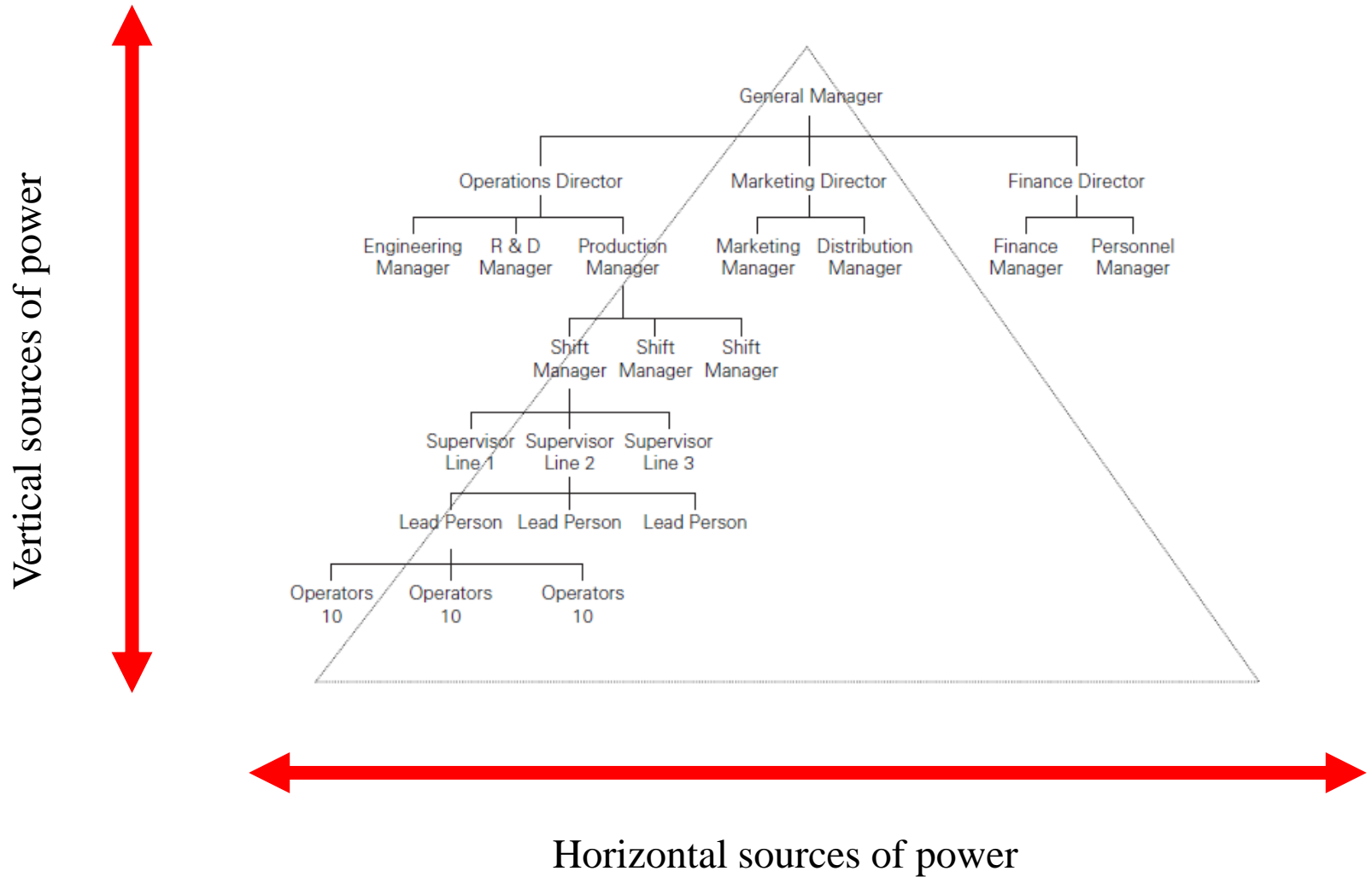**Question: What kind of political power does this movie clip exhibit?**

Typology of Organizational Power

- Visible organizational power: Company develops new products and introduces them to the society. New product development is supported by the hierarchy of organization.

- Hidden organizational power: New products are developed in order to make profits for shareholders. Shareholders do not introduce new products, but their agents (professional managers) do.

- Invisible organizational power: When new products are introduced to the society, company may use advertisements and press media to change how consumers see the new products ([Why does a dog wag its tail? Because a dog is smarter than its tail. If the tail were smarter, the tail would wag the dog](#)).

Sources of Power

Vertical sources of power

Horizontal sources of power

General Manager

Operations Director · Marketing Director · Finance Director

Engineering Manager · R & D Manager · Production Manager · Marketing Manager · Distribution Manager · Finance Manager · Personnel Manager

Shift Manager · Shift Manager · Shift Manager

Supervisor Line 1 · Supervisor Line 2 · Supervisor Line 3

Lead Person · Lead Person · Lead Person

Operators 10 · Operators 10 · Operators 10

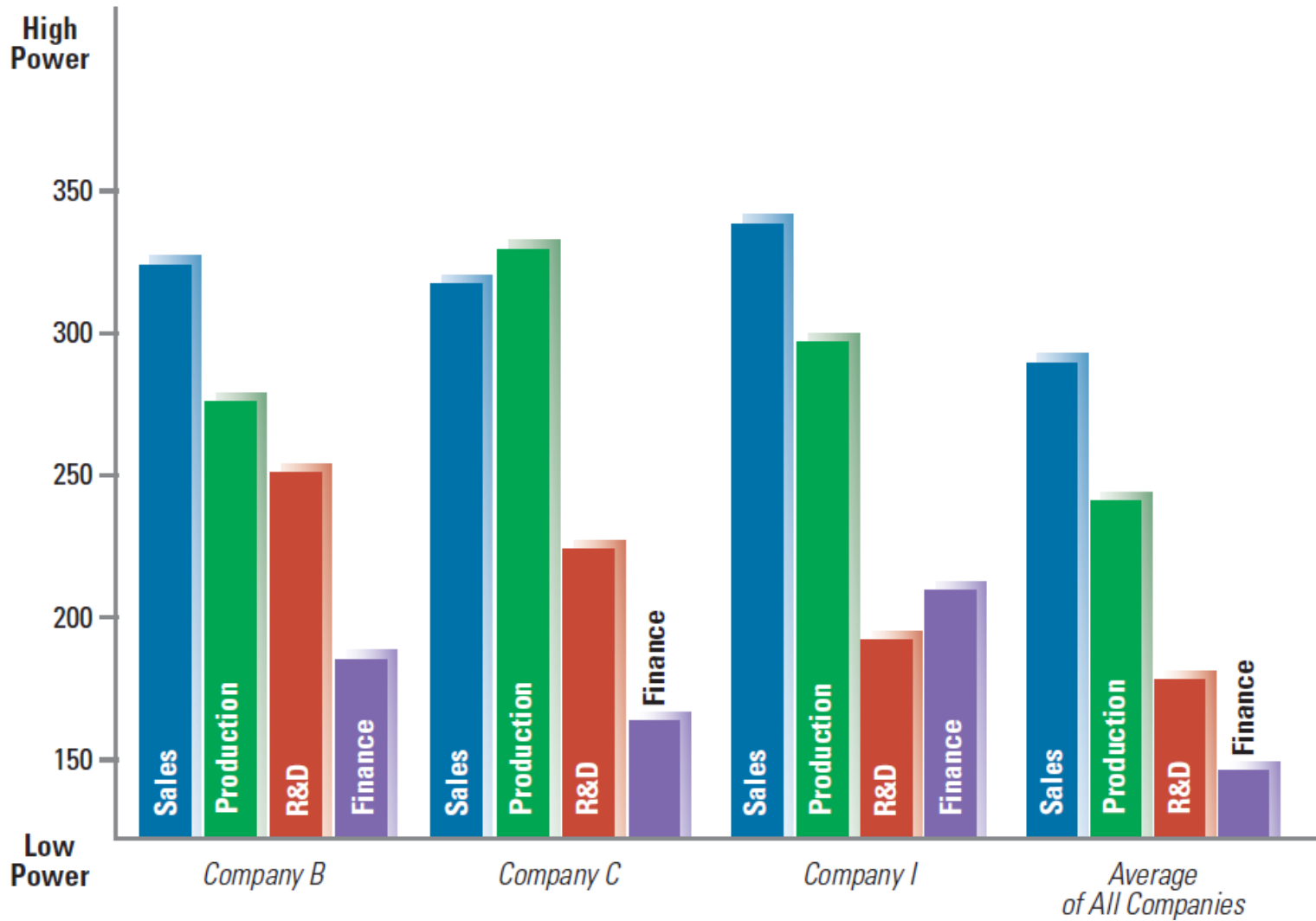# Vertical Sources of Power

- There are four main sources of vertical power for employees at all levels of the hierarchy:

  - Formal position: Power derived from the formal position of an employee in the organization (i.e., legitimate power).

  - Resources: Resources include salaries, equipment, space, supplies, etc. Control over the distribution of resources within the organization increases the power of an employee. Resources can be used for reward and punishment.

  - Control of decision premises & information: Decision premises consist of a frame of reference or guidelines for decisions.

  - Network centrality: This is the degree to which an employee has access to information and people who are critical to the success of the organization. Centrality can be used to remain informed, to build alliances, etc.

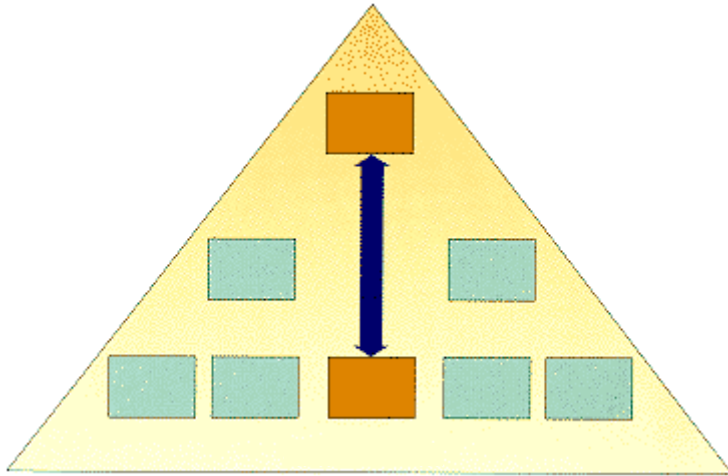# Horizontal Sources of Power

- Horizontal power pertains to relationships across departments, divisions, or other units. It is not defined by the formal hierarchy or the organization chart.

- Question: Which department has the most power?

- Departments involved with strategic contingencies tend to have greater power than departments not involved in such events and activities.

  – Strategic contingencies: Activities inside and outside the organization that are essential to attain organizational goals.

- Such departments have one or more power sources: interdepartmental dependency, financial resources, centrality, non-substitutability, and coping with uncertainty.
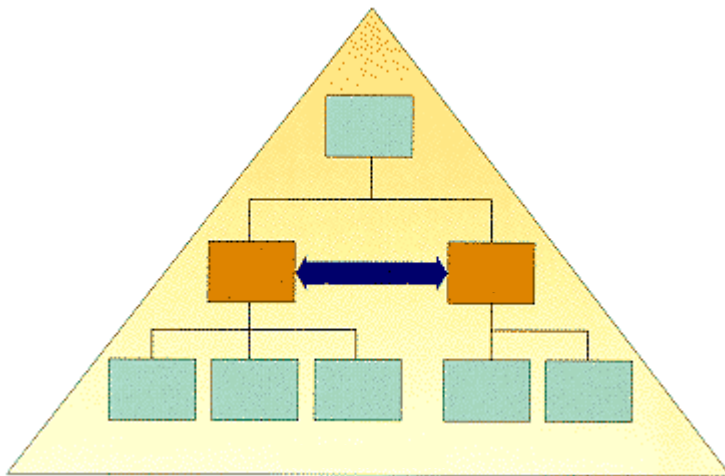
Horizontal Sources of Power

Vertical vs. Horizontal Conflict

Vertical sources of power usually lead to vertical conflict.

Horizontal sources of power usually lead to horizontal conflict.

Vertical source of power and vertical conflict.

Horizontal source of power and horizontal conflict.

Authority

- Authority is the legal and formal right to give orders and commands, and take decisions.

- Authority achieves desired outcomes but only as prescribed by the formal hierarchy and reporting relationships.

  – Authority is vested in organizational positions.

  – Authority is accepted by subordinates.

  – Authority flows down the vertical hierarchy.

- According to Max Weber in *Economy and Society* (1922), there are three types of authority:

  – Traditional authority

  – Charismatic authority

  – Rational-legal authority

Power vs. Authority

- The comparison between power and authority:

Basis for Comparison	Power	Authority
Meaning	Power means the ability or potential of an individual to influence others and control their actions.	The legal and formal right to give orders and commands, and take decisions is known as an authority.
What is it?	It is a personal trait.	It is a formal right, given to the high officials.
Source	Knowledge and expertise.	Position and office.
Hierarchy	Power does not follow any hierarchy.	Authority follows the hierarchy.
Resides with	Person	Designation
Legitimate	No	Yes

Power vs. Authority

- Power and authority describe the ability to influence others, but there are a few key differences between these terms.

- The relationship between power and authority. Which one is correct?
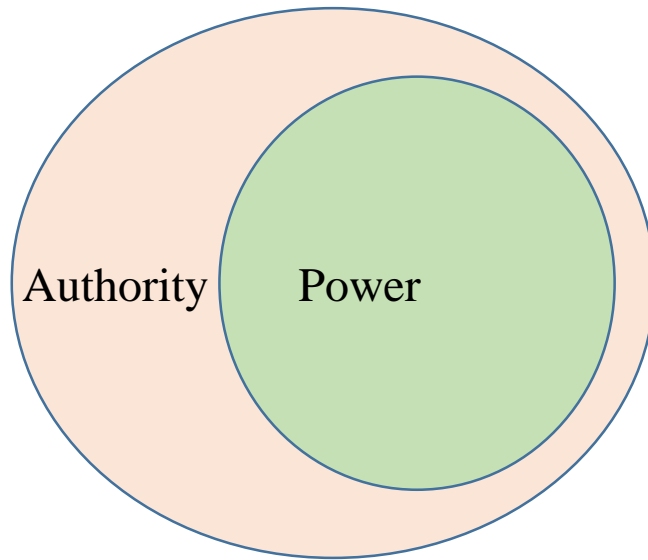
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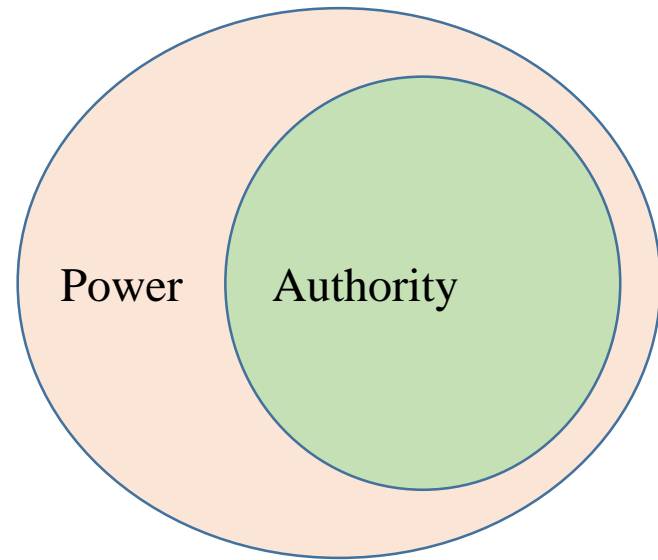
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Politics in Organizations

- Politics is the use of power to influence decisions toward goals.

- Organizational politics involve activities to acquire, develop, and use power to influence others.

- Politics is a mechanism for arriving at consensus when there is high uncertainty and disagreement over goals or priorities.

- The domain of political activity in most organizations are:

  - Structural change;

  - Management succession;

  - Resource allocation.

Politics in Organizations

- For most people with modest political skills or who are unwilling to play the politics game, outcomes are negative.

- Employee responses to organizational politics:

  - Decreased job satisfaction;

  - Increased anxiety and stress;

  - Increased turnover;

  - Reduced performance.

Interdepartmental Conflict

- Intergroup conflict requires three ingredients:
    - Group identification
    - Observable group differences
    - Frustration

- This type of conflict is similar to competition but more severe.

- Intergroup conflict can occur horizontally across departments (i.e., interdepartmental conflict) or vertically between different levels of the organization.
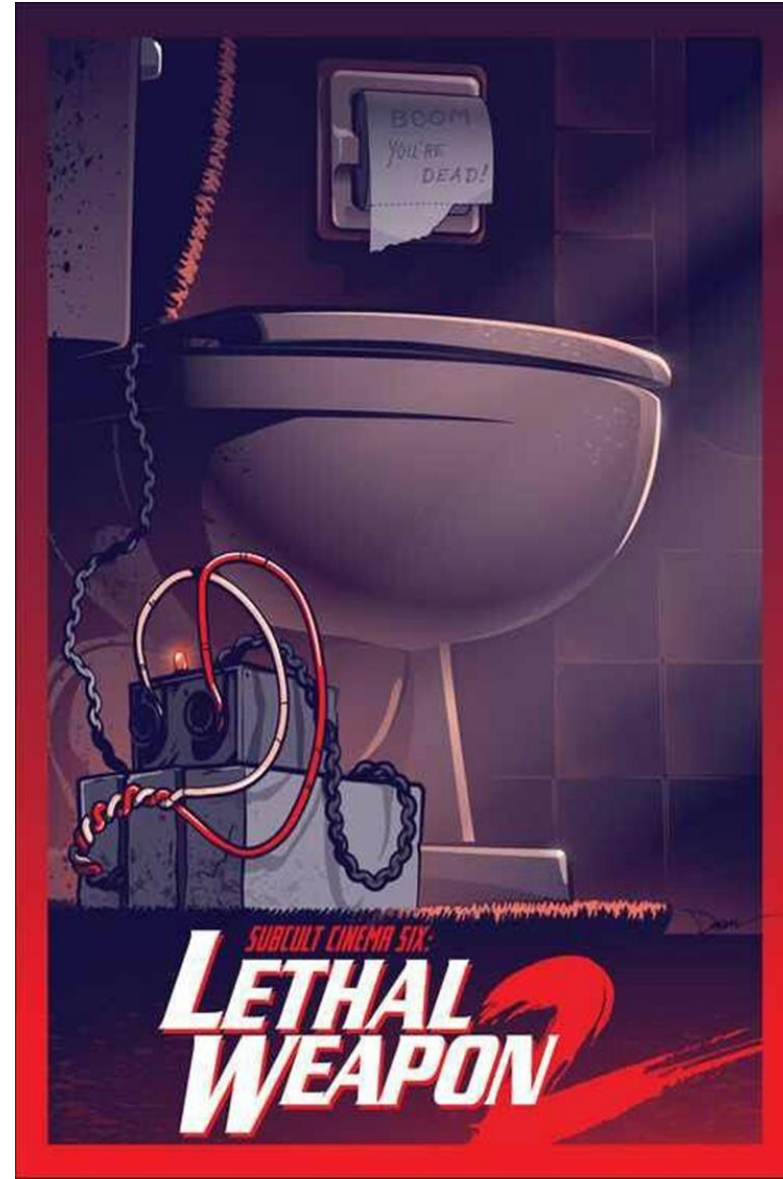
Review Question 1

- Referent power depends on the leader's _____

  a.   formal title.

  b.   personal characteristics.

  c.   position in the hierarchy.

  d.   salary.

  e.   reward power.

Review Question 2

- Power based upon one's expertise, special skills, or knowledge is _____

    a.   coercive power.

    b.   legitimate power.

    c.   expert power.

    d.   referent power.

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