

The Sources and the Effects of the Individual Power in the Economic Organizations



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Abstract. *Few concepts have such an important significance, both for individuals and for organizations, as it happens with the concept of power. To be in power, to have full powers, to obey power, to gain power are expressions that translate the individuals' conscious or unconscious concerns, obsessions or relations that allow the functioning of the social groups.*

In their turn, the organizations are the theatre of numerous power games and conflicts. These are not connected only by personal ambitions, but also by the fact that the individuals and the groups, diverse as structure and functions, have objectives that do not coincide entirely.

Moreover, each individual has a different vision regarding the means, methods or strategies necessary to get a good functioning of the entire organization. Everyone tries, more or less, to defend the own interests, which do not necessarily correspond to those of other persons and groups. It is thus natural to emerge conflicts.

All these observations require a careful investigation of the power sources and the effects in an economic organization, so that we could prepare mechanisms able to diminish the risks of the destructive conflicts.

Key words: power; authority; power sources; power games; power relations.



1. The concept of power

Any theoretical approach regarding *power* begins with its most general meaning and with the associated concepts.

Thus, it is important to know that:

- *power* is considered the ability of an individual or groups of individuals to act on other individuals or groups and to influence the functioning and the results of an organization;
- *authority* designates the formal dimension of the power and is connected to the roles played in an environment or an organization, according to the binding laws and regulations. Although, as regards the authority, there is another meaning

designating rather an attribute, a natural, inner quality of a person, which allows him/her to obtain easily the others' approval and submission (This meaning is frequently associated with the term *charisma*, extremely important in the leadership issues).

- *influence*. There are many theoreticians who do not consider power and influence to be the same thing. According to them, pursuing influence is necessarily associated with the individuals' indirect, unconscious, involuntary action, with the psychological aspect of their present relationships.

We have previously defined power as the ability of an individual or groups of individuals to act on other individuals or groups: this first definition reveals the relational dimension of the power. In other words, power is not an attribute, but a relation. We are not born with power, but we gain it, build it, and negotiate it permanently with the others. Any individual's power cannot leave aside the others, their relations, their ability to block or to reverse the situation, to oppose, to threaten or to reduce the others' power.

The approach of power, from the point of view of the relation between individuals, implies three important ideas:

- *dependence*. In all the power relations there is a mechanism of power-dependence, as we can see in the following image:

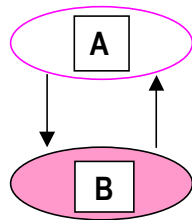


Figure 1. *The dependence relation in pursuing power*

- A pursues power on B.
- In his turn, B pursues power on A, according to the possibility of accomplishing, better or worse, what A required. In other words, A is dependent on B's competence.
- *mutuality*. The analysis of power as a relationship allows us to highlight the fact that power never belongs only to one party and that a subordinate (in an organization) has always a part of power, even if it is not too important.
- *unbalance*. Regardless of the formal or informal power of a subordinate (within an organization), the chief has in general a greater power, as he/she has:
 - a certain hierarchical status,
 - a better access to information,
 - a system of relations and,
 - a better ability to intervene.

The power of the parties involved in a relation is not always easily identified or stable for good. It keeps changing, compensating or reversing and it is possible to appear frequently an area of potential unsuspected power, under certain favorable circumstances.

2. The power sources and resources

In order to understand better the content and the effects of power, we will present below the elements on which power is based and the means of pursuing it.

We will refer thus to the power sources and resources.

Power sources are the basis of power, the elements, factors or situations that allow the access to power. They are associated with legitimacy and *opportunity*.

Legitimacy: this requires the existence of reasons (rational or not) that justify the power and make an individual be obeyed to. We can distinguish between various types of legitimacy:

- *rational-legal legitimacy*. It is the rational-legal power based on science, rules and law. It is interesting the fact that the aggregate of the administrative management of the modern societies is based on this type of legitimacy: those obeying do not comply with individuals but with legal regulations or with people empowered by such regulations.

At the level of organization, this legitimacy corresponds to its formal structure and to the totality of explicit regulations and procedures established by the organization in order to function properly.

These explanations favor the connection between legitimacy and authority: we obey by complying with the hierarchical rules or with the procedures entitling a certain manager to order and to pursue the authority.

- *traditional legitimacy*. It is a domination based on the cultural heritage and on the tradition.

At the level of organization, this legitimacy is associated with the informal aspect of the cultural heritage, customs, usage and accumulated knowledge.

- *charismatic legitimacy*. This is the domination based on an extraordinary devotion justified by its sacred nature or by the heroic force of a person or of the order he/she created or imposed. Within the organization, this legitimacy sends to an informal aspect, to the psychological dimension and to the specific qualities of a personality.

The presentation of these types of legitimacy requires a specification: they can co-exist in an organization, but in various ranges. Generally, there is a dominating type of legitimacy that influences the organizational culture significantly.

We can also add to these types of legitimacy:

- *legitimacy provided by expertise*. The domination derived from this legitimacy is based, like the charismatic legitimacy on the acknowledgement of the specific qualities. However, in this case the qualities enter exclusively the competition field.

The acknowledgement of the legitimacy provided by expertise can be certificated and guaranteed by diplomas or other certificating documents or by the familiarity with a specific activity field.

Opportunity. If in many cases power is pursued (in a community or in an organization) on the basis of one of

the above mentioned types of legitimacy, in other cases it is pursued much more informally, according to certain opportunities that can allow an individual to control one or more power resources (tools), however not legitimately.

Power resources. They are the means (tools) that an individual can control and use to pursue the power, namely to act on others' conduct.

The power resources can be split in two categories:

- *formal resources* are most frequently associated with the power derived from a legitimacy sources, no matter what, and
- *informal resources* are most frequently associated with the power derived from the existence and valorization of certain opportunities.

The *formal resources* category includes:

- *the control* of the financial means, on the equipments or on human resources.
- *formal authority*: this derives directly from the rational legitimacy and confers the possibility to order and to be obeyed according to a formal explicit and acknowledged position.
- *coercion* – based on pursuing force and pressure. In organizations, we cannot talk about physical force, but about certain sanctions that are more or less direct, softer or harder: disciplinary sanctions, firing, disciplinary moving or reprimands. It is easy to notice that those who can apply this kind of coercion are considered powerful and are obeyed.
- *reward* – it can be financial or psychological, moral (public award of prizes, diplomas, medals).
- *information* – it can often represent an attribute of hierarchical power in a certain structure. Regardless of the origin of this resource, the possession of information pursues power on those who need it. The more this need is important, the more power has the person possessing the information. On the contrary, if the information spreads, the power of the person possessing it can disappear completely or until getting other important information.

In the case of the *informal resources*, the power is based on symbols and is associated with the prestige, experience and competence of certain persons who have the ability to inspire norms that will be followed by the others or who can deliver rewards or symbolic sanctions producing effects.

3. The power games in an organization

Defining power as a relation led to a careful analysis of the people involved and to the development of some very interesting points of view regarding the power games that can exist in the organizations. It is easily noticed that an organizational situation can never compel a person

completely, but it always allows the person a certain range of freedom and negotiation.

The individual behavior is the manifestation of a rational strategy aimed at using as well as possible the personal power in order to maximize the incomes within the organization.

In order to attain this goal, the individuals use contradictory complementary strategies:

- *offensive strategies* through which they can compel the other members of the organization in order to satisfy their own needs and,
- *defensive strategies* through which they can elude the constraints and can protect systematically their own range of freedom and action.

It is necessary to highlight that application of these individual strategies is done by respecting certain game rules that, especially at the level of an organization, have to guarantee its survival. Most frequently, these rules regard the development and the solving of conflicts, the negotiation process and can be both formal and informal. The intensity of power games within an organization can be higher or lower, depending on the situations or the circumstances.

Favorable premises for the intensification of the power games appear especially when:

- *the resources are insufficient.* The scarcer the resources are, the tougher the competition is, in order to get them.
- *the long-term objectives are not clear.* In the absence of a clear framework, attempts to impose certain points of view will frequently appear, points of view favoring the personal interests.
- *the external environment is instable.* The incertitude created by such an environment favors the power games, each one trying to capitalize the temporary situation.
- *the changes are imminent.* In these cases, the roles change and there will appear disputes for increasing the personal power.

In these power games there are used certain techniques in order to increase the power or to allow gaining advantage from a situation that generates power. We remember the following:

- *Development of a network of good relations* with powerful persons, with persons who can offer wise advice or with colleagues with the same interests. Those participating to this kind of network can belong exclusively to the organization or can be outsiders.
- *Good personal image management.* The image of an individual or of a group can constitute an advantage, especially in the organizations where the professionalism and the competence are essential for the development of the career. This

personal image is especially important when the decisions are made at higher hierarchical level and the duration of contact is shorter.

- *A good collaboration* with your team. Any hierarchical chief who wants to increase his/her power outside his/her department has the interest to form an efficient team that can successfully accomplish important projects and reject certain disadvantageous actions. The existence of a manager who climb the hierarchical ladder is, for each member of the team, an advantage: firstly because work is in general more stimulating and challenging, secondly because there can be opportunities for their own careers.

In order for the relation between the team and its leader to be based on a power agreement, a few conditions are necessary:

- First of all, the hierarchical chief should demonstrate how important the management of his team is for him by proving concretely that he is interested in the relations created and developed between him and his team and within the team.
- Then, a hierarchical chief should protect his team by the excessive pressures of the environment in which this activates.

If we analyze attentively what happens in the organizations, we can frequently notice that, when a manager has important and durable power, the creation and the management of the team played an essential role. He knew for sure how to play a positive role within the team, having high expectations from its members, but offering them in return: advice, information, professional knowledge and a state of mind favoring the performance.

Developing activities within an organization frequently creates favorable premises for the emerging and functioning of *power coalitions*. These phenomena appear when groups of persons or structural units (offices, services, departments...) join in order to act together to favor certain decision making.

Thus, the power coalitions can be:

- *defensive*, when they appear to face a threat. They usually reunite groups that can have different interests but that, under these circumstances, make an agreement regarding the mutual issues which have to be defended.
- *offensive*, when the members of the coalition act together to sustain a new project in order to adopt new measures or simply to modify the existent situation.

4. Power games typology

The power games in an organization can have various objectives. Thus, some of the *defensive* games can aim at counter-attacking the authority, while others aim at fighting against this insurgency. In their turn, the *offensive* games

can try to consolidate the power, to defeat a competitor or to trigger an organizational change. Henry Mintzberg identifies five main categories of organizational games:

- *Insurgency games* (of counter-attacking the authority). These appear when there is a refusal to obey the authority, a resistance to the dominating ideology in the organization or an opposition to the organizational requirements. The forms of insurgency frequently met in organizations are: the protest, the limitation of the production, the temporary or the total interruption of the activity.
- *Counter-insurgency games* (of counter-attacking the opposition against the authority). In such cases, more types of activities are possible:
 - activities of increasing the authority, of creating stricter regulations, of giving penalties. Such activities are efficient only in the cases of extreme indiscipline.
 - activities of information, negotiation, persuasion, when the disobedience is not obvious and more difficult to prove.
 - activities that maintain a competition between subordinates, according to the well-known saying "divide et impera".
- *Power building games*. Many games in this category are used by people who have certain positions (ranks), in order to obtain power. There can be:
 - situations when certain individuals attach themselves to higher-up people, promising loyalty in exchange for a part of power.
 - situations when certain individuals create and maintain alliances allowing a power base between colleagues. These kinds of deals appear frequently between the middle management who negotiates implicit contracts of mutual support. Most frequently, these groups have an ephemeral existence, appearing when there are specific problems to be solved and disappearing when the solutions are found. However, there are situations when the groups still exist because their members have some common characteristics and interests.
 - situations in which people act to build some empires, joining in the same area numerous subordinates from various subunits. These games are frequently played by middle managers in order to increase their power, using all the possible negotiation means: association with influent persons, research for important information, exploitation of the legitimate of influence and so on. Mintzberg noticed correctly that when it comes for building empires, the organizational world becomes similar to the

animal world or to the nations' world: if in these cases the battles are fierce in order to gain territories, in organizations the purpose is to "conquer" some structural units, functions or positions.

- situations in which, in order to increase the power range, people act to obtain equipments, spaces, various tools and especially money. Taking into account that these means are allocated according to some financial plans that are budgeted, these power games were called budgeting games. The excessive interest for an advantageous budgeting can lead sometimes to:
 - Requesting resources that are bigger than necessary, taking into account the fact that, in the phase of budget finalization, there will be adjustments, cuts.
 - Useless expenditures by the end of the year (squandering), having the only goal to use the last available money to avoid the cutting of the resources for the next year that would happen if there was any money left.
 - Underestimating on purpose the cost of the investment projects or overestimating the expected benefits, in order to obtain credits or other financial resources.
- *Expertise games* – used sometimes to obtain a power base by the means of higher-up people or of peers. In this case, the expertise becomes means of influence. In order to face these situations, the directors who have legitimate power and are threatened by experts can only rationalize the competences, favor the learning and avoid the professional monopolies that could appear.
- *Lording games*. These are based on the exploitation of the legitimate power in an illegitimate manner. People playing these games transform the exigency to respect regulation in an absolute obligation, suppressing any possibility to interpret them flexibly according to the specific needs. In this case, the regulations, at first conceived as means, become purposes. The careful analysis of these games justifies the statement that they allow the players to have the impression that they can control the others but in fact they cannot allow, almost never, the creation of a real power base.
- *Rival camps games*. These games are not aimed at increasing personal power, but at reducing the rivals' power. They are present in all the confrontations between the central hierarchical power and an informal expertise power. This often happens between professional fields or departments with different expertise within an organization (for example: sales vs. manufacturing) or between

personalities who exist in the organization at the same time or reflects the confrontation stirred by an important change (*old guard*, hostile to changes and *young guard*, favoring the changes).

- *Games meant to prevent organizational changes.*

According to Mintzberg, we can identify the following main games:

- *Strategic candidates games*

In this case, people who want to make a strategic change or to promote a project will aim at sustaining a strategic candidate. This will be able to make the change as he has the legitimate power. There are situations when the supported candidates are just masks, hiding alliances. There can also be confrontations between rival groups who sustain different candidates.

Taking into account the stake of the organizational changes, the mechanisms that are created or that favor these games have to be studied carefully.

- *Whistle-blowing games*. This is a specific game usually temporary, created to use important information in order to make a certain change in the conduct of an organization. It happens when an internal agent (often having a low rank) informs an external powerful person about a situation, a practice, a vulnerability of the organization so that this stirs a legitimate pressure to change the existent state of things.
- *Young Turks games* ("thrusting young men"). This is used to produce fundamental changes in the strategy or organizational culture. They are often seen as rebellions or revolutions and can be done by:
 - Creating alliances with powerful owners of extreme influence in order for the central authority to impose the desired changes.
 - Pursuing internal pressures in order to obtain from this authority the agreement for the desired changes.

These games are very intense and the organization will not be the same anymore after such an action. There can be the following effects:

- An attitudinal change of the legitimate power in charge;
- The taking over of the power by the young men;
- The repression can lead to a Dissidence of the young men who leave the company taking with them a part of it.

Conclusions

The discussion about the power issues was aimed at calling attention on this topic towards a subject that still has a lot to say. The recent developments and the foreseeable ones make us believe that the interest for power will increase both at the individual and at the organizational level.

Taking into account all these reasons, we would like to highlight the importance of the studies regarding the changes in the power systems when turning from the traditional capitalist organization to advanced forms of neo-capitalism. Here there are only a few ideas emerged from these analyses:

- Power is not a simple attribute of some people or groups; it can create a system with economic, political, ideological and psychological dimensions. Although all these are obvious dimensions, we should also notice the extension of power from the economic area towards the political, ideological and psychological areas.
- In very modern enterprises there are frequently used techniques of management from distance. In this case, the rules replace the personal orders, a controlled autonomy appears, as well as an extremely interesting relation centralization-decentralization (decreasing decentralization operates within a stronger centralization at the level of rules and strategies).
- The role of organizational culture as well as the identification of the individual with the organization, with its objectives and values, are highly stressed.
- The influence of the organization on the individual is made by the means of certain tools that *impose* (entering the organizational structure, depending on the organization, the omnipresent control system) or on the contrary, by tools that *produce pleasure* (success, competition, self victory, pursuing an inaccessible ideal).
- Nowadays we assist to a process through which the organization creates the individual (who becomes the first product of the organization, before the product itself, which will enter the market) and we notice that, in his turn, the individual reproduces the organization, by being strongly devoted to its goals.

As we can see, these transformations make the power issue become more and more complex. The natural question in this case is: *To what extent are we ready, as individuals and as organizations, making from power a tool able to maximize our success?*

In the absence of a definite answer, the present article is meant to be a beginning of the debate between the theoreticians and the practitioners in the Romanian business world, with regard to this topic.

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