

CHAPTER 24

Power Dynamics in Organizational Life

Divyakumar Hemantkumar Shah and Parth Indraprakash Chhabra***

ABSTRACT

The dynamics of power are an integral part of organisational life, although they are rarely discussed. Knowledge, control of information, social relationships and interpersonal trust are additionally informal structures of power, influencing decision-making, leadership effectiveness and interpersonal relations and organisational performance. This is increasingly relevant with organisations becoming flatter, knowledge-based, and digitally connected, as these developments challenge the traditional notions of authority. This article reflects on the nature of power in the organisational context, its sources, its operation and the consequences of its use for the effectiveness of management and its ethical use, and explains that power is a neutral capacity which depends on how it is used, how it is perceived and how it is held accountable. The article is conceptual and is based in literature, which includes classical and contemporary research on organisational behaviour (the work of Pfeffer, Kramer and Neale, Fairholm and Akande) and literature on interdependence and network-based power. It concludes that power dynamics are inherent and integral to the functioning of an organisation, that using power transparently and in an ethical way enhances collaboration, leadership and sustainability and that failing to use power or using it in an inappropriate way will lead to conflict and dysfunction. Power literacy is therefore an essential skill for leaders and employees.

Keywords: Power dynamics; Organisational politics; Influence; Leadership; Followership.

1.0 Introduction

Organisations usually are represented as systems of formal control, standard procedure and clearly delineated roles. Yet, in any organizational experience, it is clear that there is no consistent relationship between power and formal rank. Those with no leadership position often influence decisions, control important resources or direct collective action, whereas those with a leadership position might not be able to obtain a following.

**Corresponding author; MBA Student, Indukaka Ipcowala Institute of Management, Charotar University of Science and Technology (CHARUSAT), Changa, Gujarat, India
(E-mail: 24mba170@charusat.edu.in)*

***Assistant Professor, Indukaka Ipcowala Institute of Management, Charotar University of Science and Technology (CHARUSAT), Changa, Gujarat, India (E-mail: parthchhabra.mba@charusat.ac.in)*

The power relations observed suggest that there are power relations outside the organisational structure. Power might be seen as the pattern in which individuals and groups affect each other in organisations. They rule over resources, decision making, conflict outcome and the sharing of rewards and responsibilities. Pfeffer (1992) suggests that power is not a deviation of rational organisational performance, it is a part of their actual functioning. Resistance and refusal to power does not weaken it, it simply makes it more invisible and therefore more difficult to control.

2.0 Literature Review

In the early theory of organisation, structure, hierarchy, and formal authority were considered to be the main coordination and control tools. Later studies on organisational behaviour have, however, repeatedly demonstrated that, in many cases, informal power is more influential than formal power. Pfeffer (1992) notes that individuals who hold scarce resources, special skills, or key roles in organisational networks have the potential to wield a lot of power even if they don't have high-ranking positions. French and Raven (1959) developed the classical taxonomy of the bases of power -- coercive, reward, legitimate, expert, and referent and this taxonomy has been the foundation for analyses since then, such as Fairholm's (2009) analysis.

Kramer and Neale (1998) further explore the psychological aspects of power, finding that it influences cognition, risk perception and ethical decision making. Power can have a positive effect in leading to confidence and decisiveness in actions, yet it can also lead to diminished empathy and heightened sensitivity to biased judgement when there is limited accountability. The discussion has been expanded more recently, focusing on interdependence and network-based power; Tjosvold and Wisse (2009) state that power is created through interdependence rather than unilateral control, making the dynamics of power also context-specific.

On-going research has also challenged the leader-centred perceptions of subject with a focus on followership and upward influence. In modern knowledge based organisations, Akande (2024) states, the power can go up and down through the process of participation, resistance and creativity. These literatures, when considered together, show that power is an inevitable and complex phenomenon and a subject for study, not to be avoided.

Building on these reflections, the current article examines the nature of power as a practical and ethical organisational fact and aims to develop a nuanced understanding of the ways in which power can be used responsibly in the name of organisational effectiveness and sustainability.

3.0 Concept Explanation: Understanding Power in Organisations

3.1 The nature of power

In an organisational setting, power can be regarded as the ability to affect the actions of other people or groups of people, as well as access to important resources and as a determinant of organisational performance. Power can be obtained informally, such as through experience, relationships or the location within a network, while authority is derived from position. Pfeffer (1992) argues that power does not exist as a pathology in organisational activity but it is one of the processes through which organisations survive.

Power is never absolute it's relative. It is found only in a context where another person or group relies on a person or unit for something they value and on that basis the account establishes that power is not predetermined but is rather a contextual issue (Emerson, 1962). The power relationships in an organisation evolve in relation to its changing needs (Tjosvold & Wisse, 2009).

3.2 Sources of power in organisational life

There are several different sources of power identified in the literature. Following French and Raven (1959), these are typically listed as coercive power, reward power, legitimate power, expert power and referent power, and Fairholm (2009) explores how these are all exercised simultaneously and how they interact with each other in organisations. In knowledge-based organisations, in particular, expert power has grown in importance, as technically competent workers have the power to influence but lack managerial authority. Power as a result of trust, respect and personal standing, known as referent power, is also a determinant in informal leadership.

Pfeffer (1992) notes that control of resources – budgets, information and how decisions are made – is a significant boost to power. The ability to wield influence beyond their formal authority is particularly pronounced among people who hold a boundary-spanning role within an organisation or who are an intermediary between departments (Mintzberg, 1983).

3.3 Psychological dimensions of power

Power influences both organisations and individuals' behaviour and cognition. It impacts interpretation of information, risk assessment and interpersonal relationships, as noted by Kramer and Neale (1998). The people who have positions of authority seem to be more self-assured and more self-confident, which can lead to effectiveness and decisiveness. The same factors, however, could decrease empathy and make it more likely that biased judgement will result. Studies have found that possessing power changes the way people think about themselves and their relationship to others: people feel less

restricted by social convention and more free to act (Keltner et al., 2003). This latitude could foster creativity and innovation but can also lead to moral challenges, especially in the absence of accountability systems or their enforcement.

4.0 Power Dynamics in Practice

4.1 Power, politics and organisational reality

Organisational politics involves intentional effort made by an individual or group to exert influence on the decision-making process for their own benefit. The word ordinarily has a bad connotation but political behaviour is an inevitable response when interests collide and resources are limited. According to Pfeffer (1992), if an organisation doesn't involve itself in politics it does not make the organisation more ethical or more effective, it simply gives power to the organisations that are willing to take it. Political skill is the ability to understand others and to use this understanding to build a coalition, secure agreement and mediate differences (Ferris et al., 2005). Politically savvy leaders can successfully bring change about even if their vision is technically feasible, while politically clueless leaders may not be able to do so, no matter how technically feasible it is. A political incompetence is in this sense a managerial rather than a moral failing.

4.2 Power and leadership effectiveness

Leadership cannot run parallel to power, because if it is to be able to influence others, then it is to have power. In effective leadership, it is important to choose a power tactic that matches the situational demands, as Fairholm (2009) points out. Although coercive power generally creates resistance and disengagement, expert and referent power engender trust and commitment.

Thus, understanding the nature of power as a relational process is important for its effectiveness rather than as a privilege of position. Leaders who are aware of how power can be shared can be better equipped to deal with conflict and to move a group forward.

4.3 Interdependence and network-based power

The interdependence perspective is a view of power based on mutual dependence, not one party controlling another. People become influential when they are needed by others for resources, coordination and/or expertise. The account is a rejection of the hierarchical notion and focuses on collaboration instead (Tjosvold & Wisse, 2009).

Position within a network is an important determinant of power in its own right. People who link different groups, or who act as a kind of a gatekeeper for information between the groups, typically acquire a great deal of informal influence, with network-based power being particularly strong in matrix and project-based organisations.

4.4 Power, conflict and organisational outcomes

The dynamics of power has a significant impact on the way conflict is dealt with. If power is located in the hands of few individuals and is not effectively balanced, disagreement is not likely to be discussed and resolved, but rather suppressed. Power can be a force that, when used positively, can coordinate action within an organization, manage divergent interests and maintain innovation. Organisations are more successful in dealing with conflict when they recognise power differences and deal with them deliberately rather than when they pretend they do not exist, as Tjosvold and Wisse (2009) stress.

4.5 Contemporary views of power and followership

Recent scholarship takes the analysis of power from the leadership domain to the domain of followership. Akande (2024) expounds that power extends from the bottom up in addition to the top down in organisations and that employees can affect the results through compliance, resistance and creativity. This decentralisation of power is in line with the prevailing organizational structures that value participation and empowerment.

The followers do not have authority imposed upon them. They influence what happens in an organisation – its culture, its performance.

4.6 The changing nature of power in the modern organisation

Structures of power have been transformed by globalisation, technology and diversity. Today, expertise is alongside formal authority as a source of influence, and digital literacy and social capital are also influencing organisations, which Akande (2024) suggests they risk falling into inefficiency and disengagement if they don't tweak the power dynamics. Shared power and moral influence is at the heart of sustainable success. To achieve the positive benefits of power, without undue risk, modern organisations need flexibility and accountability to be balanced.

4.7 Power and organisational culture

Culture is composed of values, norms and beliefs that are shared, but often influenced by the powerful people. People and groups with higher status have the greatest influence on determining which behaviours are rewarded, tolerated or discouraged, which gradually becomes part of normal practice and part of the way decisions are made. However, Pfeffer (1992) maintains that culture is not a neutral or collective entity, but can be shaped to ensure the stability of powerful actors. Leaders might, for example, reinforce values of loyalty and commitment, which could help to reinforce a direction set out previously. That doesn't mean it has to be a negative thing; it means instead that culture can be a subtle means of control. Power relations within a culture are not static. Employees can challenge prevailing narratives informally, or by creating peer networks, or by engaging in

collective action, implying that culture is a place in which power and meaning are negotiated constantly (Kramer & Neale, 1998).

4.8 Power asymmetry and inequality

In organisations, there are unequal relationships, based on hierarchy, expertise, access to information or social capital, that are created by power. There needs to be a balance to coordination and leadership, but too much imbalance creates inequality and dissatisfaction. When employees believe that power differences are unjust or unethical, they are significantly more likely to withdraw or oppose organisational goals (Fairholm 2009). Where decision making is not transparent, or when influential people pursue personal interests over collective, it's a problem of asymmetry.

Participative management, decentralisation and inclusive leadership are among the efforts that modern organisations try to implement to minimize negative imbalances. Even in flat organization, however, there is informal power in the form of networks and alliances, meaning that power imbalance can never be completely eradicated and must be taken on purpose and ethically.

4.9 Power, stress and employee well-being

Power distribution directly related to stress and well being. People with less influence have some feelings of uncertainty, of lack of control, and therefore of being vulnerable, which has implications for their stress levels and satisfaction with their job. For those with a significant amount of power there are different pressures: pressure to stay in power, pressure to justify their position and pressure to be continually expected to fulfill their duties.

Kramer and Neale (1998) have reported on research that suggests that power affects emotion and perception of stress. Those who have it might feel more in control of what happens and less stressed as a result, but may also become over-confident and over-involved in taking risks with negative long-term consequences.

An organisational perspective can also lead to a fear or a silent environment because of unbalanced power dynamics, where employees are reluctant to speak out. This puts pressure on the mind and stifles innovation. Stress must be managed, in relation to the power, by creating reliable avenues for voice, feedback and participation.

4.10 Digital capability as a new source of power

New sources of power are available because of technology. Staff who have skills in digital systems, data tools / platforms often have influence irrespective of their official role, and information systems control over information systems affects workflow, reporting and decision-making.

Digital competence disrupts the conventional system of hierarchy (Akande, 2024). Efficiency might be increased but reliance on a few people may also be created. This change should be recognised by organisations to ensure that digital power is shared responsibly. Training, documentation and established practices of knowledge sharing all contribute to avoiding the unhealthy concentration and to the development of collective competence.

4.11 Balancing power for long-term success

Where power is dispersed, it works well for organisations, but when it is centralised or ignored, it doesn't. Too much focus and too much resistance, too little clarity about where the power is and too little clarity about the process and too much confusion and delay. From the interdependence point of view, a person's power should be proportional to his or her responsibility, as well as to the task (Tjosvold & Wisse, 2009). Cooperation is much more likely when people appreciate the need for power and how it is being used.

Power is never a fixed thing, it needs to be continually rebalanced. When roles, technologies and environments evolve, so do power relations and a continued awareness and reflection are essential if power is to stay in tune with organisational goals.

4.12 Working with power rather than against it

Power is part and parcel of organisational life and cannot be avoided, but it can be understood and dealt with responsibly. If an organisation does not face power, it will not be more ethical, as organisations that fail to talk about power will make power invisible and thus more difficult to govern (Pfeffer, 1992).

Building an awareness of power enables managers and workers to face organisational realities confidently. Open recognition of power makes it easier to wield it in an ethical manner, to minimize conflict and enable collaboration. The balance of power is now no longer the dominance of one over the other. They address relationships between individuals, accepting responsibility for actions, and working to achieve shared goals. Organisations that understand this are better able to grow sustainably.

5.0 Conclusion

Power is a part of organising and is not separable from the interaction between people in the organisation, between managers and employees, on a daily basis. Power is not a bad thing, it enables organisations to coordinate effort, allocate resources and to seek common goals. The denial of its existence does not take away its effects but hides processes that have important consequences for the organizational outcomes. This article has demonstrated that power is exerted from many different sources such as expertise, network

position and control over resources. When abused it provides conflict; when managed properly it can foster a spirit of cooperation, creativity and moral responsibility.

It's vital that leaders and employees both know how things work. Power literacy helps individuals to effectively engage with organisational politics, to contribute constructively and to support ethical decision making. Organisations will continue to change, and sustaining a balance and transparency in power will continue to be a key factor for the effectiveness and sustainability of organisations.

References

1. Akande, A. (Ed.). (2024). *Power, politics and influence: Exercising followership, leadership, and practicing politics*. Springer. <https://doi.org/10.1007/978-3-031-69610-7>
2. Cartwright, D. (Ed.). (1959). *Studies in social power*. University of Michigan Press.
3. Emerson, R. M. (1962). Power-dependence relations. *American Sociological Review*, 27(1), 31–41. <https://doi.org/10.2307/2089716>
4. Fairholm, G. W. (2009). *Organizational power politics: Tactics in organizational leadership* (2nd ed.). Praeger.
5. Ferris, G. R., Treadway, D. C., Kolodinsky, R. W., Hochwarter, W. A., Kacmar, C. J., Douglas, C., & Frink, D. D. (2005). Development and validation of the political skill inventory. *Journal of Management*, 31(1), 126–152. <https://doi.org/10.1177/0149206304271386>
6. French, J. R. P., Jr., & Raven, B. (1959). The bases of social power. In D. Cartwright (Ed.), *Studies in social power* (pp. 150–167). University of Michigan Press.
7. Keltner, D., Gruenfeld, D. H., & Anderson, C. (2003). Power, approach, and inhibition. *Psychological Review*, 110(2), 265–284. <https://doi.org/10.1037/0033-295X.110.2.265>
8. Kramer, R. M., & Neale, M. A. (Eds.). (1998). *Power and influence in organizations*. Sage Publications.
9. Mintzberg, H. (1983). *Power in and around organizations*. Prentice Hall.
10. Pfeffer, J. (1992). *Managing with power: Politics and influence in organizations*. Harvard Business School Press.
11. Robbins, S. P., & Judge, T. A. (2017). *Organizational behavior* (17th ed., Global ed.). Pearson Education.
12. Tjosvold, D., & Wisse, B. (Eds.). (2009). *Power and interdependence in organizations*. Cambridge University Press.