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Informal Authority in the Workplace

Abstract

{Excerpt} In most types of organizations, formal authority is located at the top as part of an exchange against fairly explicit expectations. In networked, pluralistic organizations that must rapidly formulate adaptive solutions in an increasingly complex world, its power is eroding as its functions become less clear. In the 21st century, the requirements of organizational speed demand investments in informal authority.

Formal authority—the power to influence or command thought, opinion, or behavior—is the defining characteristic of societal and organizational hierarchy. Ideally, after Ronald Heifetz, it is expected to serve five functions that most will agree are indispensable to social life. They are to (i) provide direction, (ii) offer protection, (iii) orientate roles, (iv) control conflict, and (v) maintain norms. Then again, in practice, there is a darker side to what formal authority can do on any given day: for instance, a boss can restrict a subordinate's actions, invalidate his or her decisions, or move for dismissal.

Keywords

Asian Development Bank, ADB, poverty, economic growth, sustainability, development

Comments

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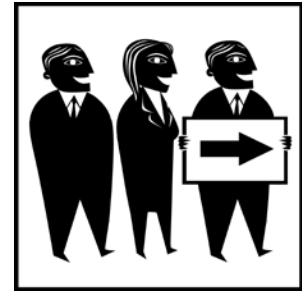
Informal Authority in the Workplace

By Olivier Serrat

In most types of organizations, formal authority is located at the top as part of an exchange against fairly explicit expectations. In networked, pluralistic organizations that must rapidly formulate adaptive solutions in an increasingly complex world, its power is eroding as its functions become less clear. In the 21st century, the requirements of organizational speed demand investments in informal authority.

The Insufficient Returns from Formal Authority in Organizations

Formal authority—the power to influence or command thought, opinion, or behavior—is the defining characteristic of societal and organizational hierarchy.¹ Ideally, after Ronald Heifetz,² it is expected to serve five functions that most will agree are indispensable to social life. They are to (i) provide direction, (ii) offer protection, (iii) orientate roles, (iv) control conflict, and (v) maintain norms. Then again, in practice, there is a darker side to what formal authority can do on any given day: for instance, a boss can restrict a subordinate's actions, invalidate his or her decisions, or move for dismissal.



Charting a chain of command up a hierarchy, one will eventually locate someone (or some group) who administers the organization's collective decision rights (and enjoys the perquisites ascribed to the function). With power comes a set of resources with which to manage the holding environment of the organization and marshal attention. Yet, if formal authority resides at the top in most types of organizations to this day, it is located there as part of an exchange against overt expectations in a specific context.³ Therefore, it can be taken away. Commonly, it is also lent on to lower-level managers according to the relevance and importance of their positions (with which special rights and privileges are in turn associated). Paradoxically, in all cases, managers can be made responsible for getting things done but are not given the requisite authority—certainly not over their own bosses or peers.

Formal authority cuts less and less ice: in networked, pluralistic organizations that

¹ Formal authority, in management, is the legitimate right, specified in job descriptions and terms of reference, that gives an individual the license and associated responsibilities to decide on behalf of an organization (or in the name of its sponsoring executive).

² Ronald Heifetz. 1994. *Leadership Without Easy Answers*. Harvard University Press.

³ Typically, job descriptions and terms of reference are accompanied by stipulations of education and experience requirements and specifications of desired competencies. Reporting relationships are made clear, too.

have no choice but to rapidly devise adaptive, not just technical,⁴ solutions in a composite world, the power of formal authority is eroding as its utility becomes less clear. (As a result, many managers often feel they have traded their erstwhile, relative freedom against a chimera.) At the same time, since many organizations are discarding command-and-control hierarchies in favor of flatter management structures, and essential expertise and decision-making ability is ever more widely dispersed in organizations,⁵ it is necessary to excel at persuasion to move people in the right direction and get work done through others under new conditions. Therefore, all things considered, formal authority is best understood as the potential for power, the total amount of which 21st century organizations should aim to expand by leveraging mutual influence among personnel.

I would rather try to persuade a man to go along, because once I have persuaded him, he will stick. If I scare him, he will stay just as long as he is scared, and then he is gone.

—Dwight Eisenhower

Table 1: The Myth and Reality of Formal Authority

	Myth	Reality
Operative Principle	Authority	Interdependency
Source of Power	Formal authority	“Everything but ...”
Key Players	Subordinates	Includes those outside one’s formal authority
Desired Outcomes	Compliance	Need for identification and internalization
Managerial Competencies	Primarily technical	Technical, human, conceptual

Source: Adapted from Linda Hill. 2000. What It Really Means to Manage: Exercising Power and Influence. *Harvard Business School Note No. 400-041*. Harvard Business School.

The Challenge of New-Age Leadership

Leadership is a process of social influence by which a person enlists the aid and support of others in accomplishing a common task. Having a positive leadership effect does not depend on formal authority; indeed, some of the best leadership comes from people who purposely eschew that. Conversely, many persons in positions of authority do not exercise leadership: to (endeavor to) fulfill the five basic social functions enumerated above,

Character may almost be called the most effective means of persuasion.

—Aristotle

they navigate warily between Charybdis and Scylla, keen to avoid the troubles that arise when one asks people to confront problems; they are quite happy to simply preserve equilibrium. Extreme responses are to become overly directive or too collaborative.

⁴ More often than not, individuals advance to managerial positions because of their track record in resolving technical problems, chiefly through individual contributions; however, meeting adaptive challenges also necessitates human and conceptual skills in the realm of social learning.

⁵ Education levels have risen and information and communication technology make more knowledge accessible to many more than in the past. Moreover, creativity and innovation are now seen as central to organizational performance: management cannot be expected to be their sole source but must certainly manage for them.

Table 2: Use and Abuse of Directive and Collaborative Leadership

Directive	Too Directive	Collaborative	Too Collaborative
Leads personally. Is personally involved in solving his or her unit's problems.	Takes over. Does not give people enough rope.	Enables subordinates to lead. Is able to let go and give individuals the same latitude to do their jobs.	Empowers to a fault. Gives people too much rope.
Lets people know clearly and with feeling where he or she stands on issues. Declares himself or herself.	Other people do not speak out, are not heard.	Is interested in where other people stand on issues. Is receptive to their ideas.	People do not know where he or she stands.
Makes difficult calls including those with adverse effects on people.	Is insensitive, callous.	Is compassionate. Is responsive to people's needs and feelings.	Is overly accommodating. Is nice to people at expense of work.
Makes judgments. Zeros in on what is substandard or is not working in an individual's or unit's performance.	Is harshly judgmental. Dismisses the contributions of others. Is an unloving critic.	Shows appreciation. Makes other people feel good about their contributions. Helps people feel valued.	Gives false praise or praises indiscriminately. Is an uncritical fan.
Is competitive. Is highly motivated to excel and have his or her unit excel.	Is parochial, a partisan. Creates rivalries.	Is a team player. Helps other units or the larger organization perform well.	Sacrifices sharp focus on own unit. Does not argue for legitimate interests.
Has an intense can-do attitude. Expects everyone to do whatever it takes to get the job done.	Pushes too hard. Demands the impossible. Risks burnout.	Is realistic about limits on people's capacity to perform or produce.	Is too understanding. Does not expect enough.
Is confident. Gives people the feeling that he or she believes in self and his or her abilities.	Is arrogant. Fails to recognize or acknowledge others' talents.	Is modest. Is aware that he or she does not know everything and can be wrong.	Is self-effacing or down on self. Is too quick to discount own views.
Is persistent. Stays the course even in the face of adversity.	Sticks rigidly to a course of action, even in the face of strong evidence it is not working.	Is flexible. Is willing to change course if the plan does not seem to be working.	Is inconstant, changeable. Is too quick to change course.
Raises tough issues. Insists on working through to conclusion.	Forces issues when finesse would work better.	Fosters harmony. Contains conflict. Defuses tension.	Avoids or smoothes over tense issues that need attention.

Source: Adapted from Robert Kaplan. 1999. The Dimensions of Forceful and Enabling Leadership: Virtues and Vices. *Leadership in Action*. Vol. 19, No. 4.

Clearly then, there is a difference between what returns can be expected from formal authority on one side and from leadership on the other: hence, clarion calls for more informal authority in organizations. Unlike the former, which relies on conformity without acceptance,⁶ the power of informal authority to influence attitudes and behaviors rests on admiration, credibility, respect, and trust, which conduce conformity coupled with acceptance. Notions of distributed leadership and management by persuasion appeal: by their means,

⁶ Herbert Kelman. 1958. Compliance, Identification, and Internalization: Three Processes of Attitude Change. *Journal of Conflict Resolution*. Vol. 2, No. 1, pp. 51-60.

organizations can become sophisticated and versatile, listening to and utilizing the expertise of many to intensify mutual influence and make vision real and central.

Defining Influence

The record of mankind's attempts to define (then refine) the principles of successful social influence is long.⁷ In the sphere of interpersonal relationships, influence is having a vision of the optimum outcome for events or circumstances and then motivating people to work together to make the vision authentic.

Herbert Kelman has identified three broad varieties of social influence—namely, compliance, identification, and internalization—that represent three qualitatively different ways of accepting influence. Paraphrasing, compliance takes place when an individual accepts influence because he or she hopes to achieve a favorable reaction from another person or group. That is, the individual adopts the induced attitude or behavior because he or she expects to gain specific rewards or approval and avoid specific punishments or disapproval by conforming. Identification occurs when an individual accepts influence because he or she wants to establish or maintain a satisfying self-defining relationship with another person or group. He or she adopts the induced behavior or attitude because it is associated with the desired relationship. Internalization happens when an individual accepts influence because the contents of the induced behavior or attitude—the ideas and actions that compose it—are intrinsically rewarding. He or she adopts it because of congruence with his or her value system. From a social psychology perspective, the determinants of conformity are normative⁸ and informational.⁹

I don't know the rules of grammar. If you're trying to persuade people to do something, or buy something, it seems to me you should use their language.

—David Ogilvy

Enter the Law of Reciprocity

In truth, irrespective of whether authority is formal or informal, the force that drives attitudes and behaviors, and therefore influence, is the near-universal belief that people should (in one form or another) be paid back for what they do, be that good or bad. Individuals and groups will respond to one another in similar ways: they will react to kindnesses and gifts with benevolence; conversely, they will respond to hurtful acts with some form of retaliation (or at least indifference). Their methods can be crude and mechanical, such as a literal executions of the principle of “an eye for an eye” (“tit for tat”); or they can be complex and sophisticated, e.g., one-to-one, one-to-many, many-to-one, and generalized reciprocity. (Parallels exist in the animal world.)

Connection promotes collaborative intent and multiplies the chances of collaboration. Usefully, Allan Cohen and David Bradford¹⁰ have framed an influence model based on reciprocity;¹¹ it brings the metaphor of currencies into play to describe the process of influence as exchange. They contend that effective managers attempt to build collaborative arrangements with potential allies, even when the latter seem at first adversaries, by discerning what currencies they might have to offer. (Sources of currencies are, broadly, organizationally, job-, and personally determined.) In other words, a manager will exercise influence only in so far as he or she can offer something that others value. (The model need not be restricted to management; it applies to other walks of life, too.)

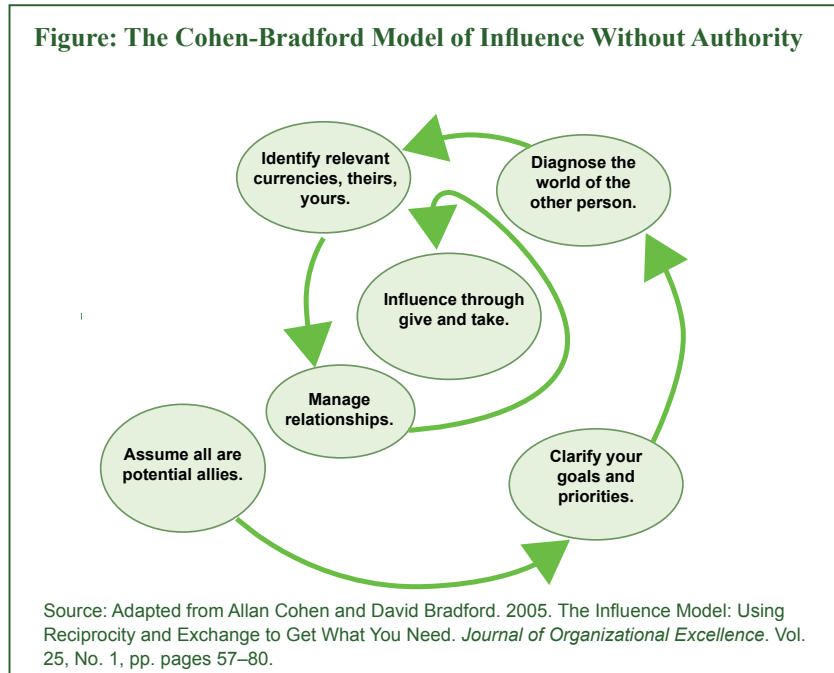
⁷ Aristotle's *Rhetoric* dates from the 4th century BC. It gives a working definition of rhetoric, namely, the ability, in each particular case, to see the available means of persuasion; investigates the three means of persuasion that an orator must draw on, that is, ethos, logos, and pathos; and introduces the elements of style (word choice, metaphor, and sentence structure) and arrangement (organization).

⁸ Normative social influence happens when one conforms to be liked or accepted by the members of a group.

⁹ Informational social influence takes place when one turns to the members of a group to obtain and accept information as evidence about reality.

¹⁰ Allan Cohen and David Bradford. 2005. The Influence Model: Using Reciprocity and Exchange to Get What You Need. *Journal of Organizational Excellence*. Vol. 25, No. 1, pp. pages 57–80.

¹¹ Robert Cialdini lists reciprocity—people repay in kind—as one of six principles of (ethical) persuasion. The others he cites are (i) consistency—people align with their clear commitments, (ii) social proof—people follow the lead of similar others, (iii) liking—people like those who like them, (iv) authority—people defer to experts, and (v) scarcity—people want more of what they can have less of. See Robert Cialdini. 1984. *Influence: The Psychology of Persuasion*. William Morrow and Company, Inc.



At least five types of currencies are at work in various organizational settings: (i) inspiration-related, (ii) task-related, (iii) position-related, (iv) relationship-related, and (v) person-related.¹² Many require no permission to spend, e.g., expressing gratitude, showing appreciation, paying respect, making the attainments of others visible, enhancing someone else’s reputation, and extending one’s personal help on tasks.¹³ Unsurprisingly, the use of each is context-specific and hinges on the availability of capital. However, almost everyone has a portfolio of currencies, and even though some are more highly valued than others, trade-offs are often possible—granting that some people may have such fundamental differences in what they hold dear that joint understanding is on occasion difficult to reach:¹⁴ the key is to identify one’s resources relative to a potential ally’s wants without underestimating what one has to offer.

The Cohen–Bradford model of influence rests on a long-established feature of human nature as it relates to organizational context. (The recent breakthroughs of social neuroscience are fostering other comprehensive theories of the mechanisms that underlie human behavior.) At both individual and organizational levels, also in the case of formal authority, and enriched or not by Robert Cialdini’s five other principles of persuasion, the model illuminates the necessary practice of persuading in the workplace. It does well to expose the fallacies of gratuitous guidelines for mastering the art of persuasion and the pseudo-scientific injunctions of persuasion campaigns.¹⁵

*“I” cannot reach fulfillment without “thou.”
The self cannot be self without other selves.
Self-concern without other-concern is like
a tributary that has no outward flow to the
ocean.*

—Martin Luther King

¹² One can also, by the same token, identify negative currencies. These come in two forms: (i) withholding payment of a known valuable currency, and (ii) using directly undesirable currencies. Common examples of the former include not giving recognition, not offering support, not providing challenge, and threatening to quit a particular situation. Directly undesirable currencies include raising one’s voice, shouting, refusing to cooperate when asked, escalating issues to a common supervisor, going public with a contentious issue, making lack of cooperation visible, and attacking a person’s reputation or integrity.

¹³ We are, sages say, better defined by what we share than by what we own.

¹⁴ This is more likely where societal cultural values and individual social beliefs conflict.

¹⁵ An example of the former typically runs as follows: (i) connect emotionally, (ii) find the common ground, (iii) establish your credibility, and (iv) become an effective team builder. In the phases of change management campaigns, the persuasion process would typically ask change agents to (i) convince personnel that radical change is imperative and demonstrate why a new direction is the right one; (ii) position and frame the preliminary plan, gather feedback, and announce the final plan; (iii) manage the mood of personnel through constant communication; and (iv) reinforce behavioral guidelines to avoid backsliding.

Table 3: Currencies Frequently Used in Organizations

Currency	Purchasing Power
Inspiration-Related	
Vision	Being involved in a task that has larger significant for the unit, office, division, or organization; clients, audiences, and partners; or society at large
Excellence	Having the opportunity to do important things very well
Moral and Ethical Correctness	Doing what is right by a "higher" standard than efficiency
Task-Related	
New Resources	Obtaining money, budget increases, personnel, space, etc.
Challenge and Learning	Being able to carry out tasks that strengthen skills and abilities
Assistance	Receiving help with existing projects or unwanted tasks
Organizational Support	Receiving overt or subtle backing or direct assistance with implementation
Rapid Response	Getting something more quickly
Information	Obtaining access to organizational or technical knowledge
Position-Related	
Recognition	Acknowledgment of effort, accomplishment, or abilities
Visibility	The chance to be known by higher-ups or significant others in the organization
Reputation	Being seen as competent, committed
"Insiderness" and Importance	A sense of centrality, of belonging
Contacts	Opportunities to link with others
Relationship-Related	
Acceptance and Inclusion	Feeling closeness and friendship
Understanding	Having concerns and issues listened to
Personal Support	Receiving personal and emotional backing
Person-Related	
Gratitude	Appreciation, expression of indebtedness
Ownership and Involvement	Ownership of and influence over important tasks
Self-concept	Affirmation of values, self-esteem, and identity
Comfort	Avoidance of hassles

Source: Adapted from Allan Cohen and David Bradford. 2005. The Influence Model: Using Reciprocity and Exchange to Get What You Need. *Journal of Organizational Excellence*. Vol. 25, No. 1, pp. pages 57–80.

Further Reading

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