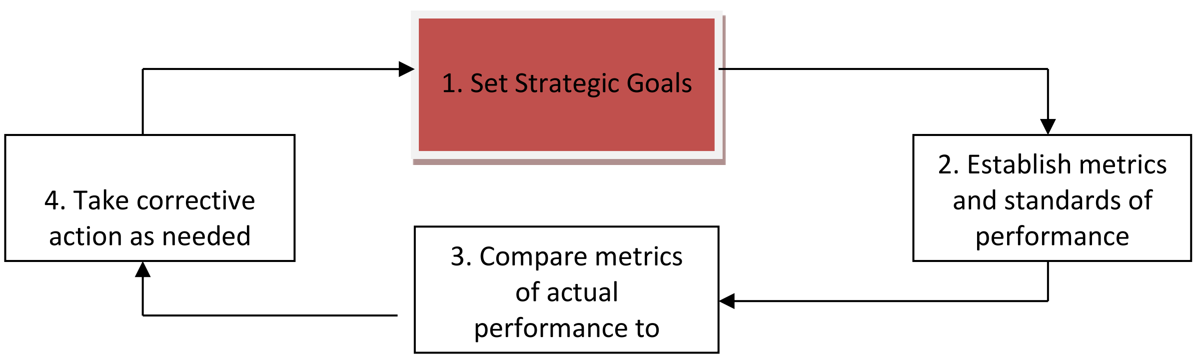
Washington University of Virginia
BUS 510E ORGANIZATION THEORY
Lecture Notes #12
The Managerial Subsystem II:
Organizational Control; Conflict, Power, and Politics

Primary References
Daft, Richard L. *Organization Theory & Design*, 11thed. Mason, OH: South-Western, 2012, 476-519.
Kast, Fremont E. and James E. Rosenzweig. *Organization and Management: A Systems and Contingency Approach*, 4th ed. New York: McGraw-Hill Publishing Company, 1985, 399-536.

ORGANIZATION CONTROL

Organizational control means (1) curbing or restraining, (2) directing or commanding, and (3) regulating organizational activities. We are primarily concerned with the third one. Organizations have relatively programmed behavior pattern - standard operating procedures - that provide stability over time (maintenance systems). But there are processes for making innovative decisions (adaptive systems) that change the organization in response to external and internal stimuli, the process can best be described as a *dynamic equilibrium*. In an organization context, control includes coordination of individual and group activities. Organizational control is defined as that phase of managerial system that monitors human performance and provides feedback information that can be used in adjusting both ends and means. Given certain objectives and plans for achieving them, the *control function* involves measuring actual conditions, comparing them to standards, and initiating feedback that can be used to coordinate organizational activity, focus it in the right direction, facilitate the achievement of a dynamic equilibrium

A Simplified Feedback Control Model (See Lecture Notes #1)



Another primary use of information in organizations is for control. Effective control systems involve the use of feedback to determine whether organizational performance meets established standards to help the organization attain its goals. Managers set up systems for organizational control that consist of the four key steps in the feedback control model illustrated in the above figure.

I. Controlling Human Behavior

Social values, norms, moral, and laws all serve as background control processes in organizations. They affect individual propensities to behave in certain ways and underlie the general dilemma of individualism versus collaboration in group and organizational endeavors. In general, society seeks to develop mature individuals who progress from dependence to independence, from self-centeredness to cooperation, from subjective thinking to objective thinking, and from control by others to self-control. Obviously, these are countervailing tendencies that are present in all situations. Homogeneous value systems, internalization of group norms, and knowledge and acceptance of laws should lead to self-control and behavior that is within appropriate limits for a given situation.

A. **Means of controlling behavior** in work organizations range on a continuance from explicit to implicit,, from direct to indirect, and from obvious to subtle. Organization culture is a subtle and implicit form of control, but it is very powerful. Participants who internalize the values, guidelines, and spirit of an organization can be counted on to behave correctly and energetically. Developing the necessary control in organizations can range from implicit norms to direct attempts to influence behavior through goals, policies, and rules. Hiring people who fit is one approach; socializing participants to a particular set of values and beliefs is another approach; and using a formal performance appraisal process is a more direct approach to controlling behavior.

Exhibit: Means of Control in Organization

Factors	***Organization***	***Informal Group***	***Individual***
Direction for controls deriving from	Organizational plans, strategies, responses to competitive demands	Mutual commitments, group ideals	Individual goals, aspirations
Behavioral and performance measure	Budget, standard costs, sales targets	Group norms	Self-expectations, intermediate targets
Signal for corrective action	Variance	Deviance	Perceived impending failure, missed targets
Reinforcements or rewards for compliance	Management commendation Monetary incentives, promotions	Peer approval, membership, leadership	Satisfaction of being in control, elation
Sanctions or punishments for noncompliance	Request for explanation, dismissal	Kidding, ostracism, hostility	Sense of disappointment, feeling of failure

B. Examples of Control

1. **Budgetary Control**: (a) Expressing in dollars the results of plans anticipated in a future period; (b) Coordinating these estimates into a well-balanced program; (c) Comparing actual results with the program estimates that emerge from the previous step.
2. **Quality Control**: quality refers to physical or nonphysical characteristics that constitute the basic nature of something. Size, shape, and color are straightforward qualities. Tensile strength, expected life, and integrity are more difficult to define, measure, and control.
3. **Human Asset Accounting**: The complexity of evaluating the structure or process of complex multiunit subsystems in society is evident. The task becomes more manageable if a single unit is involved.

CONFLICT, POWER, AND POLITICS

I. Departmental Conflict in Organizations

Conflict among departments and groups in organizations, called intergroup conflict, requires three ingredients: group identification, observable group differences, and frustration. First, employees have to perceive themselves as part of an identifiable group or department. Second, there has to be an observable group difference of some form. Group may be located on different floors or the building, members may have different social or educational backgrounds, or members may work in different departments. The third ingredient is frustration, which means that if one group achieves its goal, the other will not; it will be blocked.

Frustration need not be served and only needs to be anticipated to set off intergroup conflict. *Intergroup conflict* will appear when one group tries to advance its position in relation to other groups. Intergroup conflict can be defined as the behavior that occurs among organizational groups when participants identify with one group and perceive that other groups may block their group's goal achievement or expectations. Conflict means that groups clash directly, that they are in fundamental opposition. Conflict is similar to competition but more severe. *Competition* is rivalry among groups in the pursuit of a common prize, whereas conflict presumes direct interference with goal achievement.

Intergroup conflict within organizations can occur horizontally across departments or vertically between different levels of the organization. Vertical conflict may occur when employees clash with bosses about new work methods, reward systems, or job assignments. Another typical areas of conflict is between groups such as unions and management or franchise owners and headquarters. Conflict can also occur between different divisions or business units within an organization, such as between the auditing and consulting units of big firms.

!. Sources of Conflict

a. ***Goal Incompatibility***: The goals of each department reflect the specific objectives members are trying to achieve. The achievement of one department's goals often interferes with another department's goals, leading to conflict. University police versus Student life.

2. ***Differentiation***: Differentiation is the differences in cognitive and emotional orientations among managers in different functional departments. Functional specialization requires people with specific education, skills, attitudes, and time horizons.

3. **Task Interdependence** refers to the dependence of one unit on another for materials, resources, or information - polled, sequential, reciprocal interdependences.

4. **Limited resources** can be a source of conflict **-** Limited money, physical facilities, staff resources, and human resources to share among departments.

B. Rational versus Political Model

Exhibit: Use of Rational versus Political Model

When Conflict is Low **Rational Model** describes Organization		When Conflict is High **Political Model** describes Organization
*Consistent across participants	Goals	*Inconsistent, pluralistic within the organization.
*Centralized	Power and control	*Decentralized, shifting coalitions and interest groups
*Orderly, logical, rational	Decision process	*Disorderly, result of bargaining and interplay among interests
*Norm of efficiency	Rules and norms	*Free play of market forces; conflict is legitimate and expected
*Extensive, systematic, accurate	Information	*Ambiguous; information used and withheld strategically

1. Rational Model:
When goals are in alignment, there is little differentiation, departments are characterized by polled interdependence, and resources seem abundant, managers can use a rational model of organization.

2. Political Model:
When differences are great, organization groups have separate interests, goals, and values. Disagreement and conflict are normal, so power and influence are needed to reach decisions.

C. Tactics for Enhancing Collaboration

Exhibit: Tactics for Enhancing Collaboration

1. Create integration devices - Labor Management Team
2. Use confrontation and negotiation - Win-Win Strategy, collective bargaining
3.Schedule intergroup consultation - Workplace mediation
4. Practice member rotation
5. Create shared mission and super-ordinate goals, requiring cooperation

II. Power and Organizations

Power is the ability of one person or department in an organization to influence other people to bring about desired outcome. Powerful managers are often able to get bigger budgets for their departments, more favorable production schedules, and more control over the organization's agenda.

A. Individual versus Organizational Power

Legitimate power is the authority granted by the organization to the formal management position a manager holds. *Reward power* stems from the ability to bestow rewards to other people. The authority to punish or recommend punishment is called coercive power. *Expert power* derives from a person's greater skill or knowledge about the tasks being performed. *Referent power* is derived from personal characteristics: people admire the manager and want to be like or identify with the manager out of respect and admiration.

B. Power versus Authority

Authority is vested in organizational positions.
Authority is accepted by subordinates.
Authority flows down the vertical hierarchy.

C. Vertical Sources of Power

1**. Formal Position**

2. **Control of Resources**

3. Control of Information

4. Network Centrality means being centrally located in the organization and having access to information and people that are critical to the company's success. Managers as well as lower-level employees are more effective and more influential when they put themselves at the center of a communication network, building connections with people throughout the company.

4**. People**: Top leaders often increase their power by surrounding themselves with a group of loyal executives. Loyal managers keep the leader informed and in touch with events and report possible disobedience or troublemaking in the organization.

D. The Power of Empowerment

Top managers want lower-level employees to have greater power so they can do their jobs more effectively. Empowerment is power sharing, the delegation of power or authority to subordinates in an organization. Empowering employees involves giving them three elements that enable them to act more freely to accomplish their jobs.

1. employees receive information about company performance
2. Employees have knowledge and skill to contribute to company goals.
3. Employees have the power to make substantive decisions.

E. Horizontal Sources of Power
Horizontal power pertains to relationships across departments, divisions, or other units.

1. **Strategic Contingencies** are events and activities both inside and outside an organization that are essential for attaining organizational goals. Departments involved with strategic contingencies for the organization tend to have greater power. Departmental activities are important when they provide strategic value by solving problems or crises for the organization.

2. **Power Sources**:
(a) Interdepartmental dependency is a key element underlying relative power.
(b) Financial resources: Money can be converted into other kinds of resources.
(c) Centrality reflects a department's role in the primary activity of an organization.
(d) Non-substitutability: Power is determined by non-substitutability, which means that a department's function cannot be performed by other readily available resources.
(e) Coping with uncertainty: elements in the environment can change swiftly and can be unpredictable and complex. In the face of uncertainty, little information is available to managers on appropriate courses of action. Depart that reduce this uncertainty for the organization will increase their power.

III. Political Processes in Organizations

Politics is the use of power to influence decisions in order to achieve desired outcomes. The exercise of power to influence others has led to two ways to define politics: as self-serving behavior or as a natural organizational decision process. Organizational politics involves activities to acquire, develop, and use power and other resources to influence other and obtain the preferred outcome when there is uncertainty or disagreement about choices.

The political model is associated with conflict over goals, shifting coalitions and interest groups, ambiguous information, and uncertainty. Political activity tends to be most visible when managers confront non-programmed decisions, and is related to the Carnegie model of decision making. Three domains of political activities in most organizations are structural change, management succession, and resource allocation.

IV. Using Soft Power and Politics

A. Tactics for Increasing Power

1. Enter areas of high uncertainty
2. Create dependencies
3. Provide scarce resources
4. Satisfy strategic contingencies - A contingency could be a critical event, a task for which there are no substitutes, or a central task that is interdependent with many others in the organization

B. Political Tactics for Using Power

1. Build coalitions and expand networks
3. Use reciprocity
4. Enhance legitimacy and expertise
5. Make a direct appeal

(End of Lecture Notes #12)