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## Power, Authority, and Leadership: A Proposal for Organizational Theory in the Post-Bureaucratic Era

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### Introduction

The study of organizations is essential for understanding today's society because they are the dominant social form by which work, play, politics, and reform are organized (Scott 2005, p. 441). Indeed, since the Industrial Revolution, they have become the foremost mechanism by which the modern individual achieves goals and manages nearly every sphere of her existence.

This chapter studies the organization as a sociological and specifically political phenomenon. By doing so, it intends to contribute to a

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better understanding of the governance of organizations in terms of their social, historical, and philosophical-political foundations, particularly the dynamics between power and authority therein, and how organizational theory should approach this dynamic in the twenty-first century.

In this sense, this chapter is guided by the interpretative-hermeneutic tradition, approaching organizational theory in light of three systemic paradigms through historical development. It considers that the present context informs how human organizations can face the challenges of the Post-bureaucratic Era. A systemic approach enriches the different paradigms by adding “new dimensions of reality” in an effort to overcome the anthropological reductionisms that are present in models that do not start from the human way of being, i.e., human nature. That is why the anthropological model is supported by the humanistic-personalist, human-centered tradition (Lepeley et al. 2016; Melé 2009; Pirson 2017, 2019).

The main idea herein is that the study of organizations—open systems that are closely related to the environment in which they are inserted—cannot be separated from the concepts of power, authority, and domination. Following Zaleznick (1970), “Whatever else organizations may be... they are political structures. This means that organizations operate by distributing authority and setting the stage for the exercise of power.” However, it is common to find scholars and executives who ignore the importance of the political factor in organizations, and words like *power* and *politics* find themselves increasingly banished from the organizational world.

Organizations’ political dimension mainly stems from the fact that a select group of people has influence over another group’s behavior. Organizational theories and management models are mostly differentiated according to how they view this influence; in other words, the most important thing is not the amount of power one has, but rather how one uses it (Pérez López 1990, p. 3). The question of how people influence others according to the various management models is crucial because it is impossible to separate organizations from human nature and forget that people, who are in turn influenced by all kinds of motivations, actually work in them.

Likewise, the human dimension of organizations cannot be explained in absence of the distinction between authority and power, without which it is impossible to describe a person's influence over others' behavior (Pérez López 1990, p. 3). Although common language, and political philosophy itself, sometimes uses these terms as synonyms, they are actually different in their origin, and their meaning mainly diverges in the sphere of government. These concepts come from the Latin words *Auctoritas* and *Potestas*; although authority and power are the most common translations for these terms, they do not preserve the significance that their use in Latin confers.

Pérez López (1990) presents this distinction as a dual principle that explains a person's influence over others' behavior; accordingly, reducing that influence to the application of a unique reality, and calling the *how* of this influence mere power is contradictory and fails to fully explain such a complex phenomenon.

Álvaro d'Ors (1979) took up these originally Roman concepts and, with them, offered a proposal regarding the best conditions for political government. This scholar's explanation of the relationship between these two concepts is worth quoting in full: "The social recognition of power, which converts it into *Potestas*, depends on the conviction expressed in socially recognized knowledge, i.e., authority" (D'Ors 1979, p. 112, *own translation*). But if for d'Ors, authority must be independent of power within the institutional framework of a political body so that good government is possible (Herrero 2015, p. 62), this chapter presents a framework that suggests that the healthy governance of organizations, unlike political government, requires *another* power-authority dynamic.

To govern, in the sense that these terms imply, relates to decisions that are, over time, the stuff of power. In this process, these decisions acquire a managerial nature (Herrero 2015). Although the governance of organizations certainly involves an exercise of power, it does not equate to practicing politics. Indeed, Politics' ultimate end is man himself because it points to the common good, which includes every partial and instrumental end (Martínez-Echevarría 2011, p. 86). These two areas are mainly, but not entirely, differentiated according to their ends, which translates into different ways of governing them. Thus, for the purposes

of this chapter, the concept of organization excludes any entity that is part of a state structure and governed by political power.

To achieve the objective herein laid out, we will examine the dynamics that power and authority acquire in the three different organizational models that, according to Pérez López, succeeded one another over time, making this perspective, in addition, historical. Each of these models—engineering, psycho-sociological and anthropological—is represented by scholars whose theories and analysis regarding organizational realities continue to influence the management of organizations to this day. Each model further locates power relations and authority figures in different places according to the social, political, and economic contexts that marked the emergence or decline of each paradigm.

In this sense, we will argue that, for the healthy governance of organizations, d'Ors' proposal of separating power and authority in political government should be inverted, aiming to promote the exercise of both power and authority in organizations. Yet, contemporary reality is generally quite the opposite—while instances of authority and power in political government are not at all independent (and, indeed, power partially or entirely dominates), in the government of organizations, these spheres are usually differentiated and independent. The influence of mechanistic or engineering models still largely persists when it comes to the management of organizations, where authority lies in unquestionable faith in science and technology. In order to face twenty-first-century organizational realities and challenges, organizational theory must rethink and reconsider the relationship between power and authority that mechanistic models devised, taking into account that between them there is no place for opposition. The more authority (*auctoritas*) leaders have, the less coercive power (*potestas*) is needed for managing organizations (Gallo 2016). Therein lies the importance of acquiring and maintaining *auctoritas* united with *potestas*—it is the only way out of organization models that place coercive and manipulative power at the center of prescribed managing styles, and it is also the best option for justifying power in the context of healthy organizational governance focused on human development. This chapter is guided by the conviction that organizational theory needs a change of perspective in order to understand organizations as capable of better government. In what follows, we

discuss how we think organizations can actually have an impact in this regard.

## Background: Bureaucracy and Post-Bureaucracy

Modern organizational theory is primarily based on Max Weber's bureaucratic theory, which he developed in *Economy and Society* (Gil Villegas 2014, p. 90). His assessment, however, highlights the risks of bureaucratic instrumental rationality, thus laying the foundations for a critical theory of society that denounces the dangers of dehumanization to which it can lead (Gil Villegas 2014). The rationality that Weber describes houses the modern paradox—the iron cage generates a process of rationalization and domination that itself brings freedom into question (Boladeras & Campillo 2014, p. 141). This domination–freedom relationship emerges and the world's disenchantment is expressed in a process of increasing instrumental and technical reason that generates a progressive loss of meaning. The legitimacy of the established, traditional order enters into crisis, giving rise to the need for a new legitimizing order.

In the organizational field, this process was consolidated between 1880 and 1920, “the golden age of capitalism,” in which the factory system was established, capital was centralized, production was standardized, organizations were bureaucratized and work was integrated in large companies (Shenhav 1998 in Illouz, 2010, p. 89), inevitably leading to the bureaucratization process. The bureaucratic model is a typical form and ideal type<sup>1</sup> of rational-legal domination, legitimacy of which stems from a belief in rules and standards. In this way, orders and commands are given in the name of impersonal standards enacted or interpreted, rather than in the name of a personal authority. Therefore, the standard and not the person is obeyed, as authority derives from the position (Gil Villegas

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<sup>1</sup> An ideal type is a methodological construction. It is an analytical tool that Weber, inspired by Kant, uses, and it does not correspond to historical reality, but is a means for understanding it. The ideal refers to its pure logical meaning, not to what would be considered a desirable situation.

2014, p. 90). The bureaucratic model's impersonal nature is characteristic of it—without hatred and without passion, therefore, without “love” and without “enthusiasm,” subject only to the pressure of the strict idea of “duty;” formally the same for all (...) (Weber 1922/2014, p. 268). The same belief in the rational-scientific sphere is found in organizational, engineering-style models, for example, Taylorism. Thus, according to Weber, without a transcendent sense of authority other than the mere impersonality of rules, capitalism's progress is accompanied by the transformation of power “into an increasingly perfect and effective technique to control, rationalize and impose the values that are considered most effective in the continued advance of the majority's well-being, and the increasing power of an ever smaller group” (Martínez-Echevarría & Scalzo 2017).

However, motivated by a series of factors that are contextual and intrinsic to the organization, today, questioning the model has given way to the effective decline of large business bureaucracies and the progressive replacement of bureaucratic guidelines with new organizational outlines, although they are often incipient and incomplete (Longo 1999, p. 212). The proposal herein, which focuses on organizational theory in the post-bureaucratic era, specifies the importance of studying the spheres of power and authority in organizational administration and their relationship; that is, how managers should possess both power and authority and the way in which this new approach can improve and influence organizational government.

In short, the bureaucratic model is incapable of responding to the challenges that today's society faces, making it necessary to think about new paradigms. Although the need for a new model is clear, remnants of the bureaucratic model abound in organizations and still influence the way in which power and authority are connected. These difficult-to-eliminate remnants of the bureaucratic model are still an obstacle to real change and the establishment of a new worldview that is more humane and appropriate for twenty-first-century realities and demands.

## Power and Authority in Organizations

After recounting the most important organizational theories, Pérez López (2002) proposes three conceptual paradigms that are based on the idea of the human person. Kuhn's paradigm is understood as any cluster of beliefs, values, techniques, and so on, that members of a given community share (Kuhn 1962/2011, p. 269). It is a simplified reality since the real complexity of human organizations does not fit into the models under study, which only work from the perspective of a conceptual and historical model, emphasizing the predominant ideologies, actors, and conflicts central to creating the structures with which we are familiar today. The main source for this task corresponds to Bendix's *Work and Authority in Industry: Ideologies of Management in the Course of Industrialization* (1956/1966), which provides an in-depth historical account centered on power and authority.

### The Mechanistic Model: Coercive Power in Mechanistic, Closed Systems

A mechanistic paradigm guided by engineering principles predominated in the first organizational theories, in line with rising industrial capitalism and an environment at the time, which hoped for the *human machine* to be controlled by the established rules that govern machine operation (The Review, 1910, p. 35 in Bendix 1956/1966, p. 283, *italics added for emphasis*). In effect, the engineering model's most distinct feature is its consideration that workers are cogs in a machine, which leads to a mechanistic, closed system. It is reflected in Frederick Taylor's work and the scientific management movement that originated in the United States in light of the absolute authority that factory owners possessed at the beginning of the twentieth century. Carlos Llano describes the typical businessperson during that era as a tough individual with willpower and rough around the edges... He knew not what heart-felt means (Llano 2010, p. 44).

It derives from the Spencerian belief that employers are the winners in the survival of the fittest based on their superior capability, which justified their wealth and called the losers of that fight, namely employees, to unquestioningly submit to their authority. However, this same struggle for survival later emerged in a rising labor and union movement.<sup>2</sup> Faced with growing union strength, employers in the United States responded collectively with campaigns and strikes at the workshops in the hopes of reaffirming their authority, which only revealed that it was no longer as absolute as they had believed. Thus, they began to address workplace issues that were previously resolved by firing those who did not accept the conditions set out. For the first time, employers drafted policies, established regulations, and realized the need for more thorough methods to address workplace issues. Of note, this important milestone coincides with the birth of scientific management.

In this context, Taylor set out to develop a theory to find the best, scientifically backed, way to get workers to perform assigned tasks with the “lowest use of energy.” He presented his initial ideas in 1895 at a conference of the American Society of Mechanical Engineers and ultimately published them in 1911 with his famous book *The Principles of Scientific Management*. Based on the premise that workers’ submission is more valuable than their independence and initiative (Bendix 1956/1966, p. 286), Taylorism intended to eliminate conflict in organizations that originates from tension between capital and work expressed in the union movement. Science was able to suppress the exercise of personal authority and authoritarian methods, so that power and arbitrary order cease and any subject becomes the object of scientific investigation (Taylor 1947, p. 211 in Bendix 1956/1966, p. 290). In a way, scientific management’s proposal addresses the authority that the employer once solely possessed and that was undermined by the labor movement and organizations’ increasing complexity. There was great hope in this new scientific movement because it promised “material

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<sup>2</sup> To account for their rapid development in the late nineteenth and early twentieth centuries, Bendix states that American union membership rose from 447,000 in 1897 to 2,072,700 just seven years later. This process was not without violence since a world based on the struggle for survival logically propels each group to establish itself using all available means without considering the social or human costs (Bendix 1966, p. 277).



wealth and social harmony” (Bendix 1956/1966, p. 287) in an extremely difficult context. In this way, Taylor believed he would be able to eliminate the need for personal authority because workers and managers would follow rules imposed by science with the aid of an engineering framework. In this way, both power and authority were moved to the realm of depersonalized abstraction.

Perfect production locks workers into a productive niche, while conflict, problems linked to power, control, and legitimacy become superfluous. Yet, workers’ dignity is degraded in that this system fails to recognize their ability to improve and rather exploits them in the pursuit of external goals: “the closest thing to managing cockatoos is Taylorism” (Polo & Llano 1997, p. 116, *own translation*) since their behavior can be controlled with material incentives until they do whatever is asked of them. However, without the incentive of food, a cockatoo cannot be controlled. The anthropological view of models related to Taylorism is negative and stems from the idea of work as punishment, human beings’ “innate laziness,” and the search for comfort in avoidance of work. Even managers must submit to science’s judgment, since, according to this negative anthropological view, it is better for authority to lie in scientific principles. Thus, Taylorism takes legitimacy from factory owners and shifts it to science imposed with a technocratic ideology (all while denying its role as an ideology). Herein, organizational politics and governance are said to disappear.

This is where bureaucracies acquire legitimacy, distinguishing some qualities and skills from others, and placing the exercise of authority in delegation, developing regulations, and specialization. In this sense, the process of bureaucratization transformed the traditional justification of authority and is evidence of the impersonal nature that is now sought in modern business. It should be noted that Taylor’s attempt at a mechanistic approach, a true pioneer in production process planning, planted a seed that determines organizational thought, both for and against it, to this day. As Littler mentions, this theory contains a paradox: On the one hand, it is a failed ideology, and, on the other, it contains the basic principles for structuring work to this day (1978, p. 186 in Llaguno-Sañudo 2015, p. 274).

The importance of work shifts toward planning efficiency, a move that hides within it a transition of authority, which the qualified workforce or master artisans once held, toward engineers or administrators. Now, it seems possible to control everything through science, giving rise to a new type of worker that is distinguished from laborers, namely *managers* whose role in industrial factories should consist of planning how production will be organized and achieving its disciplined execution (Bendix 1956/1966, p. 296). Managers, whom MacIntyre (2001) sees as typical characters of modern society, confuse truth with efficiency, while spontaneous or informal becomes an organizational obstacle (Martínez-Echevarría 2001).

In effect, the first authors and practitioners who analyzed companies and organizations considered workforce motivation to be insignificant and so did not consider it at the time (Pérez López 2002, p. 39). The engineering model, as a mechanistic, closed system, considers coordinated human organization's sole objective as producing or distributing goods and/or services. Thus, it resembles a machine because its operating system is already stipulated and regulated. There is no place for anything outside established processes, or for motivation or creativity. These models—which see physics as an ideal science, and therefore, focus on engineering and production processes—aim to achieve maximum production with minimum effort, while reducing workforce motivation to incentive systems, that is, to satisfying extrinsic and primarily material motives alone.

Mechanistic, closed systems only recognize coercive power. From this perspective, power justifies the fight to possess it (it is objectified) because “it can achieve everything” (without taking into account what that everything entails) (Pérez López 2002, p. 89). Governing it ends up becoming a kind of quantitative question of how much power to possess and how to increase that power to garner obedience.

In 1975, Foucault (1975/2002) wrote *Discipline and Punish*, where he analyzes power in production using mechanistic logic, which he refers to as disciplinary power. This power allows for the discipline of groups in line with the ends of productive institutions, exemplified in factories. Discipline is a mechanism that uses oversight, watchful techniques that incite the effects of power, creating mechanisms defined by

multiple and intersecting surveillance. Bentham's Panopticon is a mechanism that allows for this type of control in traditional institutions, such as schools, prisons, and hospitals. In workshops and factories, a new type of surveillance emerges. Inspectors who enforce regulations are no longer sufficient and control becomes a constant for each process and worker as relates to their performance within the establishment. The greater the number of workers, the more complex the control mechanism must become. For that reason, organizations began to require personnel specialized in monitoring and apart from laborers. Monitoring becomes an economic operator and managerial actions become the key mechanism of disciplinary power (Foucault 1975/2002, p. 180).

The organization seen as a machine, where each piece has its place and role and the power of discipline and science order those pieces, was bound to be questioned and eventually incited organizational theorists to start talking about motivation for optimal design. In other words, production could not be reduced to a pure mechanical and formalized language, but rather referred to the true fullness of human life (Martínez-Echevarría 2001, p. 51). It was impossible to continue concealing the human dimension in organizations and to solely manage them based on efficiency within the framework of scientific management. The true fullness of human life involves novelty; it involves going beyond standardized processes, which destroy human potential. Arendt (1958/2009) argues that new elements always occur in opposition to the overwhelming inequalities of statistical laws and their probability, that is, to certainties. Therefore, new elements always appear in the form of a miracle (Arendt 1958/2009, p. 202). Human potential and its ability to constantly innovate refute scientific probabilities and proven certainties.

In light of this, forms of community and social frameworks behind organizations have gradually begun to gain importance. It is no longer possible to think of them as closed systems, and that which escapes design and control is becoming more important. Elton Mayo's experiment at Hawthorne at the beginning of the twentieth century is a milestone in this sense because it highlights the importance of the human and non-rational facets of organizations. From there, it is clear that, in

accordance with Jeffrey Alexander, “because both action and its environments are indelibly interpenetrated by the nonrational, a pure technically rational world cannot exist” (Alexander 1998, p. 29).

### **The Psycho-Sociological Model: Persuasive or Manipulative Power in Organic, Open Systems**

In light of the Stock Market Crash of 1929, reality in business became more complex and Taylorism’s simplified view was no longer able to respond to emerging conflicts. This resulted in the development of research that, while it conserved a scientific approach, introduced changes in the work environment that were meant to modify workers’ attitudes; researchers then studied their reactions in an effort to determine what best improves productivity (Dávila 2001, p. 171).

Likewise, management tasks became an object of analysis and study and after praising the qualities ideally suited to the competitive struggle, we went on to praise the qualities ideally suited for managing workers and advancing their own careers in a bureaucratic environment (Bendix 1956/1966, p. 322). Carlos Llano noticed a change that occurred in managers and described it thusly, “It was not about being non-authoritarian, but about not appearing to be authoritarian. In this way, the need for fair treatment emerged in view of the organization’s effectiveness” (2010, p. 44, *own translation*). This effectiveness based on fair treatment seemed to promise returns for the company greater than any other managerial improvement plan could provide, and it encouraged workers to move away from the need for unions and the solace they once provided (Bendix, 1956/1966). Even if only a discursive shift, many began to question the basis for authority, which could no longer be derived from a fight for survival. Managers now had to possess (or learn) a whole series of ideal qualities and, in this context, a discussion on leadership gradually emerged.

Together with other researchers, Elton Mayo, an Australian psychologist from Harvard University, conducted an experiment whose influence on organizational theory has been far reaching. Conducted at Western

Electric in Hawthorne, Chicago between 1924 and 1932, the experiment's main objective, which it shared with most experiments in the emerging field of industrial psychology, was to improve worker performance. However, the Hawthorne effect was surprising; one group of workers in the study did not decrease productivity as expected despite introducing changes in the workplace that should have worsened their performance. In fact, none of the researchers' assumptions seemed to be proven right. When asked about their status within the organization (for the first time), these workers replied that they felt important, that their opinion was taken into account, and that management considered their well-being. Essentially, the study showed that workers want to feel that they were doing something meaningful, and worthy of others' respect. In a way, they wanted to leave anonymity aside and instead feel that their efforts were taken into consideration. As Mayo's research concluded:

What actually happened is that six people formed a team and that the team voluntarily and spontaneously cooperated. They all felt that they were participating in something freely and without ulterior motives, and were happy knowing that they could work without being coerced from above or limited from below. (Mayo 1945, pp. 72–73 in Bendix, 1956/1966, p. 323, *own translation*)

Social relationships then formed in organizations, including networks of friends, subsections within groups, and training natural leaders began to gain importance. These leaders, as many studies later showed, do not coincide with those imposed by the administration, but within the group they are much more influential than regular authority (Brown 1963, p. 96 in Dávila, 2001, p. 189). Cooperative activity among workers is also a necessary part of this formula, demonstrated in groups' informal control over task completion, which they can boycott if managers do not recognize their interests and effectively reduce productivity. In this way, organizational change should come from within, and subordinates should give tacit consent to the order they receive before they are implemented in practice (Bendix 1956/1966). Authority thus takes on a new meaning because its exercise becomes impossible without subordinates'

consent, although its effective exercise falls within the purview of new hypotheses that originate in psychology as a science.

Hawthorne also laid out the new skills that ideal managers should have, including an adept handling of human relations, understanding human behavior, interpersonal skills that allow one to psychologically guide people, motivation, and leadership (Wren 1979, p. 313 in Illouz 2010, p. 94). Thus, mere technical skills are not enough, just as success in business does not automatically guarantee authority. As a result, a new social category emerged that was, until then, non-existent as such, that is, “human relations” emerged as a problem to be addressed from the point of view of the emotions (Illouz 2010, p. 95).

Success was no longer a reflection of winning the fight for survival, but rather of having a suitable personality for the management of emotions. Psychologists were not only able to make new connections between the language of the psyche and that of economic efficiency but also establish and legitimize their authority in business and society in general (Illouz, 2010, p. 100). Power passed from engineers to psychologists, but everything continued to be based on the authority of the scientific method, yet “scientifically” studying the emotions leads, in the extreme, to concealing the simple pursuit of efficiency within a weak and incomplete handling of the human dimension in organizations.

Apart from this discovery, organizations began to be considered organic, open systems based on the fact that humans are social beings, an idea that was not previously perceived in this manner. This view ultimately seeks to improve worker performance, for which it still resembles Taylorism, but the *how* of worker performance did indeed undergo a radical transformation. To improve performance, fundamental importance was assigned to organizations’ social contexts, workers’ attitudes, and the type of supervision to which they were subjected.

However, the self-control that psychologists promulgated was far from the strict boss archetype instantiated in early industrialization, who Carlos Llano (2010) characterized as having no understanding of what “heart-felt” means. As Illouz (2010) notes, in its therapeutic view, self-control manifests itself in an optimistic, smiling, and pleasant attitude, and the most important thing becomes always staying positive.

This instrumental action entails establishing bonds of trust with subordinates through quasi-artificial personalities. Psychologists thus began to construct a managerial identity by connecting professional competence and certain emotions, eventually establishing a new archetypal management style that now legitimizes authority. A leader's moral aptitude turned into emotional competence. Armed with these hypotheses, psychologists have assumed nearly irrefutable power in organizations, as Illouz points out, because it is based on trust and cooperation. Accordingly, not reacting, through the employment of emotional control, is power (Illouz 2010, p. 113).

Within this model, maintaining disciplinary society's institutions loses its urgency as a new system of domination arises with technology's abilities to continuously monitor employees. Byung-Chul Han (2005/2016), a South Korean author, analyzes these contemporary issues and his concepts illuminate the gears of power in this phase of organizational development. According to Han's analysis, excessive positivity and the lack of restrictions on employee monitoring have given rise to the fact that individuals themselves set and enforce their own performance standards without the need of a panopticon. The aptitude that is today most prized refers to taking the initiative and advocating for one's own promotion, rather than simply being able to obey. The disciplinary society and disciplinary power no longer operate in this new phase of capitalism (neoliberalism). Following Han, we are now part of a *performance society* where power no longer disciplines the body, but rather aims at the *psyche*, which is today's productive force (Han 2014). In this way, authority and power are once again redefined as psychological entities, which supposedly allows for the harmony characteristic of psycho-sociological models between the individual and the organization (Illouz 2010).

The psycho-sociological model sees organizations as social groups; they are individuals in a society who unite to fulfill certain motives, which include economic elements and beyond. Understanding organizations from the organic or psycho-sociological model involves understanding humans as open systems and explaining the coordination of their actions in relation to their current motivations. The body houses the technical system, but goes beyond and transcends it, according to Pérez López (2002). Unlike the engineering model, this one explicitly

considers informal organizations, and their role is not predetermined, thus it also considers the possibility of conserving current motivations. The engineering and organic models radically differ given the fact that the latter also considers the objective and subjective aspects of human actions and incorporates the true structure of organizations in its analysis, that is, the specific personal characteristics of those who work and have influence there, despite the lack of a formal organization chart.

This means that the goals that this type of organization pursues not only aim toward external achievement, but also toward the acceptance of the people who work to achieve those objectives. In this sense, in this type of organization, defining objectives is usually done through a participatory and negotiating process. Moreover, the complexity of defining objectives, communication, and motivation processes as part of the management process is much greater than what technical models would have us believe.

Scientific studies began to highlight the limitations of merely extrinsic motivation by demonstrating that other types of motivation come into play in organizations. Attention thus turned toward the psychological and sociological dimensions, that is, toward people's inner selves and their relationality. In this context, Hawthorne demonstrated that productivity, satisfaction, and motivation are closely linked and that workers even have motivations that go beyond the company, such as the relationships they maintain with one another, or, put another way, stimuli derived from social standing (Pérez López 2002). Yet, this new understanding also retained certain mechanistic remnants in that it must manipulate workers to achieve higher levels of productivity. That is, related authors continued to believe that productivity is the ultimate objective, and that an absolute and optimum level of production is achievable. In this sense, a (new) set of clearly therapeutic theories developed and continued to see organization and management as instruments of manipulation (Martínez-Echevarría 2001, p. 53).

The psycho-sociological model is limited in that inductive methodology is insufficient for understanding human phenomena, especially when it lacks an anthropological foundation (Pérez López 2002, p. 51). This shortcoming hinders employees' capacity to internalize organizations' objectives since the motives that it allows for are *transcendent*



*motives*, that is, the results that an action ends in do not correspond to the person performing the action; for example, a service provided to a client or helping a co-worker. In this sense, the psycho-sociological model only considers *extrinsic motivation*, which refers to performance incentives for persons who did not perform the action (e.g., salaries), and *intrinsic motivation*, which results from completing an action for the person who performs it for the sole reason of having done it (e.g., a learning opportunity).

Ignoring *transcendent motives*, an integral part of organizational theory in Pérez López's view, implicitly leads to a potentially harmful pseudo-humanism since its view of humans and society can lead to psychological manipulation, which is even worse than the search for mere efficiency that characterizes engineering models. To introduce transcendent motives, the anthropological model offers an ideal foundation, allowing for the exploration of how organizational theory can approach organizations as institutions, as seen in the following pages.

### **The Anthropological Model: Authority and Leadership in Human-Centered Institutions**

Given the discoveries that emerged from the Hawthorne experiments, organizational theory shifted toward dealing with apparent realities, but due to Taylorism's strong influence over production that prioritizes scientific design, it continued to ignore organizations' informal and spontaneous aspects.

Yet, new problems and questions have spurred many to return to dimensions that modern thought left out in its conviction that everything should be governed by rationality, such as morality, politics, authority, and power. However, "morality and politics arise when solutions to social problems are not unique or predetermined" (Martínez-Echevarría 2001, p. 76, *own translation*). Thinking of organizations as institutions allows us to overcome the previous models' limitations by recovering other dimensions that are part of the fullness of human life and that are necessary for understanding the depth of organizational reality, among which affection, authority, love, and values stand out.

The present context also reveals new problems, such as excessively dynamic and complex environments, the need for ascending and descending information in real time, which is impossible with long chains of formal command, rapid changes in markets and technological development, which are difficult to reconcile with coordination systems based on process standardization, access to the central operations of highly qualified and specialized personnel in technologically complex fields, which calls impersonal leadership into question based on pure hierarchical responsibility, and a significant increase in the strategic value of human capital whose commitment and motivation requires innovative management guidelines, among others (Longo 1999, pp. 212–213).

In his book, *Fundamentos de la Dirección de Empresas* (2002) [The Basics for Managing Companies], Spanish author Juan Antonio Pérez López develops an anthropological model for managing and understanding organizations. This work's importance lies in its ability to connect instances of power and authority in organizations, supporting the hypothesis herein developed. It ultimately allows for a deeper understanding of organizations as institutions and as human communities.

Pérez López defines human organizations as “a group of people whose efforts and actions are coordinated to achieve a certain result or objective that interests all of them, although their interests may have very different bases” (Pérez López 2002, p. 14, *own translation*). He confirms that human organizations are an anthropological reality, that is, a group of people united in an effort to do something together and that ultimately makes up an institution. Organizations as institutions analyze how to be coordinate actions to meet the needs of all those affiliated with the organization. As it relates to the other models mentioned herein, the anthropological model includes both the technical system and organism, indicating that its interaction is systemic and not a rupture. The difference is found in the levels of motivation it fulfills. While the motivations that the organic model fulfills are immediate, institutions go further by considering potential motivations. For the anthropological model, knowledge of *why* a certain action is undertaken is important, that is, the meaning behind actions becomes central, which obliges managers to make explicit the organization's values that people therein identify with, thus perfecting and guiding the motives for their actions.

Although the anthropological model does not have the same breadth of academic literature as its predecessors given that it is a contemporary model, Belgian author Frederic Laloux offers twelve contemporary experiences related to organizational practice in his book *Reinventing Organizations* (2017). In his research, he examines the evolution of organizational paradigms as stages of human consciousness that involve a certain view of the world. He provides an overview of previous paradigms until arriving at the final one, namely the Teal Organizational paradigm.<sup>3</sup> The revolutionary advances that organizations who fit into this paradigm have enacted include: self-management, which involves relationships between peers without the need for hierarchy based on trust (but retains the need for leadership); allowing professionals to express themselves in a way that includes their whole identity and integrity (with their rational and emotional components); and instilling an evolutionary purpose that highlights the importance of the organization's meaning.

Laloux argues that leaders' world views place an organization in a certain paradigm since an organization cannot evolve beyond its leadership (Laloux 2017). However, leaders can ensure that organizational members adopt behaviors and values from more complex paradigms that they would not have incorporated on their own account. Although people cannot be forced to act based on directed motives, it is possible to help others improve the quality of their motivations and the best, if not the only, way of achieving this collaboration is with exemplary leadership. "Serving as a good example is a necessary condition for having authority and this is a leader's strength" (Pérez López 2002, p. 139, *own translation*). The ability to promote an organization's human development can make its members go further than they would have managed to do alone, and this focus on human development is what organizations need in this century.

For an institution to achieve its objective, it must learn to meet the true needs of its members as human beings, who, in addition to physical (engineering model focus) and cognitive (psycho-sociological

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<sup>3</sup> Frederic Laloux popularized the *Teal Organizational* model, which is a development stage that occurs chronologically after infrared-reactive, magenta-magical, red-impulsive, amber-conformist, orange-achievement, and green-pluralist. It is comparable to Maslow's "self-realization" level. (Laloux, 2017, p. 90).

model focus) needs, have affective needs, which involve having adequate relationships with other people. Humane treatment is found in an organizational environment that foment authentic relationships. For the engineering model, this feature is accidental or anecdotal, but, for the anthropological paradigm, it is fundamental and reflects the degree to which the company's stakeholders identify with it. Pérez López calls it *unity*. Understanding the concepts of effectiveness, attractiveness, and unity as parameters that represent an organization's strength means measuring effectiveness in terms of its economic facet (wealth creation), attractiveness in terms of its psychological and sociological facet (its ability to operate), and unity in terms of its moral aspect (its ability to join operations with human needs). No company can do without at least a minimum of attractiveness and effectiveness, but for an organization that takes the anthropological model seriously, its moral reality and unity are central (Pérez López 2002).

From this perspective, ideal managerial skills take on new nuance that stresses the quality of leadership. Pérez López forcefully argues that leaders are not born leaders (Pérez López, 2002, p. 134), and that they instead become them through their actions when they learn to act based on transcendent motives. They are then called to inspire all members of the organization to act based on transcendent motives, and promote, in turn, human development. This relates to power in that good leaders manage to use their coercive and manipulative power for everyone's benefit rather than for selfish purposes. Coinciding with Laloux (2017), organizations that operate from more advanced paradigms are distinguished by their leaders' abandonment of ego-driven fear, ambition, and desires. In this process, desire for fulfillment begins to unite previously separated elements, including the rational from the spiritual and emotional, the professional from the personal, the organization from its ecosystem, and power from authority. The term "work-life balance" also loses importance as people begin to explore their calling in organizations, making the organization's motives, values, and meaning relevant for human development.

As mentioned, mechanistic, closed systems only recognize coercive power, but when a leader holds sway over members' motives, a different type of power emerges, which includes manipulative power that has the

ability to stimulate others' behaviors based on intrinsic motives, and affective power that has the ability to do so for transcendental reasons (Pérez López, 2002). The latter refers to authority. Rosanas (2001) notes that both Juan Antonio Pérez López and Leonardo Polo compared manipulative power to how people treat animals. Influencing others' actions through manipulation does not at all mean treating them badly, in fact, just the opposite. However, influence that relies on the stimulation of subordinates' interests can only give results in the short term and only as long as the associated external benefits remain in place. The same can be said in the case of manipulative and coercive power.

To better understand authority, we must differentiate it from power. While power means being able to influence others' decisions based on the potential benefits they can bring, authority flourishes because one person *trusts another person's decisions*, beyond the benefits that might be attained from them. Authority is conferred with public recognition that another person is better able to decide on a matter because of her recognized knowledge, even if some information remains unknown.

In this way, the "quantitative power" view falls away in favor of a view that takes into account the subjects involved and their motivations. It is no longer a question of *how much*, but of *how* and fundamentally *why*. In this model, coercive power foments learning that leads to its own obsolescence and the primacy of authority, which makes coercive power unnecessary. This is the only way to understand an organization of free beings who are treated like humans rather than animals or machines. It is also in this context that previous models' control mechanisms, in terms of disciplinary and manipulative power, become superfluous, making way for freedom and trust.

The only way to generate sustainable organizations that no longer require the coercive power typical of mechanistic organizations is the unifying force of authority, which incorporates notions that have no place in mechanistic logic, including love and understanding of others as conditions for applying power. Rosanas (2001), along with Pérez López himself, clarifies that Pérez López did not create the concept he was most known for, *transcendent motivation*, nor did he discover its importance. Instead, he provided a coherent analytical outline for studying issues that, until then and in most cases, were outside of organizational theory. He

also clearly explained the ethical component as a fundamental dimension in decision-making—for him, it is impossible to be a good leader without incorporating ethics into one's leadership practice (Rosanas 2001).

The previous section clarifies the changes that modernity enacted in relation to the separation of spheres, especially science, morality, and emotions. Starting with this separation, organizational action became largely understood in terms of the bureaucratic model's rationality and the elimination of all normative and ethical features to prevent their interference in the purpose at hand. Pérez López's theoretical proposal reunites spheres that have long been split, first in theory, as well as in practice, influencing organizations to this day. Because it is impossible to escape human nature's vast and varied aspects, organizational approaches cannot be condensed into such mechanistic and closed models. The anthropological model's "method," instead, favors an informal structure, interactions between people, and considers employees free agents with the ability to learn, which allows for an analysis and steering of organizations that contains a more meaningful and realistic understanding of human beings because it starts from the person.

Again, managers gain authority by serving as a good example, which only happens if team members trust managers' driving motives. Indeed, trust is integral in gaining authority because it presupposes managers' commitment to the good of others; because of this, it is very difficult to gain, and very easy to lose. To the extent that they use their power correctly, managers gain authority. However, they can also lose power if it is misused, making its proper use very important. Pérez López notes that power is used improperly in the following cases—unjust use, not using it when necessary, and using it needlessly. When a manager errs in this way, his or her authority is on the line.

Personal trust refers to the certainty that the other is influenced by transcendent motives rather than by selfish ones during decision-making processes. Feelings of trust cannot be bought or forced, but rather develop through personal "tests" in which the moral dimension of the relationship is at stake.

Authority's limits must also be considered and, in effect, those limits are found where subordinates' freedom begins. Indeed, no one can completely dictate another person's behavior because motivation is

**Table 22.1** A summary of power and authority within the three paradigms

	Disciplinary society	Performance society	Post-bureaucratic society
Power	Disciplinary Power (Coercive)	Persuasive Power (Manipulative)	Authority (Affective)
Organizational Model (and its representation)	Engineering Model (a Machine)	Psycho-Sociological Model (an Organism)	Anthropological Model (an Institution)
Main Character	Manager	Therapist	Leader
Motivation	Extrinsic	Extrinsic and intrinsic	Extrinsic, Intrinsic, and Transcendental
Politics	Biopolitics	Psychopolitics	Humanism

*Source* Authors' elaboration

always self-motivation and it is impossible to force someone to act based on imposed motives; human beings' actions are always unpredictable. Pérez López's greatest contribution is found in reintroducing ethics and personal authority in organizational theory.

It is time for organizations to be influenced by this paradigm, as they were before by engineering and psycho-sociological paradigms. Indeed, considering how the aforementioned organizational theories and frameworks (starting from Spencer, then Taylor and Mayo, among others) have deeply influenced and continue to influence organizations on the theoretical level, as well as in practical ways, when it comes to the relationship between power and authority, it follows that a new overarching paradigm could potentially influence the future of organizations and the human beings within them, making, one would hope, a positive impact (Table 22.1).

## Conclusion

This chapter aimed to understand the social, historical, and philosophical-political foundations of power-authority relationship dynamics throughout the history of how organizational theory understood and influenced that relationship within organizations. To achieve

this objective, we introduced the idea that, for organizational theory, spheres of power and authority should relate to one another in a specific way if organizational management is to be healthy. In the end, we hold that both must rest with leaders.

In the face of the bureaucratic model's imminent (while slow) decline, as Max Weber originally elucidated, a yet-to-be-defined and post-bureaucratic era is upon us. This decline runs in parallel and can be seen as both a cause and consequence of the crisis of modernity, of Enlightenment thought and its ideological bases that have prevailed in the formation of Western society as we know it today. We are living through a moment of transition and the future of organizations is at stake.

This proposal systemically articulates dimensions from previous models with a humanistic proposal that serves as a paradigm and new way of thinking for organizational theory as it tries to resolve two central problems that organizations face in contemporary society: uncertainty and motivation. Organizational environments are becoming increasingly complex and require the management of uncertainty; indeed, those who truly have power in this context are those who best learn to manage uncertainty. The anthropological model makes this possible given its reliance on a key element in every human relationship, namely trust. Trust is built by serving as a good example and, legitimated by moral values, it is the main building block in a leader's authority, eventually making coercive power unnecessary.

Pérez López spoke of morality and politics, as well as of power and authority, questioning the ideas that removed organizational theory from these areas and made them excessively reliant on objectivity and rationality. Under this premise, he offered a systematized outline for an organizational theory that constitutes a well-rounded theory of managerial action, assumes human reality, and like all reflective theory, develops a model that could influence organizations in the post-bureaucratic era. This theory offers a complete paradigm shift in the same sense that Kuhn (1962/2011) gave to the term, i.e., values, techniques, and beliefs favored in the bureaucratic era and in engineering models have begun to change. This change is not revolutionary because Pérez López's method



does not break with previous paradigms, but rather systematically integrates and complements them to better understand the importance of the relationship between power and authority in organizational theory.

This chapter presented an outline of how theoretical ideas on organizations influenced them in different historical contexts, configuring many practical implications. Although this chapter presents a theoretical perspective—leaving the study of empirical implications open to future research—it demonstrated, based on historic evidence (following a hermeneutic, epistemological approach), how different theoretical assumptions have impacted organizations' realities and practical aspects throughout history, giving rise to different paradigms. In practical terms, all of these paradigms involve human beings, thus making it impossible to eliminate the elements that differentiate us from mere machines, even though “in theory” they were supposed to disappear.

Some of these theories ignored human nature—and so, were reductive—and, yet, in a variety of historical contexts they were understood as valid. Through them, we see that theory precedes practical implications in organizational development, making it possible for the ideas contained in the anthropological model to eventually be implemented and to guide organizational reality when the historical context allows for it. We suggest that the post-bureaucratic era seems to be a suitable context for these ideas to become realities.

If “characters” correspond to the social roles that provide a culture with moral definition (MacIntyre 2001, p. 49), and if *managers* embody the engineering model, like *therapists and psychologists* embody the psycho-sociological model, *leaders* embody and characterize the anthropological model in the post-bureaucratic era. Characters are relevant members of a community and provide a moral, as well as a cultural, ideal, and they legitimate certain ways of being in society. If leaders, with the qualities ascribed to them herein, i.e., based on possessing power, and principally authority, position themselves as important characters in contemporary society and avoid the moral neutrality their predecessors emanated, a viable path for the anthropological model will open up and the morality of the ends leaders pursue will be prioritized. While engineering and psycho-sociological models lay claim to authority by appealing to their effectiveness through a manipulative style that fits human beings into

obedient behavioral patterns (MacIntyre, 2001, p. 105), leaders claim authority by setting a good example, a strategy that is a far cry from the theater of moral illusions to which, as MacIntyre warns, the bureaucratic model has subjected us.

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