

Paper –Principles and Practice of Management

Dr. James Hussain

Paper Code-MB-101,

Assistant Professor (Guest Faculty)

MBA, Sem-I

[Email,-mbajames123@gmail.com](mailto:mbajames123@gmail.com)

Topic- Sources of Authority

Authority has three sources; these are in the form of the theory of authority.

(a) Formal authority theory

(b) Acceptance theory

(c) Competence theory.

(a) Formal Authority Theory-According to this theory, the authority originates in the formal structure of an organisation. Every manager or executive possesses authority because of his organisational position and this authority is known as formal authority. Authority conferred by law is called as formal authority. Subordinates accepts the formal authority of a manager because of his position in the organisation. The subordinates are aware of the fact if they disregard the formal authority they will be punished. According to the rules and regulations of the company the formal authority theory therefore states that the superiors have the right to delegate their authority. Thus formal authority flows from top to bottom.

(b) Acceptance Theory-The theory states that the authority is the power that is accepted by others. Formal authority is reduced to nominal authority if it is not accepted by the subordinates. The moment his authority is rejected by the subordinates, he ceases to have the authority even though he is legally or formally authorized to command and to get his decision carried out.

According to the acceptance theory, authority flows from bottom to top. A manager has authority if he gets obedience from the subordinates.

3. Competency Theory-According to this theory, the authority arises because of the personal qualities and technical competence of the manager. Many persons derive informal authority because of their competence. For example, a person possesses expert knowledge in a particular subject, people will go to him for guidance in that matter even though he has got no formal authority.