



## A COMPREHENSIVE STUDY ON MANAGERIAL POWERS, LEADERSHIP STYLES AND ORGANIZATIONAL STRUCTURES IN LARGE ORGANIZATIONS

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### Abstract

The unsuccessful corporate leader will remain ineffective, despite advanced degrees, so long as the art and the science of influencing people continue to be taught in a historic vacuum. That is why recently, as market demands increase, there has been a push for mastery in management and organizational behavior degrees at leading universities and colleges in the United States and the world. This paper attempts to address some of these issues, although it is not intended to be exhaustive; it does not portray the history in all varieties of individual organizational powers within an organizational setting, or proclaim the best form of power to be adopted in any given organization.

### Introduction

This research paper has two main objectives: first, it is an attempt to briefly explain the various techniques of gaining power in an organization, and how one would use these powers (or not) when managing organizational behavior. Oftentimes, the leadership of a corporation is in jeopardy when little attention is given to how power, or “the ability to influence subordinates and peers” (Montana & Charnov, 2000, p.255) is used. The leadership process itself can become a monologue when divorced from the mission of the organization, its people and the culture it permeates. The unsuccessful corporate leader will remain ineffective, despite advanced degrees, so long as the art and the science of influencing people continue to be taught in a historic vacuum. That is why recently, as market demands increase, there has been a push for mastery in management and organizational behavior degrees at leading universities and colleges in the United States and the world. This paper attempts to address some of these issues, although it is not intended to be exhaustive; it does not portray the history in all varieties of individual organizational powers within an organizational setting, or proclaim the best form of power to be adopted in any given organization. It does, however, provide a bit of each, as it strives to provide an overview of the types of individual powers while suggesting certain forms of powers necessary to lead what Rolf Jensen (1999, p.15) called “the dream society.”

### Various styles of Leadership

Leadership within organizations is only attainable through the combination and use of power and authority. As discussed by John Kotter (1985, p.86) “power is the ability to influence others to get things done, while authority is the formal rights that come to a person who occupies a particular position, since power does not necessarily accompany a position. There are seven types of management powers, which can be used separately or in combination. The most successful leaders are capable of using most, if not all of these, simultaneously. While others less fortunate find themselves stagnated with limitations they must overcome. It is worth noting that the most common description of power is French and Raven’s, dated back to 1960, which includes the first five forms of power listed below. The seven types of management powers are: Legitimate, Expert, Coercive, Reward, Referent, Charisma and Information.

*Legitimate Power* refers to the authority of a formal position, and stems from the concept of ownership rights. Although plethora of leaders believe that their power augments as they are promoted through the ranks, without personal power, legitimate or position power has its limitations, as their power can become diluted.

*Expert Power* does not rely on formal positions, as it originates from people who possess technical information, or specific skills and expertise respected by others. These professionals are typically promoted into managerial positions because they have performed at an outstanding level in their technical functions. Unless these experts recognize the need to exercise power and influence over their subordinates and peers, they will never be able to become the leaders they aspire to be. They may continue to be experts in their field, but they will never gain the respect they need in order to affect others’ behaviors.

*Coercive power* tends to be ubiquitous in many organizations, especially the military. It is a negative form of power aimed at influencing others by instilling fear in them. Coercive power does not encourage or motivate desired performance, but it does discourage undesired actions.



*Reward power* results in workers doing what is asked because they desire positive benefits or rewards. Rewards can be anything a worker values, including, but not limited to, praise, pecuniary compensation and promotion. For instance, one of the primary reasons people work is for the remuneration they receive at the end of the payroll cycle, so they can carry on with their lives. There are countless other forms of rewards, and anything that can be desired can be a form of reward, from a million dollar airplane to a couple of tickets to a baseball game. Reward power is, therefore, the ability to give other people what they want while simultaneously asking them to do things you want.

*Referent power* is gained by association between the person exercising power and some icon that actually *wields* influence and power. For instance, if someone is applying for a job, that person can influence the chances of being hired by imposing some referent power to the hiring manager, mentioning they know the CEO very well, and that he has been encouraged to apply for said position because he believes the applicant has the right credentials. Those with referent power can also use it for coercion. As humans, one of our greatest fears is social exclusion. All it takes is a derogatory or pejorative word from a social leader for us to be shunned by others in our community.

*Charisma power* is a way to exert influence over people through force of character, and to get them to do what the leader wants, thus modifying behavior. In the words of D.A. Benton (2003, p.125) “you know charisma when you see it in executives who exude self-confidence, style, composure, authority, and a boundless energy that propels them straight into the corner office

*Information power* is derived from information knowledge (an asset) a leader possesses to strategically influence the behavior, attitudes and values in their favor. It is, therefore, based upon the persuasiveness or content of a communication, and is independent of the influencing individual.

### **Literature Review**

In this new century, successful leaders will have to become storytellers. Not only are we seduced by stories (that’s why we like books, movies and theater), but we must invariably place stories above price and quality. We often justify a lack of or excess of those attributes with stories. We always have a story for why we must pay the high cost for a Starbucks coffee, or for a high-priced Apple computer, for a higher cost FedEx shipment or skyrocketing tuitions at colleges and universities. Yet, all the organizations listed above have leaders that knew how to tell their story, not only to their peers and subordinates, but also to the public, thereby becoming somewhat of a celebrity in the process.

Therefore, it is my belief that today’s leaders must possess the power of storytelling. I’m not about to advocate an eighth type of power (actually, why not?), but to convey, at least for the time being, that the power of charisma, along with the power of information should be the predominant types of power leaders should master. No longer do legitimate and coercive powers hold the edge. On the contrary, in a business world full of deceit and greed, unless leaders have a good story to tell, no one will be willing to follow. In the end, how do you know if you are a leader? Not by any of the power traits discussed here, but by simply looking back and finding out if there is anyone following you. If so, then you are a leader.

Organizational structure can be defined as a mechanism which links and co-ordinates individuals within the framework of their roles, authority and power. Organizational structure represents a useful tool that directs individuals’ behaviors through shared values, norms, and goals (O’Neill et al., 2001; Liao et al., 2011). However, it has been characterized as a technique in which the organizations are differentiated and integrated themselves by the allocation of work roles and activities (Tran and Tian, 2013). In recent years, researchers have sought to determine which structure brings the most advantages for organizations and they have suggested that organizational structures should be responsive to a variety of individual needs in businesses (Conner and Douglas, 2005). One of these widely used structures is presented by Burns and Stalker (1961) labelled as a mechanistic and organic. Mechanistic organization structure is characterized by highly formalized, standardized and centralized functions. Accordingly, in mechanistic organizations individuals have a clear understanding about their job responsibilities and it is expected of them to follow certain guidelines specified by policies, practices, and procedures. On the other hand, organic organizations are more flat, flexible and adaptable to environmental conditions, so individuals’ behaviors are guided by shared values and goals. Moreover, organic organizations have characteristics such as informal network of authority and informal network of communication and opportunities for participating in the decision process (Veisi et al., 2012; Danzfuss, 2012; Dust et al., 2013). Therefore, organizations need to design their structures in accordance with the organizational strategies, internal and external working environment conditions. Because organizational structure has numerous and significant effects on both individuals and organizations.



Learning organization can be defined as an organization that focuses on “learning” as a crucial component in its values, visions and goals, as well as all of its functions. It has been characterized by a type of organization which continuously and proactively emphasizes to facilitate learning activities and to develop strategies to encourage learning. Therefore, learning organization refers to a culture that promotes learning environment that embraces both individual and organizational learning. The concept of learning organization has been recognized by scholars since the early 1960s due to its vital importance for organizations to achieve and sustain competitive edge. However, in the last two decades, learning organizations have been considered as a key element which provides organizations with competitive advantage and make them different from their rivals in the future. (Van Grinsven and Visser, 2011; Maniam, 2013; Messarra and El-Kassar, 2013; Dahanayake and Gamlath, 2013). Moreover, learning organization has some positive effects on organizational performance and individuals’ attitudes and behaviors. For example, researches have indicated that learning organization has a significant impact on individuals’ commitment to organization, job satisfaction, turnover intention and work engagement levels and their innovative behaviors (Egan et al., 2004; Wang and Ellinger, 2008; Hashim, 2013; Wahyuningsih et al., 2013; Park et al., 2014). In addition to these, a few studies have asserted that individual performance and job involvement levels of employees are affected by the learning organization strategies (Cho, 2007; Rose et al., 2009; Malik and Danish, 2010).

### **Conclusion**

The unpredictable, global and dynamic working environment requires organization to focus on learning and design suitable structures which facilitate to cope with these conditions. In other words, organizations need to adopt structures whether it is mechanic or organic towards to their vision, values and goals. However they internalize to be learning organization as a philosophy to acquire a sustainable competitive advantage and organizational success in today’s working area. Therefore, it is clear that organizations have to design their structures according to internal and external conditions and emphasize learning. Because organizational structures and learning organization have a major impact both on organizations outputs and individuals attitudes depend their effectiveness. Accordingly, it can be stated that the structure which is planned to consider the organizational culture, goals, values, characteristics of industry and employees is thought to affect individual’s performance and some positive attitudes such as engagement, involvement, commitment and embeddedness etc. On the other hand, organizations who decide to be learning organization lead individuals to learn new skills and knowledge; in this way it enables them to motivate and develop their career. Thus, it is expected that learning organization has a positive impact on individuals work related attitudes and behaviors. In this context, it can be said that both organizational structures and learning organization are remarkable components which lead to important consequences on work attitudes of the individuals.

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