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Organizational Power

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Organizational power refers to the organization's capability to use all the mandatory resources in the indulgence of organization progress, such as human resources and machines. Power is not circulated homogeneously to all levels of the organization, but still, power is restricted in specific departments depending on the level of obligation and superiority. The main point of conveying power to these levels is streamlining the basic activities through designing work assemblies and strategies. Although customers are not part of the management or staff of an organization, they exercise indirect power that directly influences the performance and success of the business entity. Unlike customers, employees are directly influenced by the authority within the company. Therefore, in this essay preview, the discussion will focus on the type of power customers exercise and the impact on employees.

All stakeholders in an organization hold a position of power and influence. Owners, investors, customers, and the community play essential roles in the organization's decision-making process. The question to answer is, who amongst the stakeholders holds the most power? In my understanding, the consumers are the most influential stakeholders in the organization. In most cases, consumers present themselves in singularity. One customer makes a single purchase, and hence they cannot make a big difference in either the prosperity or downfall of the business. At least, it is what many people think. According to an article on Forbes by (Luo et al., 2018), the success of a business heavily relies on the transaction irrespective of the size of money. Besides, all business transactions are presented as single entities and are always isolated; therefore, it is always difficult for a single customer to impact the net profit. Here comes the difference and the power of a single transaction. When the customer is satisfied with the products and services, there is an increased tendency of repeated transactions for days and several years. Chances of referring other customers also become increasingly evident. That one transaction

becomes a chain of transactions that now has a recognizable impact on the organization's net profit. Provided the customers are continuously satisfied, a positive purchase cycle will continue. Customer link grows through a well-established purchase experience, direct referrals, and customer reviews, and online testimonials. If a single customer is not taken seriously and receives poor services, they go dissatisfied, never comes back, and spreads negative reviews about the company.

Customers exercise informal power. Considering they are neither the managerial, leadership, nor ordinary staff within the organization, they have no direct say on the flow of events in the organization. A person's formal power is based on the position they hold in an organization. In most cases, formal forms of power occur in commercial, governments, religious, and social assemblies such as sporting teams or student clubs. Just like the manager of the company has formal power, so does the footballer team captain. As the position of person changes in the organization so does the power and that is why most of the individual impulsively seek out to improve their position.

On the other hand, informal power does not come from an official position but from the highly respected and appreciated position that an individual has earned from their colleagues. In a formal position, a leader who can persuade a man to go along with a plan (convincing a customer to purchase a product) is able to make a customer stick (Serrat 2017). On the other contrary, the customer makes personal decisions whether to stay or go irrespective of whether the services are good or bad. The business does not have control over consumer purchase decisions, but it can influence them. The organizational culture has a crucial role in making employees stick. As stated by (Serrat 2017), an excellent organizational structure with employees

with the necessary expertise to persuade people to make proper purchase decisions can significantly influence the consumer power on the organization.

In an organization, power is manifested in different forms—the ability of one member of an organization to influence other people's activities is known as the executive power. Power distribution depends on the organization's hierarchical order, from senior managers, executives, supervisors to the very low staff like workers and cooks. Each of these people at their level exercises power and influence over other people. Proper power distribution facilitates employee motivation through increased supervision and work monitoring. More power implies more authority delegation to a number of people in the company; hence, closer supervision to facilitate and ensure working activities are done accordingly (Fiaz et al. 2017). Also, work distribution increases the chances for promotions in the organization. Departmental heads are always allocated managerial duties to supervise a small group of people. While conducting this managerial duty, the chances and opportunities for promotion are increased. As an employee at this minor managerial position, they are motivated to work to improve productivity, and hence, the general production is improved.

Last but not least, a supervisor can motivate an employee by making their job more challenging. Complex and challenging jobs encourage participative and consultative department linking and employee job enrichment and enlargement. The employee works hard to give their best performance. Difficult jobs reduce boredom and frustrations and comprehensively boost employee self-esteem and ego on performances.

Organization structure refers to the systems that outline the flow of activities such as work guidelines and employee roles and responsibilities to facilitate objectives. Organizational power facilitates these activities to run smoothly in a company. A well-established organizational

structure defines the hierarchy of power which provides the best work layout for workers. Also, organizational structure facilitates efficient and effective operations by properly separating and allocating employees departmental functions. It facilitates company performances seamlessly through separate processes.

Furthermore, (Pawirosumarto et al. 2017) highlights that employees can get their jobs done well through an adequately defined organizational structure. A decentralized organization enables employees to set expectations which can be achieved through problem-solving skills. Besides, the decentralized system allows for tracking personal and organizational growth, and therefore, the company can emphasize the promotion of skill. Last but not least, as discussed earlier, the consumers have the most power in an organization. Therefore, a well-structured company with well stipulated employee roles can provide customer power in favor of the organization to achieve the most purpose of the business; to get revenue and make profits.

In this discussion, the focus has been directed mainly to organizational power, which has been defined as the ability of an organization to control human resources and machines to achieve the goals. To facilitate further understanding of organizational power, the essay discussed types of organizational power and the impact of organizational structure on power distribution. Generally, despite customers being passive members of an organization with no formal power, they make up the most influential power within an organization. When the company takes good care of a single customer business activity, he/she can create a massive chain of recurring consumer chain that guarantees returns on profit. Finally, power distribution in an organization relies on the type of organizational structure. A well-established structure facilitates efficient flow of power and hence, the satisfaction of both employees and consumers in one way or another.



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