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## Study on Management Styles and Managerial Power Types for a Large Organization

Ilie Mihai Taucean<sup>a\*</sup>, Matei Tamasila<sup>a</sup>, Gabriela Negru-Strauti<sup>a</sup>

<sup>a</sup>*Politehnica University of Timisoara, 2 Piata Victoriei, Timisoara 300006, Romania*

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### Abstract

This paper studies the leadership style and leaders' power in a large scale organization. Our case study analyzes a higher education organization (university) with 1352 employees targeting the support positions in the organization for didactic activities (auxiliary didactic employees and non-didactic employees). The organizational power of a leader derives from the position of power (legitimate, reward, coercive) and personal power (expert, referent). The perception of the employee on the organizational power is highly important for the degree of success or lack of success in the organization. The main objectives of this study were to identify the leadership style, preferences on leaders' power type, and the relationships between them.

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### 1. Introduction

The leadership style represents the behavioral model which characterizes a leader (DuBrin, 1995). A way of approaching the leadership styles is by taking in account three key-points on leadership continuum. The organizational power of a leader (manager) also derives from the position of power (legitimate, reward, coercive) and from personal power (expert, referent). The perception of the employee on the organizational power is highly important for the organization's success or lack of success.

This paper presents a study regarding leadership styles and managerial power in a large organization, and a comparative study between the two issues. From a juridical point of view, in Romania, large (and very large) scale

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\* Corresponding author. Tel.: (+40-744-703-894)  
E-mail address: [ilie.taucean@mpt.upt.ro](mailto:ilie.taucean@mpt.upt.ro)

organisations are the ones with at least 250 employees (more than 1000 employees respectively). In case of companies (profit organisations) there are also other criteria like annual revenue (more than 50 million euro) or the total of the company actives (more than 43 million euro). In our case study, we analyse a higher education organisation (university) with 1352 employees (672 employed in education activities and 680 employed in auxiliary didactic and non-didactic activities). The target was the support positions in the organisation for didactic activities, meaning the auxiliary didactic and non-didactic employees, 500 of whom are from the main organisation structure.

## 2. Organizational Structures

Leadership behaviour is influenced by the organization structure both in positive and negative ways (Moore, 2009). The organization structures exist to support a set of activities that can be performed according to some division of labor or specialization. The key differentiators of organizational structures are the boundaries of the organization and the mechanism of coordination, information flow, and decision-making (Nohria, 1991).

In a **hierarchical** organizational structure, a compartment (a structure element) is further divided into sub-compartments with managers responsible for supporting each smaller compartment. These managers then report to a manager who is responsible for overall activities which are grouped functionally (or based on other criteria) in a higher hierarchical compartment. These managers rely on more formal communication (goals and targets, progress) and create a layer which can potentially disrupt the flow of information and decisions.

In a **matrix** (project) structure, the compartments boundaries are less permanent. A compartment member effectively reports to two kind of managers: a functional manager (from the functional compartment) and a (or more) project manager from the project (projects) in which the employee is engaged. For a large organization, this dual hierarchy enables the organization to be highly flexible in building project teams (as an element of organization structure) to deliver projects. Project-based information flow and decisions is focused on team-level engagement/discussions. Problems may occur when the number of projects increases and a hybrid organizational structure is introduced.

The “functional-hierarchic” organization (Johnson, 2015) is commonly known as a “matrix” organization. The matrix is an attempt to introduce flexibility to rigid and bureaucratic organizations. This means that actual expertise in specific areas is given wide latitude, while not affecting the linear and strict chain of command.

The real innovation of the matrix idea is that power is separated from authority. On the one hand, “authority” in this case is the ability to do something well. On the other hand, “power” is the nature of command and exists solely because of one's position in the bureaucratic pecking order.

**Power** here is the bureaucratic and linear chain of command. Its purpose is to maintain the functional units - often isolated from each other - in a rational cooperative order. Its purpose is administrative only. It has no right to dictate production standards, since that is left to those compartments that specialize in it. “Power” then, is administration, not production.

**Authority** is in the functional compartments. These can be accounting, production, sales, transportation, purchasing, legal and others. They are compartmentalized, focused and self-contained. They exist in relation to the other compartments because of the efforts of the administration for a normal-working relationship. The point is to keep these productive compartments focused and dedicated to their specialized task. They are not interfered with the command structure.

The **matrix** is where power and authority, formally separated, comes together into a functional, efficient and competitive unit. Management deals only with the more “formal” areas of the organization: administration. It includes the communication and cooperation among compartments and the efficiency of inter- and intra-compartment efficiency. Authority and power significantly facilitates coordination. Higher organizational performance comes together with some balance between decentralized local coordination and centralized authority (Dosi and Marengo, 2015).

The organisation of our case study, a university, recently changed its structure from a classical hierarchical one (before 2011) into a hybrid matrix one (after 2011, when the new law of education was adopted). If before, the faculties (which were the main structural element of the university's organisational structure) were subordinated to the Rector and department or departments were subordinated to them, now the departments are directly subordinated to the Rector. The faculties and the departments have their own responsibilities with functional and collaboration relations between them, replacing the former hierarchical structure. Departments offer education services to faculties through their didactical employees (professors). Faculties manage study programmes and students. One department

can have relations with one or more faculties (for one or more study programmes) and one faculty can have relations with one or more departments. Generally, there is a many-to-many type relation between faculties and departments. Also there is often a main department which is in charge of one study programme (offers most of their services to it).

### 3. Leadership styles

In an early research on leadership by Lewin and Lippit (1938), leadership styles are defined in terms of the extent to which the leaders are involved with people-related issues or work-related issues. One of the central theoretical notions in this research was that there is a significant difference between autocratic and democratic leadership styles. Later research internalized and extended the idea (Luthar 1996). Research conducted at the University of Michigan (Likert, 1961; Tannenbaum, 1966) led to the classification of leadership styles in terms of whether leaders were employee centred or production centred. Employee-centred leaders engage their subordinates in making workplace decisions, while production-centred leaders focus on tasks (organizing, setting standards, ways of accomplishment etc.). A two-dimensional classification was made by Ohio State studies on leadership (Stogdill & Coon, 1957). This study discovered that most variance in leadership behaviour could be explained by two key leadership dimensions: initiating structure and consideration. "Initiating structure" is defined as the degree to which the leader focuses on activities (task orientation). "Consideration" is defined as the degree to which the leader facilitates an environment of emotional support, warmth, and trust (interpersonal orientation).

Leadership classifications use, directly or indirectly, the dichotomy of an autocratic leadership style versus a democratic one. Skills in interpersonal interaction may lead to democratic/participative styles, whereas lacking interpersonal skills may lead in an autocratic/directive style (Eagly and Johnson 1990). Eagly and Johnson (1990) also found that (contrary to stereotypic expectations), men and women did not differ in terms of adopting a style. This is one of the hypotheses we considered in our study, because gender was not an issue of analysis.

R. Tannenbaum and W.H. Schmidt (1973) advised managers on how to select a leadership model from a range of leadership behaviours. Leadership models evolved gradually in a leadership continuum with more precise key-points, presenting a wider gamut of leadership styles, which also includes intermediate styles: autocratic/paternalistic, paternalistic, paternalistic/participative, participative/delegative, delegative, and participative/delegative (Pugna et al., 2007). An efficient leader uses different styles depending on the relationships between him/her, group members (employees) and the situation.

One of the six dimensions of the Geert Hofstede model (2010) is "power distance": to what degree the members of an organisation with low power expect or accept that the power is unequally distributed. For relative differentiation, Hofstede introduced a "power differential index" (PDI) initially for 53 studied countries. The higher the number, the more authoritarian/paternalistic the leadership style, and consequently, the employees are more afraid of their superiors or do not want to contradict their leaders. Obviously lower PDI numbers mean that a participative style is used; employees are not so afraid of their superiors. The introduction of paternalistic style allows a larger gamut of individual behaviours, beginning from debutants up to extremely performing employees. Romania scores 90 in this study, which means that there is a tendency for more authoritarian style and that employees are more afraid of their managers.

A popular framework for thinking about a leader's "task versus person" orientation was developed by Robert Blake and Jane Mouton in the early 1960s. Called the Managerial Grid, or Leadership Grid, it plots the degree of task-centeredness versus person-centeredness and identifies five combinations as distinct leadership styles (Blake and Mouton, 1964).

The Managerial Grid is based on two behavioral dimensions: concern for people and concern for results. The concern for people is the degree to which a leader considers the needs of his team members, their interests, and the areas of personal development when deciding to the best way to accomplish a task. The concern for results is the degree to which a leader emphasizes concrete objectives, organizational efficiency and high productivity when deciding how to best accomplish a task.

Using the axis to plot leadership "concerns for results" versus "concerns for people", Blake and Mouton defined the following five leadership styles (see figure 1):

1. Impoverished Management for low results/low people. This leader is mostly ineffective. He/she has neither a high regard for creating systems for getting the job done, nor for creating a work environment that is satisfying and

motivating. The result is disorganization, dissatisfaction and disharmony.

2. Country Club Management for high people/low results. This leader is most concerned about the needs and feelings of members of his/her team and operate under the assumption that as long as team members are happy and secure they will work hard. This tends to result in a work environment that is very relaxed and fun but where production suffers due to lack of direction and control.

3. Authority-Compliance Management for high results/low people. Also known as Authoritarian or "Produce or Perish" Leaders, people in this category believe that employees are simply a mean to an end. Employee needs are always secondary to the need for efficient and productive workplaces. This type of leader is very autocratic, has strict work rules, policies, and procedures, and consider punishment as the most effective mean to motivate employees.

4. Middle-of-the-Road Management for medium results/medium people. This style seems to be a balance of the two competing concerns, and it may at first appear to be an ideal compromise. Therein lays the problem: when you compromise, you necessarily give away a bit of each concern, so that neither production nor people needs are fully met. Leaders who use this style settle for average performance and often believe that this is the most anyone can expect.

5. Team Leadership for high results/high people. According to the Blake Mouton model, this is the best managerial style. These leaders highly stress production needs and people needs equally. The premise here is that employees understand the organization's purpose and are involved in determining production needs. When employees are committed to, and have a stake in the organization's success, their needs and production needs coincide. This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and, as a result, high results.

The grid assumes that an opportunistic leader shifts to any grid style to achieve personal gain and self-promotion.

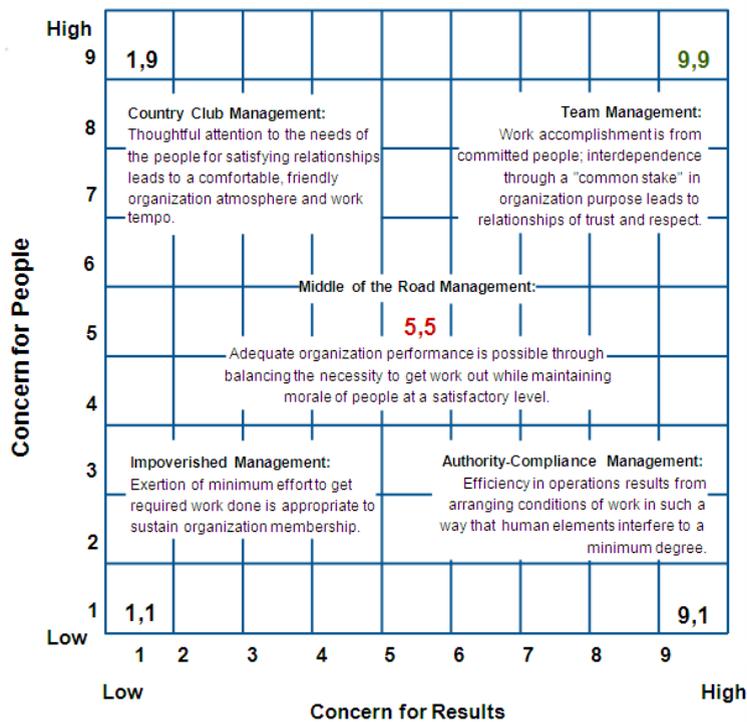


Fig. 1. Blake Mouton Managerial Grid

Source: Robert R. Blake and Anne Adams McCarse, Leadership Dukennas—Grid Solutions, Houston: Gulf Publishing Company, 1991

#### 4. Management Power

Some authors consider that power is the capacity to reach the established results in the way the actor wants (Robey, D., 1986; Pfeffer 1981), to exercise and impose the will (Finkelstein, 1992). Other specialists consider that doing effective activities, acting and influencing results, making something happen. The power can be of an individual, a group or team, of an organisation. Also, power is an interdependent function between the actors involved in common activities.

In this context, authority rightfully uses the power. It can be formal as there is a formal position granted to somebody and accepted by the subalterns, and considered just. Informal leaders have power without authority. The power can be as strong as the influence is stronger on others.

In order to exercise power in an organisation, it is essential to know and understand all about power, its sources and types of power. In this paper we analyse the types of power and the level of these types in a large organization, with a complex structure. Our research considers the power types as defined by John R. P. French and Bertram Raven in 1959, without taking into account the revised model of 1965 and further development. We consider this because we want to keep the research as simple as possible, due to a large number of targeted employees and due to the complex organisational structure.

It has been theorized that leadership and power are closely linked (French and Raven, 1959). It has been further presumed that different forms of power affect one's leadership and success. In a study of power conducted by John R. P. French and Bertram Raven in 1959, power is divided into five types: coercive power, reward power, legitimate power, referent power, and expert power. This was followed by Raven's subsequent identification in 1965 of a separate and distinct base of power: informational power (Raven, 1965) and social power (Raven, 2004).

Since then, the model has gone through some developments: coercive and reward power can have personal as well as impersonal forms; expert and referent power can be negative or positive; legitimate power, in addition to position power, may be based on other normative obligations: reciprocity, equity, and responsibility; information may be utilized in direct or indirect fashion (Raven, 1992).

The model of the five power types consists in:

**Coercive power** uses the threat of force to gain compliance from another. Force may include physical, social, emotional, political, or economic means. This type of power is based upon the idea of coercion: someone is forced to do something that he/she does not desire to do.

**Reward power** is based on the right of some to offer tangible, social, emotional, or spiritual rewards to others for doing what is wanted or expected of them. Reward power is based on the right to deny others something tangible, social, emotional, political, or spiritual for failing to or refusing to do what is desired or expected of them.

**Legitimate power** comes from an elected, selected, or appointed position of authority and may be underpinned by social norms (Raven, 1992). This power means the ability to administer to another certain feelings of obligation or the notion of responsibility (Hinkin and Schriesheim, 1989). Bass (1990) explained that "rewarding and punishing subordinates is generally seen as a legitimate part of the formal or appointed leadership role and most managerial positions in work organizations carry with them, some degree of expected reward and punishment". This type of formal power relies on position in an authority hierarchy.

**Referent power** is rooted in the affiliations we make and/or the groups and organisations we belong to (Petress, 2003). Affiliation with a group and the beliefs of the group are shared to some degree. As referent power emphasizes similarity, respect for an agent of influence's superiority may be undermined by a target of influence (Raven, 1965).

**Expert power** is based on what one knows, experience, and special skills or talents (Petress, 2003). Expertise can be demonstrated by reputation, credentials certifying expertise, and actions.

#### 5. Case study

The case study organization has activities in the public services field (higher education - university).

We used a direct method of study, obtaining data directly from the individuals (employees) involved in this study. In the survey, the sample was structured on one category: only the support compartments were investigated. The reason for this is that the structure of the organization was changed three years ago: from a classical pyramidal structure to a matrix structure.

### 5.1. Methodology

Our qualitative study consists in collecting and analyzing the elements which are the basis for explaining the opinions, motivations, and behaviors of individuals involved.

The survey method was used in order to find out the opinions of a given population, by interrogating a limited number of its members (a sample). For determining the sample size, the following formula was utilized:

$$n = t^2 \cdot p \cdot (1 - p) \cdot \frac{100}{\Delta\omega^2}$$

where: n – sample size; t – statistic coefficient; p – probability of the guaranteed results, more than 96%; 1 - p – accepted error is  $\pm 3\%$ ;  $\Delta\omega$  – admissible error.

Thus, for  $t = 2.1$ ;  $p = 0.946$  and  $\Delta\omega = 1.236$ , t The sample is formed of  $n = 26.9\%$  individuals. Because the total targeted number of employees is 500 (didactic and non didactic auxiliar), the samples is  $n = 135$ . We received responses from 158 employees, so the sample size was reached (and exceeded).

The survey objectives were:

1. Identifying preferences about leaders' power type;
2. Identifying the leadership style;
3. Identifying the possible relations between the two models.

For the first objective we used "Questionnaire 1" with 20 questions, with 5 answering options (5 – strongly agree, 4 – agree, 3 – neither agree nor disagree, 2 – disagree, 1 – strongly disagree). Questionnaire 1 is adapted from the 1995 DuBrin's "Leadership" (Boston: Houghton Mifflin Company), allowing the evaluation of a manager power and also the discrimination between the managerial power types. It is considered that the manager (leader, leading person) has a high power for a score over 90 points, a moderate power for a score between 70 and 80 points and a low power for less than 70 points. The score of questions 1 to 4 offers an image about *reward power*, questions 5 to 8 about *coercive power*, questions 9 to 12 about *legitimate power*, questions 13 to 16 about *expert power* and questions 17 to 20 about *referent power*.

For the second objective we used "Questionnaire 2" with 18 questions, with 6 answering options, from 5 (always) to 0 (never) (adapted from DuBrin's "Leadership" book from 1995, Boston: Houghton Mifflin Company). Half of the questions represent the concern for people and the other half the concern for tasks. The scores for each ax will represent a point in the grid which will determine the leadership style.

For the third objective we will look for the relations between the two models by representing them on the same grid.

### 5.2. Results Analysis

Fig. 2 presents the results of the first questionnaire, by determining the total points on the groups of questions. Thus 51 questionnaires are below 70 points (32.28% consider that their leaders have a low power); 101 questionnaires are between 70 and 90 points (63.92% consider that their leaders have a moderate power); 6 questionnaires are over 90 points (3.80% consider that their leaders have a high power).

The evaluation of the managerial power types of leaders reveals (see figure 3):

- 20.25% of the subjects consider that their leaders can increase their wages, can offer benefits or can promote them.
- 19.32% of the subjects consider that their leaders can give unwanted tasks, can make the job difficult or can make the work place unpleasant.
- 30.38% of the the subjects consider that their leaders can make them more responsible and dedicated to accomplish their job tasks.
- 52.53% of the the subjects consider that their leaders can offer them useful advices, useful technical solutions and share from own experiences.
- 46.84% of the subjects consider that their leaders can make them feel important, valued and accepted in the organization.

The leadership styles resulted from the second questionnaire, as seen in Fig. 4, have a scatter between 5-5

(middle of the road style) and 9-9 (team management style), with a balance between the concern for people and the concern for results. Fig. 5 presents the relation between the leadership style and power level, by integrating the power levels into leadership styles grid. Each of “a”, “b” and “c” figures present one level of power (figure 5.a for low power, 5.b for medium power and 5.c for high power), and in “d” all levels are represented. We can see that the scatter of the power levels are similar, only the number for the each level is different.

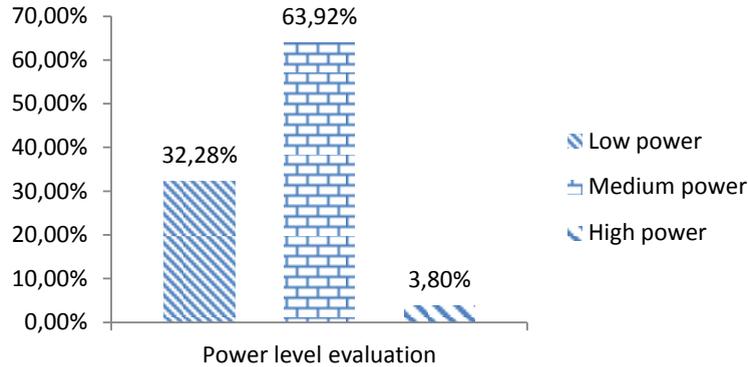


Fig. 2: Power level evaluation

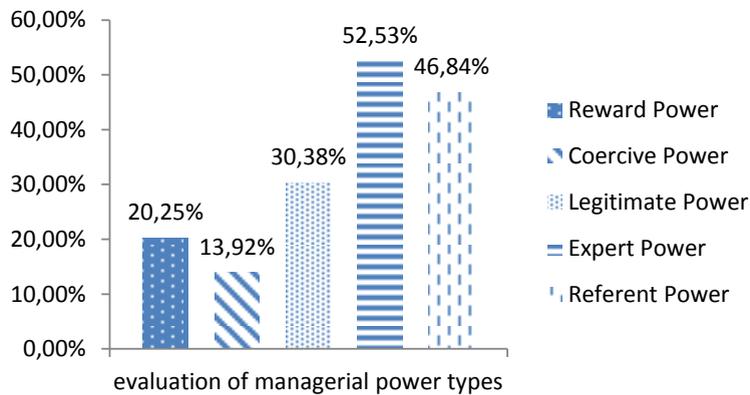


Fig. 3. Evaluation of managerial power types

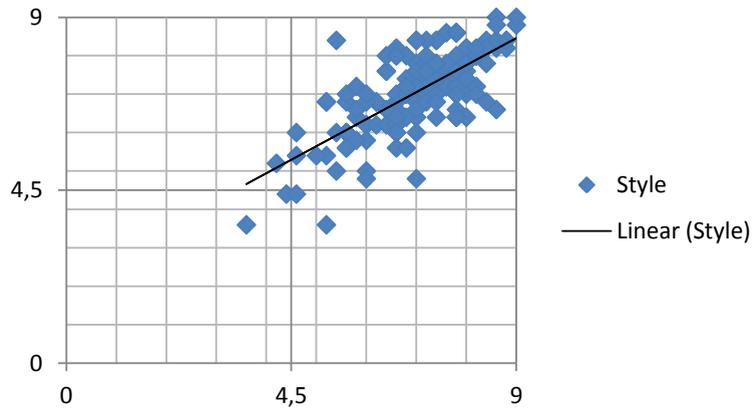


Fig. 4. Managerial Grid

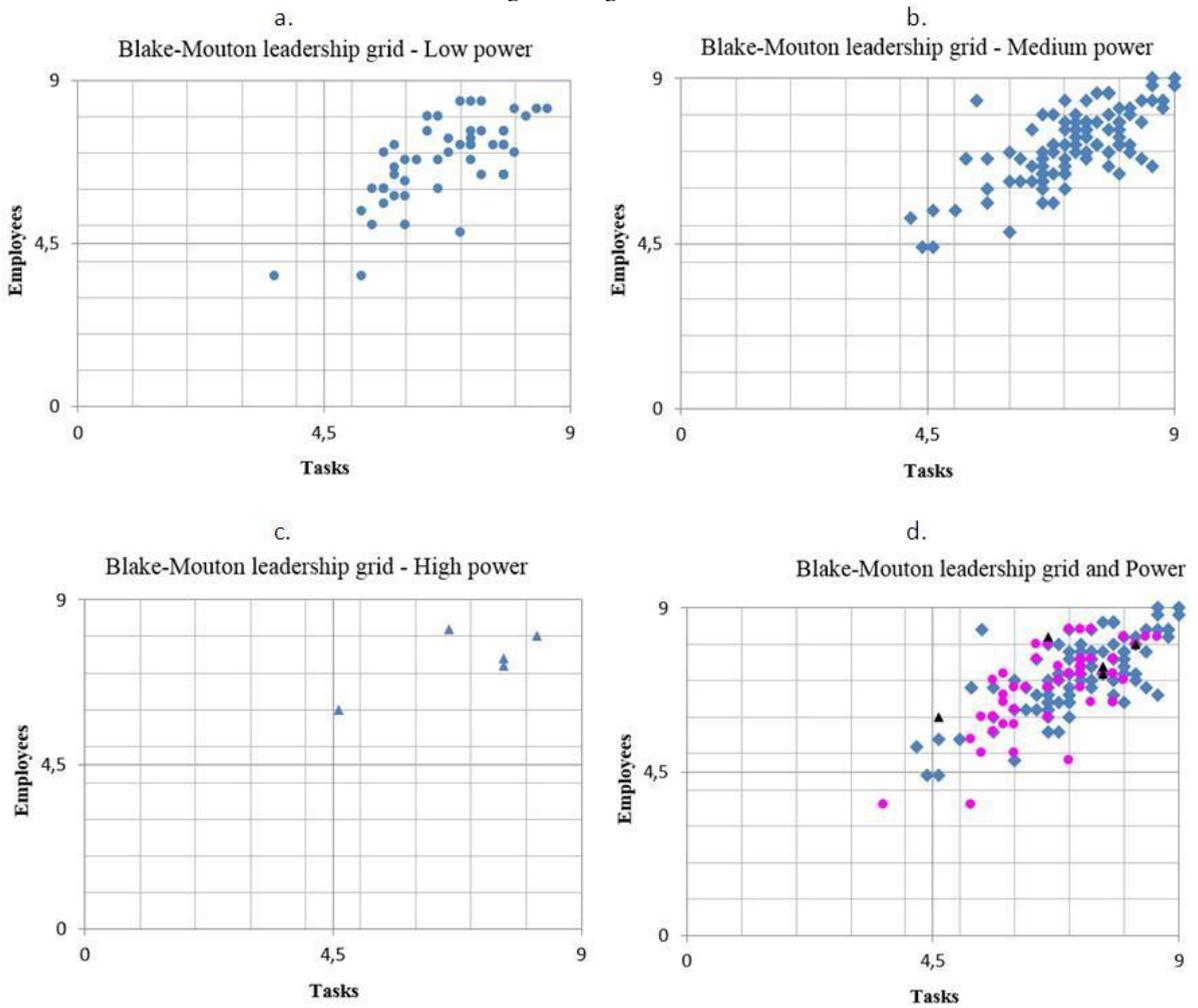


Fig. 5. Managerial Grid with Managerial Power Types: a. low power; b. medium power; c. high power; d. all levels

## 6. Conclusions

The main objectives of this study were to identify the leadership style, preferences about leaders' power type, and the relationships between them. Our research led to findings regarding leadership style and power type and levels for a specific organization.

The organisation employees from the case study consider that their leaders have a high referent and expert power and low reward and coercive power, and medium legitimate power. The leadership style is both people- and task-centered, encouraging the subordinate participation to decision making, promoting trust and mutual respect. Employees consider that team work is the most efficient tool for optimal organizational activity. We consider that the leadership style is consistent and appropriate with the type and size of the studied organization.

Regarding power, the level of power resulted from this study is not enough perceived for about a third of the employees (32.28% with low power) and the recommendation is to reconsider the chain of command established in the organization and the authority from all levels, but especially for bottom and medium management levels (so a bottom-up analysis is required).

We also consider that expert and referent power is well established and used in the organization, with a need to increase the reward power type (which is now at 20.25%). Reward power is also connected with the level of power, so both our recommendations (regarding power level and type) are correlated.

By integrating the power type's model into Blake-Mouton leadership grid, we see that the scatter of the power levels is similar, only the number for each level is different. We consider that this is a good situation and we need to do follow-up and further analyses in the future to see if and how this will change in time. Because of influence of factors such as workforce migration, demographic decrease, education system changes, workforce characteristics evolution etc., the orientations and priorities of the leadership styles compatibility can change in time.

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