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The Role of Organizational Power on Competitive Advantage Achievement

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Abstract

This study aimed at investigating the role of organizational power on competitive Advantage achievement.

In order to achieve the aim of this study, the researcher investigate the following Hypothesis (There is no relationship between organizational power and competitive advantage achievement).

Through the review of related studies and theories, the main result of the study showed

That there is a positive relationship between organizational power and competitive advantage achievement.

The main recommendations of the study were:

- Enhance the role of organizational power with there dimensions of experience and structure in the field work which in turn support the function of decision making.
- Enhance the role of organizational research and development for business organizations to achieve restructuring and redesign of jobs which help decision makers make effective strategic decisions.

Keywords: Organizational Power, Competitive Advantage

Introduction

The strategic concept is one of the important concepts that provides the organization with a future outlook and clarity of the work that the organization needs to do. This creates opportunities for the organization to grow, continue and survive. Therefore, growth strategies are of great interest to business organizations because success is associated with growth. Organizations that operate inactive way seek growth that leads to increased sales as well as taking advantage of the experience curve to reduce costs and thus increase productivity.

A growth strategy is defined as the strategy adopted by organizations that seek to achieve new goals at a higher level than their previous goals.

It also requires an additional efforts by the management of organizations in order to build an adaptation and interaction mechanism with environmental investment opportunities. Here, senior

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management plays the primary role in determining the type or types of strategies adopted by organizations on the basis of which all efforts are directed to implement them. Defining the right and appropriate growth strategy for the organization is not easy, but it requires the manager to have the power. The source of power that a manager possesses is different here, it may be because of the position being a manager, because he is the owner, because of experience, etc.

Accordingly, this study sheds light on the role of organizational power in achieving competitive advantage from a descriptive perspective based on academic knowledge in this aspect.

Study Problem:

The environment of business organizations is competitive in nature, which requires organizations to search for strategies that enable them to achieve the goal of survival and continuity, by focusing on achieving competitive advantage, which is related to meeting the needs and desires of the beneficiaries, whether services or products. Therefore, the problem of the study can be shown through the following question:

Does organizational power play a role in achieving competitive advantage in business organizations?

Objectives of the study:

The main objective of this study is to identify the role of organizational power in achieving competitive advantage through the adoption of a growth strategy.

Importance of the study:

The importance of this study is related to the importance of the growth strategy of business organizations, which is one of the important topics in the life of these organizations. The importance of this study also comes from the fact that it connects the sources of power of senior managers, which supposedly play a decisive role in choosing the appropriate strategy for the organization. The findings of this study will lead to the revelation of the actual sources of power that control it.

Study hypothesis:

There is no positive role of organizational power (structural power, power of experience) in achieving competitive advantage.

<u>In business organizations.</u>

Limitations of the study:

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Scientific limits, the researcher in this study relied on the determination of organizational power, which is (structural power, experience power) by (Hall, 2001). Regarding the variable of competitive advantage on (Wheelen& Hunger 2010)

Procedural Definitions:

- Organizational power means that A has power over B to the extent that it makes B do something that it would not do without A's influence on him.
- Structural power means the right of the manager to make decisions, issue orders and instructions, and comply with these orders and instructions.
- Power of experience refers to the manager's possession of information related to the work of the organization in the manager's specialization and the ability to solve the problems facing the manager in the organization in which he works that come due to environmental changes.
- Competitive advantage means the ability of an organization to generate something unique or different from the rest of its competitors or anything that differentiates the organization positively from its competitors from other organizations in order to survive and continue.

Theoretical Framework and Previous Studies:

Organizational power:

Power is seen as the ability to make the other party work in the way that the power holder wants. Power is a form of social relations that exists within the framework of organization.

But it is not as clearly manifested in the organizational structure as it is in the case of authority, which is an important part of the organizational structure, and according to this concept, power expresses an aspect of the informal organization that some parties enjoy as individuals or groups. Therefore, power is a social concept that cannot be exercised in isolation from others, it needs the relations and complementary dependence between the parties within the organization. Each party can influence the other. Or hinder the other party out of freedom or the desire to respond. (Gibson, et al.1994).

We often find that there are some individuals in the organization who do not have official authority, but they have the power to influence the performance and behavior of others, and their power is based on sources other than official authority, such as strength of character, respect, mutual trust with others, competence and experience.

The type of power is not limited to managers only. On the other hand, we find that there are individuals who have official authority but do not have the ability to influence their subordinates, and this leads us to the conclusion.

The concept of power is broader than the concept of authority, which is part of the concept of power.

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The diversity of the nature of power contributes to the ability to modify and manage the behavior of individuals and to control that behavior or to shape their lives.

Among the sources of individuals' access to power, there is a great deal of agreement in identifying the main sources of power, as Hall (2001) identified the following sources:
1- The force derived from the function, i.e. the force emanates from the position of its bearer, and we find within this type three types of force:
- Legitimate power
- Reward power
- Coercive power

2- Power derived from individual characteristics, power within this classification emerges from the individual characteristics of the person holding power. Within this type, there are five types:
- Expert power
- Referent power
- Connection power
- Rational persuasion power
- Charisma power

3. Structural power, this type of power is determined within the structure of the organization. The structural sources of power result from the nature of the social system of the organization rather than by its individual attributes or characteristics, and the structure of the organization is a mechanism of control through which the organization is governed.

It reminds us that power can be distributed in many ways in organizations, that is, it can be concentrated in the hands of a few, or it can be decentralized throughout the organization. Power also penetrates all the joints of the Organization and is almost the main axis of all its activities to influence all aspects of the Organization and its daily presence in all units of the Organization.

Competitive Advantage:

Competitive advantage is the basic basis on which the performance of organizations is based, and it is rare for business organizations to have a competitive advantage at all levels and in all fields compared to other competitors due to the limited resources of the organization on the one hand and making swap decisions for the purpose of building distinctive capacities that support and exchange influence with the distinctive competencies of the organization. Thus, competitive advantage is the key to the success of business organizations.

In order to diagnose competitive advantage requires historical data as well as estimating trends and results and comparing them with competitors' data. Competitive advantage is usually associated with current competitors as well as expected competitors in the future. Competitive advantage is determined by the nature of its sources and those sources are obtained by singularity or inability to imitate the actions that form the basis of a competitive position.

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In the short term, an organization's ability to compete depends on the characteristics of the services/products in terms of price and performance, while in the long term it depends on the ability at the lowest cost, and faster than competitors do to build the intrinsic capacity through which unexpected services/products are generated.

The concept of competitive advantage has evolved through what the auothers says, as it expresses competitive advantage as the unique position that an organization develops against its competitors. Also considered competitive advantage as the goal of the strategy, i.e. the dependent variable, and not something used in the strategy, and the justification for this is that superior performance is related to competitive advantage. Achieving competitive advantage will automatically and implicitly generate outstanding performance. It is also defined as anything that distinguishes an organization positively or positively distinguishes its products from its competitors in the eyes of its customers or end-users of its products.

It can be said that competitive advantage is achieved through the presence of two factors:

1- Comparative efficiency, which means that an organization can produce services/goods at a lower cost than the cost of producing its competitors. This, of course, is affected by the following factors:

- Internal efficiency, which refers to the level of costs incurred by the organization internally.
- Interorganizational efficiency, which refers to the costs incurred by the organization in dealing with external organizations.

2- Bargaining power, which allows the organization to achieve bargaining situations with its customers and suppliers for its own benefit. It is usually affected by the following factors:

- Research related costs
- Unique product features
- Switching costs

In addition, the achievement of competitive advantage can be done through competencies that fall within the control of the organization, or through maneuvering in strategy, or it may be the result of a stroke of luck. However, in the end, competitive advantage is the result of a deliberate decision by the organization that is related to the organization's strategy and depends on the organization's capabilities.

Porter (1985) pointed out that the achievement of competitive advantage depends on the following stages:

1- Analyzing the structure of the sector to which the organization belongs, i.e. analyzing the structure of the industry represented by the factors of pressure on the intensity of competition.

2. Adopt the type of competitive strategy, i.e. choose the type of competitive strategy in order to achieve competitive advantage. Whether in the field of cost or excellence.

3- Applying the competitive strategy, and here the organization must look at this stage as not a stage that ends after a certain period, but rather as a continuous stage in which the

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organization follows up and evaluates the sector to which it belongs and its competitive position.

Through the theoretical concepts that have been introduced about the role and relationship of organizational power in the field of strategic decision-making in achieving competitive advantage, it can be said that once organizations adopt strategic decisions through the availability of organizational power, this will lead to the achievement of competitive advantage.

Previous Studies:

1- (Reuver, 2006) The influence of organizational power on conflict dynamics.
This study indicated the potential impact of organizational power on the conflict between employees in organizations. The study found that there is an effect of organizational power among frontline managers on resolving the conflict between employees in the study population.
2- (Kim and Cervero,2007) Understanding the Impact of Organizational Power on Evaluation Outcomes.

The study aimed to test the power relations between shareholders, and the study was conducted on the Management Leadership Development Program in Korea. The study found that there is a high level of interest in the content of power and that power relations directly affect the results of companies.

3- (Shield & Malhotra 2008) Manufacturing Managers Perceptions of Functional Power in Manufacturing Organizations.

The aim of the study was to test the relationship between the four types of power (position power, experience power, resource power and policy power) and the role of the manager in relation to strategic decision. The results showed that there is an important influence relationship for three types of power: the power of position, experience, and politics.

4- (Umukoro, 2009) The Effects of Managerial Characteristics and Organization Growth on Strategic Change.

The study concluded that there is a significant impact of managerial characteristics and the growth of the organization on the strategic change.
Through reviewing the studies, it was found that they varied in their research directions, and they aimed to measure the impact of organizational power with its variables on the strategic goals, strategies of business organizations, and the effectiveness of the organization. In addition to the role of knowledge management and information technology in achieving competitive advantages.

Conclusions:

Through the theoretical review and previous studies, it has been shown that there is a wide awareness by business organizations of the importance and role of organizational power in its structural dimensions and experience in achieving competitive advantage.

Recommendations:

- Enhancing the role and importance of organizational power with its structural dimensions and experience in the field of work of business organizations, which in turn contributes to the field of strategic decision-making.

- Enhancing the role of organizational research and development in organizations through restructuring and designing functions to make them more capable in decision-making. It adopts strategies that are appropriate to the variables of its external environment.

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