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## Autonomous groups between power and empowerment

Sinteur, I.

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## Summary

Recently the concept of autonomous self-steering teams has regained popularity in management discourse and in the public debate. However, consensus is lacking on a shared definition and how to implement self-steering in practice, and the role of power is rather ignored. In a comparative case study of three organizations and a longitudinal study of one of these organizations, we contribute to improving the concept of ‘self’-steering by analyzing the role of power within self-steering.

The discussion on self-steering comes from a long tradition. Already in the 1960s, experiments were done with autonomous groups (Cooney, 2004). Organizational design using such groups became subject of the sociotechnical systems approach. At the individual level focus was on job enrichment in order to enlarge motivation and productivity of employees (Vough and Parker, 2008). In the 1980s, self-management and self-leadership were introduced as concepts of how people manage and lead themselves (Stewart et al., 2011). In the 1990s, empowerment gained interest as management strategy to stimulate employees to become more proactive and effective (Cooney, 2004).

Extensive literature on the outcomes of empowerment provide evidence that it is positively related to job satisfaction, organizational commitment and performance, and negatively to strain and turnover (Seibert et al., 2011; Maynard et al., 2012). These behavioral and motivational effects are not the only reason for the current popularity of empowering management concepts such as self-steering. By identifying themselves with popular management concepts, organizations gain legitimacy and cultural support, which improves their external reputation, even when these concepts are not actually implemented (Staw and Epstein, 2000). However, only story telling about self-steering is not without risk: not meeting created expectations of sharing power is an important reason for empowerment programs to fail (Hardy and Leiba-O’Sullivan, 1998; Harley, 1999).

In the empowerment debate originally the focus was on authority, i.e. on sharing power (Kanter, 1993). This resulted in the concept of *structural empowerment*. However in literature there are diverging perspectives on the definition of structural empowerment. In most of these, managerial behavior is not distinguished from structural dimensions. In this study we explicitly make this distinction and restrict structural empowerment to what we see as its core: the delegation of authority and responsibility to employees, more specifically to the lowest level in an organization where a competent decision can be made (Seibert et al., 2004). When the concept of empowerment was adopted by management literature, it was adapted to management discourse and the focus was on empowerment as giving energy, instead of authority, in order to get work done

and increase productivity (Thomas and Velthouse, 1990; Bartunek and Spreitzer, 2006). This resulted in the concept of psychological empowerment which dominates the empowerment debate. *Psychological empowerment* is an intrinsic motivation reflecting a sense of control in relation to one's work and an active orientation to one's work role. It is manifested in four cognitions (Thomas and Velthouse, 1990): *meaning*: the alignment between the demands of the work role, and one's own beliefs, values and standards; *competence*: the belief in one's capability to successfully perform work activities; *self-determination*: a sense of choice concerning the initiation or regulation of one's actions; and *impact*: the belief that one can influence strategic, administrative, or operational activities and outcomes in one's work unit.

For studying the much neglected role of power within empowerment, we use different power approaches. We explain them by positioning them, with hindsight, within the model of Clegg (1989) that shows how power works in organizations through three connected power circuits:

- The Episodic circuit is where social relations, including power relations, are situated. In a power relation the more-powerful has more influence on the behavior of the less-powerful than reverse (*the relational approach*) (Pfeffer, 1981; Mulder, 1984). The agents in the power relations are motivated to use power sources they control: legitimate power, expert power, sanction power, identification power (*the power sources approach*) (French and Raven, 1959; Mulder, 1984), and to reduce or increase power distances (Mulder, 1984; Hofstede, 1984) which is influenced by the way they evaluate themselves as well as the agents they relate to (*the motivational approach*) (Mulder, 1984). For self-steering, the non-power relation (reciprocal open consultation) seems important as it is the relationship in which everyone, including the one who is otherwise more-powerful, is prepared to be persuaded by good arguments of the others. This relationship is only possible if the other power sources are not too unevenly distributed (Mulder, 1984, 2004).
- The Dispositional circuit of power is where social integration takes place. In this circuit, the rules that order relations of meaning, membership and belonging are created. This is where we find organizational politics, using labels, ceremonies and stories, values and norms to manage meaning (*the constructivist approach*) (Pfeffer, 1981; Hardy and Leiba-O'Sullivan, 1998; Doorewaard, 1989). At this level, also the environmental contingencies that influence power relations play a role (*the contingency approach*) (Lawrence and Lorsch, 1967; Mintzberg, 1983; Koopman and Pool, 1992). Important is the situation of crisis in which organizations often face recentralization of power and strong centralized leadership

(Staw et al., 1981; Boin and 't Hart, 2003; Drabek and McEntire, 2003). This would imply that decentralized organizational concepts as self-steering are vulnerable during such situations.

- The Facilitative circuit represents the change (innovation) of the techniques of production and of exercising power. Here are the structural characteristics of the organization created, including the level of structural empowerment: organizational design supporting or restricting distribution of authority and responsibility, and the structures of ownership.

Using this approach, the following questions are answered:

- Q1: What aspects of structural empowerment are deterrent for the distribution of authority and responsibility?
- Q2: How do organization members perceive the power distances in the organization, under different conditions of structural empowerment and politics of pervasive empowerment stories? Do members believe the story also when the structural conditions contradict it?
- Q3: What is the effect of structural empowerment, and the perception of the power distance, on psychological empowerment? And how do pervasive empowerment stories told by organizations influence this relation?
- Q4: How do self-steering organizations behave under crisis?

In order to answer these questions, we study three companies, PART, NEXT and SOLV, which are knowledge intensive organizations providing business services in the fields of IT and/or finance. The organizations are characterized by highly educated members who have the competences needed to take on authority and responsibility in order to respond to the economically and technologically highly dynamic constellations in which they work. For answering questions 1, 2, and 3, we compare the organizations. In order to investigate the behavior under conditions of crisis, we conducted a longitudinal case study of one of the cases.

For this study different data sources are used: formal and legal documents, business communication and websites, interviews, observation and a survey. The questionnaire consists of (i) the Core Self Evaluation instrument, containing 12 questions (Judge et al., 2003), (ii) the Psychological Empowerment instrument, containing 12 questions (Spreitzer, 1995) and (iii) the customized Interaction Analysis Questionnaire (IAQ) (Mulder, 1984), containing between 42 and 51 questions depending on the case. We used a Likert scale consisting of six categories, coded from -3 (totally disagree) to +3 (totally agree) and avoiding the 'no opinion' or 'neutral' option, to force respondents to express an opinion. As power use relates to personal characteristics, we also collected information

through the organizations and LinkedIn about gender, ownership and seniority, and the latter is composed of age, years in the companies and years of working experience. The questionnaire had a response of 68% up to 75%. The survey data are analyzed using SPSS24 and AMOS24. We interviewed in PART and NEXT members with a variety of roles. Interviewees in these two organizations were 16% and 27%. In SOLV we did not do interviews, but use the data collected for Sinteur (2002). For tracing the careers of 95% of the former employees of the case in our longitudinal study we used LinkedIn.

Comparing three organizations – based on documents, websites, and interview data - suggests that the next aspects of structural empowerment are crucial for distributing authority and responsibility (Q1):

- Organizational design concepts: work groups that are limited in size (group size), in which group members coordinate their tasks themselves (group coordination) and where job regulation responsibilities are distributed amongst group members (group responsibility), where knowledge about the results of work activities is strongly shared (task feedback), and an incentive system is in place that rewards performance at individual and group and organizational level (total compensation), with minimum external influence on work group performance (outsider steering) and maximum control for group members (task autonomy).
- Distribution of decision making in which group members not only decide upon how they do their work (operational) but also what is to be done (tactical) and why (strategic).
- Legal design and ownership structure supporting an equal distribution of ownership, where ownership not only means sharing profits but also sharing voting rights on important decisions that influence the nature of the organization and affect the interests of the staff.

The organizations differ in structural empowerment in that it is strongly present in NEXT on all aspects, reasonably in SOLV (in distribution of decision making and organizational design and not legal design and ownership) and not in PART.

Despite the differences in structural empowerment, all three organizations have strong stories on empowerment and self-steering. These stories influence members' perception of the power distance (Q2): in all three organizations legitimate power is seen as irrelevant whereas reciprocal open consultation is a shared value. This shows the effectivity of these stories in hiding the discrepancy between the perception of small power differences and a factual power configuration without distribution of power. These stories create an external as well as internal reputation of an empowering and self-steering organization, without the necessity of actual implementation of these concepts. However, we found that language and ideologies used to manage meaning do not completely

hide power differences. In PART, with hardly any structural empowerment, the power distance is larger than in the other two companies. Also in interviews organization members of PART do report power use, parallel to a strong adherence to the empowerment story. At the same time they seem not always aware of the large discrepancy between the story and the reality of power use.

The comparison of cases shows at the organization level that the level of structural empowerment and power distance are related to psychological empowerment (Q3), more specifically: lower power distances go together with a higher score on the influence felt on the work unit (*impact*) and with a higher score on influence on one's own work (*self-determination*). Within PART, with hardly any structural empowerment, differences in the level of psychological empowerment between group members and their next-higher are large compared to NEXT, which indicates that within PART empowerment is a managerial strategy instead of real distribution of power: the next-higher has more power, and this is reflected in higher psychological empowerment. The same is true for intergroup differences: within PART all groups have about the same level of psychological empowerment, which indicates that psychological empowerment is more a shared belief within the organization than a reflection of differences in power distances within groups. The latter is the case within NEXT: there power differences within groups are reflected in differences in the levels of psychological empowerment.

At the individual level, we found that the power distance dimensions have a direct effect on psychological empowerment, but that there is no mediation by reciprocal open consultation as theory suggests. Similar to what we found at the organization level, organization members who perceive a lower power distance, experience higher levels of psychological empowerment, specifically on the dimensions impact and self-determination. In the organization without structural empowerment, and with a corresponding large power distance, reciprocal open consultation proved to have no influence on the level of psychological empowerment. One can conclude that the latter is reached through empowering stories. In the organization with structural empowerment, and with the corresponding small power distance, reciprocal open consultation influences the level of psychological empowerment leading to a higher level of psychological empowerment. Comparing the two cases shows the difference between on the one hand empowerment as a real distribution of power and on the other hand empowerment as a managerial strategy.

Self-evaluation influences the perception of the power distance as well as psychological empowerment. The less positive the self-evaluation of an organization member, the stronger the role of legitimate power, indicating a larger acceptance of positional power. The more positive the self-evaluation, the higher the score on reciprocal open consultation. This shows that personal characteristics

influence the perception of the power distance, and therefore also the power distance itself: Stronger self-evaluation neutralizes power differences to some extent. And, if organization members attribute a lower self-evaluation to the more-powerful than to themselves, they perceive a smaller power distance. And, the more positive the self-evaluation, the higher psychological empowerment in terms of competence, and impact on the group.

Also other personal characteristics influence psychological empowerment. In an organization with distributed ownership, being one of the owners increases the feeling of influence on ones' work unit (impact), in accordance with their actual influence through their legal vote. Finally, seniority does not affect psychological empowerment, but it influences the perception of the power distance: seniority makes less susceptible for power differences.

Crisis situations are a good context to study how power works. In situations of crisis (Q4), more-powerful are expected to use their power for securing their interests. The PART case confirms this. Despite a strong empowerment story, the lack of structural empowerment makes that this use of power is easily accepted by the less-powerful. They are used to the contradiction between story and actual power configuration, and are inclined to contribute to the company's mission, goals and objectives. Therefore, when story and actual power configuration do not match, they choose for *loyalty* (Hirschman, 1970). In contrast, the SOLV and NEXT case suggest that moderately high structural empowerment makes the use of power disputed. How this works out depends on the counter power of the less-powerful. In the SOLV case, where structural empowerment is strong through distribution of decision making and organizational design, but where ownership is concentrated, the legitimate power of owners was not enough to intervene. Power use is averted based on the social relations (episodic circuit) and dominant stories (dispositional circuit). But the owners used the economic decline (environmental contingency) to put the business philosophy up for discussion (dispositional circuit). With success, most organization members accept the changed story through which owners can restrict the autonomy of self-steering groups (innovation in facilitative circuit) and eventually sell the company to a non-self-steering organization. At that moment the less-powerful lack counter power, which hinders them to raise *voice* (Hirschman, 1970) against power use. However, they maintain their individual power (self-determination) based on competence. When story and actual power configuration no longer match, *exit* was the dominant reaction: within two years after the takeover already more than half of the SOLV members had left. And we found that half of them again found or created other self-steering environments.

NEXT, part of the same takeover, stayed relatively independent and kept its self-steering principles. When the new owner decided to sell all subsidiaries including



NEXT (episodic circuit), employees resisted and offered to buy the company themselves, the alternative being their collective resignation. After a long and difficult process the owner accepted the story as changed by the members – “we all are owners”. In 2012 NEXT became independent again with 110 employees of which 68 are owner. The price they paid for the company was earned back within two years.

A detailed study of the development of NEXT shows that not only knowledge and skills were a power source (expert power), but also a shared identity (identification power): In SOLV, the less-powerful saw themselves being in the same group as the owners, and therefore could not even think of collective resistance. In the NEXT case, the new ‘traditional’ company and its management was seen as the ‘others’, whereas the NEXT employees shared a self-steering ideology (dispositional circuit). This different identity also made collective action easier. In the employee buyout an explicit choice was made for distributed ownership, where less-powerful have a voice in important decisions (innovation in facilitative circuit). With this innovation the social structure of the organization is characterized by a distributed legal and ownership structure, distributed decision making and an organizational design supporting distribution of authority and responsibility: structural empowerment is embedded in the episodic circuit. This innovation is supported by the dominant story (dispositional circuit). This enables reciprocal open consultation and enables organization members of NEXT to stabilize the self-steering model because possibilities to control and influence passages between the circuits remain distributed.

Concluding, without actual distribution of authority and responsibility, decentralized organizational concepts as self-steering are vulnerable, especially in crisis situations. In the long term, psychological empowerment and its related behavioral and motivational effects, may not be sustainable without a high level of structural empowerment, including distributed ownership.

Our theoretical contribution is that we have clarified the concept of structural empowerment as defined by Seibert et al. (2004). We have also shown that in terms of this definition radical structural empowerment is possible. Also we showed that the four dimensions of psychological empowerment should be treated as four separate dimensions, which are differently influenced by power differences and power use. Finally, combining several concepts of power helps understanding the relation between power and empowerment. The ‘Circuits of Power’ approach (Clegg, 1989) supports our conclusion that for psychological empowerment at least some structural empowerment is needed.

Our study also has practical implications, as it informs organizations that pursuing self-steering and empowerment requires a combination of structural



empowerment and small power distances. And that self-steering is a matter of degree in creating a more even power balance. Secondly, for our research we developed an instrument to measure empowerment in its symbolic sense as well as the actual distribution of power. This instrument can be used to guide empowerment programs, such as the implementation of self-steering, and can also be used to evaluate to what extent these programs deliver in terms of power distribution. Finally, the instrument can be used to create awareness of power differences, amongst less-powerful as well as more-powerful, in order to motivate them to take action to change the status quo.