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Chapter 4: The effect of power differences on psychological empowerment

Abstract

Increasing psychological empowerment has many advantages for organizations. Therefore the question comes up what the organizational conditions for psychological empowerment are. This chapter investigates whether structural empowerment – and more generally real sharing of power with lower levels in the organization – is such a requirement. Does structural empowerment positively affect the level of psychological empowerment, or is a strong empowerment story enough to positively affect feelings of empowerment? And how does this depend on how power is used, also at the individual level?

Introduction

Extensive literature provides evidence that psychological empowerment is positively associated with e.g. job satisfaction (Spreitzer et al., 1997; Kirkman and Rosen, 1999; Koberg et al., 1999; Liden et al., 2000; Carless, 2004; Harris et al., 2009; Seibert et al., 2011; Maynard et al., 2012), organizational commitment (Kirkman and Rosen, 1999; Kraimer et al., 1999; Liden et al., 2000; Seibert et al., 2011; Maynard et al., 2012), team proactivity (Kirkman and Rosen, 1999), and level of customer service (Kirkman and Rosen, 1999; Wallace et al., 2011), innovative behaviors (Spreitzer, 1995; Pieterse et al., 2010) and negatively associated with strain (Spreitzer et al., 1997; Seibert et al., 2011; Maynard et al., 2012) and turnover (Avey et al., 2008; Harris et al., 2009; Seibert et al., 2011; Maynard et al., 2012). It is often also positively associated with performance (Spreitzer et al., 1997; Koberg et al., 1999; Liden et al., 2000; Chen et al., 2007; Seibert et al., 2011; Maynard et al., 2012). *Psychological empowerment* consists of four cognitions: feeling of meaningfulness, of impact, of self-determination, and of competence (Thomas and Velthouse, 1990; Spreitzer 1995, 1996; Gagné et al., 1997; Kirkman and Rosen, 1999; Koberg et al., 1999; Kraimer et al., 1999; Liden et al., 2000; Siegall and Gardner, 2000; Gómez and Rosen, 2001; Chen and Klimoski, 2003; Carless, 2004; Laschinger et al., 2004; Hon and Rensvold, 2006; Wang and Lee, 2009; Chen et al., 2007; Avey et al. 2008; Harris et al., 2009; Pieterse et al., 2010; Wallace et al., 2011; Seibert et al., 2011; Maynard et al., 2012). In order to bring employees in a state of psychological empowerment, the literature suggests a series of managerial strategies, such as high-performance managerial practices (e.g. open information sharing, decentralization, participative decision making), socio-political support (e.g. supportiveness of the climate of the organization) and leadership (e.g. supporting and trusting relationship with one's leader) (Seibert et al., 2011; Maynard et al., 2012;

Spreitzer, 1996; Kirkman and Rosen, 1999) and work design characteristics (e.g., task significance, autonomy) (Seibert et al., 2011; Spreitzer, 1996; Hackman and Oldham, 1980). The question remains to what extent psychological empowerment can sustain if there is no ‘real’ or *structural empowerment*, defined as bringing authority and responsibility to the lower levels in the organizations (Thomas and Velthouse, 1990; Seibert et al., 2011; Maynard et al., 2012). As (Kanter, 1993) hypothesizes, empowerment needs to consist also of at least some distribution of power to the lower levels in the organization. The power behind empowerment is often obscured, and narrative politics may make the workforce believe that they have influence, when in fact power relations are not changed at all (Boje and Rosile, 2001). And, the fact that the power is not shared would explain that often empowerment policies fail and end with disappointment of those involved (Hardy and Leiba-O’Sullivan, 1998; Harley, 1999).

The literature on the role of structural empowerment as a main antecedent of psychological empowerment is scarce (Maynard et al., 2012), and that holds even more for the role of power (Seibert et al., 2011; Hardy and Leiba-O’Sullivan, 1998; Boje and Rosile, 2001). Important questions with respect to structural empowerment as antecedent of psychological empowerment are still unanswered. Studies have bundled different aspects of structural empowerment, and therefore it remains unclear what in fact supports psychological empowerment. For example, in structural empowerment often managerial practices are included, such as participative decision-making, managerial behavior influencing employees’ perception of control and empowering leadership climate (Kirkman and Rosen, 1999; Laschinger et al., 2004; Spreitzer, 2008; Wallace et al., 2011; Seibert et al., 2011), but these may relate to structural empowerment, but also to hegemonic power (Doorewaard, 1989; Doorewaard and Brouns, 2003). In fact, the role of power is hardly discussed at all (Hardy and Leiba-O’Sullivan, 1998; Boje and Rosile, 2001), and according to Maynard et al. (2012) this is also the case for the effects of personality traits, as self-evaluation. Furthermore, most studies are based on self-reporting only, which decreases the reliability and above that may lead to same-source bias.

In this chapter, the main question we address is: *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?*²⁷. We do so using a multi-method approach and compare two organizations that both have a strong story about empowerment, and are also perceived by their relevant environments as *self-steering* and *empowering*

²⁷ We also consider temporal aspects (Maynard et al., 2012), in a longitudinal study (chapter 5).

organizations. We compare the two organizations in terms of the nature and level of structural empowerment, and relate that to the organizational identities as embodied in the empowerment stories. We then investigate how structural empowerment and empowerment stories affect the perception of the power distance, and of psychological empowerment, while taking personal characteristics into account.

In this way, our study aims to fill the gaps summarized above, by investigating explicitly the power related antecedents of psychological empowerment. Through this we contribute to clarifying the role of power behind empowerment, and this also has a practical relevance for organizations that aim at introducing more decentralized organizational forms.

4.1 Theoretical framework

Psychological empowerment

The concept of psychological empowerment has been around for quite a while, and Thomas and Velthouse (1990) were the first to give a clear definition that was followed by among others Spreitzer (1995, 1996), Gagné et al. (1997), Kirkman and Rosen (1999), Koberg et al. (1999), Kraimer et al. (1999), Liden et al. (2000), Siegall and Gardner (2000), Gómez and Rosen (2001), Chen and Klimoski (2003), Carless (2004), Laschinger et al. (2004), Hon and Rensvold (2006), Wang and Lee (2009), Chen et al. (2007), Avey et al. (2008), Harris et al. (2009), Pieterse et al. (2010), Wallace et al. (2011), Seibert et al. (2011) and Maynard et al. (2012). In their definition, psychological empowerment is a psychological state 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: *meaning*, which refers to the alignment between the demands of one's work role and one's own beliefs, values and standards; *competence*, one's belief in one's capability to successfully perform work activities; *self-determination*, one's sense of choice concerning the initiation or regulation of one's actions; *impact*, one's belief that one can influence strategic, administrative, or operational activities and outcomes in one's work unit (Thomas and Velthouse, 1990). Psychological empowerment deals with the perception people have of themselves in relation to their work environment; it is about cognitions shaped by the work environment and about personality traits (Spreitzer, 1995) which tend to result in positive affective reactions like higher motivation and commitment (Spreitzer et al., 1997; Kirkman and Rosen, 1999; Koberg et al., 1999; Kraimer et al., 1999; Liden et al., 2000; Carless, 2004; Harris et al., 2009; Seibert et al., 2011; Maynard et al., 2012) and in higher performance (Spreitzer et al., 1997; Koberg et al., 1999; Liden et al., 2000; Chen et al., 2007; Seibert et al., 2011; Maynard et al., 2012). Psychological empowered individuals or teams are motivated to perform because they *believe* they have the autonomy

and capability to perform meaningful work that can impact their organization (Chen et al., 2007). As the feeling of being empowered has positive effects, studies have been done to identify management activities that stimulate those feelings: leadership style, leader-member exchange, psychological climate and other factors have been investigated, but more recently the role of structural empowerment (defined as bringing authority and responsibility to the lower levels in the organizations) has entered the debate, building on older notions of work place design and autonomous groups.

A concept related to psychological empowerment is *psychological ownership*, defined as a *feeling of possession*. Methodological studies have established psychological ownership as a construct, but as the consequences of psychological ownership are similar to those of psychological empowerment, it is still unclear whether these two concepts are referring to different phenomena (Dawkins et al., 2017), and therefore we do not use the concept in this study. But there is an interesting parallel, as also in the case of psychological ownership, the positive effects are claimed to occur, even in absence of any form of *real ownership* behind it (Dawkins et al., 2017). On the other hand, formal employee ownership (e.g., through shares) is expected to align the goals of the employee and the organization, to strengthen the feeling of employees that they exercise control over the organization, and gives employees a vested interest in the success of the organization (Pierce et al., 1991). As we showed in chapter 3, real ownership indeed is an important dimension of structural empowerment.

Structural Empowerment

Structural empowerment is defined as the distribution of authority and responsibility to the lower levels in the organization, and is sometimes conceived as a necessary (and under-researched) antecedent of psychological empowerment (Maynard et al., 2012). It is primarily concerned with organizational conditions that enable ‘self-influence’ (Kanter, 1993) at the group level, e.g. team design, job design, policies and procedures, whereby power, decision making and formal control over resources are shared among organization members (Mintzberg, 1991; Mills and Ungson, 2003). However, underlying organizational structures often constrain this transfer of authority, responsibility, and decision making, for example when coordination remains with one person – the group manager (Hardy and Leiba-O’Sullivan, 1998; Boje and Rosile, 2001). Based on this literature we have (in chapter 3) developed a coherent concept of structural empowerment, which consists of (i) the legal and ownership structure which determine the distribution of legal authority within the organization, (ii) the level of group self-influence, and (iii) other organizational design concepts that enable or constrain the decentralization of authority and responsibility. On a more abstract level,

structural empowerment requires the more equal distribution of power sources in order to reduce the power difference between the more-powerful and the less-powerful.

With respect to the legal and ownership structure, our focus is on formal ownership and regulations as these are recognized by external parties and upheld by the legal system. This distinguishes ‘real’ ownership from psychological ownership. Legal ownership is an understudied aspect of structural empowerment. However, a more equally distributed ownership structure may result in more equal power relations and it may prevent a power monopoly to emerge.

The level of group self-influence is reflected in the decisions groups can make. Following Manz (1992; also Stewart et al., 2011) we categorize those decisions in tactical ‘what’, strategic ‘why’, and operational ‘how’ decisions.

The following organizational design characteristics support delegation of authority and responsibility (chapter 3): smaller group size (Hackman, 1987; Stewart, 2006); group coordination, task coordination is situated within the group (Spreitzer et al., 1999; Stewart, 2006); group responsibility, job regulation responsibilities are distributed amongst group members (Doorewaard et al., 2002); clear task feedback, distributed knowledge about the outcomes of work activities (Spreitzer, 1995; Spreitzer et al., 1999; Hackman, 1987; Campion et al., 1993); total compensation, an incentive system that rewards performance at individual and group and organizational level (Spreitzer et al., 1999; Hackman, 1987; Campion et al., 1993); task autonomy, a high degree of control or discretion a worker is able to exercise (Spreitzer et al., 1999; Hackman, 1987; Stewart, 2006; Breugh, 1985) and low outsider steering, low external influence on work group performance (Stewart et al., 2011). These design concepts relate to individual jobs, to groups, or to the organization as a whole, and they are not necessarily in line with each other as structures at the higher level may constrain or enable delegation of authority and responsibility to the lower levels. For example, groups may be responsible for their own tasks and task autonomy may be high, supporting distribution of authority and responsibility. But when group coordination still fully or to a large extent resides with a next-higher management level, this constrains decentralization of decision making, resulting in lower structural empowerment.

Power and power distance

As structural empowerment relates to changing power distribution, we deploy a variety of approaches to power, to clarify the role of power in empowerment. Several approaches to power are relevant in this context: the relational approach to power (Pfeffer, 1981; Mulder, 1984; Hofstede, 1984), the power sources

approach (French and Raven, 1959; Mulder et al., 1983; Mulder, 1984), the motivational approach (Mulder, 1984), the constructivist approach (Hardy and Leiba-O'Sullivan, 1998; Doorewaard, 1989; Doorewaard and Brouns, 2003) and the contingency approach (Mintzberg, 1983; Lawrence and Lorsch, 1967).

First of all, *power is a relation* between individuals or groups of individuals in which the more-powerful has the capacity to influence the behavior of the less-powerful, or more subtle, where the more-powerful has more influence on the behavior of the less-powerful than reverse (Pfeffer, 1981; Mulder, 1984). Power also means that the more-powerful have the capacity to influence the access the less-powerful have to decision making. So power is a relation, but an unequal one, and the difference in power – *power distance* – can vary from very small to very large (Mulder, 1984; Hofstede, 1984), and one may expect that structural empowerment is related to the size of the power distances.

Secondly, power and power differences are based on various *power sources*, and this distribution is not equal. On the other hand, the distribution is also not completely one-sided, which implies that also the less-powerful have access to some power sources. The following power sources can be distinguished (French and Raven, 1959; Mulder et al., 1983; Mulder, 1984): (i) Legitimate power: the less-powerful is willing to follow the more-powerful because he believes he ought to, based on the formal position the more-powerful has within the organization; (ii) Sanction power: the less-powerful believes that the more-powerful has the ability to reward and/or punish him in material and non-material ways and he is therefore willing to follow the more-powerful; (iii) Expert power: the less-powerful believes that the more-powerful has a higher level of skill and/or more relevant information than he has and is therefore willing to follow him; and (iv) Identification power: the less-powerful feels that he and the more-powerful are similar in important respects, and is therefore willing to follow him. In contrast to French and Raven (1959), Mulder (1984) distinguished that one of the power relations is 'reciprocal open consultation' (or open argumentation). It refers to interaction where everyone, including the one who is otherwise more-powerful in the social system, is prepared to be persuaded by good arguments of the others. This non-power relation is only possible when the power differences are not too large.

Thirdly, the *motivational approach* relates power sources to power use. As a general law, Mulder (1984) pointed at the power distance reduction tendency, which refers to the behavior of the more- and of the less-powerful. Both are inclined to defend and strengthen their power position. In every dyad, the more-powerful tries to increase the power distance, and the less-powerful tries to reduce the power distance, and the smaller the distance, the stronger this behavior. This behavior also relates to personal characteristics. First of all, an important

characteristic in this respect is prominence, as more-prominent individuals are more inclined to use power and are attributed power by others. Prominence has several aspects. Prominent individuals are enterprising, highly self-confident, capable, energetic and risk-taking. Besides power use, especially expert power, it is found to relate with upward influence or outward influence (Mulder et al., 1971; 1983; Mulder, 1984) or both (Kanter, 1979)²⁸. Secondly, employees who evaluate themselves positively will have more confidence in their capabilities to successfully perform work activities (competence dimension of psychological empowerment). They will be prepared to take responsibility and influence their own activities and those of their group (impact and self-determination dimension of psychological empowerment). Positive self-evaluation contributes to an upward power reduction tendency. Self-confident people feel a smaller power distance towards more-powerful. They value distribution of power and will strive to reduce their power distance from the more-powerful (power distance reduction theory). Employees with negative self-evaluation can appreciate the concept of distribution of power but when it comes down to it, for example in case of a crisis, they will prefer not to take responsibility. They will accept the authority of the more-powerful (Mulder, 1984; Mulder et al., 1971; Boin and 't Hart, 2003). According to Judge et al. (2003), self-evaluation is a broad, latent, higher-order construct indicated by four well established traits in personality literature: Locus of control: beliefs about the causes of events in one's life; Self-esteem: the overall value that one places on oneself as a person; Generalized self-efficacy: an evaluation of how well one can perform across a variety of situations; and Neuroticism: the tendency to have a negativistic cognitive/explanatory style and to focus on the negative aspects of the self. Self-evaluation traits are expected to influence psychological empowerment (Maynard et al., 2012), and this was confirmed by Seibert et al. (2011) who found a strong positive relationship between the core self-evaluation traits and psychological empowerment.

Fourthly, the *constructivist theory of power* helps to understand the role of hegemonic power of management (Hardy and Leiba-O'Sullivan, 1998; Doorewaard, 1989; Doorewaard and Brouns, 2003), the less visible power sources which influence the perception of how authority and responsibility are distributed. Besides explicit use of power, power has also a discursive dimension which may hide power relations from being observed. This form of power is embedded in the stories organization tell about themselves, and these help to reproduce everyday beliefs and practices, to produce apparent consensus and acquiescence, and replace visible controls by hidden cultural forms of domination (Hardy and Leiba-O'Sullivan, 1998). Language becomes politics as it is used to justify and

²⁸ We use positive self-evaluation, professional skill and connectivity (upward and outside influence) together as measurement of individual prominence.

legitimize the consequences of power and dependence and to hide the actual use of power. Language, symbols, rituals, ceremonies, ideologies are used to manage meaning (Pfeffer, 1981). As a consequence, grievances do not exist, demands are not articulated, conflict does not arise, and resistance does not occur. Psychological empowerment may therefore exist – even if in practice there is no structural empowerment at all. Research has shown that stories are also an important means for an organization of communicating its identity to the outer world (and we would say to the internal world). If organizations claim to have advanced in innovative management techniques, such as empowerment, total quality management etc., the environment appreciates those organizations more, even if they do in fact not practice these organizational forms (Staw and Epstein, 2000). In other words, the stories about structural empowerment as such may be an antecedent of psychological empowerment.

Finally, the *contingency approach* explains how power relations are influenced by the context. The central idea of the contingency approach is that the effectivity of organizational structures depends on situational factors: Different situations call for different approaches to handle and manage an organization. Or as Lawrence and Lorsch (1967) concluded, effective organizations have a structure that fits to the environmental circumstances. Inside organizations, the behavior of subsystems and their members needs to be influenced to assure that they act in the interest of the organization. Outside organizations, coalitions of actors use their power to influence the behavior of organization members. External and internal power relations interact with each other. This interaction determines the power balance within and around the organization, and it results into specific power configurations, consisting of the organizational design of the division and coordination of tasks, and of the situational factors (Mintzberg, 1983). Those in the organization who achieve integration, are perceived to be influential (Lawrence and Lorsch, 1967).

How do these concepts of power relate to structural and psychological empowerment? Firstly, increasing structural empowerment (more authority and responsibility are being shared) implies smaller power distance and a more prominent role for reciprocal open consultation as decisions are more often made on the basis of arguments instead of power relations (Mulder, 1984). Being a non-power relationship, we expect that reciprocal open consultation, will contribute to a sense of control in relation to one's work and therefore assume that this situation will lead to high levels of psychological empowerment. Additionally, employees then also need to take up authority and responsibility, and as described, here also personal characteristics play a role, related to prominence and positive self-evaluation.

Secondly, the behavioral aspects of power suggest that when psychological empowerment is based on managerial behavior and strategies only, it cannot be expected to be stable. Psychological empowerment would result into a reduced perceived power distance, which tends to stimulate the less-powerful to even stronger try to decrease the power distance, and stimulate the more-powerful to enlarge the power distance and by doing so, to reduce the feeling of being empowered. In other words, a high level of psychological empowerment evokes anti-empowerment behavior of management and is therefore unstable if the power sources of the employees are not structurally embedded.

Thirdly, in crisis situations, which result from adverse conditions in the organizational environment (Staw et al., 1981), leaders exert more power and are less inclined to consult group members (Mulder et al., 1971; Kanter, 1979). Existing (empowering) practices are delegitimized in order to change the status quo (Boin and 't Hart, 2003). Without actual power, employees in these situations expect and call for strong leadership (Mulder, 1984; Mulder et al. 1971; Boin and 't Hart, 2003) and voluntarily chose for a large power distance from the strong leader, the deeper the crisis, the more power distance is needed (Mulder, 1984; Mulder et al., 1971). Organizational effects being centralization of authority, concentration of decision making, hierarchical top-down communication, more formalization of procedures, and enhancement of coordination and control (Staw et al., 1981; Drabek and McEntire, 2003).

Research questions

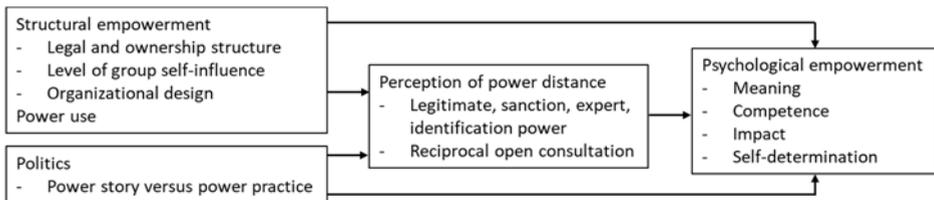
Structural empowerment means distribution of authority and responsibility to lower levels of the organization. This depends on the organizational design, legal design and ownership, and on the level of group self-influence: on the distribution of power. In this study, we explore the effects of structural empowerment on the perception of the power distance, and on psychological empowerment – at the level of the organization and at the individual level.

Firstly, the stronger *structural empowerment*, the more one would expect that authority and responsibility are distributed, and that this would result in smaller power distances, in higher levels of reciprocal open consultation being the dominant way of interaction, and higher scores on psychological empowerment. Secondly, there may be a high discrepancy between the de-facto level of structural empowerment and politics of a strong *empowerment story* which, although not real, may still be strongly shared among organization members. In those situations, politics is used to legitimize and hide inequality in power, organization members may still feel they are in a situation of reciprocal open consultation with low power distances, and psychological empowerment might still be high, even if structural empowerment is low. If lower structural empowerment goes together

with strong narrative politics, this may moderate the effects of low or absent structural empowerment, in the sense that perceived levels of reciprocal open consultation and psychological empowerment are higher than expected. Thus, when lower structural empowerment goes together with strong narrative politics, perceived levels of reciprocal open consultation and psychological empowerment are expected to be higher than expected in relation to structural empowerment. Thirdly, more-powerful may be attributed more prominence when structural empowerment is low. This leads to the following questions at the organization level, represented in the model in Figure 4.1 (Q5, Q6):

- Q5: Do organizations with different levels of structural empowerment (and related different levels of power distance) also differ in psychological empowerment?
- Q6: What is the effect of politics, of pervasive empowerment stories, on this relation?
- Q7: Do organizations with different levels of structural empowerment also differ in prominence attributed to the more-powerful?

Figure 4.1: Model at organization level

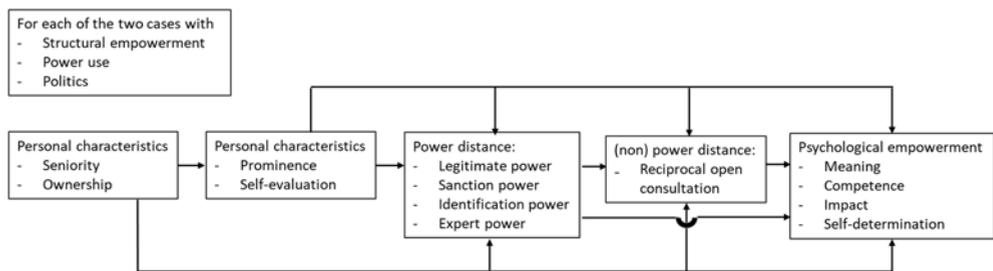


Finally, power theories suggest that also *individual differences* should be taken into account. Not everybody has the same power use behavior, and not everyone is susceptible to power distances. How less-powerful individuals perceive the power differences may relate to gender or seniority, but also to the level of self-evaluation and to the prominence they attribute to their next-higher. Indeed, more powerful persons are seen as more prominent, and at the same time, more prominent persons are inclined to use more power. Whether differences in prominence, self-evaluation (and other personal characteristics) influences the perception of the power distance, and individual psychological empowerment, can also be investigated at the individual level, and we do this for both cases separately.

The following research questions are summarized in the model in Figure 4.2 (Q8, Q9, Q10):

- Q8: Do organization members who score low on perceived power distance, score high on reciprocal open consultation and on psychological empowerment?
- Q9: Do organization members who attribute high prominence to the more-powerful also experience lower levels of reciprocal open consultation and lower levels of psychological empowerment?
- Q10: What is the effect of seniority, ownership, and positive self-evaluation?

Figure 4.2: Model at individual level



4.2 Data and methods

The cases

We compare two companies active in business services (in IT and finance), at the organization, group and individual level. Both have ‘increased their reputation’ by ‘informational linking’ to the ‘popular management techniques’ called empowerment and self-steering (Staw and Epstein, 2000). Both operate in an external environment with rapid technological changes, which can be typified as complex and divided (Koopman and Pool, 1992).

Both companies consist of autonomous subsidiaries. Employees do their work for a large part in cooperation with the customer and often at the customers’ site, so the customer has a lot of influence on the work (environment) of the organization members. On the other hand, only weak interdependencies exist between organization members to do their work. Knowledge and skills are the most important production factor. These are not owned by the organization and therefore they cannot be found on the balance sheet, but remain a relatively uncontrollable factor. This means that the commitment of professionals is of vital importance to the effectiveness of the company and influences how the company can be steered (Depickere, 1999). In realizing this commitment, the imago of the company and its organizational design may play an important role.

NEXT has been a self-steering company from the beginning in 1999, and PART since 2012. Most important difference as we shall see is that within PART an explicit management structure exists, which is not present within NEXT.

Data collection

The PART data were collected in 2014 in the four Dutch subsidiaries, the NEXT data in 2015 in the nine subsidiaries. We use documents, interviews, a questionnaire, and administrative information to collect data, in order to increase the reliability of the study, as we can check the findings between different data sources.

The organizations provided all *documents* and *administrative data* that were asked for: bylaws, agreements, contracts, annual reports, annual plans, staff handbook, etc. These documents reveal the *formal design* of the company, and show to what extent *authority and responsibility are delegated*, and whether and how *ownership* of the company is shared, as this is expected to be an important power source. We also used these documents and the company website to uncover the company stories.

Semi-structured interviews were held to get information on several variables: the location of *decision making* and the instances and level of *power use*. We also asked about the business philosophy, in order to detect the level of *narrative politics*. In every interview, we tried to uncover whether power was used and whether counter-power was organized. Because of the taboo on power (Mulder, 1984; Pfeffer, 1992) we did this as much as possible without openly discussing the subject of power. Instead we asked indirectly for examples, e.g., who decided about something and how the respondent was involved or not, and whether there was opposition. We also asked about *organizational design*. As we aimed at identifying all perspectives, we looked for a variety of interviewees. We interviewed at least 10% of the members of every group within the organization, and within each group we selected members with different roles (consultant, sales, management), with different years in the company, who differed in years of work experience, and we interviewed men and women. We stopped interviewing when no new information was generated. We realize the interviewer may influence the interaction with the interviewee. But we were not after respondent's opinions and feelings (as in an open interview), but we wanted to learn about the practice and story of empowerment and self-steering within the company (Fielding and Thomas, 2001). All interviews were done by the same researcher, so all interviews were held in the same way, with the same knowledge and background.

In the analysis we tried to eliminate possible effects of the interviewer's behavior. For example, whenever the transcription showed that after expressing our own

view, the interviewee agreed with it without any detailed explanation, this answer of the interviewee is not used. But when the respondents react by arguing in detail about the subject, we do use their arguments in our analysis. Also when they speculated about how things went, we did not use it. Every interview was tape-recorded, in order not to lose any information about the words that were used by the interviewee, as word use is in this study important for identifying politics.

A *survey* was distributed among all 142 employees within PART (75% response) and all 106 employees of NEXT (74% response). Because the survey includes items about ones' next-higher colleague, organization members without next-higher (e.g. top management) were not asked to respond to these items. With some of these organization members we held some interviews to learn about the company structure and the terminology used by them. We adapted the survey to the language used in the company. We kept the introduction of the survey as short as possible to avoid that respondents would be influenced by the purpose of our research. For the same reason, we only interviewed respondents after they had completed the survey. We operationalize the concepts using standardized instruments in the following way:

- *Psychological Empowerment* is measured using the well-known scale of Spreitzer containing 12 items (Spreitzer, 1995; Dutch translation of Janssen et al., 1997) e.g. 'The work I do is very important to me' for meaning, 'I have mastered the skills necessary for my job' for competence, 'I have significant influence over what happens in my department' for impact and 'I have significant autonomy in determining how I do my job' for self-determination.
- *Power distance* is measured using the Interaction Analysis Questionnaire IAQ (Mulder, 1984)²⁹, which measures the perceived power distance in the different power dimensions. Legitimate power was measured by items such as 'It is my opinion that I should follow his leadership under all circumstances'; sanction power by items such as 'I would feel uneasy if he did not appreciate my work'; identification power by items as 'I would like to do many things the way he does'; and expert power by items as 'I follow his advice readily because he is better informed or skilled than I am'. The perception of the role of open consultation was measured using items as 'He is amenable to persuasion if the arguments I put forward in support of my view are better than his'.

²⁹ The IAQ was customized based on a previous study (Sinteur, 2002). We found that the IAQ can validly be used for research on self-steering organizations. But we also found that the IAQ might be improved by adjusting it to common language and interactions within self-steering organizations. For adapting and customizing, we extensively collaborated with the original author.

- *Prominence* is measured through ten items in the IAQ (measuring skill level by four items as ‘He is a highly skilled professional’, and level of connectivity by six items as ‘He has considerable influence on what is happening on the hierarchical levels above him’), and through items based on the Core Self-Evaluation Scale (Judge et al., 2003) (measuring self-evaluation of the next-higher by five items as ‘He has faith in himself’).
- *Self-evaluation* is measured using the Core Self-Evaluation Scale from Judge containing 12 items (Judge et al., 2003; Dutch translation of de Pater et al., 2007) e.g. ‘I determine what will happen in my life’ for locus of control, ‘Sometimes when I fail I feel worthless’ for neuroticism, ‘When I try, I generally succeed’ for generalized self-efficacy and ‘Overall, I am satisfied with myself’ for self-esteem.
- *Other personal characteristics* were obtained from the companies and from LinkedIn, on gender³⁰, age, the amount of years with the company, the amount of years of work experience and whether someone is owner of share certificates. The mean of years’ work experience, years at the company, and age is calculated as an indicator for seniority.

For the survey we use a Likert scale consisting of six categories, coded from -3 (totally disagree) to +3 (totally agree) and disregarding the 0, the ‘no opinion’ or ‘neutral’ option, to force respondents to express an opinion.

Methods

The interviews were transcribed literally, many completely, and of some only the important parts, due to time constraints. The transcribed texts were coded using the following subjects: organizational design concepts, decision making procedures, decision practices, the interviewee him/herself (consultant, director, controller, sales; the group the interviewee belongs to; the person). This enables us to find communalities and differences in views and in ways to express these between roles, groups, and individuals. During the analysis some new themes emerged, which forced us to go into the transcripts again to find out what others had said about the subject.³¹ We analyzed the coded interviews to uncover how the organization is designed, who the influential members are, if and what power sources are deployed by those that are influential in decision-making, and what language is used to legitimize (and hide) use of power. The (formal) documents were analyzed using the same checklist with items related to structural empowerment as used for the interviews.

³⁰ Due to the low number of women, the gender variable is not used.

³¹ The interview topics and the leading questions are in Appendix III.

The survey data are analyzed for each case separately. Factor analysis was used to investigate whether the items in our cases represent the underlying variables, and reliability analysis was done to test the scales (see Appendix II). Although several authors claim that the four empowerment dimensions can be reduced to one construct (Spreitzer, 1995; Koberg et al., 1999; Chen and Klimoski, 2003; Chen et al., 2007; Harris et al., 2009; Seibert et al., 2011; Wallace et al., 2011), our factor analysis and reliability analysis show the opposite, in agreement with several other authors (Gagné et al., 1997; Kraimer et al., 1999; Liden et al., 2000; Siegall and Gardner, 2000; Hon and Rensvold, 2006; Wang and Lee, 2009): it are clearly four separate dimensions. For prominence we found that the three dimensions (attributed self-evaluation, professional skill and connectivity) correlate strongly, and therefore we used as prominence variable the average score.

We use structural equation modelling (AMOS 24 – SPSS 24) to test the model of the relation between perception of the power distance including reciprocal open consultation, and psychological empowerment, controlling for personal characteristics. Then we compare the findings.

4.3 Findings

Analyzing the documents and interview protocols reveals that the two companies have both a very strong story about empowerment and self-steering, but in fact they differ radically in terms of structural empowerment. We have shown this in detail in chapter 3 and summarize the results here only. In PART, decision making according to *legal design* is – despite the story – in the hands of a few managers who are also the owners of the shares. NEXT on the contrary has a much stronger distributed ownership and a legal decision-making structure that avoids that a single or only a few can make important decisions. In PART, *organizational design* has placed authority and responsibility with middle and top management whereas in NEXT authority and responsibility are largely distributed to the lowest level in the organization. In PART, *self-influence* of groups is restricted to operational decisions, in NEXT it includes operational, tactical as well as strategic decisions. Summarizing, NEXT has a high level of structural empowerment, which is absent within PART. Despite these differences, politics in PART seems even stronger than in NEXT, with a very explicit story about empowerment, happiness, and employees in the center of the organizations. The strong role of the story is indeed also found in the interviews, where employees often refer to the dominant values. However, in the interviews PART employees also report explicitly about power use, without problematizing this in relation to the explicit story. They explain their freedom to decide, while in their clarification with examples tell that they consult with their manager first. And PART managers can

easily start a sentence with ‘initiative’, ‘independence’ or ‘responsibility’ of employees, and end it with the self-evidence of management making the final decision. From interviews it becomes clear that employees of PART have decision making autonomy as long as they take decisions their managers would approve. This appeal to free will, while at the same time keeping control, shows the strength of hegemonic power of management (Doorewaard, 1989). The large differences in structural empowerment and strong similarity in story make the two cases useful to test our hypotheses. We first present the findings at the level of the organizations, and then move to the individual level findings.

Organization level findings

With respect to the role of power, employees of PART report on average a larger power distance to their next-higher in almost all power dimensions, apart from expert power, where NEXT scores (non-significantly) higher. These differences are rather large for sanction power and legitimate power, and this is in line with the qualitative results of the comparative case study reported above where authority and responsibility within PART reside with middle and top management.

In contrast to the case study results, the scores on the power variables are low also for PART: on average employees report no large power distances on any of the power dimensions, and they also report a large role of reciprocal open consultation. This suggests that the strong story indeed seems to be dominant.

Interestingly, only expert power scores higher at NEXT, suggesting that skill and/or information level is the main influence factor. As the perceived skill level of the next-higher person is also rather high (Table 4.3), and the scores on the other influence factors are rather low, power distance (and use) seems rather low in NEXT³².

Table 4.1: Perception of the power distance in the two cases (non-next-higher)

	Legitimate power	Sanction power	Expert power	Identification power	Reciprocal open consultation
Mean PART	-1.03	1.07	0.01	0.01	1.93
Mean NEXT	-2.12	0.19	0.22	-0.39	1.77
Differences (ANOVA)	.000	.000	.321	.031	.133

With bootstrapping

³² In chapter 3 we saw that expert power has a positive effect on reciprocal open consultation indicating that knowledge and information are shared and not used as a power source.

In Table 4.2, we show the average scores of employees on the four psychological empowerment dimensions. Psychological empowerment within PART is on average lower than within NEXT, but specifically for the empowerment dimensions *impact* and *self-determination*. Both are significantly lower within PART compared to NEXT. This suggests that the larger perceived power distance corresponds with a lower felt influence on one's work unit and on one's own actions. It also corresponds with what we saw in the interviews: that within PART decentralization of authority and responsibility is significantly less than within NEXT.

The scores for *competence* and *meaning* are about equal. For competence this is easy to understand, in both cases organization members are highly educated professionals working in knowledge intensive organizations. For meaning there are two possibilities: One is that meaning is dominantly shaped in the stories about the companies, and these are very similar; The other is suggested by Menon (2001) who states that Spreitzers' items measuring meaning are restricted to task level assessments and do not capture inspiring leadership or exciting organizational vision. Which implicates that influence from politics, from a strong story, is not reflected in Spreitzers' dimensions. Rather, meaning would reflect the importance organization members personally attach to their work, and also that is rather similar between the two cases.

Table 4.2: Psychological empowerment in the two cases (non-next-higher)

	Meaning	Competence	Self-determination	Impact
Mean PART	1.60	2.01	1.57	0.69
Mean NEXT	1.57	1.92	2.00	1.13
Differences (ANOVA)	.839	.366	.001	.041

With bootstrapping

With regard to the level of attributed prominence, overall prominence score of the next-higher in NEXT is significantly lower than in PART (Table 4.3). The variable prominence is composed of three dimensions: connectivity, professional skill and self-evaluation, attributed to the next-higher. Of the three components the difference in skills is relatively modest and NEXT scores higher. The other two components show larger differences, and in both cases the PART averages are significantly larger. Connectivity plays a larger role in PART, reflecting a finding from the interviews that the managers uphold connections inside as well as outside the company since they are responsible for coordination of groups and tasks, and they also are the commercial specialists, acquiring projects through their relations with the market. Finally, PART employees also score their next-higher manager significantly more positive on self-evaluation. Overall, within

PART next-higher are perceived to use more power and are attributed more the style of a strong leader (individual prominence).

Table 4.3: Attributed prominence in the two cases (non-next-higher)

	Prominence	Connectivity	Professional skill	Self-evaluation
Mean PART	1.50	1.28	1.51	1.73
Mean NEXT	1.25	0.75	1.68	1.32
Differences (ANOVA)	.015	.001	.154	.000

With bootstrapping

The relation between attributed self-evaluation and prominence on the one hand, and power use on the other is complex. Mulder (1984) argues that those that strongly use power are attributed prominence, even if they in fact do not possess the personal characteristics that are related to prominence. This seems to be the case in PART, where the employees score their next-higher (manager) rather high at attributed self-evaluations and prominence (Table 4.3), although the next-higher evaluate themselves much lower than the attributed score – and even lower than the PART employees themselves (Table 4.4). Within NEXT this is exactly the opposite, as the attributed self-evaluation and prominence are much lower than in the case of PART, but the self-evaluation of the next-higher exceeds the attributed score as well as the self-evaluation score of the other group members. This suggests that the prominence attributed to the next-higher at PART is based not so much on the personal characteristics that constitute prominence (see the survey items) but reflect the formal position of the next-higher that enables him to use power. In contrast, within NEXT, the score on attributed prominence seems to reflect personal characteristics of the next-higher and not the formal position.

Table 4.4: Self-evaluation by category in the two cases

	Self-evaluation overall	Self-evaluation of employee	Self-evaluation of next-higher
Mean PART	1.52	1.53	1.44
Mean NEXT	1.70	1.64	1.93
Differences (ANOVA)	.033	.218	.007

With bootstrapping; including the next-higher

Apart from Table 4.4, the comparison up to here covers the staff of the two companies not being a next-higher. However, the next-higher may score differently on the various variables compared to the other organization members. In figures 4.3 and 4.4 we compare next-higher (□) and non-next-higher (○) for Impact (left) and Self-determination (right) for the two companies (NEXT = 1; PART = 2). This shows that (i) next-higher do score substantially higher

compared to other group members, and feel more empowered in three of the four comparisons. Statistically, the differences within NEXT are not significant, but they are within PART for Impact (Mann-Whitney U = 86, sign = 0.000) and for Self-determination (U = 214, sign = 0.004). (ii) The difference in empowerment of next-higher compared to other group members is much stronger within PART than within NEXT, confirming the larger power distance within PART compared to NEXT. As Table 4.4 shows, this is different for self-evaluation, as the PART next-higher have a lower self-evaluation score (1.44) than the others (1.53), whereas this is the opposite within NEXT (1.93 vs 1.64).

Figure 4.3: Impact per role and organization

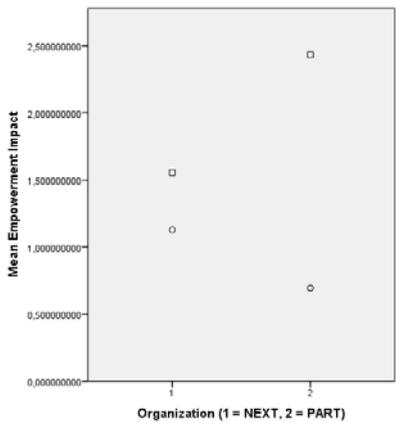
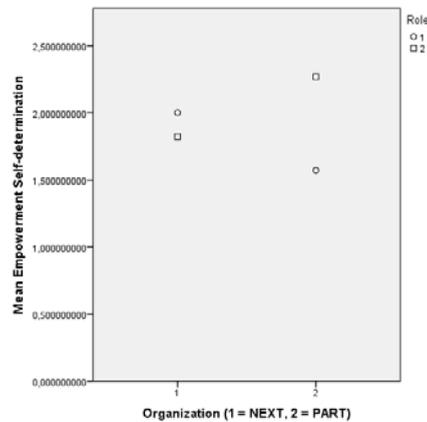


Figure 4.4: Self-determination per role and organization



Role: next-higher (□) and non-next-higher (○)

Group level findings

Until here, we compared the two companies as a whole. But although the structural characteristics are the same for the groups within the companies, this is not necessarily the case with other relevant variables, such as perception of the power distance and psychological empowerment. Therefore it is useful to compare the different groups. Figures 4.5 – 4.8 show the group (subsidiary) variation between and within PART and NEXT. Groups 21-24 (black) belong to PART; groups 11-19 (white) belong to NEXT. The variance³³ in psychological empowerment between the PART groups is remarkably lower than within NEXT: Meaning: 0.09 vs 0.45; Competence: 0.05 vs 0.15; Impact: 0.20 vs 0.32; Self-determination: 0.10 vs 0.14. The same tendency is visible for the power dimensions, e.g., Reciprocal open consultation: 0.07 versus 0.28 for PART and

³³ Coefficient of variance: standard deviation divided by the mean.

NEXT respectively (Figure 4.9). How should this be interpreted? The higher the structural empowerment, and the more equal the power sources distribution, the more depends on individual differences in power use, and consequently one may expect more intergroup differences in psychological empowerment within NEXT than within PART. The strict regulated organizational design and the concentration of power sources leave little room for personal differences within the latter organization. The differences in the reciprocal open consultation score support this: within NEXT the variation is rather high, so individual differences also influence the level of experienced reciprocal consultation.

Figure 4.5: Meaning per group and organization (non-next-higher)

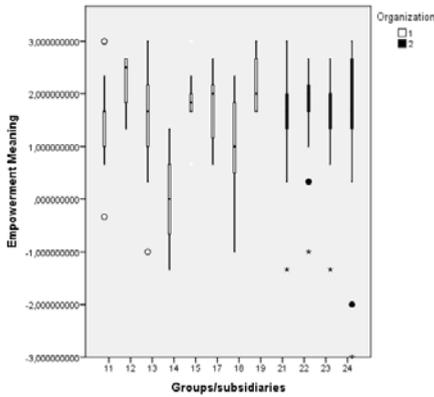


Figure 4.6: Competence per group and organization (non-next-higher)

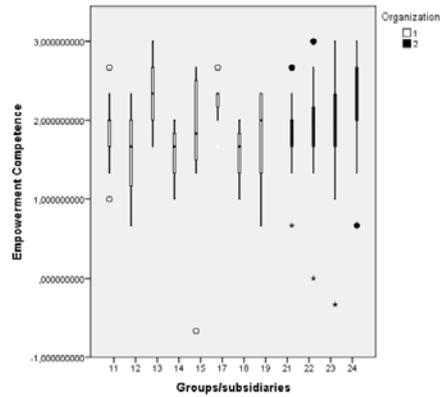


Figure 4.7: Impact per group and organization (non-next-higher)

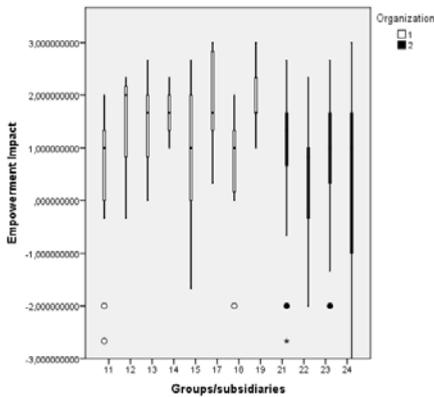
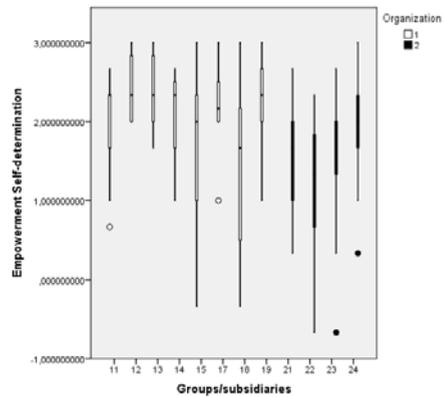


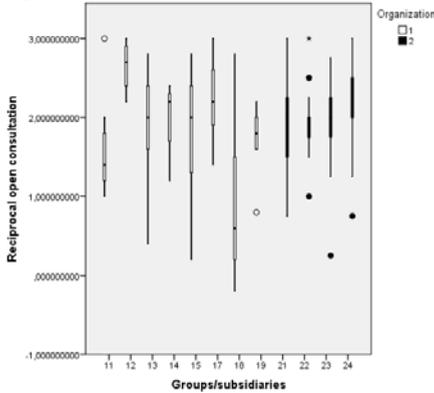
Figure 4.8: Self-determination per group and organization (non-next-higher)



Organization: 1: NEXT; 2: PART

Figure 4.9: Reciprocal open consultation per group and organization (non-next-higher)

Organization: 1: NEXT; 2: PART



Individual level findings

The model at the individual level aims to explain the level of psychological empowerment by perception of the power distance including reciprocal open consultation, and a few personal characteristics such as (i) ownership, (ii) seniority; (iii) self-evaluation and (iv) evaluation of the prominence of the next-higher. So, here again we exclude the next-higher from the analysis.

Following the model (Figure 4.2), we investigate the effect of perception of the power distance on psychological empowerment. We specified there a direct effect from perceived power distance on the four psychological empowerment variables, and a mediated effect through reciprocal open consultation. Based on the power theory of Mulder (1984), one would expect a negative correlation between the score on reciprocal open consultation and the other power dimensions, as open consultation can only be large when the other distances are small. For the personal characteristics, one may expect that higher seniority, self-evaluation, and ownership result in a lower perceived power distance, and in a higher psychological empowerment. And that the higher the attributed prominence of the next-higher, the higher the perceived power distance and the lower psychological empowerment.

We find that for PART none of the power dimensions correlate with reciprocal open consultation (left bottom triangle in Table 4.5). This is completely different from NEXT, where all power dimensions correlate significantly with reciprocal open consultation: Legitimate power correlates negatively, the others positively.

Table 4.5: Correlations power dimensions and personal characteristics[#]
(NEXT: top-right; PART: bottom-left)

	Iroc	Isnc	Iidf	Ilgt	Ixpt	Psen	Self	Aprm	Pown
						NEXT	N=62		
Iroc		0.353**	0.389**	-0.505**	0.342**	0.228	0.326**	0.370**	0.176
Isnc	0.097		0.414**	-0.007	0.468**	-0.053	0.078	0.611**	0.176
Iidf	0.199	0.236*		-0.112	0.568**	-0.043	0.162	0.542**	0.177
Ilgt	-0.139	0.069	0.137		-0.047	-0.241	-0.011	-0.086	-0.254*
Ixpt	-0.056	0.034	0.382**	0.189		-0.463**	0.185	0.584**	-0.037
Psen	0.015	0.133	-0.162	-0.080	-0.239*		-0.026	0.029	0.326**
Self	0.152	-0.104	0.145	-0.183	0.087	-0.214*		0.155	-0.140
Aprm	0.340**	0.101	0.374**	0.141	0.357**	-0.216*	0.283**		0.174
Pown	0.086	0.109	0.072	-0.033	-0.194	0.326**	0.055	0.062	
		PART	N=96						

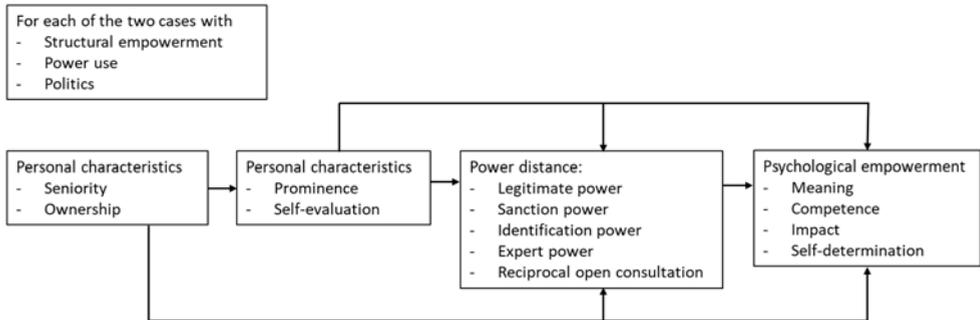
* significant at 0.05 level; ** at 0.01 level (both 2-tailed); #: only non-next-higher;

Ilgt = legitimate power; Isnc = sanction power; Iidf = Identification power; Ixpt = expert power;

Iroc = Reciprocal open consultation; Self = self-evaluation; Aprm = prominence; Psen = seniority; Pown = ownership

Despite the correlations between reciprocal consultation and the other power dimensions found for NEXT, the mediation analysis using SEM did not give any significant result, so in fact the power distance variables (including reciprocal open consultation) have only a *direct effect* on the psychological empowerment variables (Figure 4.10).

Figure 4.10: Revised model at individual level



Using structural equation modelling (SPSS-AMOS 24) we first test the relationship between influence factors and empowerment for both companies separately. We started with a saturated model, in which all possible connections that follow from the hypotheses are included. All non-significant effects are removed and that leads to results for PART and NEXT (see the annex to this chapter). The model fit is good, as the goodness of fit statistics in this annex also show. Table 4.6 shows a summary of the results. The top part gives the effects of

all independent (personal and power) variables on psychological empowerment, the lower part the effects of the personal variables on the power dimensions.

Table 4.6: summary of the results*

	Emng NEXT PART	Ecpt NEXT PART	Eimp NEXT PART	Esdt NEXT PART
Positive	Aprm Iroc	Self Self Iroc	Self Self Iidf Pown	Aprm Iroc
Negative		Ixpt Ixpt	Ilgt Ilgt	Isnc

	IXPT NEXT PART	IIDF NEXT PART	ISNC NEXT PART	ILGT NEXT PART	IROC NEXT PART
Positive	Aprm Aprm	Aprm Aprm	Aprm	Aprm	Aprm Aprm Self Psen
Negative	Pown Psen			Self Psen	

* See annex for the statistical details

Ilgt = legitimate power; Isnc = sanction power; Iidf = Identification power;

Ixpt = expert power; Iroc = reciprocal open consultation

Ecpt = empowerment competence; Eimp = empowerment impact;

Estd = empowerment self-management; Emng = empowerment meaning

Self = self-evaluation; Aprm = prominence; Psen = seniority; Pown = ownership

Within NEXT, reciprocal open consultation has a significant positive effect on three of the four dimensions of psychological empowerment and that is in line with the theory. On the other hand, this is not the case for PART. But that may be because within PART there is no structural empowerment at all (as shown in chapter 3), but there is a strong story about empowerment which staff members believe in, and therefore also believe in the existence of reciprocal open consultation (Iroc), whether it exists or not. This corresponds to the PART group level results, which were much more similar than within NEXT, suggesting that group differences in power use do not influence the reciprocal open consultation score.

We also expected that the other power dimensions would have a negative effect on psychological empowerment, and this is mainly the case for legitimate power (Ilgt), sanction power (Isnc), and expert power (Ixpt). However, sanction power has a positive influence on empowerment impact (Eimp) within PART. Going

back to the survey items and scores suggests that in this case sanction power mainly refers to psychological approval or disapproval: positive sanctions may make an organization member feel more impactful. This is in accordance with what Parker and Price (1994) found: When managers have a high level of control over decision making and are supportive (e.g. give praise and appreciation), workers will report that they themselves believe to have control over decision making. Identification power (Iidf) has also a positive effect on psychological empowerment within both cases. Identification with the more-powerful suggests that, being similar in important respects, the influence a next-higher has on the group is one's own influence.

In the SEM analysis, we also took into account self-evaluation, the evaluation of the prominence attributed to the next-higher, and personal characteristics seniority and ownership. To start with *prominence* attributed to the next-higher, this has a direct positive effect on empowerment in PART, especially on 'competence' and 'self-determination', and in NEXT on 'meaning'. And, prominence has a positive effect on almost all of the power distance dimensions, in both organizations, suggesting that the more prominent the next-higher is perceived, the larger the power distance. In contrast to this, also the perception of the use of reciprocal open consultation correlates positively with attributed prominence, which would deserve further study: it seems that next-higher who are perceived as strong leaders, are also perceived as more respecting opinions of others. This adds to the effect of prominence as it has an indirect positive effect on various psychological empowerment dimensions (mediated through Iroc and Iidf), and an indirect negative effect on psychological empowerment dimensions (mediated through Ixpt and Ilgt). Mediation effect through sanction power (Isnc) is once positive, and once negative, reflecting the different types of sanction power.

The more positive the *self-evaluation* of an employee, the higher psychological empowerment in terms of competence and impact on the group, in both companies. Members of NEXT who have a higher self-evaluation also score higher on reciprocal open consultation. In PART, employees with higher self-evaluation score lower on legitimate power. *Ownership* positively relates to 'impact' in NEXT, in accordance with the legal influence owners of share certificates have on their group, emphasizing again the importance of ownership. It affects negatively expert power in PART. However, the correlation between ownership and seniority is very high (0.7). This suggests that ownership here replaces seniority as the causal factor: more senior members are less dependent on the knowledge of their next-higher. But this needs further research. *Finally*, *seniority* does not affect psychological empowerment, but it influences some power dimensions negatively: seniority makes less susceptible for power differences in case of NEXT. More senior members in NEXT value reciprocal

open consultation stronger than less senior people do, and are less impressed by legitimate power. In line with this, we will show in the next chapter that long term experience with structural empowerment increases the belief in and the positive attitude towards structural empowerment. Within PART we do not see an effect of seniority (apart from on expert power, see previous sentence): open consultation within PART is a story, but not a practice, and belief in the story does not seem to relate to seniority. Overall the latter results suggest that empowering strategies are also dependent on the characteristics of the members of the organization – and that ownership is important for having impact.

4.4 Conclusion

In the previous chapter, we defined the concept of structural empowerment more precisely, and included a coherent set of structural empowerment elements, which has been lacking up to now (Spreitzer, 2008). We used this definition to compare three organizations in terms of structural empowerment, and analyzed how this influenced the perception of the power distance in those organizations. In this chapter we study the effects of structural empowerment and the related perception of the power distance on psychological empowerment. We take into account personal characteristics as prominence and self-evaluation. Consequently we answer two main open questions mentioned by Maynard et al. (2012) in their recent review on empowerment research: (i) the relationship between structural empowerment and psychological empowerment and (ii) the effect of self-evaluation on psychological empowerment. We answer the questions at the level of the organization and the individual level. The emphasis is on how structural empowerment and the dominant empowerment story at the level of the organization influence individual level psychological empowerment.

Organization level

As we showed in the previous chapter, NEXT has a high level of structural empowerment, which is absent within PART. The perceived power distance within PART is larger than within NEXT (Table 4.1). If structural empowerment is an antecedent of psychological empowerment, one would expect that PART scores lower on psychological empowerment than NEXT, and this is indeed the case (Table 4.2), more specifically for the empowerment dimensions impact and self-determination (Q5). Lack of distribution of authority and responsibility corresponds with larger perceived power distance and this corresponds with lower feeling of influence on one's work unit and on one's own actions. Whether this finding can be generalized of course needs further research.

Power distance is higher at PART, and therefore one would expect that more-powerful are attributed more prominence than at NEXT, and this is indeed the

case (Table 4.3) (Q7). Furthermore, prominence attributed to the next-higher at PART is higher than the self-evaluation of the next-higher, which suggests that prominence is the consequence of having positional power. We suggest that the more the prominence attributed to the more-powerful exceeds the self-perceived prominence of the more-powerful, the more the more-powerful is perceived as a strong leader without actually being one (Table 4.4). This is the case at PART, and this indicates that power use is based on the formal position. At NEXT, this is different, as firstly attributed prominence of the more-powerful is lower than the self-evaluation of the next-higher, and secondly the difference between self-evaluation of the less-powerful and the prominence attributed to the more-powerful also small: a low perceived power distance.

We found that the perceived level of reciprocal open consultation at PART and NEXT are similar (Table 4.1), despite the differences in structural empowerment. We interpreted that as the effect from the strong empowerment story, even when, as in the case of PART, structural empowerment does not exist and – as the interviews show – when many employees are aware of that. The story is meant to increase the company’s reputation not only externally (Staw and Epstein, 2000) but also internally, to enlarge the motivation and commitment of organization members. The effect of the dominant story becomes clear when comparing the psychological empowerment scores between roles and between groups (Q6).

The employee’s average scores on psychological empowerment dimensions impact and self-determination are considerably lower than the average scores of the next-higher within PART, suggesting that empowerment is a managerial strategy instead of real distribution of power: the next-higher feel (and are) much more empowered than the group members. Within NEXT, both group’s average scores are about equal (Figure 4.3 – 4.4). And group-level scores for psychological empowerment support this: within PART, group differences are smaller than within NEXT, as within PART the scores reflect the story whereas within NEXT they reflect group differences in ownership, power use behavior and in (locally decided) group structure (Figures 4.5 – 4.8).

Individual level

At the individual level we found that some power distance dimensions have the expected effect on psychological empowerment: the larger legitimate power, sanction power and expert power, the lower the psychological empowerment. Reciprocal open consultation has the expected positive effects on most of the psychological empowerment dimensions within NEXT, but for PART this is not the case. In both cases, reciprocal open consultation does not mediate the effect of the other power dimensions (Q8). Sanction power (as psychological approval) has a positive effect on the impact dimension of psychological empowerment

within PART, which may reflect the influence of leadership when structural empowerment is lacking: a supportive leader with decision-making power positively influences psychological empowerment (Parker and Price, 1994). Identification power has a positive effect on the impact dimension of psychological empowerment in both cases, which suggests that being similar in important respects, the influence a next-higher has on the group is felt as one's own influence.

In line with the theory, we found that individual prominence goes together with power distance: Prominence attributed to the next-higher correlates positively with the score on all power distance dimensions, especially identification power and expert power, but also on reciprocal open consultation (Table 4.6) (Q9). This may be because people using strong power, are seen as highly confident, as strong leaders, but at the same time, highly confident people are more likely to be persuaded by good arguments of others (reciprocal open consultation). Therefore one has to look at the *difference* between the prominence of the more-powerful and the prominence attributed to the more-powerful: If the attributed prominence exceeds the self-reported prominence, than prominence is likely to be attributed to strong power use based on position, instead of large self-confidence. One is perceived as a strong leader without actually being one. Also the difference between the prominence of the less-powerful and the prominence attributed to the more-powerful is indicative: The smaller the difference, the stronger the upward power reduction tendency and the smaller the perceived power distance will be. Furthermore, as far as attributed prominence has a direct effect on psychological empowerment dimensions, this effect is positive. But it also positively influences power dimensions of which some have a positive and others have a negative effect on psychological empowerment dimensions. The effect of prominence on psychological empowerment is complex and needs further research.

With respect to the personal characteristics (Table 4.6), a positive self-evaluation influences the perception of the power distance (Q10). The less positive the self-evaluation of an organization member, the larger perceived legitimate power, indicating a larger acceptance of positional power. The more positive self-evaluation, the higher the score is on reciprocal open consultation. This shows that personal characteristics influence the perception of the power distance, and consequently the power distance: Stronger self-evaluation neutralizes power differences to some extent. And as we saw before, if organization members attribute a lower self-evaluation to the more-powerful than to themselves, they also perceive a smaller power distance. Furthermore, a positive self-evaluation also influences psychological empowerment. The more positive the self-evaluation of an employee, the higher psychological empowerment in terms of competence, and impact on the group. Seniority does not affect psychological

empowerment, but it influences the perception of the power distance: seniority, as positive self-evaluation, makes less susceptible for power differences. Finally, ownership, influences psychological empowerment, specifically the empowerment dimension impact. Within NEXT with more distributed ownership, being one of the owners provides the feeling of influence on ones' work unit. This corresponds with the actual legal vote owners of share certificates have in important decisions concerning the character of the organization.

Summarizing, structural empowerment and the related perception of the power distance does influence the level of psychological empowerment. The two cases show the difference between empowerment as a real distribution of power and empowerment as a managerial strategy. 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. 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.

4.5 Discussion and further research

This study also has some limitations. First of all, this study only compares two organizations, which was sufficient for uncovering the different roles and effects of power, and for sharpening the concept of structural empowerment. But one would need a series of cases to study the effects of structural empowerment on power distance, power use, and on psychological empowerment more fully. A large amount of cases would also enable multi-level analysis, as we are studying members within groups within organizations. We also did not go into the positive effects that are attributed to psychological empowerment. The current model assumes that the impact of structural empowerment in the way we have defined it on motivation, commitment, etc. is mediated by psychological empowerment, but there may be also direct effects. This is something for follow-up projects.

Secondly, we found that the deployed instruments need further sharpening at some places. For example, power can be oppressive, but also stimulating, as we see with sanction power that can refer to positive or negative sanctions, and to material or psychological sanctions. This is not fully taken into consideration in the current version of the questionnaire, and therefore may influence the findings.

The practical relevance of this study is among others in the developed instrument to measure empowerment. This instrument – interviews, documents and a survey – does not only cover empowerment in its symbolic sense, but also as the distribution of power. It does not only measure whether organization members believe they are in control, but also measures the actual control organization

members have over their work. And it measures the objective as well as the subjective share in power. The instrument can be used to check whether empowerment programs, such as the implementation of self-steering, deliver on their promises on matters of power, and to assess whether they are fad or fab (Maynard et al., 2012). The instrument may be used to create awareness, amongst less-powerful as well as more-powerful, in order to motivate them to take action and change the status quo.

Further research may focus on improving the instrument: We already mentioned the items to measure sanction power. Also the concept of identification power needs more refinement. It would be interesting to differentiate between identification with the next-higher and identification with the group including the next-higher. Identification with only the next-higher indicates a power distance, identification with the group indicates a shared identity and not so much a power distance. The difference could be measured by adding items on identification with group members. As the influence on psychological empowerment is concerned, a distinction could be made whether meaning or impact depend on identification with the next-higher or on identification with the group. Also questions measuring meaning could be extended in order to more clearly measure the influence of a strong story in contrast to measuring the meaning of the work activities mainly.

The instrument currently measures perception of the power distance between organization members and their next-higher. Especially when authority and responsibility are delegated, horizontal next to vertical power relations may become more important. Further research is needed on the effects of power relations between coworkers.

The fact that attributed prominence correlates positively with power distance in the four power dimensions but also with the degree of reciprocal open consultation asks for further clarification. People using strong power, are seen as highly confident, as strong leaders, but at the same time, highly confident people are more likely to be persuaded by good arguments of others (reciprocal open consultation). Differences in attributed prominence might be further explained by using the extensive research on leadership style, which is out of scope of this study.

Finally, it is useful to investigate the recursive relation: higher levels of psychological empowerment may lead to lower levels of perceived power distance, and to e.g., even stronger acceptance of the strong stories – also when no structural empowerment is in place. If it would work in this way, we would observe an example of the social reproduction of organizational practices.

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Annex: Results of the SEM analysis

		NEXT					PART				
		B	S.E.	C.R.	P	Beta	B	S.E.	C.R.	P	Beta
Ecpt	← Ixpt	-.219	.047	-4.61	***	-.477	-.200	.040	-5.01	***	-.465
Ecpt	← Iroc	.206	.088	2.34	.019	.260					
Ecpt	← Self	.235	.113	2.09	.037	.218	.307	.094	3.28	.001	.293
Ecpt	← Aprm						.283	.094	3.03	.002	.291
Esdt	← Iroc	.443	.110	4.02	***	.446					
Esdt	← Isnc	-.344	.097	-3.55	***	-.363					
Esdt	← Aprm						.429	.119	3.60	***	.346
Emng	← Iroc	.283	.145	1.95	.051	.241					
Emng	← Iidf						.302	.100	3.02	.003	.296
Emng	← Aprm	.347	.165	2.11	.035	.248					
Eimp	← Ilgt	-.349	.157	-2.22	.026	-.225	-.323	.108	-2.99	.003	-.248
Eimp	← Iidf	.243	.097	2.50	.013	.253	.382	.119	3.21	.001	.288
Eimp	← Isnc						.271	.143	1.89	.058	.157
Eimp	← Self	.821	.192	4.28	***	.432	.563	.195	2.89	.004	.241
Eimp	← Pown	.632	.251	2.52	.012	.255					
Iroc	← Self	.366	.129	2.84	.005	.269					
Iroc	← Aprm	.369	.117	3.15	.002	.311	.285	.081	3.53	***	.340
Iroc	← Psen	.038	.017	2.26	.024	.254					
Ixpt	← Aprm	1.195	.178	6.72	***	.583	.828	.210	3.94	***	.365
Ixpt	← Psen	-.115	.021	-5.55	***	-.448					
Ixpt	← Pown						-.622	.253	-2.46	.014	-.210
Isnc	← Aprm	.760	.126	6.03	***	.611					
Iidf	← Aprm	.934	.185	5.04	***	.542	.586	.153	3.82	***	.358
Ilgt	← Psen	-.032	.017	-1.94	.053	-.241					
Ilgt	← Aprm						.350	.172	2.04	.042	.210
Ilgt	← Self						-.436	.185	-2.36	.019	-.242
Goodness of fit											
Case	χ	DF	Probability level	CFI*	TLI*	IFI*	RMSEA*				
NEXT	47.215	53	.698	1.000	1.038	1.023	.000				
PART	54.488	55	.494	1.000	1.004	1.003	.000				

* CFI comparative fit index, TLI Tucker–Lewis Index, IFI incremental fit index, RMSEA root mean square error of approximation. All: default model