

Evaluation of the Relationship between Organizational Structure and Empowerment of Employees (Using Empowerment Analysis in the Agricultural Bank)

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ABSTRACT

Empowerment means helping people to improve their sense of self-confidence and conquer their feelings of inability and helplessness. It also means bringing together all the internal motivations to perform a task

Inability to do the job duties is one of the problems that must be overcome in order to improve individual's performance. Empowerment is one of the most important tools that lead to such improvements in individuals to overcome their inabilities at the workplace

The main objective of this study is to investigate and understand the relationship between organizational structure and empowerment of employees. Empowerment dimensions were defined and recognized using theories and concepts of organizational structure and based on psychological empowerment theory by Spreitzer, and the relationship between two variables, including organizational structure (independent variable) and empowerment (dependent variable) was investigated. This study is considered as applied investigation and the method of research was a survey of correlation. Spearman's Rank Correlation Test was used to identify the correlation between the research variables while the relationship between organizational structure variable changes and empowerment and predicting the amount of this variable was investigated using the analysis of regression.

The required data were obtained through questionnaires, library and internet resources. Considering that the studied statistical population members were grouped in different branches of the bank (organizational units), the sampling method was the randomized cluster. Investigations and tests determined a relationship between various dimensions of organizational structure and employees' empowerment. The findings also suggested a significant relationship between formalization, centralization and complexity with empowerment.

KEYWORDS: Organizational Structure- Empowerment- Complexity- Centralization.

1. INTRODUCTION

The modern age brought different conditions for organizations. The instrumental attitude towards human resources has lost its place after the industrial revolution. The employees of professional organizations have become the main operators of the work cycle and the partners of the organization, thus, not only managers should have leadership skills, but employees should also learn methods of self-administration. There is a widespread belief that employees and organizations should be constantly looking for the best practices and procedures in order to adapt to their environment. In order to achieve these features, the organization should empower its most important competitive resource and tool, which is the human resource.

Inability to do the job duties is one of the problems that must be overcome in order to improve individual's performance. Empowerment is one of the most important tools that lead to such improvements in individuals to overcome their inabilities at the workplace. The main source of competitive advantage today, does not lie in the mere use of technology but is rooted in dedication, innovation, positive thinking, commitment to quality and workforce capabilities. Employees' empowerment in the organization has positive effects on their attitudes and behavior.

Evaluation of the studies conducted and the processes that are adopted by successful organizations in implementing the empowerment indicates that one of the important factors in establishment of empowerment is "organizational structure". Given the importance of the "structure" component and creating a deeper approach towards the method of establishment and empowerment, we can see that the "structure" is one of the most important main factors of this process.

The appropriate structure for implementing the empowerment process is which that accepts its factors and indicators and makes a suitable platform for its implementation. Because the empowerment is considered as an internal variable for the organization and has a tangible connection to inner dimensions of it, evaluating the relationship of this variable with structural dimensions in order to achieve the research objectives is therefore, more reasonable and relevant. Thus, one of our objectives in this research is to identify the appropriate structure to develop the empowerment inside the organization.

In this research, we first explore the relationship between the dimensions of organizational structure and psychological empowerment and identify the strengths and weaknesses of these structures in the psychological empowerment establishment process. Then, identifying the existing conditions in terms of the level of employees' empowerment and finally considering that with which of the two proposed structures (organic or mechanical), the creation of psychological empowerment process based on structural divisions has a greater coordination and proportion. In order to achieve this, the current study is conducted based on this question: Is there a relationship between organizational structure (complexity, formalization and centralization) and psychological empowerment factors (competence, self-determination, significance and effectiveness)?

The research objectives are generally as follows:

- 1) Examining how constituent elements of organizational structure affect employees' empowerment in Agricultural Bank.
- 2) Demonstrating the importance of the Agricultural Bank's employees empowerment form a theoretical point of view.
- 3) Obtaining the results that improve employees' empowerment process considering the structural factors of organizational structure.
- 4) Providing practical solutions for employees' empowerment through the organizational structure.
- 5) Identifying structural priorities in implementing the process of employees' empowerment.
- 6) Providing an appropriate structural framework to have an empowered organization.
- 7) Extending the findings of this research to other organizations in Iran.

RESEARCH LITERATURE

A. Empowerment

Empowerment means helping people to improve their sense of self-confidence and conquer their feelings of inability and helplessness. It also means bringing together all the internal motivations to perform a task. The empowerment of individuals means their encouragement and providing opportunities for them to demonstrate that they can create good ideas and implement them (Smith, 2001; page 1).

Empowerment simply means encouraging people to play a more active role in their jobs and make progress so that they take responsibility for improving their activities and ultimately obtain such power that enables them to make great key decisions without referring to higher authorities (Smith, 2001; page 1).

A.1 Different Approaches to Empowerment:

In current research, the empowerment is being seen from different perspectives such as structural, motivational and psychological.

a) Structural Approach

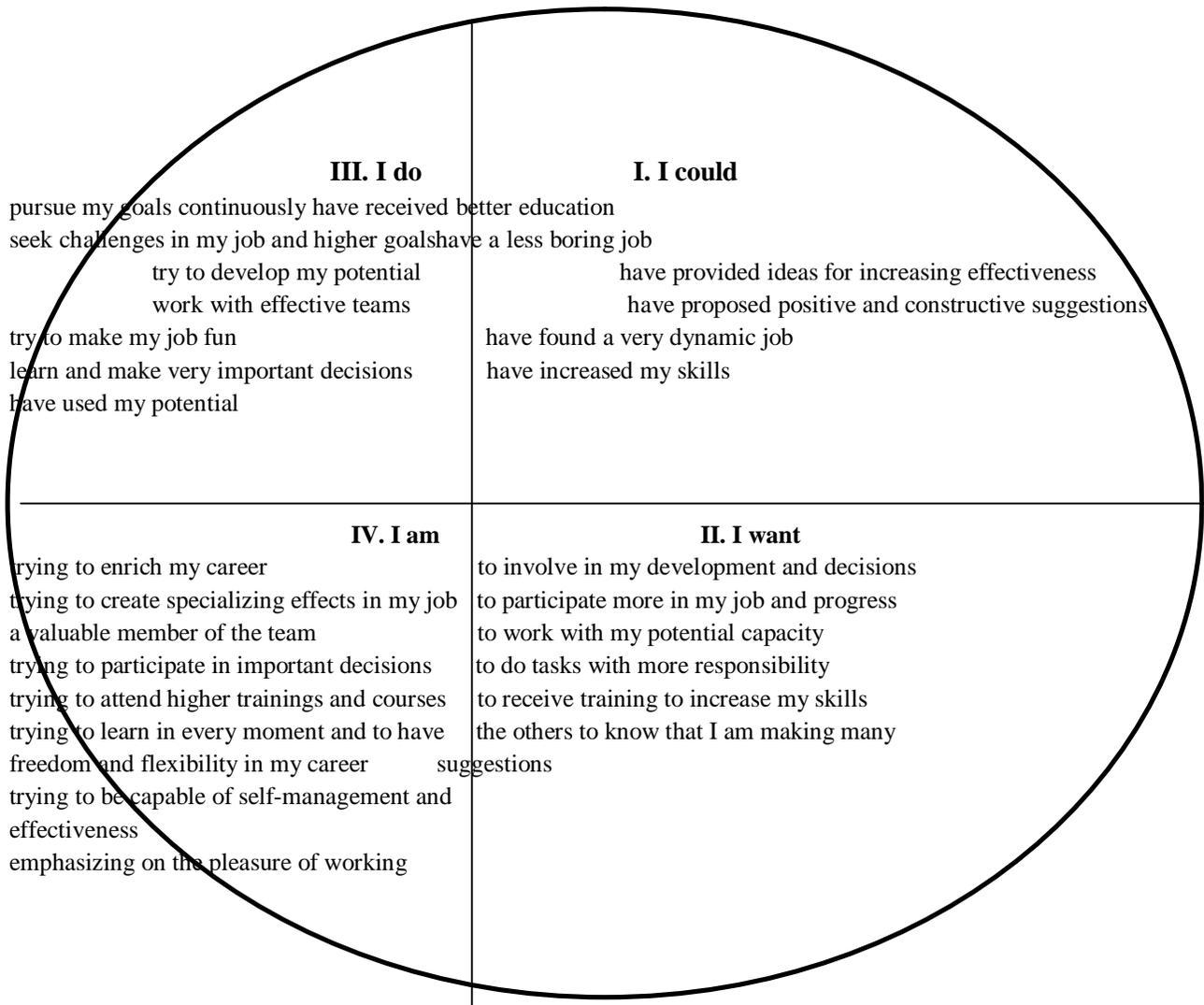
From a structural point of view, empowerment is a process in that a leader or manager shares his/her power with subordinates (power means the possession of official authority or having control over organizational resources and not the personal power) and emphasizes on participation in taking organizational authority. According to Burke (1986), empowerment means granting power and delegating authority. (Horwitz.frank.MandMark.A.Nevills1996; page 489).

Many theorists consider the empowerment management equal to delegating the authority of decentralization in decision-making that its result is to emphasis on participatory management techniques of quality cycles of self-management teams and bilateral goal setting. This series of activities are of course associated with perceptions of subordinates about the empowerment. The managers' intention and subordinates perceptions are sometimes different. This is acceptable and convincing that a follower has no desire to accept responsibilities and participate in the decision-making process. In this case, participation in making decisions using such subordinates does not necessarily lead to empowerment.

In this approach, a manager tries to share his/her power with subordinates. Since the power in organizations, appears to be more within the framework of individual's jurisdiction, therefore, the empowering means delegation of authorities. This approach is defined as a top-down or mechanical approach and the individual's power shows

his/her net independence in association with others (Spreitzer, 1996; page 489). Thus, the application of the new process and distribution of power leads to employees' empowerment. From this perspective, the verb "to empower" means granting the power or authority through giving spiritual or legal capacities. Therefore, the full empowerment of individuals requires the role of managers because they have an inevitable and significant impact on employees' subjective perception of empowerment and play an important and different role. These roles include:

- Establishing common organizational objectives
- Promoting employees' feelings about their abilities
- Emphasizing the efforts of employees and praising their roles in helping to achieve organizational objectives
- Focusing on strategy



Wilson's four main steps for employees' empowerment (Wilson, 1996; pages 161-163)

B. Organizational Structure

Organizational structure is the framework governing jobs, systems and operational processes of people and communities that are trying to achieve a goal (Barney and Griffin, 1992; page 315). These are a series of methods that divide the job into certain tasks and coordinate them (Mintzberg, 1979, page 2). Structure shows the distribution of power in the organization and is not merely a harmonious mechanism, but it affects organizational processes. Organizational structure indicates to the patterns of relationships within the organization, authorities and communications (Daft, 1991; page 282) and clarifies reporting relationships, formal communication channels,

responsibility identification and delegation of decision-making authority (Hodge and Anthony, 1991; page 303). Organizational structure organizes the operations and activities within the organization and defines the borders of responsibility and authority. The structure shows the managers which people they are responsible for their administration and introduce employees to the managers by whom they receive their training and orders. Helping the flow of information is also one of the facilities that are provided by organizational structure (Arnold and Feldman, 1986; page 241). Organizational structure should be able to accelerate and facilitate decision-making, show an appropriate response to the environment and resolve conflicts between the units. Connecting the main elements of the organization and coordinating their activities, together with expressing inside organizational communications in terms of providing and receiving the reports are some of the tasks of organizational structure (Daft et al. 1991; page 210).

B.1 Organizational Structure

Organizational structure consists of the pattern of communication between sections and components of an organization. In other words, organizations create sections and units as sub-systems inside the main system and specify the communicative and interactive pattern between these sub-systems. Such internal differentiation between sectors and the communication pattern among them is called the structure (Kast and Rosenwing, 1985; page 126). Organizational structure specifies how to do tasks, distribute resources, follow formal mechanisms and coordinate the activities (Robbins, 1987; page 4).

Peter Blau suggests that organizational structure consists of allocating people to posts and group positions that affect the relationships of roles between them Hasebrook, Joachim, 2001; page 45). The structure of an organization is designed to determine who should do what and who should accept the responsibility of outcomes. Removing the obstacles of decision-making and communication networks' performance and equipment towards common objectives is also one of the other purposes of designing the organizational structure (Knoots and Weihrich, 1988; page 286). Organizational structure is a map that reflects the organizational relationships which have been identified based on management decisions (Gerloff, 1985; page 71).

It states that how the tasks should be given, to whom the reports should be presented and what are the formal coordinative mechanisms and also contemplative patterns that should be respected?

Although the concept of organizational structure is a reality and affects everyone in the organization and all are somehow dealing with it, it can almost be an abstract concept (Kast and Rosenwieig, 1985; page 234). The underlying stone of the structure, roles of individuals in the organization and the pattern of relationships between these roles, shape the organizational structure. Thus, the structure can be considered as the expectations of each role and their relationships. These roles often are legalized through the descriptions of posts and careers, and written documents that specify each career's area of responsibility and scope of activities (Butler, Richard, 1996; page 19).

B.2 Organizational Chart

There is a difference between organizational structure and organizational chart. Organizational structure that is a more general conception is shown by organizational chart (Kast and Rosenwieig, 1985; page 115). Authority relations, formal communication channels, groups and lines of response are evident in the organizational chart (Hodge and Anthony, 1991; page 29). It can therefore be said that structure is an all view mirror of rules, regulations, procedures, standards, decision-making positions, quality of communications, separation of sectors and careers, their integration and the hierarchy of authorities. A relatively tangible concept of structure appears as an organizational chart which is a visible symbol of all activities, communication methods and organizational achievements. It can then be argued that the organizational chart is a summarized and abstract form of the reality of organizational structure.

B.3 Organization

It is a social phenomenon that is concisely coordinated and has relatively specific borders and limits and moves towards achieving a goal or a series of goals based on a set of principles, rules and regulations.

B.4 Complexity

It refers to the level of separation that exists in the organization. It actually refers to the geographical separation in the organization among different levels and careers. Complexity consists of the number of management levels that exist in the organization.

B.5 Centralization

It refers to the extent of decisions' focus on a single point and taking them in the organization.

B.6 Formalization

It refers the level of standardization of organizational careers.

B.7 Mechanical Structure

It's a structure that has features such as stability, separated and specialized tasks, precise, specific and controlled relationships, formal and legal communications, the existence of a hierarchy, emphasis on formal authorities and the existence of rules and regulations and actually includes all the tools and facilities that try to predict people upon their establishment in the organization.

B.8 Organic Structure

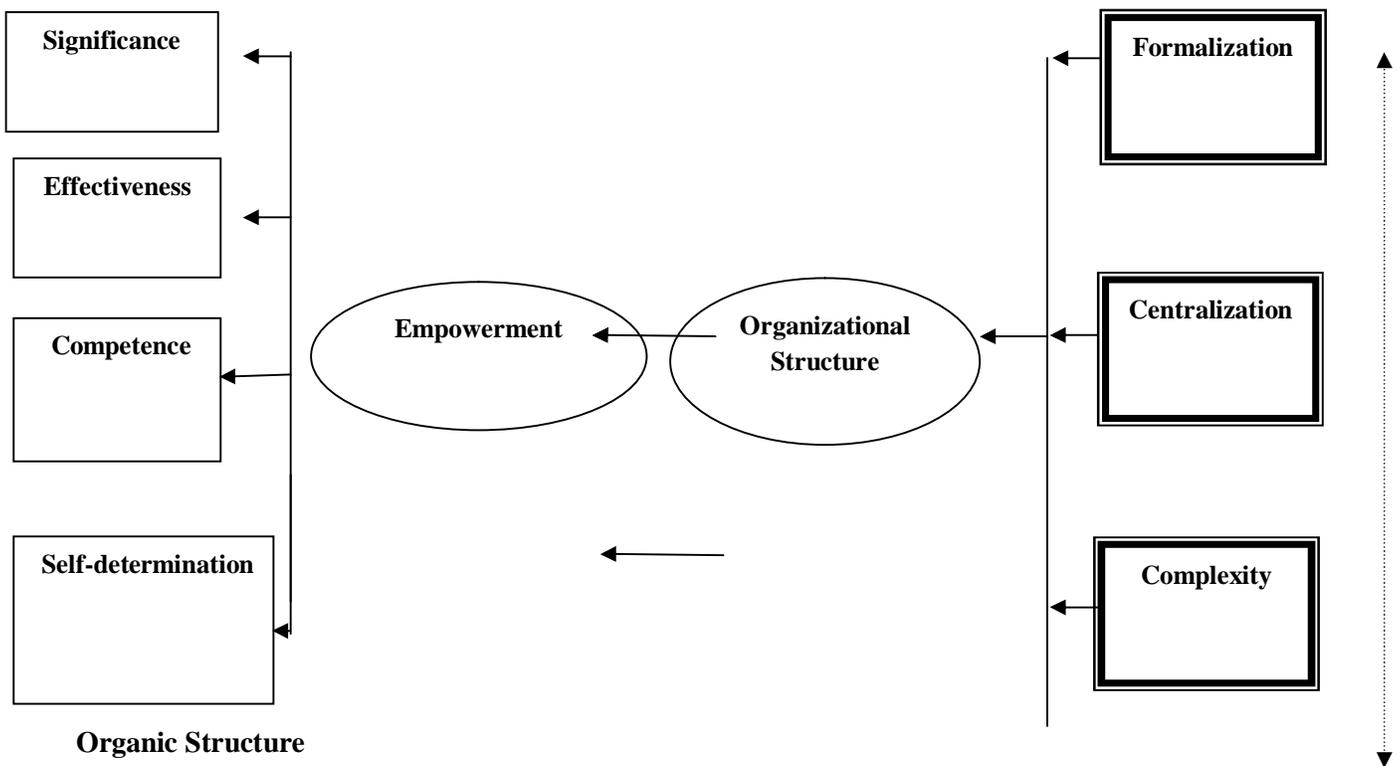
It's a structure in which the works are done based on individual's knowledge and experience, and adjustment and change are its permanent features, while commitment and informal relationships of individuals in the organization, precedence of communications over preserving the rules, paying attention to a flexible flow of information and considering human relations and human nature of the job are some of its common characteristics.

Research Hypotheses

- **Main Research Hypothesis:**
There is a significant relationship between organizational structure and employees' empowerment.
- **Research Sub-Hypotheses:**
 1. There is a significant relationship between complexity and employees' empowerment.
 2. There is a significant relationship between formalization and employees' empowerment.
 3. There is a significant relationship between centralization and employees' empowerment.

A conceptual model of research

Mechanical Structure



METHOD OF RESEARCH

This study is an applied research based on its objectives. It follows a descriptive-correlative method of research. This study has tried to examine the relationship between organizational structure of Agricultural Bank with

psychological empowerment of employees in terms of complexity, formalization and centralization during 2009-10. Statistical population of research includes 50 employees of Agricultural Bank. Method of this research was to take a census; and in order to statistically analyze the collected data, descriptive (preparing descriptive tables, mean and standard deviation) and inferential statistical techniques (correlation analysis, regression and Mann-Whitney and Kruskal-Wallis tests) have been used.

Analysis of research data:

Considering the collected results of questionnaires and the frequency of answers given to each of the branches, it can be seen that psychological empowerment factor has a low interest and acceptance among employees. According to the results of these two tables and the level of significance, it can be said that the frequency distribution of sample data follows a normal distribution with 95% confidence probability.

Results of examining research statistical hypotheses can be seen in table 2.

		Structure (Main hypothesis)	Complexity (First sub-hypothesis)	Formalization (Second sub-hypothesis)	Centralization (Third sub-hypothesis)
Psychological empowerment	Spearman's rank correlation coefficient	-0.642	-0.248	-0.533	-0.576
	Two-way anova level of significance	0.000	0.032	0.000	0.000
	Frequency	78	78	78	78

Table 2. The correlation between "organizational structure" and "psychological empowerment" variables

Considering the results of the table above and amounts of correlation coefficients, we can see that there is a significant relationship between organizational structure and psychological empowerment variables. Thus, all the research hypotheses are being confirmed. Significance of correlation coefficient test also confirms such relationships.

Analysis of Research Hypotheses

Main Hypothesis

The main hypothesis of this study was that there is a significant relationship between organizational structure and employees' empowerment in Agricultural Bank. In order to test this hypothesis in the first part of statistical analyses, we have first used the Spearman's rank correlation coefficient and then significance of correlation coefficient test, and the results obtained by both methods suggest this hypothesis is confirmed, which means the main hypothesis that there is a significant relationship between current organizational structure and employees' psychological empowerment was confirmed with 95% confidence probability. It can actually be said that the level of individual empowerment of the population tested is associated with the existing organizational structure but as this research showed, this relationship was not direct but a reverse one. So current organizational structure that has a mechanical (bureaucratic) form and psychological empowerment of employees, are in the opposite direction of each other. Therefore, it's indicated that the mechanical (bureaucratic) organizational structure in the Agricultural Bank employees tested, inversely related to the issue of its employees' psychological empowerment and increasing the effects of this mechanical (bureaucratic) structure, in fact, reduces the sense of psychological empowerment among employees. As it was discussed, mechanical (bureaucratic) structure limits the psychological empowerment of employees.

First Sub- Hypothesis

The first sub-hypothesis was stated as follows in this study: There is a significant relationship between complexity of organizational structure and employees' empowerment. In other words, does the level of organizational structure complexity can affect the psychological empowerment of employees? In order to test this hypothesis, we have first used the Spearman's rank correlation coefficient and then significance of correlation coefficient test, and the results obtained by both methods have suggested this hypothesis is confirmed which means this hypothesis that there is a significant relationship between organizational structure complexity in the Bank and its employees' psychological empowerment was confirmed with 95% confidence probability. Thus, it can actually be said that the level of individual empowerment of the population tested is associated with the complexity of current organizational structure, and this is a reverse relationship. It is also important to note that the existing organizational structure complexity is naturally increasing in higher organizational hierarchies, thus, employees'

empowerment is being limited. Given the value of complexity variable is lower than its standard value, it can be concluded that the degree of complexity in this Bank is not too high, but in order to empower the employees, make the structure more flexible and give the employees faster and more transparent responses, a less complex structure (having lower hierarchies or a flat or generally more organic structure) must be used.

Second Sub-Hypothesis

The second sub-hypothesis in the present study is that there is a significant relationship between formalization of organizational structure and employees' empowerment. In other words, does the level of organizational structure formalization can affect the psychological empowerment of employees? In order to test this hypothesis, we have first used the Spearman's rank correlation coefficient and then significance of correlation coefficient test, and the results obtained by both methods have suggested this hypothesis is confirmed, which means this hypothesis that there is a significant relationship between formalization and employees' psychological empowerment was confirmed with 95% confidence probability. Thus, it can actually be said that the level of individual empowerment of the population tested is associated with the formalization of current organizational structure in the Bank, and this is a not a direct but a reverse relationship. Therefore, the existing organizational structure formalization that its level is high, is inversely correlated to employees' psychological empowerment.

Thus, it can be said that the inverse relationship between organizational structure formalization in the Bank studied, and the issue of employees' psychological empowerment affects them in opposite ways. IN fact, according to this relationship, any increase in organizational structure formalization will reduce the sense of psychological empowerment in employees and vice versa.

Third Sub-Hypothesis

The third sub-hypothesis in the present study is that there is a significant relationship between centralization of organizational structure and employees' empowerment. In other words, does the level of organizational structure centralization can affect the psychological empowerment of employees of the Bank? In order to test this hypothesis, we have also used the Spearman's rank correlation coefficient and significance of correlation coefficient test, and the results obtained by both methods have suggested this hypothesis is confirmed, which means this hypothesis that there is a significant relationship between existing organizational structure centralization and employees' psychological empowerment was confirmed with 95% confidence probability but this relationship is inverse. Thus, it can be said that centralization of organizational structure in the Bank has an inverse relationship with the issue of its employees' psychological empowerment and increasing this centralization will decrease the sense of psychological empowerment in employees.

Conclusions and recommendations

Here we try to identify ambiguous and difficult points of the cases based on the known relationship between research variables, findings of research hypotheses and their compliance with stated literature in order to provide appropriate and practical solutions for them.

1. Considering the results of the main hypothesis that suggest a reverse relationship between organizational structure and employees' psychological empowerment, it is recommended to reduce the impacts of current mechanical (bureaucratic) structure or make it more balanced through well-documented planning in order to implement and exploit the beneficial results of empowerment, particularly in specialized careers to provide a more appropriate context for the application of empowerment (especially considering that all the members of studied population of the Agricultural Bank are actually front-line employees and results of using this style is clearly visible in human resources management and specialized careers). It is also recommended that managers should try to move towards a more organic (more democratic) atmosphere and provide required facilities for better establishment of employees' psychological empowerment. Based on the findings of the main hypothesis and the obtained relationship, a mechanical structure is not capable of and appropriate for psychological empowerment, on the other hand, because this Bank has a mechanical structure, its current structure must be modified and transformed into a dynamic and flexible organic structure in order to be able to empower its employees. The advantages of such structure include increasing employees' morale and motivation to be more active while increasing their creativity, innovation and participation in solving the problems, and following measures can be taken in order to do this:

- Delegation of authorities to lower levels and individuals' range of work.
- Assigning the responsibility of job duties and activities to the employees.
- Changing the control style and moving from close control towards self-control in employees (There are cases when it's possible to eliminate close control and use subtle control instead)

- Creating procedures for employees' participation in organizational decisions (weekly, monthly and yearly meetings).
- Participation of employees from all levels in their related sector's planning, especially moving towards the bottom-up style of planning.
- Using human resources information system
- Using and developing tools that facilitate the formation of organizational structure, such as liaison jobs, job collections, standing committees and coordinating managers.
- Reviewing instructions, procedures and current regulations through an approach based on employees' empowerment perspective (Considering their independence in practice, maintaining employees' effectiveness, competence and significance).
- Reviewing organizational structure using tools such as re-engineering, with a view to the goals and objectives of organizational empowerment.
- Strengthening the infrastructures of human resource systems, particularly in selection and recruitment sections, with an attitude to their conformity with empowered jobs.
- Reviewing and re-editing of organizational jobs and positions and considering empowerment potentials in them.

2. Considering the results of the first and the second sub-hypotheses that show a reverse but weak relationship between employees' psychological empowerment and complexity of organizational structure and also a reverse but strong relationship between employees' psychological empowerment and formalization of organizational structure, it is recommended that managers try to reduce the rules, regulations, policies and procedures in possible areas because increasing of formalization reduces the range of decisions, independence in individual's areas of expertise and his/her influence on optimal performance and that individual should operate in this specified framework and range, while preserving the rules, regulations and administrative frames in a way that he/she does not violate any of these orders to do the job. This atmosphere will have negative impacts on people's sense of empowerment. Thus, revising the frameworks of organizational formalization leads to preparing a more suitable bed for the realization of the sense of empowerment in employees. Of course, this modification does not intend to ignore legal frameworks, rather it intends to modify and review the legal ranges with a preliminary objective of developing the psychological empowerment in the working environment. This modification may also underlie the better establishment of empowerment and reduce organizational formalization through revising laws, rules, regulations, guidelines and particularly job descriptions of employees considering the issue of their psychological empowerment. It also delegates the implementation of these rules and regulations to the employees themselves and its results can be combined with evaluation of employees' performance to ensure achieving the organizational objectives. In fact, another part that can balance the effects of formalization, is assigning the authority and responsibility of implementing the rules to employees of each section so that each individual who is responsible for an activity will be held accountable for the implementation of relevant rules.

3. Considering the results of the third sub-hypothesis of this research and the obtained relationship between employees' psychological empowerment and organizational centralization, it can be said that since this relationship is reverse, there is a centralization of decisions at the top of power pyramid inside headquarters offices and ultimately the heads of this Bank, which is in itself an obstacle for employees' empowerment. It is recommended that in order to facilitate the establishment of psychological empowerment process and benefiting from its positive results in employees' performance; employees must be involved in organizational decisions, especially in their areas of job expertise and decisions that are made in those areas must be delegated to beneficiary employees because centralization in organizational decisions leads to employees' reluctance to engage in organizational issues and will have negative impacts on sense of psychological empowerment in individuals (due to its conflict with the sense of self-management in individuals). Among the methods that can lead to decentralization in the structure, is the assignment of responsibilities and also employees' involvement in the decision-making process.

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