

# WHEN IN NEED OF EMPOWERMENT



A STUDY OF THE RELATIONSHIP BETWEEN LEADERSHIP AND  
EMPLOYEES' EMPOWERMENT

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Master's Dissertation in Organisation, Leadership and Work

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Spring 2013



When in Need of Empowerment –  
*A Study of the Relationship between Leadership  
and Employees' Empowerment*

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2013

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Printed by Reprosentralen, The University of Oslo

# Abstract

Empowerment has received much attention in the management literature over the last decades. How can leaders foster employees' feelings of empowerment? This dissertation uses an integrative approach to empowerment – which includes both structural and psychological empowerment – in order to explore how leaders can promote empowerment. Furthermore, when examining the relationship between leadership and empowerment, it focuses on two leadership approaches: transactional leadership and transformational leadership. In terms of empowerment initiatives, these two approaches are argued to have different strengths, and should be viewed as complementary. When wanting to foster employees' feelings of empowerment, leaders should focus on four aspects that combine structural and psychological empowerment: a clear vision and challenge, openness and teamwork, discipline and control, and support and a sense of security. These will be enhanced further if leaders also emphasize the following three factors: the flow of information, the leader's empowerment and individual consideration. Furthermore, this dissertation emphasises that empowerment is more complex than commonly presumed, that different people will have different needs when it comes to empowerment, and that there is no quick fix when leaders want to empower their employees.



# Acknowledgements

I would firstly like to thank my supervisor Tian Sørhaug for very valuable thoughts and for inspiring me to follow my intuition.

Special thanks to Iselin Martinsen and Hallvard Barbogen for great advice, useful comments and academic support. This dissertation would have been a complete chaos without you.

I thank my fellow classmates for making sure there were enough breaks and for plenty of smiles. Thanks to Kjersti Kværnæs, Karoline Indreeide Grimstad and Karl-Martin Høie for being so uplifting.

I furthermore give thanks to Anne Kristine Solhaug and Kristine Benum Braanen for picking up the phone, to “Deiligheten” for providing food and love, to Michael for being my hero, and to Mr. and Mrs. Garton-Kristiansen for thoughts, comments, and for getting married in South Africa and thus giving me some undeserved time off.

Finally, thanks to mum and dad for unconditional love and lifelong support.

Oslo, May 2013.

Eirin Kristiansen





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# 1 Introduction

## 1.1 Introduction

*People's beliefs in their capabilities affect how much stress and depression they experience in threatening or taxing situations, as well as their level of motivation. Such emotional reactions can affect action both directly and indirectly by altering the nature and course of thinking.*

(Bandura 1989:1177)

Over recent decades the concept of empowerment has received much attention (Maynard, Gilson and Mathieu 2012). However, one problem in the empowerment literature is that scholars have a tendency to not clarify how they define empowerment and particularly to not distinguish between the two main constructs of empowerment: *structural empowerment* and *psychological empowerment* (Menon 2001). Structural empowerment is a macro approach to empowerment and is mainly concerned with the delegation of authority (Menon 2001; Spreitzer 2008). Psychological empowerment, on the other hand, is a motivational construct developed from Bandura's ideas of self-efficacy, and is now constructed to involve four cognitive dimensions: *meaning, competence, self-determination* and *impact* (Spreitzer 1995). It is believed that increasing the four dimensions increases people's self-efficacy and belief in their own capabilities (Thomas and Velthouse 1990; Spreitzer 1995). Many different antecedents and outcomes have been related to empowerment, and empowerment has been studied at different levels, from the individual level to a broader organisational level (Maynard et al. 2012). The range of positive outcomes, such as job satisfaction and organisational commitment, associated with empowerment has led many organisations to implement empowerment initiatives (Maynard et al. 2012), and also demonstrates why it is interesting to approach the linkage between empowerment and leadership, which is the purpose of this paper.

Leadership in its various constructs has been examined as an antecedent to empowerment more than any other antecedent (Seibert, Wang and Courthright 2011). However, according to Maynard et al. (2012), there is a need to consider various leadership constructs simultaneously in examining their relationships with empowerment. There is a plethora of definitions of leadership, and many different leadership approaches could have been of interest for this study. I have chosen to address the linkage between transactional

leadership, transformational leadership and empowerment. Transactional leadership and transformational leadership are two of the most influential leadership approaches that have been presented in leadership literature over the years, thus making it natural to take them into consideration when approaching the concept of empowerment (Houghton and Yoho 2005). However, they should not be viewed as exhaustive, comprehensive or a perfect reflection of all leadership behaviours (Houghton and Yoho 2005). There are other leadership approaches that could also have been interesting to discuss in relation to empowerment, but this is beyond the scope of this dissertation.

To address the linkage between leadership and empowerment, I pose one main research question:

*How can leaders foster employees' feelings of empowerment?*

In order to answer this research question, it is necessary to have two things clear: how I define empowerment, and how I see leadership. Therefore I pose two secondary research questions:

- *What is empowerment?*
- *What are transactional leadership and transformational leadership?*

Chapter 3 will discuss what empowerment is, and will focus on the difference between structural empowerment and psychological empowerment. Because it is the employees' "feeling" of being empowered that is central, it is natural to focus more on the psychological aspect of empowerment. However, this dissertation will argue that empowerment should be analysed with an integrative approach, which includes both structural and psychological empowerment, and I will therefore use this approach when analysing the relationship between leadership and employee empowerment. Furthermore, this paper views the feeling of empowerment as being an exclusively positive emotion, which will be reflected in the discussions in this paper.

After having discussed empowerment, in Chapter 4 I will account for the two leadership approaches. Here I will argue that these two approaches are complementary. This will in turn influence the discussion in Chapter 5, which addresses the main research question. The relationship between leadership and empowerment is very complex and all aspects of it naturally cannot be covered in this paper. I have therefore chosen to approach this relationship by using a framework made by Quinn and Spreitzer (1997), where structural and psychological elements of empowerment are combined.

This paper does not see empowerment from an efficiency or economic perspective, but focuses on empowerment as something that has an inherent value due to the effect it can

have on an individual's well-being. The focus is on individual-level empowerment, both because it is the individual level that has caught the author's interest, and because most previous research has been carried out at the individual level. It would have been interesting to look at team-level empowerment and organisational-level empowerment, but this is beyond the scope of this dissertation. Furthermore, it is important to note that the purpose of here is not to create a recipe for empowerment, but instead to address the complexity of the linkage between leadership and empowerment. Hence, this paper will point to trends and patterns, but advises caution in trying to find models with clear causal relationships between leaders and empowerment.

## **1.2 Structure**

This paper will be structured as follows. Chapter 2 will briefly account for the methods used in this paper and discuss potential limitations. The concept of empowerment will be discussed in Chapter 3. The differences between structural and psychological empowerment will be accounted for before presenting an integrative approach to empowerment, which lays the foundation for the discussion of the linkage between leadership and empowerment. Chapter 4 will account for transactional and transformational leadership, and will discuss issues regarding leadership research. The main research question will then be addressed in Chapter 5. Here different conditions that are viewed as advantageous to structural and psychological empowerment will be discussed in relation to transactional leadership and transformational leadership. Chapter 5 thus presents how leaders can approach the issue of empowerment. In Chapter 6 some of the critique against empowerment will be addressed, and the empowerment construct will be defended. Additionally, this chapter will discuss how much one can expect from a leader, before finishing with some questions that can guide leaders in the quest for empowered employees. Finally, Chapter 7 will summarise and draw the final conclusions.



## 2 Methods

### 2.1 Literature and Some Decisions

Being interdisciplinary marks this dissertation, and in order to answer the research questions an extensive search into different research fields has been conducted. Google Scholar and Web of Science have been used in addition to the University of Oslo Library's databases. Abstracts have then been reviewed in order to find relevant articles for this paper. The articles have been chosen according to their relevance to the discussion of the empowerment construct and to the leadership approaches. Additionally, books with background literature on leadership have been found through the University of Oslo Library's database. Literature on psychological empowerment and, to some extent, structural empowerment has been found in psychology literature, while the literature on leadership and organisational theory has roots in sociology and management literature. Hence, the debates will reflect this difference in academic traditions, which could be seen as an advantage with this paper.

Reading different literature has triggered important changes in how I have approached the issue of empowerment. I first focused exclusively on psychological empowerment, but later found an integrative approach to be more fruitful. Furthermore, the decision to see empowerment as an exclusively positive construct was made after reading several research articles on psychological empowerment. I see empowerment as having an inherent value due to the notion that the feeling of being empowered should be a positive one. However, this does not imply that all empowerment initiatives are viewed as good. Furthermore, this paper addresses empowerment at the individual level, because most previous research is done at this level, and because it is the individual's perception of empowerment that has caught the interest of this author. With regard to the linkage between empowerment and leadership, this was at first supposed to be assessed by trying to analyse which of the two approaches are most favourable for empowerment. However, it became apparent that transactional leadership and transformational leadership are not mutually exclusive, but should rather be viewed as complementary. Hence, it became more natural to analyse the conditions under which the two approaches can foster employees' feelings of empowerment.

## 2.2 Limitations

There are a few limitations with this paper. Firstly, there are limitations that result from the choices I have made when approaching the research questions. Furthermore, the literature on empowerment and leadership has some limitations which, due to the fact that I base my discussion on this literature, might also be drawbacks with my discussions. I will first address the potential drawbacks with the decisions I have made, and thereafter the limitations of the literature.

### 2.2.1 *Problematic Choices?*

The way the research questions are approached poses some advantages and limitations. The notion that empowerment is a positive construct, can be problematic because it can potentially hide important aspects. If leaders become too focused on fostering empowerment, they might, for example, overlook other important aspects, such as the organisation's goals. However, although empowerment is seen as a positive construct, this does not mean that the current conception of empowerment will be uncritically assessed and seen as unproblematic. Nor does this mean that problematic aspects of the concept will not be attended to. On the contrary, viewing empowerment as positive creates a foundation from which important questions regarding the current construct can be raised. This conceptualisation can thus possibly provide a new perspective on empowerment, which might be a fruitful contribution to the current literature. Nevertheless, it does shape the way this paper is constructed, and this can be a limitation.

Another potential limitation is the focus on individual-level empowerment. Addressing team-level and organisational-level empowerment, would be too comprehensive, and is a necessary delimitation. However, this is a potential drawback with this paper, since these levels are likely to be intermixed in reality and cannot necessarily be separated without missing out on important perspectives. This is not just a disadvantage with this paper but also a problem with the research field in general. Only in recent years have multilevel theories, designs and analyses become more prominent (Maynard et al. 2012:33).

Furthermore, there are other aspects that have been overlooked. Because the concepts of empowerment and leadership are so complex, there will naturally be aspects which I have overlooked, some of which on purpose. I have, for example, not gone into a discussion on organisational culture even though an organisation's culture is important for empowerment. Discussions on organisational culture are too comprehensive to address in this paper, and at the same time are not necessary to satisfactorily answer the research questions. Additionally, I



have not gone into a discussion on power, just stated how power is conceptualised in the two empowerment constructs presented in this paper.

### ***2.2.2 Limitations with the Literature***

One problem with the research on psychological empowerment is that so far it has relied on uniform methodologies, where employees have answered survey items about antecedents, correlates and outcomes of empowerment (Maynard et al. 2012). This research has measured empowerment and related variables with the use of surveys or interview techniques in order to find statistical correlations (Maynard et al. 2012). Such correlations are of course valuable, but there might be a need for more in-depth studies of empowerment if one is to properly capture the complexity of people's perception of empowerment. When predictors and criteria are collected with the same research methods, the observed relationships between them may be subject to biases. Such biases will be even more pronounced if both variables are assessed concurrently (Maynard et al. 2012). This implies that this paper can suffer from such biases, since most of the resources used here have relied on such methods.

Surveys on leadership behaviour are also problematic. According to Yukl (2013), interpretations of such survey research is complicated by being confounded with unmeasured behaviours and biases, such as subordinate attributions and affect towards the leader. More complications can occur due to the ambiguity of whether the respondent is describing only dyadic leader behaviour (with the respondent), or the leader's behaviour with everyone in the work unit (Yukl 2013). Because of my reliance on such research, this is also a potential problem with the research I use in my discussions.

A relatively unexplored area in the field of empowerment is whether cultural variations make a difference to the outcomes of empowerment (Maynard et al. 2012). Seibert et al. (2011), for example, found that the link between psychological empowerment and individual performance was stronger in studies of Asian employees than in studies of Northern American employees. Research on cultural differences could perhaps be a contribution to the field, but it is beyond the scope of this paper. Nevertheless, since this is a relatively unexplored area in the field of empowerment, and previous research might suffer from unknown limitations as a result of this, the same potential limitations will apply to my work.



## 3 Empowerment: One Word, Two Concepts

### 3.1 Introduction

*One major cause for concern is the tendency of scholars to use the word “empowerment” to refer to very different concepts.*

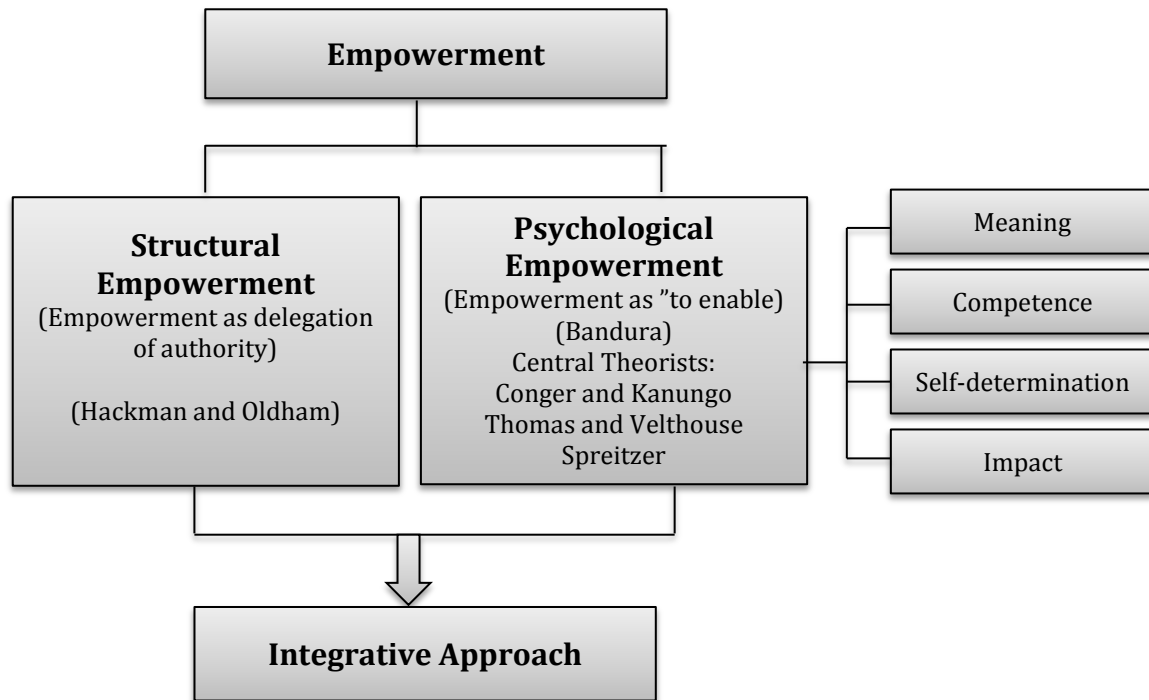
(Menon 2001:154)

The concept of empowerment has been the subject of much discussion, and can be traced back to research into employee involvement and participation conducted more than 60 years ago (Maynard et al. 2012). Much of the research has hailed empowerment as being advantageous to individuals, teams and organisations, and it has therefore been promoted in several organisations. However, it has also been questioned, and some have even called it a moral hazard (Maynard et al. 2012; Spreitzer 2008). Despite this, many unanswered questions remain regarding both the antecedents and outcomes associated with empowerment and the concept itself (Maynard et al. 2012). There are various definitions and approaches to empowerment, and Menon (2001) asserts that this is evidence of how diverse the thinking about empowerment is. There is not agreement on what empowerment is, and thus people talk about very different concepts. However, two main constructs of empowerment can be distinguished: *structural empowerment* and *psychological empowerment* (Menon 2001; Spreitzer 2008). Structural empowerment is macro in orientation and is based on the foundation laid by Hackman and Oldham’s job characteristics model (Conger and Kanungo 1988). In this perspective, empowerment is considered an act, namely the granting of power to a person (Menon 2001). Psychological empowerment on the other hand, is micro in orientation and has grown out of Bandura’s work on self-efficacy (Maynard et al. 2012:4; Spreitzer 2008). In this construct empowerment is viewed as a psychological state, which manifests itself as cognitions that can be measured (Menon 2001). The development of these two constructs has to a large extent depended on which discipline the scholars come from. In general, the sociological tradition has focused most on structural empowerment, while the psychological tradition has focused most on psychological empowerment (Menon 2001). Due to this, they also differ with regard to the object of study: when the focus is on empowerment as an act (structural) it is the employer or others doing the empowering which is emphasised,

and when the focus is on the cognitive state (psychological) the emphasis is on the person being empowered (Menon 2001).

The two perspectives are often fused together in management literature, and the lack of awareness about this seems to be a general problem (Conger and Kanungo 1988; Menon 2001). In addition to creating confusion, this is problematic because the consequences of different empowerment initiatives are likely to differ depending on how the initiator views empowerment. This in turn affects whether empowerment is seen as positive or negative (Menon 2001). As will become evident in the following chapters, this division between structural and psychological empowerment can thus help to explain some of the conflicts that seem to exist in the literature on empowerment regarding the benefits and disadvantages of empowerment (Conger and Kanungo 1988). Because of these different definitions and interpretations of empowerment, researchers should for the sake of clarity explicitly identify how they define empowerment (Menon 2001). This is important because how scholars and practitioners view empowerment will affect what kind of initiatives they make. In order to address the main research question, “*how can leaders foster employees’ feelings of empowerment*”, it is necessary for this paper to clarify how empowerment is defined here. Therefore, this chapter will answer the first secondary research question “*what is empowerment?*”.

The secondary research question will be answered by addressing the division between structural and psychological empowerment. This chapter will first account for the structural perspective on empowerment, before moving on to the psychological perspective. Because it is the “feeling” of being empowered that is central, it is psychological empowerment that is the main focus of this paper, and the chapter will therefore go more in-depth on this construct. The current construct of psychological empowerment will be critically discussed, and two aspects will be emphasised: complexity and perception. Finally, it will be argued that a person cannot be separated from its environment, and thus structural empowerment will arguably affect a person’s psychological empowerment. Therefore, I will present an integrative approach that combines structural and psychological empowerment, and this approach will then lay the foundation for the analysis of the relationship between empowerment and leadership in the following chapters. Below is a model that clarifies the distinction between structural and psychological empowerment, and is thus a schematic description of the discussion in this chapter.



### 3.2 Structural Empowerment

This paragraph will address the structural perspective on empowerment. The structural perspective on empowerment is rooted in values and ideas of democracy, and power is ideally resided within individuals at all levels in the systems in this perspective (Spreitzer 2008). Structural empowerment is mainly concerned with organisational conditions whereby power, decision-making and formal control over resources are shared (Maynard et al. 2012). Hence, the decentralisation of power is at the centre of this approach, which implies giving relevant decision-making power to lower levels of the organisational hierarchy. Here power means having formal authority over organisational resources, and to have the ability to make decisions relevant to a person's job (Conger and Kanungo 1988; Spreitzer 2008). According to Spreitzer (2008), "relevance" is a key term here, as this implies that empowered employees have the power to make decisions that fit within the scope and domain of their work. This involves to large extent employee participation through increased access to opportunity, information, support and resources throughout the organisational chain of command (Spreitzer 2008). A representative view of the structural conceptualisation is offered by Clegg, Kornberger and Pitsis (2008), who see empowerment as giving someone more power than they had previously, which implies a transfer of power to the individual "by promoting self-regulating and self-motivating behavior through innovative human resource policies and practices, such as self-managing work teams, enhanced individual autonomy, and so on"

(Clegg et al. 2008:258). This notion of empowerment thus concerns the delegation of authority and responsibility from upper management to employees (Maynard et al. 2012:4). Conger and Kanungo (1988) emphasised that this perspective of empowerment is so common that employee participation is often simply equated with empowerment. This is problematic because such an understanding does not address the nature of empowerment as experienced by subordinates. Therefore they developed the concept of psychological empowerment.

### **3.3 Psychological Empowerment**

In order to properly examine the linkage between leadership and empowerment, it is necessary to understand how the psychological perspective is constructed, which will be accounted for here. Towards the end of the 1980s Conger and Kanungo (1988) laid the foundation for psychological empowerment (Maynard et al. 2012). This construct is based on the self-efficacy literature, and the concept of psychological empowerment is well summed up by Maynard and colleagues thus: “the focus of psychological empowerment is on the state or set of conditions that allow for employees or teams to believe that they have control over their work” (Maynard et al. 2012). In psychological empowerment: “power and control are used as motivational and/or expectancy belief-states that are internal to individuals” (Conger and Kanungo 1988:473). Power refers here to an intrinsic need for self-determination or a belief in self-efficacy (Conger and Kanungo 1988). “To empower” is seen by definition as “to enable”, and this implies motivating through enhancing personal efficacy. This is in contrast to the structural construct, which understands “empowerment” as the delegation of authority and resource sharing (Conger and Kanungo 1988).

Psychological empowerment was initially seen by Conger and Kanungo in an unidimensional manner as self-efficacy, defined as:

a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices [structural empowerment] and informal techniques of providing efficacy information (Conger and Kanungo 1988:474).

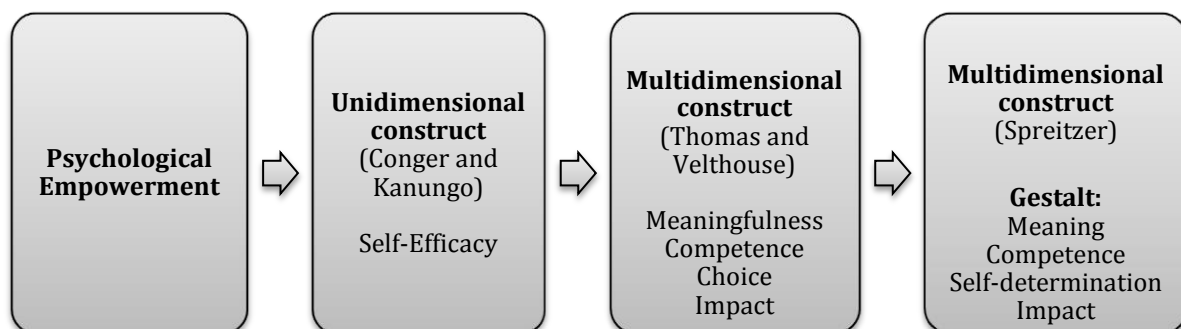
Psychological empowerment was later developed into a multidimensional construct by Thomas and Velthouse (1990). In their multidimensional construct they suggested that empowerment is akin to task motivation comprising four dimensions: impact, competence, meaningfulness and choice. “This definition proposes that psychological empowerment is not an organizational intervention or a dispositional trait but rather a cognitive state achieved when individuals perceive that they are empowered” (Maynard et al. 2012:5). Hence, while

the structural construct focuses on the act of empowering, it is the individual's perception of being empowered which gives evidence of the occurrence of empowerment in the psychological construct (Menon 2001).

Thomas and Velthouse's framework was further refined by Spreitzer (1995) and Spreitzer, Kizilos and Nason (1997). Spreitzer et al. (1997) operate with almost the same categories as Thomas and Velthouse, but has exchanged "choice" with "self-determination". This conceptualisation of psychological empowerment has become the dominant way of approaching psychological empowerment (Maynard et al. 2012). According to this framework, (Spreitzer 1995; Spreitzer et al. 1997; Maynard et al. 2012) psychological empowerment is composed of:

1. **Meaning:** refers to the match between the requirements of a work role and the beliefs, values and behaviours of a person
2. **Competence:** is equal to self-efficacy, and is individuals' belief in their own capability to skilfully perform their work activities.
3. **Self-determination:** is an individual's sense of having choice in initiating and regulating actions (akin to Thomas and Velthouse's choice dimension).
4. **Impact:** is the degree to which individuals view their behaviour as making a difference or the extent to which they have influence on operating outcomes. Impact differs from self-determination because self-determination refers to individuals' sense of control over their own work, while impact refers to their sense of control over organisational outcomes.

Below is a schematic description of the development of the psychological construct:



The four dimensions, meaning, competence, self-determination and impact, capture a dynamic state or active orientation towards work, and psychological empowerment is seen as greatest when a person has high levels of all four dimensions (Spreitzer, 1995). Psychological

empowerment is not a stable personality trait, but rather a cognitive state which is created by a set of malleable cognitions that are continuously shaped by the work environment (Thomas and Velthouse 1990; Houghton and Yoho 2006:66). In this perspective an increase in one dimension will lead to more empowerment, and a decrease in one dimension will result in lower levels of psychological empowerment (Spreitzer 1995). Individual-level psychological empowerment is furthermore a continuous variable; people can thus be more or less empowered (Spreitzer 1995). Hence, a person who lacks one dimension will experience less empowerment rather than no empowerment cognitions at all (Spreitzer 1995; Houghton and Yoho 2005:66).

The four dimensions are not seen as predictors or outcomes of empowerment, but rather are argued as comprising its very essence (Spreitzer et al. 1997). Although the dimensions reinforce each other, each dimension is viewed as adding a unique facet to an individual's experience of empowerment" (Spreitzer et al. 1997). It is only together that these dimensions produce the essence of empowerment (Spreitzer et al. 1997). The meaning dimension is, for example, seen as the "engine" of empowerment because if employees' work activity conflicts with their value system, they will not feel empowered. Hence, this is perhaps the most important dimension (Wang and Lee 2009). Competence is important because it is the individuals' belief that they can do their job well, and without confidence in their ability the feeling of being inadequate will result in a lack of empowerment (Spreitzer et al. 1997). Self-determination, which reflects whether the employees' see themselves as the origin of their actions, is in turn important because if employees feel that they are just following orders, this can result in a lack of a sense of empowerment (Spreitzer et al. 1997). Finally, impact is seen as a necessary facet of empowerment because it reflects whether employees feel that they are making a difference in their organisation (Spreitzer et al. 1997). Thus it is argued that a unidimensional conceptualisation of empowerment, such as that developed by Conger and Kanungo, would not fully capture the essence of psychological empowerment. In Spreitzer's multidimensional construct the four dimensions form a *gestalt*, which can be defined as "any of the integrated structure or patterns that make up all experience and have specific properties which can neither be derived from the elements of the whole nor considered simply as the sum of these elements" (Neufeldt and Gurlanik 1997 in Wang and Lee 2009:275). The notion of gestalt implies that the overall experience is not simply the sum of all individual elements, and that therefore one dimension might change the overall constellation (Wang and Lee 2009). This is important because it elicits the complexity of psychological empowerment. It is people's perception of being empowered that is central in this framework. However,



psychological empowerment might be even more complex than what is commonly presumed, which will become evident in the next passage.

### **3.4 Complexity and Perception**

While Spreitzer's framework has laid an important foundation for research on psychological empowerment, it seems as though the research conducted on psychological empowerment does not properly address the complexity of the construct. This is related both to the complexity of the relationship between the four dimensions and to the perception of being psychologically empowered. Both aspects will be addressed in the following paragraphs.

#### ***3.4.1 Complexity – A Victim of Neglect***

As previously mentioned, the four dimensions of psychological empowerment are viewed as a gestalt where an increase in one dimension is seen as an increase in empowerment. However, research conducted by Wang and Lee (2009) into the linkage between the four dimensions and job satisfaction suggests that the relationship between the dimensions seem to be more complex than presumed. While their findings lent empirical evidence to Spreitzer's argument that the four dimensions combine a form of gestalt, it additionally demonstrated complicated relationships among the four different cognitive dimensions and their interactive effects on job outcomes (Wang and Lee 2009). According to Wang and Lee (2009), an increase in one dimension does not necessarily imply greater satisfaction. In summary, they found that:

Although the empowerment dimensions, when looked at separately, may in general have positive main effects on job satisfaction, individual dimensions interact with each other to enhance or reduce the influences of other dimensions on job outcomes (Wang and Lee 2009:289).

They argue that inappropriate situations may arise when the various job dimensions and characteristics present conflicting expectations, which can cause stress, uncertainty and frustration. Such situations can occur at different constellations of the four dimensions of psychological empowerment (Wang and Lee 2009). For instance, in a low competence and low impact situation, greater self-determination can lead to less rather than more satisfaction, because it constitutes a conflicting situation that leads to the perception of excessive demand (Wang and Lee 2009). Similarly, a combination of high competence and high impact can suppress the effect of self-determination on satisfaction, because high self-determination may be seen as a necessary enabling condition (Wang and Lee 2009). According to Wang and Lee (2009), the finding that a high level in one dimension can reduce the positive effect of another is alarming since this goes against the accepted wisdom that psychological empowerment

improves employees' psychological well-being (Wang and Lee 2009). Instead their research reflects work on job stress, and it demonstrates that empowerment may sometimes be a source of stress that can lower job satisfaction (Wang and Lee 2009). It should be mentioned, however, that they find meaningfulness to be the most important dimension of the four in terms of job satisfaction, because it has a positive effect on satisfaction regardless of the other dimensions (Wang and Lee 2009). According to them, this could be because the meaning dimension of psychological empowerment is the only one that directly addresses the match between the job role requirements and the employee's beliefs and values (Wang and Lee 2009). This reflects Spreitzer's view of meaning as the "engine" of empowerment. Hence, an increase in meaning should increase the employees' level of psychological empowerment regardless of the other dimensions. Wang and Lee (2009) argue that empowerment theorists must focus on identifying optimal combinations that represent balanced or appropriate situations in different work contexts, as this would be essential to the well-being of employees and other job outcomes.

Wang and Lee's findings demonstrate the complexity of the psychological empowerment construct. Although they examined the relationship to job satisfaction, they provide a valuable insight into the construction of psychological empowerment itself, and it is natural to assume that the same complex relationship between the dimensions is present when relating psychological empowerment to other outcomes (Wang and Lee 2009). These findings are very valuable for managerial practices since they imply that empowerment initiatives that are implemented without taking into consideration the complex relationship between the dimensions could potentially have negative effects and lead to dissatisfaction. However, although this research adds to the research on psychological empowerment because it gives insight into the complexity of the construct, it also shows an arguably curious aspect of the research on psychological empowerment, which is the fact that although they demonstrate that an increase in one dimension actually can lead to dissatisfaction, they still talk of an increase in one of the dimensions as an increase in empowerment. Wang and Lee (2009) however, only found meaning to be purely positive. The feeling of being psychologically empowered is arguably a positive emotion. Therefore it seems odd that an increase in psychological empowerment can have a negative outcome. It is, for instance, not likely that a person that, due to an increase in self-determination, feels stressed, will report increased feelings of empowerment. Hence, what Wang and Lee's research demonstrate is that it is useful to view the construct as a gestalt, but might be too simplistic to view an increase in one

dimension as being psychological empowerment. This is in turn linked to the concept of perception.

### ***3.4.2 Perception of Empowerment***

The notion presented in this dissertation that an increase in one dimension cannot be equated with empowerment is related to the fact that it is the perception of being empowered that brings evidence of the occurrence of empowerment. The importance of perception is arguably present in the literature (Spreitzer 1995; Thomas and Velthouse 1990). However, it seems as though research has focused on the perception of the four dimensions, while the perception of being psychologically empowered has been neglected. There are two aspects of concept of perception that should be emphasised. Firstly, according to the literature, a person is not psychologically empowered unless that person perceives himself or herself as empowered (Menon 2001; Spreitzer 1996). Arguably, if an increase in one dimension causes stress, then that person is not likely to perceive himself or herself as empowered. Hence, psychological empowerment has arguably not occurred. The second aspect is that the relevant literature seems to focus on the perception of each of four cognitions and to equate these with empowerment, rather than having the perception of psychological empowerment as the centre of attention. This could perhaps be because it might be easier to operationalise when conducting research. However, it can seem as the notion of the four dimensions as being facets of the psychological empowerment constructs leads to a blurring of the “true” meaning of feeling psychologically empowered, which is the perception of being empowered. This is important because, as Menon (2001) mentions, one can have an increase in all dimensions without feeling empowered, and one can feel empowered without an increase in any of the dimensions. Hence, it is arguably a person’s perception of being empowered that functions as evidence of psychological empowerment, and not whether that person feels more competent for instance, since this will only exhibit parts of the bigger picture. The complexity of the relationship between the four dimensions suggest that one cannot draw conclusions about the occurrence of psychological empowerment.

This complexity leads in turn to questioning whether the four cognitions, separately or together, accurately convey the complexity of individuals’ psychological empowerment. If a person can feel empowered without having an increase in any of the dimensions, this might imply that the scale used by Spreitzer will most likely not capture the phenomenon of empowerment in its entirety (Menon 2001). All in all, it might be inappropriate to operate with a single agreed-upon definition of empowerment, as it might not have the same meaning

for everyone (Menon 2001). However, it seems natural that people in general will feel more empowered when experiencing an increase in all four dimensions, which is perhaps why Spreitzer's framework has been so widely accepted. It is arguably a good way to operationalise psychological empowerment, and the remaining part of this paper will therefore use this framework when addressing the linkage between leadership and empowerment. However, as will become evident in the next section, this framework will be used with an integrative approach.

### **3.5 An Integrative Approach**

An extension of the argument of perception is the notion that a person cannot be separated from the environment, and that structural empowerment will therefore have implications for the perception of psychological empowerment (Menon 2001). This in turn suggests that the true nature of empowerment might be better understood by integrating structural and psychological empowerment (Menon 2001). The different ways of viewing empowerment are not mutually exclusive and the conceptualisation of empowerment seems to be gradually changing. According to Seibert et al. (2011), organisational structures and practices are nowadays often seen as contextual antecedents of psychological empowerment rather than as indicators of empowerment (Seibert et al. 2011). The shift in the conceptualisation of empowerment has led Menon (2001) to recommend integrating both perspectives, suggesting that empowerment is unlikely to be achieved without structural initiatives. According to him, a structural task change might change a person's perception of empowerment (Menon 2001). Menon (2001) integrates the different views of empowerment in a way that sees the perspective of the individual employee and focuses on the effects that various empowering practices have on the psychological state of that individual. This approach thus integrates structural and psychological empowerment, but does not view empowerment as having been achieved unless the employees themselves actually experience empowerment (Menon 2001). Hence, in order to have an environment suitable for psychological empowerment, the organisational environment must be constructed in such a way as to facilitate the psychological empowerment of the employees through structural empowerment (Menon 2001; Spreitzer 2008).

The advantage of the integrative approach is that it takes into consideration the organisation of tasks and leadership approaches when considering empowerment, thus addressing the effect that structures have on individuals, but it does not view empowerment as having been achieved unless the individuals themselves feel empowered. This is important

because, as previously mentioned, people can feel empowered without any empowerment initiatives being conducted, and vice versa. This paper views empowerment in an integrative way.

### **3.6 Summary**

This chapter has addressed the secondary research question “what is empowerment”. Empowerment can be divided into two concepts: structural and psychological. This chapter has argued for an integrative approach, suggesting that empowerment is not likely to be achieved without structural initiatives, and that empowerment is not achieved unless employees perceive themselves as empowered. The psychological empowerment construct consists of four cognitive dimensions: meaning, competence, self-determination and impact. They form a gestalt, which means that psychological empowerment implies that the dimensions have specific properties that can neither be derived from the elements of the whole nor considered simply as the sum of these elements. Furthermore, it has been argued that the relationship between the dimensions is more complex than is commonly presumed, and simple conclusions based on the increase or decrease of the dimensions should not be drawn. Contrary to popular belief, an increase in one dimension does not necessarily lead to a positive outcome. This paper thus argues that too much focus has been put on the perception of the four dimensions rather than the perception of psychological empowerment itself. If empowerment is seen as an increase in one dimension, then psychological empowerment can be negative, but if the focus is on the perception of being more psychologically empowered, this should be an exclusively positive feeling. This demonstrates how it can be an advantage to view empowerment as a purely positive construct. Nevertheless, Spreitzer’s framework is useful, and will be used as part of the integrative approach in the remaining part of this paper in order to answer the main research question.

## 4 Two Leadership Approaches

### 4.1 Introduction

*There is not a single theory or approach to leadership that fails to recognize that a fundamental quality of leaders – irrespective of whether leadership is innate, learned, situational, or whatever – is an ability to inspire and motivate people.*

(Clegg et al. 2008:151)

Leadership has been examined as an antecedent of individual psychological empowerment more than any other antecedent (Seibert et al. 2011). However, many empowerment initiative failures are linked to problems on the part of the employer such as an inability to delegate, the need for power etc. (Menon 2001). Therefore, it is interesting to take the role of the leader into consideration when discussing empowerment, and especially empowerment strategies. However, according to Maynard et al. (2012), the extant literature has not considered leadership in a unitary fashion. Most of the research on leadership and empowerment has only focused on one type of leadership, and very few have considered different leadership styles simultaneously (Maynard et al. 2012). This paper will address this issue, and the purpose of the remaining parts of this paper is to approach the issue of empowerment and leadership, with a focus on transactional and transformational leadership. In order to do this, this chapter will answer the other secondary question: *what are transactional leadership and transformational leadership*. It will first briefly discuss leadership research and thereafter account for and discuss the two leadership approaches. It will be argued that these two approaches are complementary, and that a leader often will use both. Towards the end of the chapter, issues relating to causality are discussed.

### 4.2 Problems with Leadership

According to Yukl (2013), the term leadership is a word that has been incorporated into the technical vocabulary of a scientific discipline from the common vocabulary, and it has not been precisely redefined. Consequently, it carries extraneous connotations that create ambiguity of meaning. More confusion is added by the use of other imprecise terms such as *power, authority, management, administration, control* and *supervision* to describe similar phenomena (Yukl 2013). Naturally, there is therefore a plethora of definitions of leadership. It

has been defined in terms of traits, behaviours, influence, interaction patterns, role relationships and the occupation of an administrative position, and the definitions “differ in many respects, including who exerts influence, the intended purpose of the influence, the manner in which influence is exerted, and the outcome of the influence” (Yukl 2013:18). Because of the many different meanings of leadership, some theorists have questioned whether it is even useful a scientific construct (Yukl 2013). Nevertheless, there seems to be a general agreement among most behavioural scientists and practitioners that leadership is a real phenomenon which is important for the effectiveness of organisations (Yukl 2013). Leadership can be seen as:

a product of one’s position; as a set of personality traits; as a set of observable behaviours; as dependent upon the situation in which it is exercised; and as a contingent upon how the leader and the people being led react and interact with each other (Clegg et al. 2008:130).

Leadership could be all of these many things, which is why it is one of the most over-theorised, over-researched and empirically messy areas of management and organisation theory (Clegg et al. 2008). In order to address the main research question, this chapter will address the second secondary research question: *what are transactional leadership and transformational leadership?* Instead of defining leadership, this paper will address these two specific leadership approaches, and analyse how they relate to empowerment.

### **4.3 Transactional Leadership**

Both transactional and transformational leadership are terms that were first introduced by James McGregor Burns, who conceptualised leadership as being one of either (Clegg et al. 2008; Bass and Riggio 2006). Transactional leadership represents the initiating structure, concern for production and task-oriented themes of the literature on behavioural leadership (Clegg et al. 2008). It focuses on the creation of reward contingencies and exchange relationships, which should then result in a calculative compliance from the followers (Houghton and Yoho 2005). The theory of transactional leadership relies substantially on theories that include expectancy theory, exchange/equity theories and reinforcement theory (Houghton and Yoho 2005). According to Houghton and Yoho (2005), expectancy theory asserts that the behaviour of individuals would be assessed on the basis of valence (the attractiveness of an outcome associated with a given behaviour), instrumentality (the subjective probability that engaging in the behaviour will lead to the outcome) and expectancy (the subjective probability that effort will result in a level of behaviour needed to obtain the outcome). In exchange/equity theory, individuals would try to maintain equity

between their inputs and outcomes in the exchange relationship (Houghton and Yoho 2005). Finally, reinforcement theory asserts that the consequences of a particular behaviour will determine whether this behaviour is repeated or continued (Houghton and Yoho 2005).

Transactional leadership occurs when the leader rewards the follower according to the follower's performance. It depends on contingent reinforcement, either positive *contingent reward* or *management-by-exception* (Bass and Riggio 2006). Contingent reward implies that the leader assigns or obtains follower agreement on what needs to be done with promised or actual rewards offered in exchange for satisfactorily carrying out the assignment (Bass and Riggio 2006). The contingent reward is transactional if it is a material one, such as a bonus. (Bass and Riggio 2006). As long as both parts find the exchange mutually rewarding, the relationship is likely to continue (Howell and Avolio 1993). Contingent reward has been found to be reasonably effective in motivating others to achieve higher levels of development and performance (Bass and Riggio 2006; Howell and Avolio 1993). Management-by-exception is a corrective transaction, and can be either active or passive. When active, the leader arranges to actively monitor deviances from standards, mistakes and errors in the follower's assignments, and to take corrective action when necessary. The passive approach implies waiting and taking corrective action after errors occur (Bass and Riggio 2006).

In general, transactional leaders adhere to organisational policies, values and vision, and are strong when it comes to planning, budgeting and meeting schedules. They carry out all the necessary and critical management functions such as role clarification and task requirements, and they know how to allocate and provide rewards and punishments (Clegg et al. 2008). According to Yukl (2013), transactional leadership may involve values. However, these are not higher-order values, but values that are relevant to the exchange process, such as honesty, fairness, responsibility and reciprocity.

#### **4.4 Transformational Leadership**

The term transformational leadership was introduced by Burns, but popularised by Bass, and is often viewed as more preferable than transactional leadership (Yukl 2013). Transformational leaders transform and motivate followers by making them more aware of the importance of task outcomes, by inducing them to transcend their own self-interest for the sake of the organisation, and by activating their higher-order needs (Yukl 2013). They are supposed to inspire change and innovation, and deal mainly with abstract and intangible concepts, such as vision and change (Clegg et al. 2008). This involves the creation and communication of a higher-level vision, which is done in a charismatic way that brings forth



an emotional response and commitment from the followers (Houghton and Yoho 2005). It appeals to the moral values of the followers and tries to raise consciousness about ethical issues and to mobilise the followers' energy and resources to reform institutions (Yukl 2013). In contrast, transactional leadership motivates followers by appealing to their self-interest and by exchanging benefits (Yukl 2013). Hence, while the values in transactional leadership are related to the exchange process, transformational leadership operate with higher-level moral values. The importance of charisma in transformational leadership is a debated subject, and although this is an interesting discussion, this paper will take the view of Bass, who sees charisma as a necessary, but not sufficient condition for transformational leadership (Northouse 2007). Transformational leadership consists of four components: *idealised influence*, *inspirational motivation*, *intellectual stimulation* and *individualised consideration* (Bass and Riggio 2006).

*Idealised influence* concerns how the behaviour of transformational leaders allows them to serve as role models for their followers. Followers identify with the leaders and want to emulate them. There are two aspects of idealised influence: the leader's behaviour and the elements that are attributed to the leader by followers and other associates. They are both embodied in the leader's behaviour and in attributions that are made concerning the leader by followers, and thus represent the interactional nature of idealised influence (Bass and Riggio 2006).

*Inspirational motivation* concerns how transformational leaders behave in a way that motivates and inspires those around them by providing meaning and challenge in the work of their followers. This involves displaying enthusiasm and optimism, and getting followers involved in envisioning attractive future states. They also create expectations that followers want to meet and demonstrate commitment to goals and the shared vision. Together, idealised influence and inspirational motivation form a combined single factor of charismatic, inspirational leadership (Bass and Riggio 2006).

Transformational leaders encourage *intellectual stimulation* by stimulating followers' efforts to be innovative and creative. This is done by questioning assumptions, reframing problems and approaching old situations in new ways. Followers are included in the process of addressing problems and finding solutions, and this should encourage new ideas and creative problem solving (Bass and Riggio 2006).

*Individualised consideration* concerns the special attention paid to each individual follower by the transformational leader. This attention is paid to the individual's need for achievement and growth, which is done by acting as a coach or mentor. This implies

recognition of each individual's different needs and desires, which for example means giving some people encouragement while others might need more autonomy. A two-way exchange in communication is encouraged. A part of individualised consideration implies delegating tasks as a means of developing followers (Bass and Riggio 2006).

Transformational leadership is often considered effective in any situation or culture, and the theory does not specify the conditions under which this approach is irrelevant or ineffective. Research supports the conclusion that in most, if not all situations, some aspects of transformational leadership are relevant (Yukl 2013). However, even if it should be the case that transformational leadership has universal relevance, this does not, as Yukl (2013) points out, mean that transformational leadership is equally effective in all situations or equally likely to occur. According to Yukl (2013), transformational leadership is likely to be more important in a dynamic, unstable environment that increases the need for change. Therefore, transformational leadership has been suggested as being particularly efficient in situations of major organisational change, due to the visionary component of the charismatic leader in addition to the staying power and the provision of energy that transformational leaders give throughout the change process (Clegg et al. 2008).

#### ***4.4.1 Weaknesses***

Transformational leadership theories make an important contribution to the leadership literature, but the theories have some shortcomings (Yukl 2013). Among them are “ambiguous constructs, insufficient description of explanatory processes, a narrow focus on dyadic processes, omission of some relevant behaviours, insufficient specification of situational variables, and a bias toward heroic conceptions of leadership” (Yukl 2013:321). In terms of the lack of sufficient specification of underlying influence processes, Yukl (2013) points out that most of the theories are leader-centred and emphasise the influence of the leader on followers. It is, for example, an interesting aspect of the theory that a two-way communication is encouraged, but the effect that such a communication can have on the leader is not properly taken into consideration. Yukl (2013) therefore calls for greater attention to be paid on the reciprocal influence processes, shared leadership and the mutual influence among the followers themselves. The clear division between leadership and follower seems to be a general problem in leadership research (Clegg et al. 2008). The narrow focus on dyadic processes is also problematic as it does not sufficiently explain how, for example, leaders build exceptional teams. Yukl (2013) emphasises that the theories of transformational leadership lack sufficient specification of underlying influence processes,

and that they would be strengthened if they could better explain how leaders enhance mutual trust and cooperation, empowerment, collective identification, collective efficacy and collective learning.

Another weakness mentioned in regard to transformational leadership is the focus on change, as the organisational life is not always about constant change, and the effectiveness of transformational leadership can therefore be short-lived (Clegg et al. 2008). Sørhaug (2004) asserts that transformative leadership is in danger of creating an overproduction of leadership. With a fetish for change, a leader must change just for the sake of change. It could be a trap where the solution to leadership becomes more leadership. Hence, when a change has occurred, another form of leadership might be needed (Clegg et al. 2008). The transactional leader may, for instance, be more useful during periods of homeostasis:

From the perspective of situational contingency arguments, in some situations you need a transactional leader to hold the ship steady, at other times you need a charismatic leader to create a vision and inspire the need for change, and sometimes you need a transformational leader to foster and manage the change process through to completion (Clegg et al. 2008:141-142).

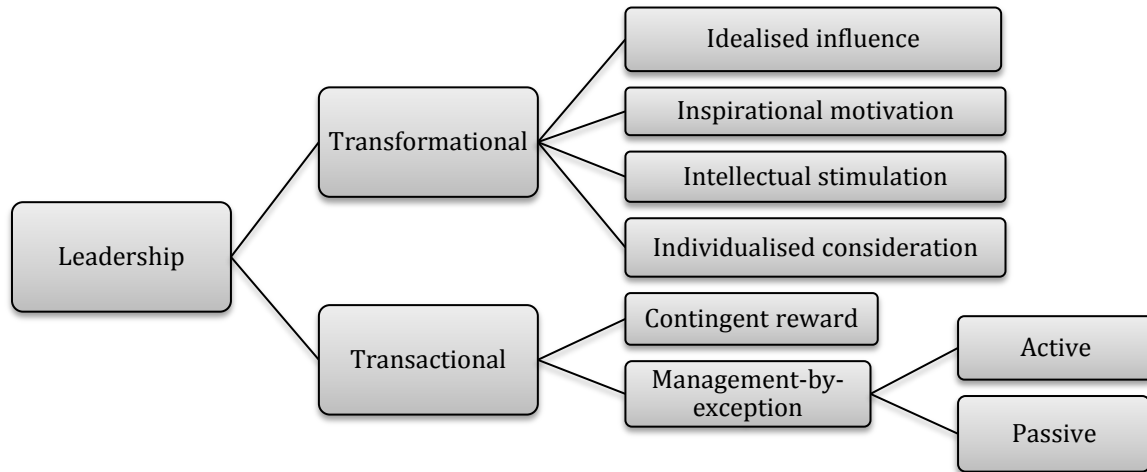
Hence, it might be more useful to view the two leadership approaches as complementary.

## **4.5 Complementary Approaches**

Transformational and transactional leadership are not mutually exclusive (Yukl 2013). Transformational leadership is supposed to increase follower motivation and performance more than transactional leadership, but effective leaders will often use a combination of both (Yukl 2013). According to Bass and Riggio (2006), transformational leadership is in some ways an expansion of transactional leadership, where the latter emphasises the exchange that takes place among leaders, colleagues and followers. They argue that such an exchange is based on the leader discussing with others what is required and specifying the conditions and rewards these others will receive if they fulfil those requirements. Thus transformational leadership adds to transactional leadership (Bass and Riggio 2006). Transformational leadership must, for example, address the follower's sense of self-worth to engage the follower in true commitment and involvement in the effort at hand, and this is what adds to the transactional exchange (Bass and Riggio 2006). This true commitment occurs because the transformational leader inspires followers to commit to a shared vision and goals for an organisation or unit, challenging them to solve problems innovatively, and developing followers' leadership capacity via coaching, mentoring and the provision of both challenge

and support (Bass and Riggio 200). According to Northouse (2007) transactional and transformational leadership could be viewed as a continuum. In this way there are arguably transactional elements within transformational processes.

Below is a simple model that demonstrates the main differences between the two approaches.



## 4.6 Leadership and Empowerment

When it comes to transactional and transformational leadership, it seems to be a general understanding in the relevant literature that transformational leadership is advantageous to empowerment while transactional leadership is not (Houghton and Yoho 2005; Pieterse, Knippenberg, Schippers and Stam 2010). In fact, the empowerment of followers is often explained as one of the main features of transformational leadership that distinguishes it from transactional leadership. This is because transactional leadership supposedly does not seek to empower employees but merely to influence their behaviour (Kark, Shamir and Chen 2003). Many studies have been conducted on transformational leadership and empowerment, and most of them portray a positive relationship between transformational leadership and empowerment (Avey, Hughes, Norman and Luthans 2008; Kark et al. 2003; Pieterse et al. 2010; Seibert et al. 2011). Seibert et al. (2011) have suggested that positive forms of leadership behaviour, which includes transformational leadership, is predicted to have a positive relationship with empowerment because of the important role that leaders play in shaping their followers' work experience. They play such an important role due to the fact that leaders can supply information about strategic or operational goals, and this can allow employees to enhance meaningfulness because they then see the value of their work (Seibert

et al. 2011). This is therefore linked to the meaning dimension of psychological empowerment. Additionally, they argue that allowing greater participation and autonomy will in turn enhance the employees' feelings of self-determination and impact, which demonstrates the linkage psychological empowerment and structural empowerment. The leaders also play an important part as role models and by providing feedback and coaching, which combined with role modelling are important sources of self-efficacy information that enhance feelings of competence (Seibert et al. 2011). Houghton and Yoho (2005) point out that conceptualisations of transformational leadership most often include the concept of empowerment as a primary leadership outcome, and predict that transformational leaders use empowerment to influence followers rather than control strategies (Houghton and Yoho 2005). However, the mechanisms by which transformational leaders influence their followers have not been studied in a systematic manner (Castro, Perrián and Bueno 2008). Houghton and Yoho (2005) also point out that research on this gives mixed results. According to them, this might be explained by Howell's conceptualisation of a dichotomous model of charismatic leadership (Houghton and Yoho 2005). This model predicts that socialised charismatic leaders focus on the interests of the collective and therefore lead in a manner which empowers and develops followers, while personalised charismatic leaders focus on their own self-interests while leading in an authoritarian and egotistical manner. The former will thus be likely to create high levels of empowerment, while the latter will not (Houghton and Yoho 2005). Hence, the general assumption that transformational leadership is beneficial for empowerment may be too simplistic. Additionally, Pieterse et al. (2010) have found that the relationship between transformational leadership, transactional leadership and psychological empowerment might not be as straightforward as generally assumed, because the employees' level of psychological empowerment functions as a moderator on the two leadership approaches. This linkage between empowerment and the two leadership approaches will be addressed more in-depth in the following chapters.

#### **4.7 The Problem with Causal Relationships**

So far, research on leadership has only managed to establish relatively unclear and not particularly strong connections between leadership and organisations' performance (Sørhaug 2004). Despite of this there seems to be a general agreement that such connections exist, but that they may be indirect and complex, and that they will vary depending on type of production, size and phases. Therefore it is difficult to measure and generalise on behalf of these (Sørhaug 2004). A related aspect is the fact that research on leadership has problems

with establishing clear and linear causality (Sørhaug 2004). This is because there exists mutual influence between leaders and followers. The hypothesis “good leaders create satisfied and efficient employees who deliver good results” could, for example, build upon, and be reinforced by, the hypothesis “good results create satisfied and efficient employees which in turn create good leaders” (Sørhaug 2004). This is not necessarily a methodological problem, but is the very nature of such processes. However, drawing simple linear conclusions without taking into consideration such circular effects will be problematic.

This is also related to attribution. Regardless of leaders’ actual behaviour, the leaders of successful companies can be perceived as being more transformational or charismatic than leaders of unsuccessful companies (Yukl 2013). A transformational leader is perhaps not viewed as transformational unless the employees perceive that leader as transformational. Because transformational leadership theoretically is supposed to be related to employees’ well-being, a leader that does not create well-being will then not be evaluated as a transformational leader by the employees. Hence, it is not surprising when research finds a link between transformational leadership and well-being. Such attribution effects will also affect the relationship between empowerment and the two leadership styles. It is therefore vital that researches and practitioners are aware of this in order to not draw simplistic conclusions about causal relationships.

## **4.8 Summary**

This chapter has addressed the secondary research question “*what are transactional leadership and transformational leadership?*”. Transactional leadership focuses on reward contingencies and exchange relationships in order to get compliance from followers, and make use of contingent reward or active or passive management-by-exception. Transformational leaders on the other hand, try to transform and motivate followers through idealised influence, inspirational motivation, intellectual stimulation and individualised consideration. In general transformational leadership is seen as favourable to empowerment, while transactional leadership is not. However this relationship might not be so straightforward, and there is a need to address the conditions under which empowerment occur. Furthermore, there is a problem with this field that there exists mutual influence, which makes it difficult to establish causal relationships. The neglect of this in the literature makes research on these issues problematic, because the causal relationships presented might be too simplistic. This is important to keep in mind throughout the remaining chapters. The next chapter will use the discussion from this chapter in order to address the main research.

## 5 Leaders and Employee Empowerment

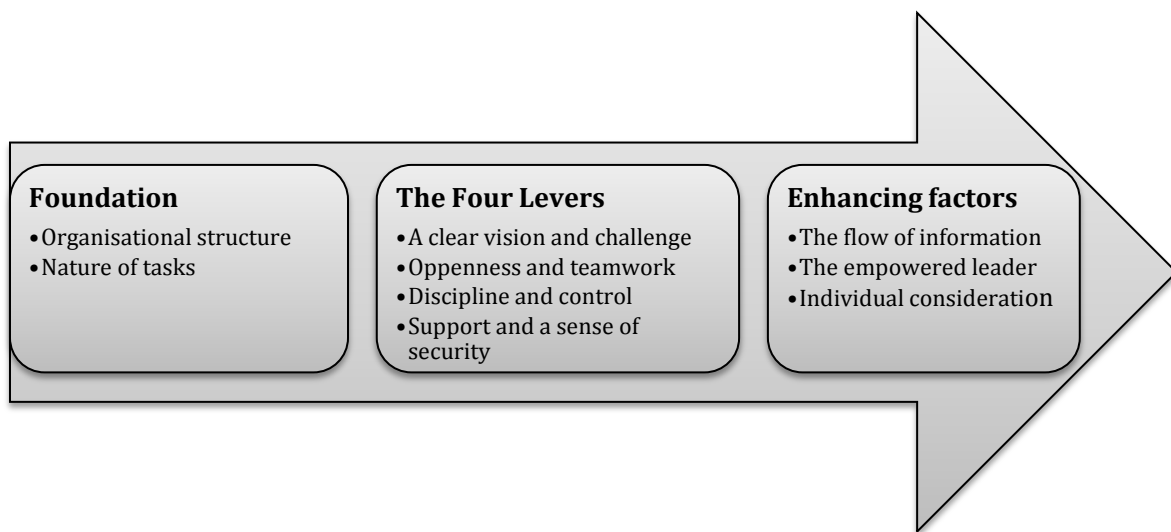
### 5.1 Introduction

*The important matter is not that difficulties arouse self-doubt, which is a natural immediate reaction, but the speed of recovery of perceived self-efficacy from difficulties. Some people quickly recover their self-assurance; others lose faith in their capabilities.*

(Bandura 1989:1176)

In order to address the research question “*how can leaders foster employees’ feelings of empowerment?*”, this paper makes use of the integrative approach to empowerment. This implies viewing structural empowerment as an element of people’s perception of being psychologically empowered, and leaders must therefore address both forms of empowerment. Hence, this chapter will focus on how leaders can facilitate both psychological and structural empowerment. An important aspect in the structural perspective is the focus on how organisational, institutional, social, economic, political and cultural forces can root out the conditions that foster powerlessness in the workplace (Spreitzer 2008). This should, from an integrative perspective, positively affect the four dimensions: meaning, competence, self-determination and impact. Practically, this can involve changing organisational policies, processes, practices and structures away from top-down control systems towards practices that have high involvement and where power, knowledge, information and rewards are shared with employees at lower levels (Spreitzer 2008). This implies that there are many ways to approach the issue of employee empowerment, and also that this is a very comprehensive issue. It is therefore important to bear in mind that there might be aspects that this dissertation does not address which could affect empowerment. Quinn and Spreitzer (1997) have suggested a framework consisting of what they call “four key levers” that can assist in integrating structural and psychological elements of empowerment. These four levers are: *a clear vision and challenge; openness and teamwork; discipline and control; and support and a sense of security*. This chapter will use this framework as a basis for discussing the relationship between leadership and employee empowerment, and will consider the four levers in relation to transactional leadership and transformational leadership. Although this framework comprises many important aspects of empowerment, there are a few aspects which I consider important for empowerment that are not properly addressed within this framework.

The first of these are two aspects of an organisation that are central parts of the foundation from which empowerment initiatives can be developed: *the organisational structure* and *the nature of tasks*. This chapter will therefore address these two aspects and their relation to transactional leadership and transformational leadership before discussing the four levers. Furthermore, there are three aspects that arguably can enhance the effect of the four levers: *the flow of information*, *the empowered leader*, and *individual consideration*. These three aspects will therefore be discussed towards the end of the chapter. Below is a visual presentation of the aspects that in this chapter will be viewed as influencing the process of creating structural and psychological empowerment:



## 5.2 Organisational Structure and Task Environment

Both the organisational structure and the task environment seem to have implications for empowerment (Houghton and Yoho 2005; Spreitzer 2008; Yukl 2013). Since these two aspects of an organisation lay the foundation for the environment within which leaders operate, it is necessary to have an idea of how they affect employees' empowerment before moving on to Quinn and Spreitzer's four levers, which address more directly how leaders can integrate structural and psychological elements of empowerment.

### 5.2.1 Organisational Structure

When it comes to the organisational structure, highly centralised and formalised organisations are generally not viewed as favourable for empowerment. In a highly centralised organisation, power remains mostly at the top and is not as spread out as it would be in a decentralised organisation with low formalisation (Yukl 2013; Spreitzer 2008). According to Clegg et al. (2008), hierarchical organisations have traditionally been neither responsive nor flexible. This



is due to hierarchical structures, relatively impermeable departmental silos and many rules (Clegg et al. 2008). As a result, they have offered little incentive for innovation and thus were never designed to be responsive. However, new technologies attach a premium to a flexible, timely approach to customer requirements. Therefore, responsive organisations need employees who are capable of problem solving themselves rather than having to refer problems to a higher authority, and they stress the need for employees to be empowered to do so (Clegg et al. 2008). Organisations with power located at the top often reflect a lack of structural empowerment, which in turn might call for decentralisation initiatives if empowered employees are desirable. This is furthermore related to the number of subordinates per leader. Empowering organisations tend to be decentralised where the span of control (the number of subordinates per manager) is wide, as it becomes difficult to micro-manage if there are many employees to lead (Spreitzer 2008). Regardless of the leadership approach, it is arguably easier to supervise, and thus initiate empowerment, when there are few to lead, as the leader then has more time to address each individual's need. Hence, the organisational structure has implications for how leaders should proceed when wanting to foster feelings of empowerment.

### ***5.2.2 The Nature of Tasks***

In addition to the organisational structure, the type of tasks that organisations undertake, seem to have important implications for empowerment and leadership. According to Yukl (2013), an organisation characterised by low costs and standard products or service, will not have an environment that facilitates empowerment. On the other hand, a customised and highly differentiated product or service is viewed as favourable (Yukl 2013). An organisation marked by standard products and services does not provide individuals with the same opportunities to influence and use their competence in their work as an organisation marked by highly differentiated products and services (Yukl 2013). Furthermore, if the task design is marked by single, repetitive tasks and reliable technology, this does not create a favourable environment for fostering empowerment. However, complex, non-routine tasks and unreliable technology are often seen to be conditions that are advantageous for empowerment as this increases the employees' possibility to influence their own work (Yukl 2013).

Houghton and Yoho (2005) link the task environment to leadership and empowerment. They argue that the appropriateness of the leadership approach will depend on whether the task environment is structured or unstructured. A structured environment is characterised by clearly specified, routine or simple processes, low levels of uncertainty and

very little behavioural discretion (Houghton and Yoho 2005). They suggest that a transformational approach will be more appropriate and effective in an unstructured task environment, while a transactional approach is better suited for a structured task environment (Houghton and Yoho 2005). This can in turn be related to Clegg et al.'s (2008) argument that transformational leadership is more suitable in periods of change, while transactional leadership might be more appropriate when what is needed is to hold the ship steady.

New technologies introduce the need for more flexibility in relation to customer requirements (Clegg et al. 2008). Flexibility can exist in organisations where employees are allowed to be responsive to customer requirements in developing products and services (Clegg et al. 2008). Such organisations are thus often seen as more appropriate for empowerment and they are often innovation-oriented (Pieterse et al. 2010; Yukl 2013). The concept of transformational leadership was developed around leaders that transform the current state of affairs, and transformational leaders are therefore suggested to stimulate innovative behaviour among employees (Pieterse et al. 2010). Transactional leadership on the other hand is often portrayed as negatively related to innovative behaviour because it does not emphasise learning and innovation to the same extent as transformational leadership (Pieterse et al. 2010). However, research into the relationship between transformational leadership, transactional leadership and innovative behaviour is scarce and inconsistent (Pieterse et al. 2010). According to Pieterse et al. (2010), psychological empowerment might account for some of this inconsistency. They found psychological empowerment to function as a moderator between innovative behaviour and transformational and transactional leadership, and predict that the more complex and non-routine the behaviours, the more psychological empowerment works as a moderator on the two leadership styles. Transformational leadership was positively related to innovative behaviour when the employees' level of psychological empowerment was high, while transactional leadership was negatively related to innovative behaviour under these circumstances (Pieterse et al. 2010). Hence, this study indicates that there is a positive relationship between innovative behaviour and transformational leadership, and it also shows how psychological empowerment plays an important role in determining when this relationship materialises. In regard to transactional leadership, their research supports the general proposition that transactional leadership does not contribute to innovative behaviour. However, they find that this is the case when the level of psychological empowerment is high (Pieterse et al. 2010). When an employee's level of psychological empowerment is low, neither of the two leadership styles seems to be positively related to innovation. This might imply that it is psychological empowerment itself which is a

precondition for innovative behaviour, and that when the level of psychological empowerment is high, transformational leadership can contribute further to innovative behaviour (Pieterse et al. 2010). Their findings suggest that the changes in organisational work towards more complex work patterns and knowledge-intensive industries might imply that psychological empowerment becomes more important as these patterns become more complex (Pieterse et al. 2010).

Additionally, Pieterse et al.'s research suggests that contrasting the negative effects of transactional leadership with the beneficial effects of transformational leadership is too simple and, according to this research, is only warranted with high levels of psychological empowerment (Pieterse et al. 2010:619). Finally, this demonstrates the complexity of the relationship between leadership and empowerment. Not only does leadership seem to affect empowerment, but their study also shows that the level of psychological empowerment among employees affects the appropriateness of the two leadership styles. Therefore it is a need for leaders to take the current level of follower empowerment into account when choosing a leadership approach (Pieterse et al. 2010). Hence, one cannot simplify these issues, or point to a one-way causal relationship, as they seem to influence each other, which demonstrates the mutual influence discussed in chapter 4. Awareness of this mutual influence is important for leaders when wanting to foster empowerment among employees. Pieterse et al.'s demonstrates the task environment's influence on leadership and vice versa.

### **5.3 Four Levers**

As previously mentioned, Quinn and Spreitzer (1997) have listed four so-called levers that function as a useful framework when addressing the question of how leaders can facilitate both structural and psychological empowerment. These four levers are: *a clear vision and challenge; openness and teamwork; discipline and control; and support and a sense of security*. In the following paragraphs these four levers and how they enhance empowerment will be discussed in relation to transactional leadership and transformational leadership.

#### **5.3.1 Lever One – A Clear Vision and Challenge**

The first lever is to have a clear vision and challenge (Quinn and Spreitzer 1997). A clear vision contributes to the employees' understanding of what the organisation can accomplish or become, which in turn helps followers to understand the purpose, objective and priorities of the organisation, thus providing the work with meaning (Yukl 2013). A similar argument is brought forth by Appelbaum, Hébert and Leroux (1999), who argue that an organisational

culture that embraces empowerment is decisive for empowering employees, and companies must therefore make sure that they define what empowerment means to them, and this should be part of a clear vision or mission statement. When this foundation is laid, the next step is to have all members of the organisations buying into this vision as they internalise the company's culture (Appelbaum et al. 1999). Yukl (2013) emphasises that the vision must be followed up with a clear strategy on how to attain it. The strategy is most likely to be persuasive when it is unconventional yet straightforward (Yukl 2013). If it is too simplistic or conventional, this could result in a lack of confidence in the leader, especially in times of crisis (Yukl 2013). Furthermore, it is important for leaders to express confidence in their followers. Whether a vision has a motivating effect will be dependent on subordinates' confidence in their ability to achieve it. To foster confidence and optimism is especially important when the task is difficult or dangerous, or when the followers lack confidence in themselves (Yukl 2013). This relates vision to the competence dimension. Another important argument is the notion that the top management needs to clearly articulate a vision that inspires employees to take greater responsibility for their work at all organisational levels (Avolio, Zhu, Koh and Bhatia 2004). This implies that in order to foster employees' feelings of empowerment, it should be part of the agenda for the whole organisation and not just for the immediate leaders (Avolio et al. 2004).

A clear vision relates to both the idealised influence and the inspirational motivation aspects of transformational leadership, and the focus on vision in this leadership approach indicates that it should be a suitable approach when it comes to articulating and spreading an organisation's vision (Yukl 2013). Appelbaum et al. (1999) argue that getting employees to buy into the culture that embraces empowerment can be done through giving support, by encouraging creativity and risk-taking and by fostering a participative climate, which are elements of a transformational approach, and through role clarification and a widening of the managerial span of control, which are elements which lie close to a transactional approach. Hence, although a transformational approach is arguably more suited to spread a vision, a leader will use both approaches in order to get employees to buy into such a culture. This underscores the notion that a leader must make use of both approaches.

When it comes to creating an environment for challenge, Quinn and Spreitzer (1997) argue that when highly empowered employees feel that they understand the top management's vision and strategic direction for the organisation, they are more likely to feel that they have the capability to act autonomously in their work rather than to wait for permission and direction from the top management. This can in turn offer them greater

challenge, which can stretch their capability to improve themselves and the organisation and to increase their feelings of empowerment (Quinn and Spreitzer 1997). Thus, according to Quinn and Spreitzer (1997), in addition to vision it is important that leaders also provide challenge to the employees. This can be argued to relate to the impact and competence dimensions of psychological empowerment. Additionally, it relates to the intellectual stimulation aspect of transformational leadership. However, both a transformational and a transactional approach should be able to provide employees with challenges, but they will reward the achievements differently. A transactional approach will, for example, use contingent rewards when challenging employees, while a transformational approach could perhaps communicate an appealing vision and encourage intellectual stimulation.

### ***5.3.2 Lever Two – Openness and Teamwork***

The second lever is to create an environment of openness and teamwork (Quinn and Spreitzer 1997). According to Quinn and Spreitzer (1997), it is important that employees feel that they are part of a corporate culture that emphasises the value of the organisation's human assets. The importance of an organisation where employees have the opportunity to contribute, learn and grow is stressed, with particular emphasis being placed on the fact that being part of the organisational culture should promote openness and teamwork through participation in organisational decision-making (Quinn and Spreitzer 1997). Participation is the keyword here – participation by employees is at the root of the structural perspective on empowerment, and is important in order to create openness (Spreitzer 2008). If employees have input into and influence over decisions, ranging from high-level strategic decisions to routine day-to-day decisions about their own job, this is likely to enhance feelings of empowerment (Spreitzer 2008; Wallach and Mueller 2006). Wallach and Mueller (2006), for example, found the feeling of being able to influence decision-making at both the organisational and the unit level to be a strong antecedent of psychological empowerment. Being able to participate should thus enhance the meaning and impact dimensions of empowerment. Both a transactional and a transformational approach could arguably create an environment for participation, although this might lie closer to transformational leadership.

Although participation can function as an antecedent for empowerment, it is important to stress that it is not necessarily always effective (Yukl 2013). Yukl (2013) argues that participation is not likely to be effective if the employees do not share the leader's or the organisation's objectives, if they do not want to take responsibility for the decision, if they do

not trust the leader, or if time pressures and the dispersion of individuals make it difficult to gather people for consultation. These problems will be addressed in Chapter 6.

### ***5.3.3 Lever Three – Discipline and Control***

Having discipline and control is the third lever (Quinn and Spreitzer 1997). Quinn and Spreitzer (1997) and Avolio et al. (2004) emphasise the importance of goal clarification, clear lines of authority and a clear specification of tasks, roles and rewards for employees' feelings of empowerment. Leaders should make sure that employees understand which situations allow for discretionary decision-making and which do not. The employees then know what they are responsible for, and the areas where others have responsibility. This implies a basic level of structure and control, which in turn can foster empowerment instead of feelings of chaos (Quinn and Spreitzer 1997). The fact that retaining control can increase feelings of empowerment can, for example, be seen in relation to Wang and Lee's (2009) findings. As previously mentioned, they found that an increase in self-determination can have negative consequences if the level of both impact and competence is low, since this could lead to a feeling of excessive demand. Hence, leadership control might sometimes be necessary. The combination of having clear goals, lines of authority and responsibilities reduces the disabling uncertainty and ambiguity that have so often accompanied empowerment efforts (Appelbaum et al. 1999).

For goals to be clear, they should be specifically linked to the organisation's vision and strategy (Appelbaum et al. 1999). An organisation's empowerment strategy must address the needs and culture of each entity within the organisation in order to be successful. There must therefore be congruence between corporate goals, leadership goals and the goals of the organisation. This is most likely to be successful if this congruence is implemented from the onset (Appelbaum et al. 1999). To create congruence in goals is arguably an idealistic task and difficult to achieve in reality. However, it can nevertheless be useful to work for congruence, although it might not be achieved completely. For goals to be adopted by the employees, a transformational leadership approach seems appropriate. This is because transformational leaders, as previously mentioned, use idealised influence and inspirational motivation in order to try to transform the employees' goals so that they are in line with the organisation's goal.

Having clear responsibilities and a clear line of authority is essential in order for employees to feel that they have control (Quinn and Spreitzer 1997). Wallach and Mueller (2006) found that the sense of being unsure about the nature of one's work and role strongly

predicted feelings of low empowerment, and that this adversely affected perceptions of technical competence. This supports the notion that leaders must be clear on the roles of each employee. As mentioned in Chapter 4, transactional leaders carry out the necessary and critical leadership functions such as role clarification and task requirements (Clegg et al. 2008). Hence, a transactional approach should be well suited for making clear what responsibilities the employees have, what is expected of them and the line of authority they have to adhere to. However, issues concerning goals, role clarification and the line of authority can be affected by situational urgency (Houghton and Yoho 2005). Houghton and Yoho (2005) note that there may not always be enough time available to create reward contingencies or to develop self-leadership capabilities in followers, and they therefore suggest that a transformational leadership approach will be more appropriate in situations of high urgency or crisis, while a transactional approach would be better in situations of low urgency or crisis (Houghton and Yoho 2005). This supports Clegg et al.'s (2008) argument that a transactional approach may sometimes be more useful in stable periods, and a transformational approach more suitable for times of change. Hence, when discipline and control are needed, a combination of both leadership approaches should be appropriate. The transformational approach should be appropriate for spreading the organisation's goals, and a transactional approach might be more appropriate for making clear responsibilities and the line of authority.

#### ***5.3.4 Lever Four – Support and a Sense of Security***

The fourth lever is support and a sense of security. Individuals need a sense of social support from their bosses, peers and subordinates in order to feel that the system really wants empowered employees (Quinn and Spreitzer 1997). For example, support from peers and the organisation could signify to the employee that she or he is a valued and accepted member of the organisation and thus enhance the meaning dimension (Seibert et al. 2011). In addition to being part of decision-making processes, empowered employees must feel that their ideas are valued and taken seriously (Quinn and Spreitzer 1997). This implies that there must be room for thinking innovatively and for making mistakes, and this should in turn be part of the organisational culture (Quinn and Spreitzer 1997; Yukl 2013). It is unfavourable for empowerment if the dominant culture in the organisation is to focus on reliable, efficient operations without any mistakes (Yukl 2013). Employees must believe that the company will support them in order to learn and grow (Quinn and Spreitzer 1997). Hence, the organisation should have a culture that values flexibility, learning and participation (Yukl 2013).

Innovation, flexibility and a supporting environment for learning are important elements of the transformational leadership approach. A transactional approach in contrast, is more likely to reward efficient operations and to favour reliability (Yukl 2013). Additionally, active management-by-exception is arguably about preventing mistakes, and is thus not a favourable method for creating a culture that values flexibility, learning and participation. However, Spreitzer (2008) and Yukl (2013) have both argued that a factor that can promote learning and growth is showing appreciation of the job that the employees do, which can be done through compensation (Spreitzer 2008; Yukl 2013). It would, for example, be beneficial for empowerment if employees share in the gains of the organisation and are compensated for increases in their own skills and knowledge (Quinn and Spreitzer 2008; Yukl 2013). Compensation is an important aspect of the transactional leadership approach, and can be done through contingent reward, which again implies that a combination of the two approaches is appropriate.

When creating an environment of support and security, it is also vital to have a relationship with the leader that is based on trust and communication. Siegall and Gardner (2000) found that communication with supervisors was related to the meaning, impact and self-determination dimensions of psychological empowerment, which demonstrates the need for the presence of the leader. In terms of trust, it is a general conclusion in psychological empowerment literature that a supportive, trusting relationship with one's leader functions as an important contextual antecedent of empowerment (Spreitzer 2008; Yukl 2013). "Trust can be defined as a willingness to depend on another party (...), as well as an expectation that the other party will reciprocate if one cooperates" (Bartram and Casimir 2007:5). According to Bartram and Casimir (2007), trust is what binds the follower to the leader. It stems from an individual's confidence in another person's intentions and motives towards others and oneself (Bartram and Casimir (2007). In order to create trust it is therefore necessary for the leader to show determination and commitment to the organisation's vision (Bartram and Casimir 2007). This is linked to the first lever, and shows that the different levers are connected. A vision is reinforced by leadership behaviour when it is consistent with it, and self-sacrificial behaviours are vital for creating consistency (Yukl 2013). Self-sacrificial behaviours are important because concern for a value becomes evident in the way a leader makes decisions about resource allocation when trade-offs between objectives are necessary, through the questions the leader asks and the actions the leader rewards (Yukl 2013). When asking subordinates to make special sacrifices, the leader should set an example by doing the same. This might be especially important when actions are unpleasant, dangerous, unconventional



or controversial (Yukl 2013). By being self-sacrificial leaders thus create trust. Another factor essential in creating trust is perceived ability or competence. High levels of self-confidence lead to perceptions of competence, while espousing and embodying shared values causes followers to admire and identify with the leader, which in turn creates trust (Bartram and Casimir 2007). This demonstrates the advantage of having empowered leaders, and thus underscores the need for leaders to address their own empowerment when trying to foster empowerment among employees, something that I will get back to.

Leading by example, being self-sacrificial and demonstrating competence and shared values are all aspects of a transformational approach (Yukl 2013). Furthermore, the individualised consideration, which is part of transformational leadership, is important for believing that the leader cares. Acting as a mentor and paying close attention to followers' need for growth and achievement demonstrates a concern for the welfare of the followers, which in turn is vital for trust (Bartram and Casimir 2007). Hence, in order to create trust, a transformational approach is arguably appropriate. However, it is important to bear in mind the fact that since the elements that are seen to create trust are also characteristics of a transformational approach, research is likely to find a relationship between trust and transformational leadership because of the attribution effect. Employees will not necessarily see leaders as transformational unless they create trust. Nevertheless, in terms of creating an environment for the employees characterised by support and a sense of security, a transformational approach is arguably more suitable than a transactional approach.

### ***5.3.5 Combining the Elements***

Research has found that many of the above-mentioned practices by themselves only marginally affect empowerment. The real impact comes from the interaction and reinforcement of the different practices (Spreitzer 2008). This could be because the different aspects affect the four dimensions in different ways. Since psychological empowerment is a combination of the four dimensions, it is natural that even if one structural element positively affects one of the dimensions, it is the combination of structural elements affecting all four dimensions at once that is most likely to create empowerment. This relates to the arguments presented in Chapter 3, that an increase in all four dimensions at once will increase empowerment, but an increase in one dimension does not necessarily result in a person feeling more empowered. Hence, an approach to empowerment that does not address all four dimensions at once will not necessarily increase levels of empowerment, even though the different elements are related to different dimensions of empowerment. This also implies that

a combination of the two leadership approaches is preferable, since together they can address all the aspects discussed in this chapter, as has been demonstrated in the previous paragraphs

## **5.4 Enhancing the Four Levers**

So far this chapter has addressed the organisational structure and the nature of tasks as elements that lay the foundation in an organisation, and thereafter the four levers which demonstrate how leaders can integrate structural and psychological elements of empowerment. The remaining part of this chapter will discuss three factors that potentially can enhance the effect of the four levers: *the flow of information*, *the empowered leader* and *individual consideration*. These three factors are arguably important for leaders to address when wanting to foster employees' feelings of empowerment, and this is regardless of leadership approach.

### ***5.4.1 The Flow of Information***

The flow of information is important for empowerment, and can arguably enhance all four levers (Spreitzer 2008). There must be clear channels for the distribution of information within the organisational structure, and both the downward flow and the upward flow are important (Spreitzer 2008). The former concerns information such as clear goals and responsibilities, strategic direction, competitive intelligence and financial performance in terms of costs, productivity and quality, while the latter concerns employee attitudes and improvement ideas (Spreitzer 2008). The flow of information between peers is arguably also important, but since it is the relationship between leaders and employees that is central to this discussion, it will not be addressed here. The acknowledgement of the importance of both the upward and downward flow of information implies at least a two-way relationship, which means that the upward flow from the employees has implications for the leadership. This demonstrates the problem with causal relationship addressed in chapter 4. A clear flow of information can create transparency, which can give employees a 'line of sight' about how their behaviour affects the organisation (Spreitzer 2008) Better access to information can thereby give employees the opportunity to work smarter and thus make better decisions (Spreitzer 2008). To understand how one's work is part of the organisation can provide the work with meaning, while information sharing should help employees to better understand the meaning of their work and to develop a sense of competence in performing their tasks. This should in turn make them feel more able to have an impact on their organisation (Seibert, Silver and Randolph 2004). Hence, the flow of information can affect the meaning, impact

and competence dimensions of empowerment. Leaders should therefore emphasis a clear flow of information if empowerment is to be promoted among the employees, which should be feasible for both a transactional and a transformational approach.

#### ***5.4.2 The Empowered Leader***

In order to foster empowerment among employees it is important for leaders to be empowered themselves (Manz and Sims 2001; Spreitzer, Janasz and Quinn 1999). To be able to spread their vision, leaders need to fully comprehend what empowerment means for them and for their employees before they can commit to implementing the changes necessary to its success (Appelbaum et al. 1999; Yukl 2013). This involves becoming empowered themselves, which implies having integrated the four characteristics of psychological empowerment: a sense of meaning, a sense of competence, a sense of self-determination and a sense of impact (Appelbaum et al. 1999; Spreitzer et al. 1999; Manz and Sims 2001). Leaders serve as a model to followers and it is therefore necessary for leaders to lead by example, which in turn underscores the need for them to be empowered (Manz and Sims 2001; Yukl 2013) The kind of signals a leader sends affects the employees, and management of self is therefore critical because without it leaders and managers can do more harm than good (Manz and Sims 2001; Yukl 2013). Spreitzer et al. (1999) have emphasised that in order to inspire subordinates, leaders must have a convincing ‘moral righteousness’ or a clear sense of their own value system, which is consistent with the meaning dimension of empowerment. Through their moral righteousness leaders are more likely to communicate the passion that inspires their followers. Additionally, leaders must exude a sense of self-confidence, or competence, as this makes them feel capable of making effective change (Spreitzer et al. 1999). This will in turn increase the likeliness of inspiring followers as it will be more likely that they are inspired by a leader’s vision if they perceive the leader as competent (Spreitzer et al. 1999; Yukl 2013). This is related to the importance of vision in the first lever. Finally, it is important for leaders to be willing to exert influence and personal control, characteristics which are consistent with the impact and self-determination dimensions (Spreitzer et al. 1999). This is arguably also related to the third lever, discipline and control. Empowered supervisors are more likely to be seen as leaders who make things happen, and as a consequence their followers will more likely want to identify with that leader’s vision and make it a reality (Spreitzer et al. 1999). Hence, focusing on empowering oneself lays a good foundation for fostering empowerment among followers, and could arguably make leaders better equipped to initiate the four levers.

### ***5.4.3 The Importance of Individual Consideration***

The third aspect to be addressed as an enhancing factor is individual consideration. As mentioned in Chapter 3, empowerment might not have the same meaning for everyone (Menon 2001), and it is therefore natural to assume that individuals will react differently to different initiatives. Hence, when wanting to foster empowerment, it is important to take into consideration who the employees are and what positions, competence and needs they have. Yukl (2013) has, for example, argued that it is unfavourable for the enhancement of empowerment if employees have a low achievement motivation and an external locus of control. In contrast, if employees have a high need for achievement and an internal locus of control, this gives a good foundation for enhancing empowerment (Yukl 2013). Furthermore, he has predicted that employees being unskilled and inexperienced is not a favourable condition for empowerment, while a highly skilled workforce is (Yukl 2013). This implies that the employees' traits and abilities may affect how the leader should approach the employees. If a person, for example, has low achievement motivation and is unskilled, he or she would arguably need to be approached in a different way than a skilled person who has a high need for achievement. Individuals' different traits and abilities arguably complicate the task of a leader wanting to foster empowerment. Furthermore, the skills employees have and the performance benefits may be enhanced or diminished based upon an employee's position within the organisation (Maynard et al. 2012; Yukl 2013). Hence, the empowerment initiatives are likely to differ depending on whether they are directed towards employees on the ground or those high up in the organisation (Maynard et al. 2012). However, Ahearne, Mathieu and Rapp (2005) found that, contrary to popular belief, empowering leadership behaviours benefited employees with low levels of product/industry knowledge and low experience the most, while employees with greater knowledge and experienced gained no clear benefit. The relevant literature's mixed conclusions might suggest that the relationship between employees' abilities, traits and positions within the organisation and empowerment is, as most of the aspects of empowerment, very complex. Furthermore, these mixed conclusions also underscore the need for the leader to take each individual's different needs into consideration when trying to foster feelings of empowerment among employees. The different needs individuals have may be related to the complicated relationship between the four dimensions.

One way to take individuals into consideration is to find out how employees perceive their job in terms of the four dimensions, and thereby to ascertain which dimensions to focus on when it comes to that individual. This is related to Wang and Lee's (2009) findings, which

have important managerial implications when promoting empowerment. As previously mentioned, because an increase in one dimension can have implications for the other cognitive dimensions, a leader must try to understand the mechanisms between the four dimensions and the employee's level within them. Wang and Lee (2009) found, for example, that when the level of competence and impact are both low, the self-determination-satisfaction relationship becomes slightly negative as this can lead to the perception of excessive demand due to low competence (Wang and Lee 2009). Wang and Lee (2009) therefore suggest that empowerment programmes should focus on reaching optimal levels on the individual dimensions in order to create a combination that is balanced and that will result in the most positive outcomes. Although all four dimensions are important, and an increase in all four should enhance empowerment, it is essential to achieve balanced combinations if not all four can be achieved at once (Wang and Lee 2009). When finding balanced combinations, it becomes necessary to evaluate the employees against the dimensions in order to know what kind of combination is appropriate for those employees. This might be an idealistic task, but it is nevertheless useful to have an individualised approach to employee empowerment.

## 5.5 Summary

In this chapter I have addressed the research question “*How can leaders foster employees' feelings of empowerment?*”. This has been done by using an integrative approach to empowerment, which views both structural empowerment and psychological empowerment as important, and then in turn relate this to transactional leadership and transformational leadership. Firstly, it was argued that the organisational structure and the nature of tasks have important implications for empowerment, because they lay the foundation from which leaders operate. It was argued that the relationship between the two leadership approaches is not so straightforward as commonly assumed, and that employees' level of psychological empowerment actually affects the appropriateness of the two leadership approaches. Nevertheless, it was proposed that a transactional approach might be more appropriate in a structured environment, while a transformational approach is viewed as more suitable for a flexible, innovation-oriented, unstructured task environment and in periods of change. Thereafter the four levers were introduced. In terms of the first one – creating a clear vision and giving employees challenges – it was argued that leaders must contribute to the employees understanding of the organisation's vision, that empowerment should be part of the whole organisation's agenda, and that leaders must give the employees challenges, when wanting to increase employees' feelings of empowerment. Additionally, It was furthermore

suggested that a transformational approach is viewed as preferable when wanting to spread a clear vision, while both approaches can create challenges through different reward systems. The importance of participation was emphasised for creating level two, openness and teamwork. For employees to feel empowered it is important to feel as though they are part of a corporate culture that values them. Here it was argued that both leadership approaches could enhance participation. When it comes to level three – discipline and control – it was emphasised that leaders must make sure that there are clear goals, a clear line of authority and clear responsibilities, which should foster feelings of empowerment, because this gives the employee control over their work and they know what is expected of them. Transformational leadership is seen as appropriate for the adoption of goals, while transactional leadership is viewed as good for clarifying roles and the line of authority. A transformational approach is also seen as preferable for achieving the fourth level – support and a sense of security – because it is a good approach for creating trust and an environment for learning, which both are important for increasing empowerment. However, a transactional approach was argued to be appropriate for compensating the employees, which was also seen as an important part of the fourth level. Together, this implies that combining the two leadership approaches should give a good foundation from which leaders can foster employees' feelings of empowerment.

It was furthermore argued that it is the combination of the aspects addressed in this chapter that creates empowerment. This is because these aspects relate differently to the four cognitive dimensions of meaning, competence, self-determination and impact. Since the feeling of empowerment is strongest when all four cognitive dimensions are combined, it is the combinations of the different aspects presented in this chapter that will be most likely to foster the greatest feelings of empowerment. Finally, this chapter addressed three factors that arguably enhance the four levers: the flow of information, the empowerment of the leader and individualised consideration. These are important issues to address for leaders regardless of which leadership approach is used.



## 6 The Dark Side and Some Light

### 6.1 Introduction

*How lovely to have energetic, dedicated workers who always seize the initiative (but only when “appropriate”), who enjoy taking risks (but never risky ones), who volunteer their ideas (but only brilliant ones), who solve problems on their own (but make no mistakes), who aren’t afraid to speak their minds (but never ruffle any feathers), who always give their very best to the company (but ask no unpleasant questions about what the company is giving them back). How nice it would be, in short, to empower workers without actually giving them any power.*

(Kizilos 1990:56)

The previous chapter discussed how leaders can integrate structural and psychological empowerment in order to foster feelings of empowerment in employees. This was debated in relation to transformational and transactional leadership. However, many have argued that empowerment initiatives are not always positive (Bass and Riggio 2006). This is related to the self-interest of the employees and the reconciliation of the potential loss of control that is inherent in sharing power and the need to empower employees in order to achieve higher levels of motivation and productivity. This chapter will first discuss problems related to the so-called “dark side of empowerment”, and focus on two aspects: employees’ self-interest and the leader’s interests and incentives. Secondly, this chapter will address the leader’s limitations when it comes to influencing employees’ empowerment. Finally, this chapter will finish with presenting some questions that might be useful for leaders to ask themselves when wanting to implement empowerment.

### 6.2 The Dark Side of Empowerment

Bass and Riggio (2006) have argued that empowerment is not always positive, and that there is a so-called “dark side of empowerment”, which stems from the fact that many leaders are not willing to share power, and that empowerment can provide employees with the instruments necessary to pursue their own self-interest rather than the interests of the organisation (Bass and Riggio 2006). The awareness of these issues is highly important when implementing empowerment programmes but, as will be discussed, they are not necessarily problems with the empowerment construct itself. This chapter first discusses issues related to the employees’ self-interest, and thereafter addresses the problems of the leaders’ interests.



### ***6.2.1 Employees' Self-Interest***

According to Bass and Riggio (2006), increased empowerment might lead employees to pursue their own self-interest rather than following goals that extend beyond the individual. If the employees' goals are out of alignment with the organisation's goals, or if the employees oppose the organisation's goals, it can have negative consequences as empowerment can provide employees with the opportunity to sabotage the organisation (Bass and Riggio 2006). This is in line with the previous argument made by Yukl (2013), that participation is not always positive if employees do not share the leader's or the organisation's objectives, if they do not want to take responsibility for decisions, or if they do not trust the leader.

An interesting aspect of this discussion on self-interest is the linkage between organisational commitment and empowerment, which has garnered a substantial amount of attention in the psychological empowerment literature. Many researchers have found a positive relationship between empowerment and organisational commitment (Avolio et al. 2004; Castro et al. 2008; Kraimer, Seibert and Liden 1999; Maynard et al. 2012). Both Kraimer et al. (1999) and Dewttenick and van Ameijde (2011) suggest that leaders would want to foster empowerment in their employees in order to create loyalty to the organisation, and in this way keep the employees within the organisation. Hence, to empower the employees might actually be a way of reducing the danger of them pursuing their own self-interest. It is important to mention that Bass and Riggio (2006) operate with a structural understanding of empowerment, and these problems are thus seen in relation to the delegation of authority. Thus, it might be argued that if employees are structurally empowered this can increase the danger of them pursuing their self-interest, while if they are psychological empowered this might actually reduce this problem because it increases organisational commitment. Nevertheless, this issue is still important for leaders to take into consideration, and there are ways in which leaders can approach this issue.

According to Spreitzer (2008:65), in order to reduce the risk of the moral hazard of employees following their own self-interest, leaders and organisations can:

- 1) Set clear limits and boundaries as to what level of empowerment is appropriate so employees know what is acceptable.
- 2) Measure and reward key performance goals to ensure that individual and organisational goals are aligned.
- 3) Build trusting relationships in which employees are less likely to operate on self-interest.

The first advice is directly related to the third lever – discipline and control – and different ways of addressing this were discussed in Chapter 5. It must be stressed that increasing people’s perception of empowerment does not equate with a complete loss of control on behalf of the leader (Spreitzer 2008), and it is therefore possible to empower employees and at the same time limit their possibilities of pursuing their own self-interest. The second advice is related to both the first lever – a clear vision and challenge – because it implies setting a clear vision, and the third lever – discipline and control – as it implies congruence in goals. Achieving this could, as previously discussed, be effected through both a transactional approach and a transformational approach. Finally, the third advice relates to the fourth lever: creating support and a sense of safe security. According to theories of transformational leadership, a central element is to inspire and motivate followers to transcend their own self-interest for the sake of the organisation and to activate higher-order need (Yukl 2013). Hence, transformational leadership should be well suited to successfully dealing with the second piece of advice. Furthermore, transformational leadership is predicted to be suitable for creating organisational commitment (Avey et al. 2008; Avolio et al. 2004). Avolio et al. (2004) have found a positive relationship between transformational leadership and organisational commitment. According to them, this is because transformational leaders encourage employees to think critically by using novel approaches, involving followers in decision-making processes and inspiring loyalty, while at the same time recognising and appreciating the different needs of each of their employees to develop their own personal potential (Avolio et al. 2004).

Spreitzer’s (2008) arguments indicate that combining the two leadership approaches while addressing the four levers should be an effective way of approaching the issue of employees’ self-interest, as this aligns employees’ interests with the organisation’s goals and might create organisational commitment.

### ***6.2.2 Letting Go of Power***

Another aspect of “the dark side of empowerment” is the notion that empowerment can be paternalistic (Bass and Riggio 2006). A leader must reconcile the potential loss of control inherent in sharing power with the need to empower employees in order to achieve higher levels of motivation and productivity (Spreitzer 2008). Leaders might not be willing to share power, and the imbalance between leaders and employees is therefore maintained despite the apparent implementation of empowerment programmes (Bass and Riggio 2006). Bass and Riggio (2006) argue that the empowerment of employees may result in the

employees becoming responsible for failures (Bass and Riggio 2006). This is not in itself problematic, but empowerment initiatives can then become a way for leaders to deny liability. Although these are important concerns when implementing empowerment programmes, they are not necessarily problems with the empowerment construct itself. If the leader implements empowerment programmes without the intention of actually empowering the employees, and as a result the employees do not feel empowered, empowerment has not occurred. Hence, implementing empowerment initiatives without actually wanting to empower employees is a problem with the leader's incentives and interests and not with the empowerment construct. Nevertheless, the concerns raised by Bass and Riggio (2006) are very likely to be present in many empowerment initiatives, and are arguably also the reason why many empowerment initiatives fail (Menon 2001).

The leaders' incentives thus play an important role in determining the effects of structural empowerment. Weber's well-known distinction between value rationality (*Wertrationalität*) and means-end rationality (*Zweckrationalität*) can be useful when approaching this problem (Henderson and Parsons 1947). In the case of value rationality "the choice of means is oriented to the realization of a single absolute value without reference to considerations of cost" (Henderson and Parsons 1947:14). Hence, if leaders' incentives are based in value rationality, thus giving empowerment something close to an inherent value, Bass and Riggio's concerns are not likely to be as problematic. On the other hand, in means-end rationality the choice of means "is oriented to a plurality of values in such a way that devotion to any one is limited by the possibility of its entailing excessive cost in the form of sacrifice of others" (Henderson and Parsons 1947:14). If leaders view employees' empowerment as a means to another end, and do not value it other than as a mere instrument, the likelihood of negative consequences, such as conflicting interests on behalf of the leader, is greater. This arguably increases the chances of the failure of empowerment initiatives. It is natural that empowerment is viewed as a means to an end, because organisations do not exist to empower their employees, and the popularity of empowerment initiatives must be seen in relation to their outcomes. Nevertheless, if empowerment is viewed as something with an inherent value, this could reduce the problems associated with negative incentives on behalf of the leaders.

### **6.3 Exaggerations and Expectations**

The previous paragraphs addressed problems related to the employees' and leaders' interests. The following paragraph will briefly discuss the notion that there is need for a word of

caution about the expected outcomes of empowerment initiatives by leaders. The influence leaders can have on employees' empowerment is restricted both because of the many things that influence a person's feeling of empowerment, and because one person has limited capacity and cannot take all things into consideration. .

Leaders are bound by many factors within organisations, such as rules and regulations, HRM policies and organisational and social settings, all of which can influence a follower's sense of empowerment independent of the leader (Pieterse et al. 2010). In addition to this, there are other factors that influence a person's feeling of empowerment, such as peers, family and friends. This further limits the influence of leaders (Maynard et al. 2012). Furthermore, it is important to mention that as matrix organisational structures continue to be introduced, it becomes more likely that an employee will report to several leaders at the same time (Yukl 2013). Hence, it is important to not exaggerate the influence one leader can have on employees.

Furthermore, there is a limit to how much that can be expected of one person. When taking into consideration the complexity of all the aspects that have been addressed in this paper – which include two leadership approaches, an empowerment construct that consists of both structural and psychological aspects, in addition to the four levers – one must ask whether a leader could possibly address all of these issues. It might be idealistic to believe that a leader can manage all of this at once, especially if the leader must take each individual's needs into consideration. Additionally, leaders have more responsibilities than fostering employee empowerment. Nevertheless, it is still important for leaders to try to address the empowerment of employees. In order to make this more comprehensible for leaders, Quinn and Spreitzer (1997) have posed a few questions that can function as guidelines. These will be addressed in the next section.

## **6.4 Some Hard Questions**

When focusing on the empowerment of employees, Quinn and Spreitzer (1997:47) have posed four difficult questions that a leader should ask himself or herself:

- 1) If a sense of a clear strategic vision is a characteristic of an empowering environment, am I continuously working to clarify the sense of strategic direction for the people on my own stewardship?
- 2) If openness and teamwork are characteristics of an empowering environment, am I continuously striving for participation and involvement in my own stewardship?

3) If discipline and control are characteristics of an empowering environment, am I continuously working to clarify expectations regarding the goals, tasks, and lines of authority in my own stewardship?

4) If support and security are characteristics of an empowering environment, am I continuously working to resolve the conflicts among the people in my stewardship?

They stress the importance of “continuously” because there is a tendency among people to adopt a checklist mentality, but unless leaders continuously monitor their new behaviour, change will not occur (Quinn and Spreitzer 1997). Furthermore, it is important to not adopt a checklist mentality because of the complexity of empowerment. There simply is no easy way of achieving empowerment (Siegall and Gardner 2000). The four questions presented above concern the creation of environment for empowerment as addressed in chapter 5. However, as has become evident throughout this paper, creating the environment for empowerment does not necessarily result in empowerment. Therefore they pose another four, even harder, questions to ask oneself, which are grounded in the four dimensions of empowerment (Quinn and Spreitzer 1997:47):

- 1) To what extent do I have a sense of meaning and task alignment, and what can I do to increase it?
- 2) To what extent do I have a sense of impact, influence, and power, and what can I do to increase it?
- 3) To what extent do I have a sense of competence and confidence to execute my work, and what can I do to increase it?
- 4) To what extent do I have a sense of self-determination and choice, and what can I do to increase it?

These questions imply that leaders must be empowered themselves before they can try to foster empowerment among others. Quinn and Spreitzer (1997) argue that one must lead by example, and begin by transforming oneself, because leaders who do are able to trust themselves, which creates a good foundation for fostering empowerment among employees.

## 6.5 Summary

This chapter first addressed some of the negative consequences often associated with empowerment initiatives. These are related to employees’ self-interest and leaders interests and incentives. The former is seen as problematic when the employee’s interest is not aligned with the organisation’s goals, and empowering that person would then pose a problem for the organisation. However, it was argued that although this could be a problem, empowerment is

often associated with greater organisational commitment. Hence, empowering employees should actually reduce problems of self-interest on behalf of employees, and is therefore a problem when only focusing on structural empowerment. In terms of the problem that leaders might not be willing to give up power, it was argued that this is a real problem, but not a problem with the empowerment construct itself. It was furthermore argued that if leaders pursue empowerment from a value-rationality perspective, this could be prevented. Thereafter, this chapter noted that one must be careful in how much one can expect from leaders. Hence, leadership should not be seen as the solution to empowerment, but as a contributing factor. It is idealistic to expect a leader to be able to address all aspects covered in this dissertation. Therefore it could be useful for leaders to follow Quinn and Spreitzer's questions as a starting point.



## 7 Conclusion

### 7.1 Concluding Thoughts

*There simply is no one-step magic pill which, upon taking, organizations become composed of empowered employees. Rather, to instill a sense of empowerment in their workers, organizations must focus on a number of contextual factors.*

(Siegall and Gardner 2000:714)

This paper addressed the linkage between leadership and empowerment by asking “*How can leaders foster employees’ feelings of empowerment?*”. This question has been approached through an integrative approach to empowerment, where structural empowerment is seen as a central part of fostering feelings of empowerment, but where the perception of being psychologically empowered is what determines whether empowerment has occurred or not. Psychological empowerment consists of four dimensions: meaning, competence, self-determination and impact. Together these form a gestalt, and this dissertation has argued that because of the complex relationship between the dimension, an increase in one dimension cannot be viewed as an increase in empowerment, because this will imply that empowerment is not necessarily a positive feeling. The linkage to leadership was examined by relating transactional leadership and transformational leadership to empowerment. It was argued that these approaches should be seen as complementary, and that they both contribute to empowerment. Quinn and Spreitzer’s four levers were used as a framework for the discussion of leadership and empowerment. These four levers integrate structural and psychological empowerment and consist of: a clear vision and challenge; openness and teamwork; discipline and control; and support and a sense of security. Elements of these levers were discussed in relation to empowerment and both transformational leadership and transactional leadership. Additionally, it was argued that the organisational structure and the nature of tasks lays an important foundation for empowerment, and furthermore, that the flow of information, the empowered leader and individual considerations add to the four levers in terms of enhancing feelings of empowerment. Leaders should ideally address all of these aspects. However, it is essential to not exaggerate the influence leaders have, and furthermore to emphasise that it might be idealistic to expect a leader to be able to address all the issues discussed here. Finally, the critique of empowerment was addressed, and it was argued that problems related



to employees self-interest and leaders who are not willing to yield power are important to take into consideration when initiating empowerment, but are not necessarily problems with the empowerment construct itself.

What this paper demonstrates is the complexity. As was discussed in Chapter 3, the relationship between the four dimensions –meaning, competence, self-determination and impact – are more complex than commonly presumed, and there might be a need for future research to focus more on the perception of psychological empowerment rather than settling with the perception of increases in the different cognitive dimensions. This is because, contrary to popular belief, an increase in one dimension does not necessarily give positive results. Secondly, for leaders to foster employees' feelings of empowerment, it might be appropriate for a leader to combine transactional and transformational elements. A transformational approach is, for example, more appropriate when wanting to spread a vision, when operating within a flexible organisation and when wanting to develop relationships based on trust. On the other hand, a transactional approach might be more appropriate when there is a need to clarify roles and the line of authority, in addition to creating rewards for accomplishments. In reality it is difficult to clearly distinguish between the two approaches, since transactional elements will be present in many transformational processes.

The paper has tried to establish trends and patterns concerning empowerment, but empowerment initiatives cannot be seen as universal panaceas, and blindly adopting them is no recipe for success. This is because different people perceive empowerment in different ways. However, when combining elements and conditions that are found to enhance meaning, competence, self-determination and impact all at once, there is a greater chance of enhancing feelings of empowerment since they function as a gestalt. Furthermore, if leaders adopt a view on empowerment where empowerment is seen as having an inherent value, this increase the possibility of success because it is not viewed as a means to an end. Finally, it is necessary to emphasise that although this paper has discussed patterns regarding empowerment and leadership, it is difficult to distinguish dependent and independent variables. This makes it difficult to say anything for certain in terms of causality. Scholars should therefore refrain from trying to draw simplistic conclusions. Although patterns can be detected, the acts of leadership are in the end unique. Regularities regarding leadership and empowerment simply might not exist.

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