The study of the relationship between organizational structure and psychological empowerment among the staffs in Ministry of Economic Affairs and Finance

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Abstract

The present paper has been conducted with the aim of studying the relationship between organizational structure and psychological empowerment of staff of the Ministry of Economic Affairs and Finance. This research is applied and is survey study from conduct point of view. Research population includes all the staff, experts and managers of Financial Supervision Department and Treasury of the whole country of the Ministry of Economic Affairs and Finance which is a total number of 537 persons. For this purpose we have used closed questionnaires in the form of five options (standard questionnaire of Robins' organizational structure which has three dimensions of formality, complexity and focus and standard questionnaire of Whetten and Cameron's psychological empowerment which has 5 dimensions of trust, meaningfulness, effectiveness, self-efficiency, and self-determination). The size of the sample is 224 individuals of staff, experts and managers which have been selected with the use of stratified sampling. For analyzing the obtained data descriptive statistics (frequency table) and inferential statistics (Pearson's correlation coefficient test) have been used which the results indicate that there is significant and negative relationship between organizational structure and three dimensions of "formality", "complexity", "focus" with psychological empowerment variable. Dimension of focus has the highest significance (first rank) among other dimensions of organizational structure variable and also self-determination has the highest importance (first rank) among the dimensions of psychological empowerment.

Keywords: organizational structure, formality, complexity, focus, psychological empowerment

Introduction

Organizational structure is one of the main concepts in formation of an organization. The broadness of the definitions and structure effectiveness also emphasize on its importance; especially the fact that each organizational change is related to organizational structure dimensions. Empowerment as new approach of creating motivation has turned into one of the most controversial topics of management. In the era of competitive advantage, learning organizations, researchers and managers have shown growing interest toward empowerment and management actions based on it (Haji Karimi, 2005:23). The reason is that during the past two decades, the attitude of organizations toward human have been changed drastically, in a way that the employees of professional organizations have turned into the main drivers of the business and partners of the organization, therefore, not only managers should posses leadership skills but also employees should learn methods with which they can move toward self-leadership (Roy and Sheena, 2005, 41). It is because employee's empowerment refers to delegation of organization's powers and duties from higher hierarchical levels to lower hierarchical levels of organization, especially the power of decision making (Langbein, 2000; Dainty et al., 2002; Arneson and Ekberg, 2006). The existing research literature in this field refers to two main understanding of empowerment: structural and psychological empowerment (Mathieu et al., 2006). Most of empirical studies regarding em-

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ployee's empowerment have studied this subject from psychological aspect (Spreitzer, 1995, 1996; Lashley, 1999; Menon, 2001; Avolio et al., 2004; Bartram and Casimir, 2007; Bordin et. al., 2007; Chen et al., 2007) that focuses on employee's personal feelings and personal experiences of empowerment process. On the other hand, there are other studies which have focused on structural dimension of empowerment (Arnold et al., 2000; Wall et al., 2002; Milles and Ungson, 2003) which refers to empowerment process start by top management, focus on delegation of authorities and responsibilities to individuals in lower hierarchical levels of an organization (Leach et al., 2003; Mathieu et al., 2006). Hence for capturing these characteristics an organization should empower the most important and competitive resource they have, i.e. human resource (Davoodi&Rezaei, 2002: 49).

Research theoretical framework

Organizational structure

Organizational structure is often defined as a way with which responsibilities and power are delegated to working force and also it is defined as a way with which working processes are performed among the members of an organization (Nahm *et al.*, 2003; QingminHao and et.al, 2012).

Organizational structure includes natural layers of organizational hierarchy, horizontal integration and centralizing powers in organization. In fact, organizational structure is a multi-dimensional structure which is related to the following:

- Work divisions, especially working roles and duties including delegation, differentiation and division of organization according to different departments and centralizing and decentralizing, complexity and ...
- Coordination or communication mechanisms which includes standardizing, formalizing or flexibility.

One of the main characteristics of new organizational structures is their flexibility and ability in coordinating themselves with occurred environmental changes (Sakalas and Venskus, 2007) which causes encouragement for coordination and cooperation in the organization (Gold *et al.*, 2001; Huwa *et al.*, 2012).

Organizational structure dimensions

Complexity

By complexity we refer to the number of works performed in an organization or the number of secondary systems which exist in it (Daft, 2009) and it also refers to the level of breakdown which exists in an organization (Robins, as sited in Alwani and Danaei Fard, 2007: 80).

Complexity is the result of environmental uncertainty and increasingly a complex and changing environment will increase the environmental uncertainty. With the increase of complexity and diversity in environment, organization will create complexity in itself for adapting to the environment. This complexity is referred to requisite variety and it states that only variety and complexity can neutralize the effect of environmental variety and complexity (Rezaeian, 2009: 96-97). Therefore, complexity refers to the breakdown level which exists in an organization (Child, 2008:18).

Formality

Formality refers to the degree to which formal rules and procedures are dominant on organizational activities and influences them (Michael *et al.*, 1992: 402). Increased formality can affect career design throughout the organization (Moorhead, 1981:21). Formality shows how much rules and regulations, procedures, ordinances and communications are written and formal (León&García, 2011: 537).

In general formality refers to the level of establishing and writing rules, regulations, guidelines, approvals, job descriptions and description off employee's responsibilities which have received attention in the organization and have been registered (Gresov&Drazin, 2007: 418). Formality have two parts: the first part refers to the degree to which rules, regulations and ... have been registered in an organization and the second parts refers to the degree to which these rules, regulations and instructions are being followed and controlled (March & Simon, 2009: 221).

Centralization

The third organizational structure indicator is centralization. Most theorists agree that centralization refers to the degree to which a decision (financial, manpower, programs and exceptional items of an organization) which have been centralized at one point. Beside that lateral activities affect decision making as well (Child, 2008: 28). Centralization deals with the amount of independence in one job in decision making and choice. Some of the subcategories of decision making that can form a centralized area are determining programs, allocation of facilities, resource attraction, granting reward, hiring and firing, performance evaluation, promotion, adjusting and allocating budget, access to information and controlling processes (Mihm *et al.*, 2010).

Empowerment

Empowerment is one of the terms that everyone thinks that they understand but only a few people have really understood it. So many studies have been conducted regarding empowerment, from which we can name Conger & Kanungo (1998), Thomas & Velthouse (1990), Bowen& Lawler (1992), Spreitzer (1995), Carol (1995), Willson (1996), Fox (1998), GAO Institute (2001), Lavarack (2003), Wallace and Storm (2003), Nvklynn and Rvhvty (2003), Avolio (2004). Among the studies conducted inside our country we can mention the studies of Eskandari (2002), Abdollahi (2003), Jazzini (2006) and Monavarian (2006). Below we will mention some of the definitions in these studies:

Daft (2000) defines it as granting power, freedom, knowledge and skill to employees for making decision in performing works effectively (Daft, 2009, 21).

Blanchard , Carlos & Randolph (2003) believes: "empowerment refers to granting power which means to help individuals to improve their self confidence, overcome their inability or failure and create enthusiasm and motivation in them for mobilizing them to perform their duties (Blanchard, Carlos & Randolph, 2003: 45).

Klidas (2007) states that from social point of view empowerment concept have become aligned with democracy advancement in organizations and society and allows employees to make their own choices (Klidas *et al.*, 2007: 71).

Dimensions of psychological empowerment

Self-efficiency feeling (competence feeling):

When individuals become empowered the feel self-efficient or feel that they have the necessary capability and skill for performing a task successfully. Empowered individuals not only feel competent but also feel confident that they can perform the task in an efficient manner (Amichai et al., 2008). They feel personal – mastery and believe that can learn to deal with new challenges and develop (Siegall& Gardner, 2000). Some of the authors believe that this characteristic is the most important element of psychological empowerment, because this is having self-efficient feeling that leads to perseverance and efforts of individuals for performing difficult tasks. In fact this feeling refers to individual belief toward his capabilities for successfully performing allocated tasks. In other words, the person believes that he has necessary skill, competence and ability to successfully perform a task. If a task will be in a way that the person can perform it with his skills he will feel positive regarding his competence. This is the concept of a challenging spirit of the person in dealing with problems and his superiority in performing a

task. This feeling will be strengthen when a person has the necessary ability, skill, knowledge and training for performing the task (Amichai *et al.*, 2008:39).

Self-Determination (feeling of having choice)

Empowered people have self-determination feeling. Self-determination refers to the persons feeling about having choice and being pioneer in adjusting activities which indicate independence and continuity of processes. Some examples in this regard include decision making about how to do tasks or determining the amount of effort in performing activities. Being "self-determine" refers to the experience of having choice in personal performing and organizing the activities related to one's self in a small scale. When individuals will engage in job tasks voluntarily instead of being engaged forcefully or stop doing the task, they will feel they have choice in their work or they feel self-determination. In this case, their activities are the result of freedom and personal authority.

Empowered individuals feel possessive and responsible about their activities (Littrell, 2007: 90).

Acceptance of personal consequence (impact)

It refers to the ability of the person to influence strategic, administrative or operational consequences of his activities (Dimitriades, 2005: 95). "Impact" is the opposite of incapacity. In addition, impact is different from Locus of Control and it gets influence from it. An internal locus of control is a personality characteristic that is constant in the life of the person in various situations (Ergenli et al., 2007: 78). Individuals in whom the aspect of impact is strong and they are empowered don't believe in their abilities to be limited by external impediments in the domain of their work and activity and on the contrary believe that these impediments can be controlled. They have feelings of "active control" and align the environment with their demands (opposite to passive control). They try to maintain their dominance ad control on what they see instead of having a reactive behavior against environment. Greenberger believes that efficient feeling refers to "beliefs of the person at a specified period of time about his abilities for creating change in a desired direction" (Spreitzer, 1995: 29).

Meaningfulness

Meaningfulness refers to the value of job goals and objections which are judged in relation to personal standards or ideals, in fact meaningfulness includes accordance between the requirements of role and job with beliefs, values and personal behaviors.

Without considering organizational forces, individuals are willing to put effort in goals which are meaningful for them. In fact, they prefer to work with those which are having similar values with them (Cyert& March, 2007: 147). Empowered individuals have meaningfulness feeling and they value the goals and objectives they are engaged in. There is consistency between their goals and standards with what they are currently doing and this activity is considered as important in their value system (Ergenli *et al.*, 2007: 78).

Activities which are having meaningfulness nature create sense of purpose, excitement and mission for the person and this provides a source of power and enthusiasm for them instead of letting it go to waste (Ergenli *et al.*, 2007).

Trusting others

Empowerment is related to trust. Trust creates an environment for empowerment and itself requires values such as consistency and maturity (Gholipour et al., 2009: 16). Trust refers to the relationship between managers and subordinates (trust of a manager in an employee and vice versa). Trust is related to interest, competence, openness and confidence in others. Empowered individuals have a sense named trust and they are confident that they will be treated equally and fairly. Normally the meaning of this feeling is that they are confident that those who are possessing power in the organization will not harm them and that they will treat them impartially (Abdollahi & Heidari, 2009: 14). Therefore with studying the literature, from cognitive perspective, psychological empowerment includes five dimensions of effectiveness, competence feeling, sense of choice, meaningfulness and feeling of trust which have been summarized in table 1.

Table 1. Employees' psychological empowerment dimensions

| Dimensions | Description |
|-------------------------|--|
| Sense of efficiency | Belief in having the ability to influencing or personal control on activities consequences |
| Sense of competence | Having confidence in oneself ability in performing tasks successfully |
| Sense of choice | Having freedom of action in choosing how to do a task |
| Sense of meaningfulness | Valuing job goals according to personal ideals and standards |
| Sense of trust | Feeling security and believing that they will be treated fairly |

Fostering five dimensions of empowerment in employees have numerous outcomes and benefits. Research and theoretical findings related to each of these five dimensions indicate that if a person feels empowered, both personal and organizational benefits will be achieved. On the other hand, when individuals experiences the opposite dimensions of disability, helplessness and alienation, negative outcomes will be resulted. In short, it can be claimed that without empowerment neither managers nor organizations can be successful in long-term. However; empowerment as a psychological state is never under the full control of management. Individuals can refuse from feeling of empowered. Feeling empowered can be largely influenced by the circumstances that individuals perceive themselves to be in (Rezaei Dizgaah & Farahbod, 2010: 118-119). Considering the above, a general summarization from the research conceptual model have been presented in the below figure.

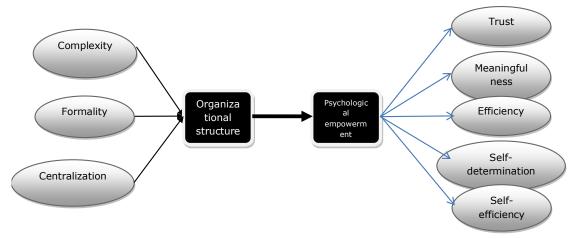


Figure 1.Research conceptual model adopted from standard organizational structure model of "Robins" and standard model of psychological empowerment of "Whetten and Cameron".

Therefore, the research hypotheses are presented as below.

H1: There is a significant relationship between organizational structure and psychological empowerment of the employees of the Ministry of Economic Affairs and Finance.

H2: There is a significant relationship between complexity dimension of organizational structure and psychological empowerment of the employees of the Ministry of Economic Affairs and Finance.

H3: There is a significant relationship between formality dimension of organizational structure and psychological empowerment of the employees of the Ministry of Economic Affairs and Finance.

H4: There is a significant relationship between centralization dimension of organizational structure and psychological empowerment of the employees of the Ministry of Economic Affairs and Finance.

Research methodology

This research is descriptive (non-empirical) and a field study and since in this study the researcher seeks to identify and study the relationship between organizational structure and psychological empowerment of the employees of the Ministry of Economic Affairs and Finance, this research from the point of view of methodology is correlation research type and its method of conduct is survey which the biggest benefit of it is the possibility of results generalization.

Variables: Organizational structure is considered as a predictor variable and psychological empowerment of employees is considered as criterion variable.

Research population and sample: population of this study includes all the employees, experts and managers of Financial Surveillance Deputy of the Treasury and the Ministry of Economic Affairs and Finance which are a total number of 537 individuals.

For determining the minimum required size of sample, Cochran's formula for limited population has been used and hence; the minimum required sample size has been obtained to be 224 individuals. However; for assuring the return of sufficient questionnaire, the size of sample in this study is considered equal to 230 individuals. Since the population under study is consisted of three groups of staff, experts and managers, hence; for sampling stratified sampling method has been used and for selecting the sample individuals of each class we have acted randomly. Demographics of the respondents have been presented below:

Table 2. Respondents' demographics

| | Ger | ıder | Ma | |] | Educ | ation | ı | Em | ployr | nent | | A | ge | | W | ork e | exper | ienc | e |
|-----------------------------|------|--------|--------|---------|-------------|------------------|----------|-------------------|-------------------------|------------------------------|--------------------|--------------------|----------------|----------------|---------------------|--------------|---------------|----------------|----------------|--------------------|
| Respondents demographics | Male | Female | Single | Married | High school | Associate degree | Bachelor | Master and higher | Governmental employment | Semi-governmental employment | Private employment | 24 years and lower | 25 to 34 years | 35 to 44 years | 45 years and higher | 1 to 5 years | 5 to 10 years | 10 to 15 years | 15 to 20 years | 20years and higher |
| Frequency | 167 | 57 | 28 | 196 | 23 | ∞ | 133 | 09 | 173 | 41 | 10 | Ξ | 29 | 72 | 74 | 9 | 39 | 47 | 54 | 78 |
| Percentage | 74 | 26 | 13 | 87 | 10 | 4 | 59 | 27 | 77 | 18 | 2 | 5 | 30 | 32 | 33 | 33 | 17 | 21 | 24 | 35 |

Data collection

Data collection has been performed with the use of questionnaire. 330 questionnaires during 3 week in person have been distributed among the sample and col-

lected. Respondents were assured that their name and the name of their organization will remain confidential and will not be disclosed in any case. The return rate of questionnaire on basis average is 91% which is satisfactory, considering the research culture of our country.

Measurement scale, validity and reliability

Organizational structure questionnaire is based on the standard organizational structure questionnaire of "Robins" and includes 23 closes questions with three dimensions of formality, complexity and centralization and psychological empowerment questionnaire of this research is based on the standard psychological empowerment questionnaire of "Whetten and Cameron" which includes 14 closed questions with 5 dimensions of self-efficiency, efficiency, self-determination, meaningfulness and trust. Validity of organizational structure and psychological empowerment questionnaires have been tested based on content validity and its reliability has been tested with the use of Cronbach's alpha. The value of Cronbach's alpha for organizational structure and psychological empowerment questionnaires has been calculated to be equal to 82.1 and 90, which indicate to the reliability of them. Each question in organizational structure questionnaire includes 5 options of (so much low, low, to some extent, high, so much high) and each question of psychological empowerment in the questionnaire includes five options of (strongly disagree, disagree, no comments, agree, strongly agree) and the respondents should choose among them.

Results

Findings of the 1st research hypothesis

Considering the output of SPSS, presented in table (3), Pearson's correlation coefficient between these two variables is -0.82. The observed significance value (sig) is equal to 0.000 which indicate that the standard significance level is less than (0.01). Therefore; null hypothesis is not confirmed at confidence level of 99%. It means that there is a significant relationship between complexity dimension of organizational structure and psychological empowerment of employees in the Ministry of Economic Affairs and Finance. In other words, the first secondary research hypothesis is confirmed. In the meantime, considering the obtained correlation coefficient it can be said that this relationship is reverse and significant which means as much as the complexity of organizational structure of the ministry increases, the possibility of psychological empowerment of employees decreases and vice versa.

Findings of the 2nd research hypothesis

Considering the output of SPSS, presented in table (3), Pearson's correlation coefficient between these two variables is -0.663. The observed significance value

(sig) is equal to 0.000 which indicate that the standard significance level is less than (0.01). Therefore; null hypothesis is not confirmed at confidence level of 99%. It means that there is a significant relationship between formality dimension of organizational structure and psychological empowerment of employees in the Ministry of Economic Affairs and Finance. In other words, the second secondary research hypothesis is confirmed. In the meantime, considering the obtained correlation coefficient it can be said that this relationship is reverse and significant which means as much as the formality of organizational structure of the ministry increases, the possibility of psychological empowerment of employees decreases and vice versa.

Findings of the 3rd research hypothesis

Considering the output of SPSS, presented in table (3), Pearson's correlation coefficient between these two variables is -0.317. The observed significance value (sig) is equal to 0.000 which indicate that the standard significance level is less than (0.01). Therefore; null hypothesis is not confirmed at confidence level of 99%. It means that there is a significant relationship between centralization dimension of organizational structure and psychological empowerment of employees in the Ministry of Economic Affairs and Finance. In other words, the third secondary research hypothesis is confirmed. In the meantime, considering the obtained correlation coefficient it can be said that this relationship is reverse and significant which means as much as the centralization of organizational structure of the ministry increases, the possibility of psychological empowerment of employees decreases and vice versa.

Findings of the 4th research hypothesis

Considering the output of SPSS, presented in table (3), Pearson's correlation coefficient between these two variables is -0.793. The observed significance value (sig) is equal to 0.000 which indicate that the standard significance level is less than (0.01). Therefore; null hypothesis is not confirmed at confidence level of 99%. It means that there is a significant relationship between the dimension of organizational structure and psychological empowerment of staff employees in the Ministry of Economic Affairs and Finance. In other words, the main research hypothesis is confirmed. In the meantime, considering the obtained correlation coefficient it can be said that this relationship is reverse and strong which means as much as the organizational structure of the ministry increases, the possibility of psychological empowerment of employees decreases and vice versa.

Table 3. Research findings

| | | Establishing knowledge management | | | | | | | |
|--|-------------|-----------------------------------|-------------------------|--------------------|--|--|--|--|--|
| Variables | Test result | Significance value P-Value | Correlation coefficient | Significance level | | | | | |
| Complexity dimension of organizational structure | Significant | 0.000 | -0.82 | 0.01 | | | | | |
| Formality dimension of organizational structure | Significant | 0.000 | -0.663 | 0.01 | | | | | |
| Centralization dimension of organizational structure | Significant | 0.000 | -0.317 | 0.01 | | | | | |
| Organizational structure | Significant | 0.000 | -0.793 | 0.01 | | | | | |

Also for prioritizing the significance value of each of the dimensions of independent variable (organizational structure), Friedman's test has been used which has been presented in table 4.

Table 4. Prioritizing organizational structure dimensions

| Rank | dimension | Mean Rank |
|------|----------------|-----------|
| 1 | Centralization | 2.28 |
| 2 | Complexity | 2.21 |
| 3 | Formality | 1.51 |

The dimension of centralization has the highest significance (1^{st} rank) among the dimensions of organizational structure dimension with mean rank of 2.28. The dimension of complexity with mean rank o 2.21 has the 2^{nd} rank and finally the dimension of formality has the least significance (3^{rd} rank) among the dimensions of organizational structure with mean rank of 1.51.

Discussion and conclusion

The obtained results in this research regarding the relationship between organizational structure and psychological empowerment of staff employees of the Ministry of Economic Affairs and Finance have been summarized as below:

The results of Pearson's correlation indicate that there is s reverse and significant relationship between complexity dimension of organizational structure and psychological empowerment of the staff employees of the Ministry of Economic Affairs and Finance. The structure of organization, which determines formal reporting relationships, indicate the administrative hierarchy levels and domains of management control, which determines the task of grouping individuals in the whole organization, and includes designing systems in which office activities are coordinated and integrated.

Considering the application of complexity term in multiple sciences, in some cases, complexity can be defined as the disorder degree and in other cases complexity is defined as the least degree of a system description or the amount of required resources in a system (such as money or time) for solving a specific problem. In general, a complex system is defined as a system which has the following characteristics: unlimited number of sections, non-linear relationships between variables describing the sections, feedback mechanisms inside a system, a behavior that can emerge randomly but can be described with the use of principle patterns and the behavior which is unpredictable.

An organization with so much of complexity, have so many of vertical and horizontal hierarchies, has so many units and this type of structures can be scattered throughout the world. The main characteristic of complexity is diversity. As one organization becomes more complex, more variety of individuals (in terms of work force variety) performs more various task in more different places which can have a negative effect on psychological empowerment of individuals.

The results of Pearson's correlation test indicate that there is a reverse and significant relationship between formality dimension of organizational structure and psychological empowerment of the staff employees of the Ministry of Economic Affairs and Finance. Formality refers to the fact that how much the organizational jobs are standard. In a formal organization, organizational relationships are described in an accurate and written manner based on organizational chart for employees and in case of necessity, the subsequent changes are communicated by the manager officially; but in informal organizations, organizational relationships are described for employees verbally and in case of necessity, they are changes naturally. If a post has high formality, the person in charge of it will have the minimum freedom for performing the activities related to that post as well as the time and way of doing it. In this case, employees are expected to use similar inputs in a specific manner to get predetermined outcomes. Hence, when we have high formality, there are specific job descriptions, so many rules and regulations and clear instruction regarding the work process in the organization. When we have low levels of formality, the behavior of employees can be relatively unplanned. In such a situation, individuals have more freedom in their jobs in applying their own opinions. Organizations in terms of level of formality differ from one another. Maximum formality is distinguished from minimum formality. When there is a unique situation and there is no specific procedure for doing the job, it is said that the organization has the minimum formality. Formality is maximum when there are so many formal procedures in the organization and the way of doing works have been specified with a pile of rules and regulations carefully (like assembly line of a automotive factory). It should be mentioned that (high formality) can have a negative effect on psychological empowerment of individuals.

Also, the results of Pearson's test indicate that there is a reverse and significant relationship between centralization dimension of organizational structure and psychological empowerment of staff employees of the Ministry of Economic Affairs and Finance. Centralization in authority hierarchy refers to that level of authority in which the individual have decision making power. When decision is made in high organizational levels, the organization is called a centralized one. When decision making is done in lower organizational levels, the organization is called a decentralized one. In other words, centralization refers to those levels of authority hierarchy that can make decisions. In centralized organizations, top managers and those at top levels of the organization, have the decision making authority. In decentralized organizations, the same decisions are being made at lower organizational levels. The issue of decentralization has turned into one of the unsolved riddles; because in organizations in which bureaucracy is hundred percent complied, all the decision are made by the top management of the organization and he is the one who is controlling the organization completely. However; as the organization becomes bigger and the number of employees, departments and offices increase, all the decisions cannot be referred to top management or sometimes the load of decision making becomes so much that one top management cannot bear all of it. Today, managers choose the level of centralization or decentralization which helps them to perform their decision making the best way possible and helps them to achieve organizational goals. What is effective in an organization

is not necessarily effective in another one. Therefore; mangers should determine the level of decentralization for each organization and its units. The more managers trust their subordinates and find them qualified, the more they will delegate authority to them and eventually decentralization will be created in an organization. The more an organization hasmechanisms of information exchange to decision-making points and appropriate feedback system for evaluating the decisions' outcomes, the more will be decentralization which can have a positive effect on psychological empowerment increase of employees.

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