

# ORGANISATIONAL STRUCTURE AND WORK RELATED ATTITUDE: MEDIATING ROLE OF PSYCHOLOGICAL EMPOWERMENT

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**Abstract** *The present study examines the role of psychological empowerment (PE) in mediating the relationship between organisational structure and work related attitude. Through a sample of 324 middle and senior level executives working in India using a self-report questionnaire, the study established the linkage between organisational structure, psychological empowerment, and work related attitude thus extended the psychological empowerment theory. It was found that employee perceptions of the organisation structure they work in, directly influence their perceptions of empowerment, which, in turn, influence their work outcomes like job satisfaction, commitment and turnover intention. As per the findings, formalisation and participation in decision-making characteristics of organisation structure were found to be critical in enhancing psychological empowerment. Hierarchy of authority was found to negatively co-vary with psychological empowerment indicating that the more centralised the structure is, the lesser the feeling of empowerment experienced by the employees. The findings will facilitate managers to analyse their organisations' with respect to centralisation and formalisation variables and assess to what extent they are matching with their goals of organisation to ascertain positive work outcomes.*

**Keywords:** *Organisational Structure, Psychological Empowerment, Turnover Intentions, Job Satisfaction, Commitment, India*

## INTRODUCTION

The increasingly competitive global economy and changing technology requires organisations to learn and adapt to changes quickly and favourably for employees in order to increase the organisational effectiveness. To improve their overall flexibility and efficiency, organisations should complement their hierarchical structures and leadership techniques with management practices aimed at the empowerment of employees (Conger & Kanungo, 1988; Forrester, 2000, Hempel, Zhang, & Han, 2012). Researchers have found that organisational empowerment is an important management tool used to motivate service employees to deliver service proactively, to satisfy the changing needs of customers with responsiveness and flexibility (Bitner, Booms & Tetreault, 1990).

There are two views on the empowerment (Liden & Arad, 1996; Spreitzer, 2008). The structural view was proposed by Conger and Kanungo (1988) which states that empowerment is a process to enhance feelings of self-efficacy among employees. Empowerment can be achieved by identifying the conditions that encourage the feeling of lack of

power in the employees and their removal by both formal organisational practices and informal techniques. According to (Conger & Kanungo, 1988), empowerment is classified in five stages - diagnosis of conditions within the organisation that are responsible for the feelings of powerlessness among employees, followed by the use of empowerment strategies for removing the external conditions responsible for powerlessness. Stage three involves providing employees self-efficacy information. As a result of receiving such information, employees feel empowered in stage four. In stage five, the behavioural effects of empowerment are noticed (Stander & Rothmann, 2009).

The psychological perspective of empowerment proposed by Thomas and Velthouse (1990), suggested a cognitive model in which empowerment is shaped by an individual's work context and personality traits. They stated that psychological empowerment consists of a set of four cognitions, reflecting an employee's orientation to his or her role, namely meaning, competence, choice and impact. This model was modified by Spreitzer (1995), who defined empowerment as a motivational construct manifested in four cognitions: meaning, competence, self-determination

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and impact. Together, these four cognitions reflect an active orientation to a work role. By active orientation is meant an orientation in which an individual wishes and feels able to shape his or her work role or context, (Spreitzer, 1995). The four dimensions of psychological empowerment, namely meaning, competence, self-determination and impact, combine additively to create an overall construct of psychological empowerment.

Meaning reflects a sense of purpose or personal connection to work, competence indicates that individuals believe that they have the skills and abilities necessary to perform their work well, self-determination reflects a sense of freedom about how individuals do their own work and impact describes a belief that individuals can influence the system in which they are embedded (Mishra & Spreitzer, 1998).

Previous research on empowerment found supportive/affiliative unit climate/ culture (Sparrowe, 1994; Spreitzer, 1996; Sinha, Priyadarshi, & Kumar, 2016), Leader Member Exchange (LMX) (Liden Wayne, & Sparrow, 2000; Sparrowe, 1994) and wide span of control (Spreitzer, 1996), enriching job characteristics (Liden *et al.*, 2000), and to be linked to empowerment. Further, performance, managerial practices, socio political support, leadership and work design support are found to be associated with higher levels of empowerment (Seibert, Wang, & Courtright, 2011).

Nevertheless, despite intensive research on the structural perspective of empowerment, authors on the topic of empowerment have emphasised the importance of organisational environment or context (Conger & Kanungo, 1988; Spreitzer, 1996, 1997; Thomas & Velthouse, 1990) of psychological empowerment. Siebert, Wang and Courtright (2011) also in their meta-analysis of antecedents and consequences of psychological and team empowerment, stressed on the need for more research to explore the relationship of boundary conditions of psychological empowerment.

In the backdrop of the call for more research on the subject, it is crucial to develop a more inclusive understanding of the nature of empowerment and also of the factors contributing to psychological empowerment and the associated consequences. This study is set to examine the relationship between organisational structure, psychological empowerment and work related attitudes.

## HYPOTHESIS DEVELOPMENT

### Organisation Structure and Psychological Empowerment

Several different research streams (e.g., strategic human resource management, Delery & Shaw, 2001; high-

performance work system, Huselid, 1995; high-involvement management, Lawler, Mohrman, & Ledford, 1998; competitive advantage through people, Pfeffer, 1994, Hempel *et al.*, 2012) have tried to identify a set of management best practices with respect to organisation structure and human resource practices that organisations might run through to effectively utilise their human resource. The practices include information sharing, de centralisation, participation in decision-making, extensive training, and contingent compensation (Combs, Liu, Hall, & Ketchen, 2006; Liao, Toya, Lepak, & Hong, 2009; Pfeffer, 1998; Zacharatos, Barling, & Iverson, 2005). Such management practices are thought to improve performance because they increase the amount of information and control employees have over their work. Therefore, organisations could benefit tremendously from the balance between imposing discipline of efficiency and delegating authority to encourage flexibility.

Three essential traits of organisation i.e., participation in decision-making, hierarchy of authority, and formalisation have been considered in this study. Hierarchy of authority is the degree of differentiation that exists within an organisation. Participation in decision-making refers to the level and variety of participation in strategic decisions by groups in the organisation whereas formalisation refers to the degree to which jobs within the organisation are standardised. As suggested by Spreitzer (1996) and others (e.g., Liao *et al.*, 2009; Patterson, West, & Wall, 2004), practices like open information sharing, decentralisation, and participative decision-making are likely to facilitate higher levels of psychological empowerment because they affect all four psychological empowerment cognitions. Increased flow of information and control over work means that employees will see their work as personally meaningful because they understand how their work role fits into the larger goals and strategies of the organisation. Feeling of self-determination can also enhance as more information should allow employees to better determine for themselves what actions to take. Furthermore, the enhanced knowledge, skills, and ability resulting from managerial practices will be reflected in employees' feelings of competence in work roles. Finally, the greater level of input and control associated with managerial practices means that employees will believe they have greater impact in their work unit or organisation.

As per Kanter's (1977) theory of structural empowerment, employees need increased access to opportunity, information, resources, support, formal power and informal power, if they are to be empowered. Psychological empowerment exists when employees perceive that they exercise some control over their work life (Spreitzer, 1995), and if an organisation has a structure which emphasizes employee participation and its management promotes flexibility and autonomy with rewards for participation, that structure would facilitate employee empowerment. Thus, this study examines the

relationship between various constructs of organisation structure and psychological empowerment.

**Hypothesis 1(a):** Participation in decision-making will be positively related to psychological empowerment.

**Hypothesis 1(b):** Hierarchy of authority will be negatively related to psychological empowerment.

**Hypothesis 1(c):** Formalisation will be positively related to psychological empowerment.

## Psychological Empowerment and Work Related Outcomes

### Job Satisfaction

The link between psychological empowerment and job satisfaction has been established by multiple researches (e.g. Sinha *et al.* 2016; Seibert, Silver & Randolph, 2004; Spreitzer, 1995; Spreitzer, Kizilos & Nason, 1997). Empowered employees report higher job satisfaction has been a constant finding across a large number of studies (e.g., Aryee & Chen, 2006; Carless, 2004; Liden *et al.*, 2000; Seibert *et al.*, 2004; Sparrowe, 1994). Employees, who perceive their jobs to be significant and worthwhile, feel higher levels of work satisfaction than employees who see their jobs as having little value (Vlerick Leuven Gent Working Paper Series, 2007/21). Similarly, the self-determination construct of psychological empowerment allows one to fulfil important needs for growth through the experience of autonomy, competence, and self-control at work (Deci & Ryan, 1985). In addition, employees who feel confident that they will succeed in their work and those who believe they have been directly involved in outcomes that affect the organisation, are more likely to experience job satisfaction (Martinko & Gardner, 1982; Ashforth, 1989).

### Organisational Commitment

A number of researches have examined the relationships between psychological empowerment with organisational commitment (Chen & Chen, 2008; Nabila, 2008; Dee, Henkin & Duemer, 2002) with diverse findings. Chen and Chen (2008) discovered that self-determination cognition of psychological empowerment was not significantly related with organisational commitment whereas the other three cognitions showed significant relationship with organisational commitment. Nabila (2008) found that, competence and impact dimensions are significantly related to commitment whereas meaning and self-determination cognitions are not significantly related. Furthermore, Dee, Henkin and Duemer (2002) revealed that only competence cognition has no significant relationship with organisational

commitment. Avolio, Zhu, Koh, and Bhatia (2004); Liden *et al.* (2000); Han *et al.* (2016), however, established positive relationship between empowered employees and high levels of organisational commitment.

### Turnover Intentions

Highlighting turnover intention as a key element in the modelling of employee turnover behaviour, scholars have determined that behavioural intentions are the single best predictor of turnover (Egan, Yang, & Bartlett, 2004). Therefore, the tendency of turnover is less likely in empowered employees (Sparrowe, 1994; Koberg, Boss, Senjem, & Goodman, 1999). Psychologically empowering work environment is considered as a valuable resource and hence the employees feel obligated to reciprocate such a beneficial work arrangement with increased loyalty to the organisation and continued employment.

**Hypothesis 2(a):** Psychological empowerment will be positively related to job satisfaction.

**Hypothesis 2(b):** Psychological empowerment will be positively related to commitment.

**Hypothesis 2(c):** Psychological empowerment will be negatively related to turnover intention.

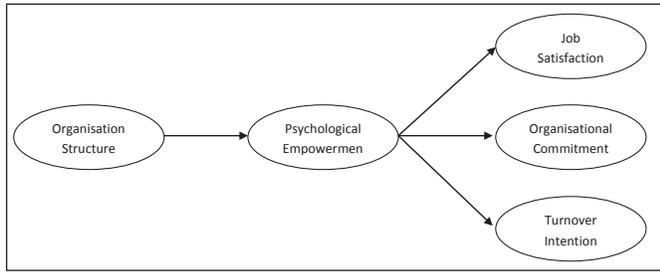
## PSYCHOLOGICAL EMPOWERMENT AS A MEDIATOR

Significant positive relationship between psychological empowerment and work outcomes have been observed by a number of researchers (Seibert *et al.*, 2004, Avolio, *et al.* 2004; Liden *et al.*, 2000, Spreitzer *et al.* 1999a; Sparrowe, 1994; Koberg *et al.*, 1999). However, studies on the mediation model of psychological empowerment are extremely scant, irrespective of the fact that psychological empowerment has been viewed as a mechanism through which contextual factors influence individual attitudes and work behaviours (Conger & Kanungo, 1988; Liden & Tewksbury, 1995; Spreitzer, 1995, 1996; Thomas & Velthouse, 1990; Quinn & Spreitzer, 1997; Egan Yang & Bartlett, 2004). Studies identifying the mediation role of empowerment are limited to antecedents like high leader member exchange quality, job resources, strategic HR roles, organisation learning culture and outcomes of job satisfaction, task performance, psychological withdrawal behaviour, organisation commitment and culture (Aryee & Chen, 2006; Quiñones, Broeck, & Witte, 2013; Bhatnagar, 2013, Sinha *et al.*, 2016). However, the literature review in Indian context indicates that there is no such study that examines the mediating role of psychological empowerment for organisation structure and work outcomes.

**Hypothesis 3(a):** Psychological empowerment will mediate the relationship between organisation structure and job satisfaction.

**Hypothesis 3(b):** Psychological empowerment will mediate the relationship between organisation structure and commitment.

**Hypothesis 3(c):** Psychological empowerment will mediate the relationship between organisation structure and turnover intention.



**Fig. 1: The Conceptual Model**

**METHOD**

**Sample**

The demographic profile of the respondents represent factors like, gender, age, level of management as given in Table 1. The sample represented respondents in the age group of 27–58 years of age, with the mean age being 37 years. Nearly two-third of the respondents were in the age group of 30 to 40 years. There was higher participation from male respondents who constituted 79%. While major participation (73%) was from middle level management, junior and top level management constituted about 15% and 12% of the total respondents.

**Table 1: Demographic Profile of the Respondents**

Gender	Male	79%
	Female	21%
Age	30 yrs or less	15%
	31 yrs to 40 yrs	64%
	41 yrs to 50 yrs	20%
	51 yrs or more	1%
Level of Management	Junior Mgmt	15%
	Middle Mgmt	73%
	Top Mgmt	12%

**Tools**

**Organisation Structure**

Centralisation and formalisation variables of organisation structure were measured. Two dimensions of centralisation are participation in decision-making, and hierarchy of authority (Hage & Aiken, 1969). Participation in decision-making refers to the level and variety of participation in strategic decisions by groups in the organisation. It was calculated as the mean response to four items along a seven-point Likert-type scale (7 = always, 1 = never). Reliability through Cronbach’s alpha for this scale was 0.85. Hierarchy of authority is the degree of differentiation that exists within an organisation. It was calculated as the mean response to five items along a seven-point Likert-type scale (7 = strongly agree, 1 = strongly disagree). Reliability through Cronbach’s alpha for this scale was 0.89. Following Pugh et al. (1968), formalisation - the degree to which jobs within the organisation are standardised was assessed by averaging the responses to five items on a seven-point Likert-type scale (7 = very accurate, 1 = very inaccurate). Reliability through Cronbach’s alpha was .87.

**Psychological Empowerment**

Psychological empowerment is a motivational construct manifested in four cognitions: meaning, competence, self-determination, and impact. The twelve items of the psychological empowerment scale (Spreitzer, 1995) were used for this study measured on seven point scale (1 = No, I strongly Disagree and 7 =Yes, I strongly agree). Reliability through Cronbach’s alpha for this scale was 0.88.

**Job Satisfaction**

Job satisfaction is “a pleasurable or positive emotional state” that is “a function of the perceived relationship between what one wants from a job and what one perceives it is offering”. Job Satisfaction was measured by a three-item scale measuring satisfaction of the employee based on the work of Netemeyer, Boles, and McMurrian (1997). It was measured on a seven-point scale ranging from (1) ‘strongly disagree’ to (7) ‘strongly agree’. Reliability through Cronbach’s alpha for job satisfaction was .67.

**Organisational Commitment**

Organisational commitment refers to an individual’s psychological bond to an organisation as a whole. It was measured using Meyer and Allen’s (1991) eight-item scales assessing normative, affective and continuance commitment. It was measured on a seven-point scale ranging from 1 (strongly disagree) to 7 (strongly agree). Reliability through Cronbach’s alpha for commitment was .85.

## Turnover Intentions

Turnover intention can be explained as the intent of the employee to leave the organisation for a variety of reasons. It was measured by a three-item scale indicating the propensity of the employee to quit his/her job by Colarelli (1984). It was measured on a five-point scale ranging from (1) 'strongly disagree' to (5) 'strongly agree'. Reliability through Cronbach's alpha for turnover intention was .89.

## Procedure

Respondents were drawn from 73 organisations of service sector (mainly IT and banking) in this survey. The data for the study was collected by circulating the survey among managers with the request to return the responses directly to the researcher and also by means of a form which was created online. A total of 500 managers were selected through non parametric sampling to fill in the questionnaires. 324 complete questionnaires were returned to the researcher with the response rate of 64.8%.

## RESULTS AND ANALYSIS

Data was analysed using SPSS 23. Correlation and regression analysis was done to understand the relationship between independent and dependent variables and their predictions. Further, step-wise regression analysis was conducted to understand the mediating role of intervening variable – psychological empowerment.

## Correlations

It is shown in Table 2 that psychological empowerment was found to be positively associated with decision-making and formalisation variables of organisation structure and negatively related to authority. In case of work related outcomes, psychological empowerment was found to be positively associated with job satisfaction and commitment and negatively related with turnover intentions. Similarly, the variables of organisational structure other than authority in general had significant positive relations with job satisfaction, commitment and negative relation with turnover intention.

**Table 2: Mean, SD and Correlations**

		Mean	SD	1	2	3	4	5	6
1	Decision-making	3.93	1.54						
2	Authority	3.99	1.55	-.424**					
3	Formalisation	5.13	1.36	.326**	-.264**				
4	Job Satisfaction	5.49	1.24	.370**	-.183**	.271**			
5	Commitment	4.74	1.19	.336**	-.210**	.291**	.505**		
6	Turn Over Intention	3.27	1.78	-.158**	.168**	-.114*	-.374**	-.633**	
7	Psychological Empowerment	5.63	.82	.530**	-.310**	.318**	.691**	.494**	-.307**

Notes: \*p < .05, \*\*p < .01

## Psychological Empowerment and Organisation Structure

In order to test the hypotheses for organisation structure and psychological empowerment, regression analysis was conducted. Psychological empowerment was regressed over the variables of organisation structure: decision-making, authority and formalisation. As shown in Table 3, variables of organisation structure explained a significant amount of variance in psychological empowerment ( $R^2 = 0.31$ ,  $p < .001$ ) which indicates that for every unit change

in the variables of organisation structure, there is .31 unit positive change in psychological empowerment. Also the beta value for the variables decision-making (.447\*\*\*) and formalisation (.152\*\*\*) is highly significant. The beta value for authority (-.310\*\*), though is significantly negatively correlated with psychological empowerment, no significant regression relationship was established between them. The findings thus support our hypotheses that participation in decision-making and formalisation will be positively related to psychological empowerment and hierarchy of authority will be negatively related to psychological empowerment.

**Table 3: Regression Analysis: Organisation Structure and Psychological Empowerment**

Psychological Empowerment	
Organisation Structure	$\beta$
Decision-making	0.447***
Authority	-0.081
Formalisation	0.152**
R <sup>2</sup>	0.310
Adjusted R <sup>2</sup>	0.304
F	47.962***
Note: *p<0.05, **p<0.01, ***p<0.001	

### Psychological Empowerment and Work Related Outcomes

Regression analysis was carried out to examine the effects of psychological empowerment on work related outcomes where each of the outcomes was regressed on psychological empowerment. Table 4 shows the variance value for job satisfaction ( $R^2 = 0.478$ ,  $p < .001$ ), commitment ( $R^2 = 0.244$ ,  $p < .001$ ) and turnover intention ( $R^2 = 0.094$ ,  $p < .001$ ). The values were found to be significant which indicates that for every unit change in psychological empowerment, there is .47 unit change in job satisfaction, 0.24 unit change in commitment and 0.09 unit change in turnover intention.

- Job satisfaction
- Commitment and negatively related to
- Turnover intention

**Table 4: Regression Analysis: Psychological Empowerment and Work Related Outcomes**

Psychological Empowerment	Job Satisfaction	Commitment	Turnover Intention
B	0.691***	0.494***	-0.307***
R <sup>2</sup>	0.478	0.244	0.094
Adjusted R <sup>2</sup>	0.476	0.241	0.091
F	294.853***	103.781***	33.513***
Note: ***p<0.001			

### Mediating Effects of Psychological Empowerment

Baron and Kenny (1986) model for mediation was referred, for testing the mediation effect of psychological empowerment on the relationship between the structure variables and each job related outcome. A step-wise regression analysis was conducted in which the job satisfaction, commitment and turnover intention were regressed on the dimensions of organisation structure alone and then again with the psychological empowerment measures controlled. Decision-making, authority and formalisation were the dimensions of structure examined in this study. In this model, the cumulative variance that explained for job satisfaction was 0.476, for commitment 0.258, for and 0.090 for turnover intention. In the case of job satisfaction, the structure explained variance reduced ( $\Delta R^2 = .16$ ,  $p < 0.001$ ) when the PE measures were introduced into the equation. The addition of PE to the equation (step 2) led to a significant drop in the impact of decision-making ( $\beta = .005$ ), authority ( $\beta = .034$ ), and formalisation ( $\beta = .673$ ) suggesting complete mediation in structure variables and job satisfaction. For commitment, the introduction of psychological empowerment led to a noteworthy drop in the explained variance of structure variables ( $\Delta R^2 = .11$ ,  $p < 0.001$ ). It is evident from Table 5 that decision-making ( $\beta = .103$ ) and authority ( $\beta = .1035$ ) and Formalisation ( $\beta = .149$ ,  $p < .01$ ) are creating an impact on commitment which is significantly reduced after the introduction of psychological empowerment in the equation indicating complete mediation in case of decision-making and authority and partial mediation for formalisation. In the case of turnover intention, the explained variance structure variables on turnover intention did not change significantly ( $\Delta R^2 = .04$ ,  $p < 0.001$ ) upon the introduction of PE into the equation. The impact of decision-making ( $\beta = .006$ ), authority ( $\beta = .081$ ) and decision-making ( $\beta = -.018$ ) became completely insignificant upon the introduction of psychological empowerment, suggesting a complete mediation between structure variables and turnover intention.

The findings thus suggest that:

- Psychological empowerment mediates the relationship between organisation structure and job satisfaction.
- Psychological empowerment mediates the relationship between organisation structure and commitment.
- Psychological empowerment mediates the relationship between organisation structure and turnover intention.

**Table 5: Step Wise Regression Analysis: Psychological Empowerment as a Mediator between Organisation Structure and Work Related Outcomes**

	Job Satisfaction		Commitment		Turnover Intentions	
	Step1	Step2	Step1	Step2	Step1	Step2
	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	B
Step 1						
Decision-making	0.370***	0.005	0.336***	0.103	-0.156**	0.006
Authority	-0.183***	0.034	-0.210***	-0.063	0.168**	0.081
Formalisation	0.271***	0.673	0.291***	0.149**	-0.114*	-0.018
Step 2 PE						
R <sup>2</sup>		0.483		0.152		0.101
Adjusted R <sup>2</sup>	0.154	0.476	0.144	0.258	0.031	0.090
F	20.670***	74.453***	19.057***	29.129***	4.454***	8.985***
$\Delta R^2$	0.321	0.162	.152	0.116	0.061	0.04
$\Delta F$		197.688***		50.5***		21.714***

Note: \*p < .05, \*\*p < .01, \*\*\*p < .001.

## DISCUSSION AND IMPLICATIONS

The objective of this study was to examine the hypothesized model that psychological empowerment mediates the relationship between organisation structure variables and work related attitudes. The result clearly demonstrates that employee perceptions of empowerment are directly influenced by their understanding of the formalisation and centralisation characteristics of organisation structure they work in, which in turn, influence their job satisfaction, commitment and turnover intentions. It was found that organisation structure influences job satisfaction, commitment and turnover intentions in employees and those relationships are mediated by psychological empowerment. The mediating role of psychological empowerment between structure and work outcomes proves that structures promoting formalisation, participation in decision-making and less hierarchy may not be good enough to achieve the desired work related outcomes. This affirms the need for empowering a worker to advantage from the participative and flexible organisation structure.

As per the findings, formalisation and participation in decision-making characteristics of organisation structure were found to be critical in enhancing psychological empowerment. These variables contribute to fostering psychological empowerment among managers in India as they provide them more autonomy with their work which is an important dimension of psychological empowerment. Hierarchy of authority was found to negatively co-vary with psychological empowerment indicating that the more centralised the structure is, lesser the feeling of empowerment experienced by the employees. The findings are in synchronisation with the previous study of Bhargava and

Kelkar (2001) who, in their study, found that decentralisation is a powerful predictor for empowerment and has an impact on the level of empowerment in the organisation.

Further analysis indicates that psychological empowerment has significant positive relationships with job satisfaction, commitment and negative relationship with turnover intentions. It can therefore be inferred that employees experiencing psychologically empowerment, experience higher levels of job satisfaction. Thus, to ensure more satisfying experience at work, organisations should psychologically empower their employees (Seibert *et al.*, 2004; Sparrowe, 1994). In line with the work of Kristof-Brown, Zimmerman, and Johnson (2005), Spreitzer (1995), and Sinha *et al.* (2016), it was established that psychologically empowered individuals have higher commitment at work. It was also found in the study that the intentions to quit their organisations is less in psychologically empowered employees, as they view psychologically empowering work to be a valuable resource provided by the organisation and therefore want to continue their employment (Blau, 1964). Thus, for lowering the probability of turnover amongst their employees, organisations should strive for empowering work arrangements (Griffeth, Hom, & Gaertner, 2000).

Advance analysis on structure variables discloses the influence of psychological empowerment on the relationship of each structure variable with work outcome. The study reveals that psychological empowerment fully mediates between participation in decision-making and job satisfaction, commitment and turnover intention. Employee participation can provide intrinsic/personal benefits to employees' attitudes and behaviours, such as job satisfaction and lower levels of absenteeism (Daniels & Bailey, 1999).

Therefore, it is likely that organisation which allows their employees to participate in decision-making, allot power and authority to the employees through involvement, leading to greater satisfaction and commitment. However, the mediation effect of psychological empowerment indicates that the employees must experience participative decision-making structure variable along with psychological empowerment for higher job satisfaction, commitment and negative turnover intentions.

Authority is described as higher level of subordinates' involvement in a continuum of decision procedures. It means power and focuses on developing individual autonomy. It is associated with a process that allows employees working in an organisation hierarchy 'temporary authority' (Sagie & Koslowsky, 2000) to make decisions. The findings of the study suggest a strong relationship between authority variable and job satisfaction, commitment and turnover intention indicating that employees who exercise more autonomy at work are likely to be more job-satisfied, committed and with negative intentions to quit the organisation. Since, over centralisation may generate a feeling of powerlessness and lead to dependence on the higher authority; organisation may become incapable of coping with the contingencies of the environment (Bhargava & Kelkar, 2001), thus making employees dissatisfied and less committed. However, the findings also suggested that psychological empowerment fully mediates between authority and job satisfaction, commitment and turnover intentions indicating that for employees to fully experience job satisfaction, commitment and negative turnover intentions through autonomy at work, they must also experience psychological empowerment.

Formalisation in the form of written procedures helps to ensure coordinated efforts and fair treatment to employees as well as clients. It is necessary to help clarify the range of permissible behaviours and provides an understanding of how the rest of the organisation operates (Hempel *et al.*, 2012). It was found that the relationship of formalisation with job satisfaction, commitment and turnover intention is completely mediated by psychological empowerment which means formalised structure alone will not be able to promote positive work outcome. Managers should have psychologically empowered employees along with formalised organisation structure for their employees to experience higher levels of job satisfaction, commitment and negative turnover intentions.

## CONCLUSION

In the current era of increased competition, organisations leverage empowerment as a HRM strategy to gain competitive advantage. Empowering employee requires establishing a suitable climate for empowerment and motivating people intrinsically in the organisation. Results of the study indicate

strong relationships between variables of organisation structure and psychological empowerment. The findings will facilitate managers to analyse their organisations' with respect to centralisation and formalisation variables and assess to what extent they are matching with their goals of organisation to ascertain positive work outcomes. In addition, they would be able to decide which kind of organisation structure with respect to participation in decision-making, authority and formalisation, they want to maintain in their organisations for higher job satisfaction, commitment and lower turnover intentions.

The paper is focused on the psychological empowerment needs and responses of the Indian employees. Also, the data has been collected through non parametric sampling rather than using the random sampling method. Thus, caution is required in generalising the results to the larger population. More in-depth studies relating empowerment to work engagement, stress, HR practices will extend psychological empowerment theory.

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