The Effect of Strategic Alignment between Organizational Culture and Organizational Structure towards Employee Empowerment: A Conceptual Framework

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Abstract.
Employee empowerment is a workplace revolution concept that started to gain traction in the 1990s, and is reappearing again recently. This is a way for organizations to respond to the changing business landscape in a volatile-uncertain-complex-ambiguous (VUCA) world. Employee empowerment is understood as a way of providing autonomy and decision-making power to employees, and many studies have demonstrated the relationship between employee empowerment and performance of the organization. Many previous researchers have demonstrated the individual effect of organizational culture or organizational structure towards employee empowerment, as well as the symbiotic relationship between organizational culture and organizational structure. However, studies of a combined effect are very scarce. In other words, little to no research has been conducted to explore the multidimensional effect of strategic alignment between organizational culture and organizational structure towards employee empowerment. Thus, the relationship between the strategic alignment of both organizational culture and organizational structure are not clearly defined and is currently a gap in the research. This study would like to address this gap and examine the effect of organizational culture and organizational structure towards employee empowerment. The outcome of this study is expected to benefit the theoretical body of knowledge with regards to employee empowerment, as well as provide a better understanding to practitioners and organizations wishing to embark on employee empowerment, in turn impacting overall organizational effectiveness and performance.

Keywords: empowerment, structure, culture
1. INTRODUCTION

Today’s business landscape is changing rapidly. The changes seen today have resulted in a VUCA (Volatile, Uncertain, Complex, Ambiguous) world with constant unpredictable change that is now the norm in many industries in the business world (Raghuramapatruni & Kosuri, 2017). Organizations sees an urgent need to redesign their business model, to adapt to the changing consumer expectations. Two key aspects are among the areas that organizations typically look at. The first aspect of the change is the shift from manual and mechanical activities into technologies and digital solutions. The second aspect of the change is the need to make the human capital within the organization as effective as possible, thus truly making the human capital as a competitive advantage which cannot be easily replicable by competitors. This is done through strengthening thoughtful decision making in the organizations. This can be done by re-imagining the process, organizational design, and other initiatives like empowering employees in creating a culture of collaboration and sharing (Raghuramapatruni & Kosuri, 2017).

Employee empowerment (EE) is a workplace revolution that has changed and continuously changing nature of the relationship between employees and their work activity, in particular pertaining to the level of autonomy and participation in decisions about work and working conditions (Jha, 2017; Baird & Wang, 2010; Bhatnagar, 2007; Menon 1996). Employee empowerment (EE) is understood as the granting of the necessary authority to employees for making decisions in areas that affect their jobs, such as customer service, production, and quality control (Mathes, 1992). It gained popularity in the 1990s (Kirkman & Rosen 1999) and is becoming more relevant in today with many authors observing a direct relationship between the level of employee empowerment and employee performance (Baird et al., 2018) as well as employee job satisfaction and employee commitment (Ugboro & Obeng, 2000). (Seibert et al., 2004).

EE are often looked at from two different, but interconnected constructs, namely structural empowerment (SE) and psychological empowerment (PE) (Monje et al., 2021; Eljaaidi, 2016). The first construct, SE, refers to the organizational mechanisms which enable delegation of responsibilities and decision-making powers from management to employees (Kanter, 1993). This is done through the offering of access to resources, information, support and opportunity in the work environment (Kanter, 1979).

The second construct, PE, refers to the process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness (Conger & Kanungo, 1988). Scholars have also established the mediating role PE has on the enhanced employees work engagement (Gong et al., 2020).
One contributing factor to facilitate employee empowerment is the organization culture (OC). For example, a study of culture in general and its effect towards employee empowerment showed that New Zealand’s liberal culture encourages managers to empower employee more than Nigeria’s authoritarian culture (Obi et al., 2020).

The other contributing factor which impacts employee empowerment is the organizational structure (OS). According to Conger & Kanungo, (1988), moving decision-making authorities downward to employees increases the flow of information in the organization, which is a critical component of employee empowerment. This study is further supported by Rhee et al. (2017), which demonstrates that an organizational structure which are centralized was negatively related with empowerment.

Organization can be looked at as consisting of 2 parts, the hard or structural part, and the soft or the cultural part. The hard part, which is the organization’s formal structure, is often designed and set up to facilitate access to information, resources opportunities and support. The other part, which is the soft part, is often shaped by how the members of the organization interacts and communicates with each other. This explains the relationship between OC, OS and EE. OS is the hard part, the organizational structure and set-up, which relates mostly to the SE aspects of EE. While OC is the soft component, the feelings and emotion’s part, which relates mostly to the PE aspects of EE.

While there have been a lot of individual study in the past on the relationship between organizational culture and employee empowerment (Obi et al., 2020; Trus et al. 2019) as well as the relation between organizational structure and empowerment (Rhee et al., 2017), these studies are looking from the perspective of one variable to the other. This uni-dimensional perspective studies tend to overlook or downplay the necessary ecosystem conducive for empowerment to flourish within the organization. This lack of fundamental understanding and appreciation and necessity of the synergistic ecosystem has resulted in many organizations which embark on empowerment, either only modestly able to achieve some results, or worst, failed to achieve any tangible result other than frustrating and burnout its employees. In appreciating the complexity of empowerment, it is not simply a simple effect of one variable to the other, but rather is usually a combined or synergistic effect of a few components (Janičijević, 2013).

This proposed study would like to take a step further, by analyzing the effect of variables which enhances employee empowerment from the angle of strategic alignment. This concept of strategic alignment, or strategic fit, postulates that a match or congruence of various bivariate or multivariate fit has an impact on the third variable, in such a way that the congruency or strategic consistency has a performance impact (Venkatraman, 1989). Putting an emphasis on the strategic alignment, this study aims to
study of the effect of strategic alignment between organizational culture and organizational structure towards employee empowerment.

By exploring these variables together, this study attempts to put forth a more prominent focus on the elements necessary to be cultivated in order for employee empowerment to be more effectively implemented and able to deliver its benefits. This study will also propose a framework to ensure that the elements are in-sync and will deliver the best ecosystem for employee empowerment to be effective.

2. LITERATURE REVIEW

2.1. Employee empowerment (EE)

Prior to 1990s, the subject of empowerment was discussed separately through discussion topics such as total quality management, participative management, quality circles etc. The beginnings of the employee empowerment concept is probably attributed to the socio-technical approach (Lewin, 1951) which combined the two aspects (social aspects, which concerned with the attributes of people, and relationship, as well as technical aspects, which concerned with the processes, tasks, and technology) of work in a systematic manner. (Herzberg et al., 1959; Herzberg, 1968) introduced the idea of job enrichment as a way to increase control and decision making in one’s work. The literature on job autonomy, (Menon, 1996; Hackman, 1980; Hackman & Oldham, 1976; Herzberg, 1968) also addresses another component of what is today referred to employee empowerment.

In a broad concept EE refers to how an organization structurally pushes its decision making to the frontline employees, without having to go through layers of bureaucratic organizational layers. This is usually done as a way to help improve speed of decision making which will positively impact its service quality. Furthermore, this act of empowerment has also been attributed to improved organizational effectiveness and higher level of internal clients’ (within that organization), as well as external customers’ satisfaction. (Ro & Chen, 2011).

There are many different definitions which comes with the employee empowerment concept. However, even though there seems to be a lack of consensus on its meaning, the various research papers on the body of knowledge with regards to employee empowerment can be broken down into two main schools of thoughts, which are distinct, but interconnected constructs, namely structural empowerment (SE) and psychological empowerment (PE).
2.1.1. Structural empowerment (SE)

The first construct, SE, refers to the organizational mechanisms which enable delegation of responsibilities and decision-making powers from management to employees (Kanter, 1993), or perceived discretionary authority at work (Chan & Lam, 2011; Fock et al., 2002; Conger & Kanungo, 1988). From this construct, empowerment is achieved by objective and structural organizational changes which provides individual greater convenience to make decisions and use greater influence regarding their work (Demirci & Erbaş, 2010).

There are 4 constructs of SE, which comes from the access to these structures, namely opportunity, resource, information and support.

1. **Opportunity** refers the possibility for growth and movement within the organization as well as the opportunity to increase knowledge and skills

2. **Resource** refers to one's ability to acquire financial means, materials, time and supplies required to do the work

3. **Information** refers to having both the formal and informal knowledge that is necessary to be effective in the workplace.

4. **Support** refers to access in receiving and guidance from subordinates, peers and superiors

(Kanter, 1993)

2.1.2. Psychological empowerment (PE)

The second construct, PE, refers to the increase in task motivation or enhancement of feelings of self-efficacy by fulfilling employee’s need for self-determination [Spreitzer, 1995; Thomas & Velthouse, 1990; Conger & Kanungo, 1988]. This PE represents the motivational construct of the intrinsic task, with four cognitions which are based on a personal orientation, namely meaning, competence, self-determination, and impact.

1. **Meaning** refers to how much emphasis one places on the task at hand, according to one's own standards

2. **Competence** refers to the ability to perform a task effectively

3. **Self-determination** refers to the choices one has and the feeling of freedom to decide on what needs to be done in the workplace
4. **Impact** refers to the extent to which one’s work contributes positively to the achievement of a task. It is also the degree to which one believes he/she can make a difference to organizational outcomes

(Spreitzer, 1995; Thomas & Velthouse, 1990)

Looking at both PE and SE will give a better picture with regards to the overall EE in an organization. This is because positive work behavior outcomes of SE may be mediated by intrinsically motivating work experience of PE (Chang et al., 2010; Aryee & Zhen, 2006; Liden et al., 2000).

### 2.2. Culture and Organizational Culture (OC)

#### 2.2.1. Organizational Culture (OC)

Organizational culture is heavily influenced by factors such as the industry in which it operates, geographical locations, events that it has experienced during the organization's history of existence, leadership styles it employs, personalities of its employees, levels of interactions and many others.

According to Kassem et al., (2019) culture can be categorized on the professional level, where each profession creates certain behaviors that are demonstrated by those who practice it. Hickman & Silva (2018) further expand the study of culture by proposing the relationship of organization culture to performance in that when organization culture aligns with strategy implementation, an organization can work more efficiently and very well operate in the global marketplace; and it also sets the foundation for strategy. Additionally, when organization culture and strategy follow each other, then it is just like a one plus one equals three.

A formal definition of organization culture is a cognitive framework consisting of attitudes, values, behavioral norms, expectations, collective thoughts and habits, which has been adopted by an organization as the accepted way of solving problems (Greenberg & Baron, 1997; Clemente & Greenspan, 1999; Ahmed et al., 1999).

Organization culture can be looked at as per what is proposed by Geert Hofstede 2010 which is organizational effectiveness, customer orientation, level of control, focus, approachability, and management philosophy.

1. Organizational effectiveness (OE) (Process oriented vs Result oriented)
2. Customer orientation (CO) (Normative vs Pragmatic)
3. Level of control (LOC) (Loose control vs Tight control)
2.3. Organizational Structure (OS)

Apart from organizational culture, organizational structure is another important variable which has been a subject of interest and are among the most researched concepts within the organizational field. It is because organizational structure has a strong influence on the behavior of the organization members specifically, and organizational performance generally.

Liao et al. (2011) defines organizational structure as the way of an arrangement of organization people and their jobs. It is a formal allocation of work roles and administrative mechanisms to control and integrate work.

The interest to organizational structures has resulted in some organizations to see the structure as the solution to many of its performance problems. However, a study by Andersen & Jonsson (2006) on 320 companies found no direct correlation between structure and effectiveness was found and has somewhat debunked this oversimplification. However, when looking at the relationship between organizational culture and organization structure, studies by Bushardt et al. (2011) as well as Bhimani & Langfield-Smith (2007) has indicated a positive correlation between organizational culture and organizational structure.

Organizational structure can be looked at as per what is proposed by Hage & Aiken 1967, which is degree of centralization and degree of formalization.

1. Degree of centralization

2. Degree of formalization

2.4. Relationship between OC and OS, and PE and SE

Organizational culture (OC) is an intrinsic factor of organizational behavior, as it directs the way people behave in an organization by operating from within and by determining assumptions, values norms, and attitudes according to which organization members guide themselves in everyday actions in the organization. On the other hand, organizational structure (OS) is an extrinsic factor which influences people's behavior from
the outside, through formal limitations set by division of labor, authority distribution, grouping of units and coordination (Janičijević, 2013). Thus, a member of the organization’s behavior in the organization is the resultant of the impact of both the intrinsic factor, namely the culture of the organization, as well as the extrinsic factor, namely the structure of the organization.

Many organizations configuration research has demonstrated that certain structure will lead to certain level of performance (Miles et al, 1978). Foster-Fishman et al. (1998) found that unless the culture of an organization is appropriate, employee empowerment efforts are doomed to failure.

Studies have also shown that social structural changes in organization can influence individuals’ empowerment (Ghani et al., 2009; Wallach & Mueller, 2006; Dee et al., 2003; Robbins et al., 2002; Spreitzer, 1995).

2.5. Strategic alignment

The concept of strategic alignment is reflected on the open systems approach, which sees organizations as a set of interdependent parts that form a whole, which in turn is interdependent with larger environments (Zeithaml et al., 1988). The theoretical framework for strategic alignment or fit postulates that fit, match or congruence which various bivariate or multivariate fit has an impact on third variable, and this congruency or strategic consistency has performance impact.

Venkatraman’s conceptualization of fit and strategy and its four quadrants, which later expanded to 6 perspectives of fit in strategy research, is adopted.

The concept of fit is a fundamental element for constructing theory which can be allied in a wide range of different areas, including strategic management. It is also important to understand the concept of fit is fundamental for understanding the difference between the field of strategic management and other fields, such as finance, human resources and marketing (Naman & Slevin, 1993).

Previous studies are looking at the various variables from the perspective of one variable to another. It is noted that while there have been many studies related to the EE, all of these studies were done looking from individual variable perspective. EE is a complex multidimensional construct, approaching the study from this strategic alignment (SA) or multidimensional perspective is timely, and would give a better insight on the effect of the various combined effect of a few components towards EE. This is especially important since it has been observed that many organizations struggle with
delivering the performance results promised by EE (Fangcheng Tang, 2020; Areiqat & Naji, 2016; Blanchard et al., 2001).

3. PROPOSED CONCEPTUAL RESEARCH FRAMEWORK FOR FUTURE RESEARCH

3.1. Conceptual Framework

Organizational culture (OC) is an intrinsic factor of organizational behavior, as it directs the way people behave in an organization by operating from within and by determining assumptions, values, norms, and attitudes according to which organization members guide themselves in everyday actions in the organization. Based on the previous studies and literature review, the following framework is proposed to be investigated in future research. The framework is grounded by Bandura’s Social Cognitive Theory (SCT) (1986), which proposes self-efficacy, as well as its parallel organizational concept, the collective efficacy. Self-efficacy is the individual person’s perception of ability to perform a behavior. Collective efficacy, on the other hand, is a group’s shared belief in its collective power and capabilities to organize and execute courses of action required to reach a specific goal (Bandura, 1997).

Perceived collective efficacy is relevant to the issue of organizational culture, as organizational values are reflected in the rituals, norms, and priorities of an organization; styles of behavior it rewards and penalizes and the types of attitudes and behaviors that are modeled (Bandura, 1997).

This theory explains the relationship between OC and EE (H1), and OS and EE (H2). Applying the strategic alignment as proposed by Venkatraman (1989) to these unilateral relationship gives the OC and OS effect towards EE (H3).

3.2. Hypotheses

Based on the conceptual research framework above, 3 hypotheses are proposed.

3.2.1. Relationship between OC and EE

Organizational culture is the shared values which are embraced, and it affects the way in which the organization reacts to growth and is both determined by and determining of the people employed within the organization. It is the soft component of an organization
and is shaped by how the members of the organization interacts and communicates with each other. This explains the previous findings of many effects between organizational culture (OC) and the psychological empowerment (PE) construct of employee empowerment (EE). From past literature, it can be concluded that organization which has the right organizational culture creates the right environment and are more likely to be successful with its employee empowerment. With this in mind, it is proposed that:

**Hypothesis 1: Organizational Culture (OC) has a positive impact towards Employee Empowerment (EE)**

### 3.2.2. Relationship between OS and EE

Organizational structure is the hard component of the organization. It is the extrinsic factor which influences people’s behavior from the outside through formal limitations set by division of labor, authority distribution, grouping of units and coordination (Janićijević, 2013). Previous literature has investigated the effect of certain organizational structure towards a certain level of performance. Studies have also shown that structural changes in organization can influence individuals’ empowerment. While there are studies which concluded that OS has little effect towards effectiveness (Andersen & Jonsson, 2006), most of these studies demonstrated the effect OS has towards Structural Empowerment (SE), one of the constructs of Employee Empowerment (EE) (Ghani et al., 2009; Wallach & Mueller, 2006; Dee et al., 2003; Robbins et al., 2002; Spreitzer, 1995). Thus, it is proposed that:

**Hypothesis 2: Organizational Structure (OS) has a positive impact towards Employee Empowerment (EE)**
3.2.3. Relationship between SA and EE

Previous studies suggested that individually, OC has an effect towards EE, as well as the individual effect OS has towards EE. Nonetheless, this single dimensional perspective has also been found to either partially impact EE (Pradhan et al., 2017) or worse, not yield any performance impact (Andersen & Jonsson, 2006; Hales, 1999). These studies demonstrated that over-simplistic single dimension perspective is inadequate to effectively address the multi-dimensional employee empowerment. While this might be the case, studies have also established the complementary effect organizational culture (OC) has on organizational structure (OS) and vice versa. In other words, certain characteristics of OC, combined with certain characteristics, have the combined effect towards EE. Thus, it is proposed that:

**Hypothesis 3: Strategic Alignment (SA) between Organizational Culture (OC) and Organizational Structure (OS) has a positive significant effect towards Employee Empowerment (EE)**

3.2.4. Hypothesis summary

Based on the proposed hypothesis above, it can be summarized that while individual OC has a positive impact towards EE, and OS has a positive impact towards EE, the combined effect of the alignment of OC and OS variables is hypothesized to be higher towards EE as compared to the individual effect of OC and OS towards EE.

4. RESEARCH METHODOLOGY

This study proposed to utilize a cross-sectional research design, with quantitative research method approach in addressing the research questions. The scope of this study will concentrate on a subsidiary of a government-linked corporation (GLC) operating in both manufacturing as well as commercial service industry primarily in Malaysia but having exposure of the international market challenges and competitiveness.

A proportional stratified sampling based on distributions by each function of 4,500 employees of this GLC subsidiary operating across different geographical locations across Malaysia is proposed. For this study, the unit of analysis is individual employee.
5. DISCUSSION

This study looks at the effect of the strategic alignment (SA) between organizational culture (OC) and organizational structure (OS) towards employee empowerment (EE). This study is expected to benefit both from a theoretical contribution to the body of knowledge as well as practical contributions to practitioners.

Theoretically, while independent study on the effect of organizational culture (OC) towards employee empowerment (EE) as well as the effect of organizational structure (OS) towards employee empowerment (EE) has been studied extensively before (Pradhan et al., 2017; Andersen & Jonsson, 2006; Hales, 1999), this perspective of study specifically looking at the strategic alignment between these two variables and whether it has a synergistic effect towards employee empowerment have not been studied before and as such, can be regarded as a novel approach and a benchmark for further understanding.

This study is also approaching the study subject by integrating different theoretical perspective, namely PE and SE, into the aspects of EE. While the study of OC and OS to individual EE construct (PE or SE) has been done before, this is the first study which looks at the relationship in a holistic manner, which can also be regarded as a novel approach.

This study will also contribute in terms of practical contributions to practitioners. With the better understanding of the effect of OC and OS towards the overall effectiveness of the EE program, policymakers and EE program leader with the organizations wishing to embark on employee empowerment initiatives can better formulate the empowerment change management framework by better aligning and integrating both the OS activities with the much more subtle OC inculcation as part of the holistic empowerment framework. This enhanced understanding of the interaction of OC and OS in the organizational ecosystem will also allow the EE program leader to make better informed decisions for both strategical decisions as well as a more granular tactical decisions, understanding the effect of such actions, or inactions.

6. CONCLUSION

Employee empowerment is one of the methods that organizations have used to gain competitive advantage. Even though empowerment concept and its application has been around for quite some time, organizations still struggle to get it right thus delivering the real potential of employee empowerment. This paper proposes a conceptual
framework for future study on the synergistic effect of strategic alignment between organizational culture and organizational structure towards employee empowerment. The outcome of this study is expected to benefit the theoretical body of knowledge with regards to employee empowerment, as well as provide a better understanding to practitioners and organizations wishing to embark on employee empowerment, in turn impacting overall organizational effectiveness and performance.

References


