

A Study on the Relationships between the Information Disseminator Role of the Manager, Empowered Employees and the Company Performance

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Abstract

In this present study we take the *information disseminator role* of the manager (Mintzberg, 1973) as an antecedent of *empowerment* in the organization. The empowerment approach is based on the Spreitzer's (1995) model based on four cognitions: meaning, competence, self-determination and impact. We propose and empirically test that only when the information flows freely and shared by every employee then the employees would feel empowered. A second aim is to test the direct influence of information flow on the company performance. The third aim of this study is to empirically test the direct influences of the four theoretical constructs of empowerment described in the model on company performance. This study also confirms the construct validity of the empowerment scale used in our chosen sample. Our sample consisted of 156 human resources managers or purchasing managers from 156 different companies. In this study empowerment and its causal relationships with information disseminator role of the manager and addingly the company performance are measured from the managers' perceptions. Thus we also aimed that managers will make a self-evaluation and that they will gain insight about their role as information disseminators and empowerment agents.

JEL classification numbers: M10, L20, L25

Keywords: Information disseminator role, Empowerment, Company performance

1 Introduction

In his generic article on "The Manager's Job: Folklore and Fact", Mintzberg (1990) criticizes the four functions of management approach and makes a classification of major managerial roles: Interpersonal roles, informational roles and decisional roles. Later on,

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empirical studies done on Mintzberg's classifications supported the validity of Mintzberg's roles and indicated that these role behaviors are related to managerial performance and organizational effectiveness criteria (Kurke and Aldrich, 1979; Harrison, 1978; Morse and Wagner, 1978).

According to Mintzberg Processing information is a key part of the manager's job (Mintzberg, 1973). Mintzberg indicated that much of the managerial job involved giving and receiving information. As *monitor*, the manager is scanning the environment for information, interrogating liaison contacts and subordinates, and receiving information, much of it as a result of the network of personal contacts. In the *spokesperson* role, the manager sends some information to people outside the unit. In the *disseminator* role, the manager passes some privileged information directly to subordinates (Mintzberg, 1990).

In this present study we take the *information disseminator* role of the manager as an antecedent of *empowerment* in the organization.

A leader successful at the "information disseminator" role (Mintzberg, 1973) will provide a participative decision-making style in an open communication climate where information will flow freely both vertically and horizontally (Bucholz, 1993; Demirel and Fikes, 2014). Sewell and Wilkinson (1992) argued that for the use of the term "empowerment" of members to be meaningful, there must be a genuine shift in the locus of power away from management and to the shop floor (Sewell and Wilkinson, 1992). Baiman and Evans (1983) suggested that in a participative organizational setting each individual chooses his negotiation strategy based on his own information so participation is a negotiation process. For Kanter (1983) information is the tool that gives the power to the decision maker.

Based on Kanter's (1983) view that information is power some scholars studied the relationship between the importance of information sharing and empowerment. Randolph (1995) proposed that when strategic and performance-related information is shared with the employees, they learn whether their actions are having an *impact*. Bowen and Lawler (1995) argued that sharing organizational information with the employees let the employees understand the *meaning* of their own role in the organization's operations. Role clarity is expected to increase the level of empowerment perceived by employees (Conger and Kanungo, 1988). Conger and Kanungo (1988) also proposed that sharing information on the vision, mission and goals with employees allows them to develop a sense of purpose and meaning. Information about one's own performance reinforces a sense of *competence* (Carol et al., 2010; Spreitzer, 1995). Access to communication networks also have an empowering effect (Mathieu, et al, 2006) on the employees by fostering a sense of competence and *self-determination* (Whetten & Cameron, 2008). Information sharing decreases the level of uncertainty and employees feel more competent in their decision-making activities (Gist & Mitchell, 1992).

In this study the empowerment approach is based on the Spreitzer's (1995) model which is based on the approach that empowerment is defined as increased intrinsic motivation manifested in four cognitions (Thomas and Velthouse (1991). These cognitions are defined as:

1. Meaning (value of work goal or purpose), the meaning of a value of a mission goal or aim judged in relation to individual's own ideals of standards.
2. Competence (self-efficacy), is an individual's belief in his or her capability to act task activities cleverly.
3. Self-determination (autonomy in initiation and continuation of work behaviors), autonomy in the initiation and continuation of work behaviors' and processes and impact.

4. Impact (influence on work outcomes), the perception of the degree to which an individual can affect certain outcomes of job.

In this research based on Mintzberg's (1973) information disseminator role model and Spreitzer's (1995) model of empowerment we propose and empirically test that only when the information flows freely and shared by every employee then the employees would feel empowered. A second aim is to test the direct influence of information flow on the company performance. The third aim of this study is to empirically test the direct influences of the four theoretical constructs of empowerment described in the model on company performance. This study also confirms the construct validity of the empowerment scale used in our chosen sample.

Our sample consisted of 156 human resources managers or purchasing managers from 156 different companies. These are the managers who conduct the staffing function in the organization. According to Mintzberg (1973) some roles gain more importance with respect to the managerial role and informational role is heavier with the staffing functions. In the previous literature studies measuring empowerment from the employees' perceptions are observed. In this study empowerment and its causal relationships with information disseminator role of the manager and addingly the company performance are measured from the managers' perceptions. Thus we also aimed that managers will make a self-evaluation and that they will gain insight about their role as information disseminators and empowerment agents.

Validation of the scales through Confirmatory Factor Analysis is another major expected contribution of this study.

Major research questions and main hypotheses based on these questions are stated below:

Does the information disseminator role of the manager have an influence on empowerment?

Does the information disseminator role of the manager have an influence on company performance?

Does empowerment have an influence on company performance?

The following main hypotheses were tested:

Ha1: The information disseminator role of the manager has a positive influence on empowerment.

Ha2: The information disseminator role has a positive influence on company performance.

Ha3: Empowerment has a positive influence on company performance.

2 Methods

2.1 Sample

The sample is chosen from the first 500 companies list, 2013 of the Chamber of Industry. The list is based on the sales volumes of the companies. 156 purchasing or human resource managers from 156 different companies from various sectors accepted to participate in the survey. The data was collected in 4 months.

One functional manager from each company was given a face to face administered questionnaire. We based our model on Mintzberg's classification of managerial roles. Mintzberg (1973) indicated that some roles gain more importance with respect to the managerial role and informational role is heavier with the staffing functions. Therefore

one functional manager with the staffing function was chosen from each company. These were either human resources or purchasing managers of the companies. Therefore the level and the type of management (staffing function) are control variables.

2.2 Measurement Scales

The measurement scale used for this study is adapted and developed from the following scales and converted to a six point Likert scale.

Empowerment at Work Scale:

This measure, developed by Spreitzer (1995), describes the extent to which employees believe they are empowered in their jobs. Empowerment has been defined as the intrinsic motivation resulting from four cognitions reflecting an individual's orientation to his or her work role. The four cognitions are meaning, competence, self-determination and impact (Spreitzer, 1995). Meaning involves a fit between requirements of a work load and a person's beliefs, values, and behaviors. Competence refers to self-efficacy specific to work, a belief in one's capability to perform work activities with skill, analogous to personal mastery. Self-determination reflects autonomy over the initiation and continuation of work processes and making decisions about work methods, pace and effort. Impact is the degree to which a person can influence strategic, administrative, or operating outcomes at work (Fields, 2002). Alpha values ranged from .81 to .87 for meaning, .76 to .84 for competence, .79 to .85 for self-determination, and .83 to .88 for impact. Alpha for a combined scale for overall empowerment was .72 in an industrial sample. A factor analysis showed that 12 items all loaded on four factors corresponding to the dimensions of meaning, competence, self-determination, and impact (Gagne et al., 1997; as in Fields, 2002). In Kraimer, Seibert, and Liden (1999), confirmatory factor analysis in two samples collected at different points in time showed that the four empowerment dimensions were distinct from one another (Fields, 2002).

Information Flow

The information disseminator role of the manager is measured by the *information flow scale* which is adapted from Organizational Culture Survey (Glaser, Zamanou and Hacker, 1987).

Information Flow is defined as the sufficient information to do one's job, communication about changes, and contact with other work areas which reflect the elements of the information disseminator role of the manager.

Corporate Performance

Corporate performance scale is adapted from the scale developed by Choi and Lee (2003). Items adapted to six point Likert scale are: Compared to key competitors, my company
 1 . . . is more successful 2 . . . has greater market share 3 . . . is growing faster 4 . . . is more profitable 5 . . . is more innovative 6 . . . is of larger size

3 Results

3.1 Descriptive Characteristics of the Sample

Out of the total sample of 156 departmental managers 79 are Human resources managers and 77 are purchasing department managers. 87 female and 69 male respondents. 94 of the respondents are university graduates, 20 have masters degree and 42 are high school

graduates. Years worked in the organization varies: 25 respondents have been managing their departments for 1 year, 27 people for 2 years, 10 for 3 years, 10 for 4 years 12 for 5 years 10 for 6 years only 7 people for 20 years and the rest also varies.

3.2 Results of the Reliability Analyses

Cronbach Alpha value for the empowerment total is 0.892. Cronbach Alpha value for the effectiveness total is 0.857 Cronbach Alpha value for the information flow is 0.91.

Reliability values indicate that scales are highly internally consistent.

The previous validity and reliabilities of the empowerment scale shows a strong theoretical foundation for the scale (Fields, 2002).

Based on the theoretical sub constructs of the construct empowerment, Confirmatory factor analyses are done to test the construct validities for our sample.

3.3 Testing for the Construct Validity of the Empowerment Scale

Confirmatory factor analyses are done using AMOS 21 in order to test for the construct validity of the empowerment scale.

The first run of the CFA did not give a valid model fit with the data. By looking at the modification indices, covariances are added to the model. The model is run for the second time. The Default model value were as the following: CMIN/DF=3.839 (acceptable fit) and GFI=0.831 (not acceptable; since the acceptable fit ranges from 0.85 to 0.89). RMSEA=0.135 which was not acceptable either. (Klein, 1998; Schermelleh-Engel, 2003; Schumaker and Lomax, 1996; Sümer, 2000; Şimşek, 2007; Tabachnick and Fidell, 2001). Looking at the modification indices another covariance is added between the error terms h6 and h11 and the model is run for the 3rd time; CMIN/DF=2.860 (good model fit since < 3.00). GFI=0.876 (acceptable model fit; between 0.85-0.89), RMSEA=0.110. The default model RMSEA result was still questionable but model fit values are sensitive to sample size (Byrne, 2010). Looking at the estimates standardized regression weights were all significant with $p=0.000$ as shown in Table 1. Covariances were also significant, $p=0.000$.

Table 1: CFA estimates for the empowerment scale

	Estimate
emp3 <--- meaning	.578
emp2 <--- meaning	.698
emp1 <--- meaning	.688
emp6 <--- competence	.377
emp5 <--- competence	.841
emp4 <--- competence	.582
emp9 <--- determination	.666
emp8 <--- determination	.719
emp7 <--- determination	.811
emp12 <--- impact	.714
emp11 <--- impact	.623
emp10 <--- impact	.741

3.4 Testing for the Construct Validity of the Information flow scale

In order to test for the construct validity in our existing sample confirmatory factor analysis is run for the information flow scale. Model is fit with the data set. Chi-square=1.617 Degrees of freedom=2.00 and $p=0.044$, insignificant which means model is fit.

Other values for the model fit indicated the following: CMIN/DF Default=0.808, GFI=0.995 (good fit>0.90) RMSEA=0.000. (good model fit <0.05). All estimated standardized regression weights of the flows were significant as shown in Table 2.

Table 2: CFA estimates for the information flow scale

	Estimate
infoflow4 <--- infoflow	.684
infoflow3 <--- infoflow	<u>.885</u>
infoflow2 <--- infoflow	.944
infoflow1 <--- infoflow	.866

3.5 Testing for the Construct Validity of the Company Performance Scale

CMIN/DF default =3.426 (acceptable fit<4-5), GFI= 0.934, RMSEA=0.125. Model is improved by looking at the modification indexes. A covariance is added between the error terms of heffect2 and heffect1. Test is repeated. Chi-square=14.818, Degrees of freedom =8 Probability=0.063 insignificant which means that very good model fit. Addingly: Cmin/df=1.852 very good model fit. GFI=0.967 good model fit. RMsea=0.074 (acceptable fit;0.06-0.08). All paths are significant with $p=0.000$ and the following item loadings as shown in Table 3.

Table 3: CFA estimates for the company performance scale

	Estimate
effect6 <--- effectiveness	.862
effect5 <--- effectiveness	.679
effect4 <--- effectiveness	.833
effect3 <--- effectiveness	.572
effect2 <--- effectiveness	.588
effect1 <--- effectiveness	.603

3.6 General Research Model is shown in Figure 1

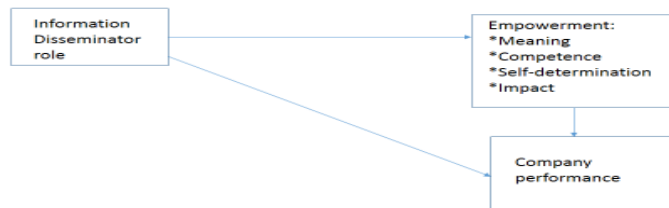


Figure 1: General Research Model

3.7 Testing the first main hypothesis

Ha1: The information disseminator role of the manager has a positive influence on empowerment.

Amos 21 and Structural Equation Modelling is used to test the first hypothesis. SEM allows us to run several regression equations at the same time. The analysis models (where each latent variable is represented by measurement models) give more reliable results by allowing for inclusion of the error terms (Byrne, 2010 as cited in Demirel and Fikes 2014).

The following hypotheses are tested:

Ha1.1: Information flow has a positive statistically significant influence on the meaning component of psychological empowerment and explains the variance in it.

Ha1.2: Information flow has a positive statistically significant influence on the competence component of psychological empowerment and explains the variance in it.

Ha1.3: Information flow has a positive statistically significant influence on the self-determination component of psychological empowerment and explains the variance in it.

Ha1.4: Information flow has a positive statistically significant influence on the impact component of psychological empowerment and explains the variance in it.

The model is tested several times and modified by looking at the modification indices values. Each time a new covariance is added between error terms and sometimes the residuals the model is run again till the best model fit is attained. While doing the modifications we preferred adding covariances between only the error terms and between the residuals, because adding covariances between the variables (sometimes highest M.I values are between those variables) might have affected the theory (Byrne, 2010). The initial default model did not give a good fit with the model. Cmin/DF=5.784. GFI= 0.664 and RMSEA=0.176. Model is thus improved by checking the modification indices and adding the necessary covariances and by running the model several times. Final modified model values proved good fit with the data: Cmin/df=1.501, GFI=0.914 and RMSEA=0.057. The generally accepted good fit values are <3 for cmin/df, >0.90 for GFI and <0.05 for RMSEA (0.06-0.08;acceptable fit) (Klein,1998; Schermelle-Engel vd.,2003; Schumaker and Lomax,1996; Sümer, 2000; Şimşek,2007;Tabachnick and Fidell,2001).

Then we checked the regression estimates. All paths from the info construct to the 4 theoretical constructs of the empowerment proved statistically significant results as shown in Table 4.

Table 4: (default model) Standardized regression weights
p values

meaning	←-	info	.285	0.005
competence	<---	info	.267	0.008
determination	<---	info	<u>.329</u>	<u>0.000</u>
impact	<---	info	.243	0.013

All of the hypotheses are substantiated.

3.8 Testing the Second Main Hypothesis

SPSS 21 and simple linear regression is used to test the hypothesis.

Ha2: The information disseminator role has a positive influence on company performance.

We took index for information items and named it infototal (Alpha=0.91). We also took index for company performance by adding the items and named it effecttotal (Alpha=0.86).

Linearity is checked. First we looked at the normality scatter plots. There was also no multicollinearity.

Simple linear regression model proved significant with $p=0.000$. Standardized beta coefficient was 0.271 which was statistically significant $P= 0.001$. Hypothesis is substantiated.

3.9 Testing the Third Main Hypothesis

SPSS 21 and multiple regression analysis is used to test the hypothesis

Ha3: At least one of the factors of empowerment has an influence on effecttotal and explains the variance in it.

Before running the *multiple regression analysis* F1emp (emp1,emp2, emp3), F2emp (emp4, emp5, emp6), F3emp (emp7,emp8,emp9) were computed. Multiple regression analysis model was significant with $p=0.000$. $F=9.175$ and $R\ square=0.20$.

Ha3 is *substantiated for the F3emp component (self-determination) only*. Self-determination has a positive influence with $\beta=0.285$ and $\text{sig. } p= 0.012$ on effecttotal.

4 Conclusion

In this study we empirically tested a model on the relationships between the information disseminator role of the leader as the manager letting the information flow both ways at the right time to right people, the empowered employees and company performance. Empowerment is a “participative management” tool (Robbins, 2005) and participative management is only possible by sharing organizational information.

The results of this research supported the causal effects of the information disseminator role of the managers as an empowerment tool in the organization from the perceptions of the managers themselves. Managers in the sample were 156 human resources managers or purchasing managers from 156 different companies. These are the managers who conduct

the staffing function in the organization. According to Mintzberg (1973) some roles gain more importance with respect to the managerial role and informational role is heavier with the staffing functions. The empirical results of this study indicated that information flow has significant influence on all of the components of psychological empowerment; meaning, competence, self-determination and impact. Empowerment has been defined as the intrinsic motivation resulting from four cognitions reflecting an individual's orientation to his or her work role (Spreitzer, 1995). Meaning involves a fit between requirements of a work load and a person's beliefs, values, and behaviors. Competence refers to self-efficacy specific to work, a belief in one's capability to perform work activities with skill, analogous to personal mastery. Self-determination reflects autonomy over the initiation and continuation of work processes and making decisions about work methods, pace and effort. Impact is the degree to which a person can influence strategic, administrative, or operating outcomes at work (Fields, 2002). Other results indicated that the information disseminator role has a positive influence on company performance. However, only self-determination component of empowerment has a positive influence on company performance for our sample.

This study has both theoretical and practical implications for managers. We aimed that managers will make a self-evaluation and that they will gain insight about their role as information disseminators and empowerment agents. Adaptation and validation of the scales through Confirmatory Factor Analysis is another major contribution of this study.

CFA s for construct validity are tested using AMOS 21. A sample exceeding 200 would be more efficient since Structural equation modelling is sensitive to sample size (Byrne, 2010). It is possible that influences of all of the sub constructs of empowerment on company performance could have been statistically significant with a greater sample size.

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