



Empowering leadership and managers' career perceptions: Examining effects at both the individual and the team level

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ABSTRACT

In a multilevel model of leadership behavior, we investigated whether and how empowering leadership affects individuals' career perceptions. We developed a conceptual model that links empowering leadership at the individual level and at the group level (mean as well as dispersion) to individuals' career self-efficacy and career satisfaction. To test our model, we used questionnaire data from a multilevel data set of 2493 employees in leadership positions nested in 704 teams from a large German corporation. Hierarchical linear regression analyses showed that empowering leadership at the individual level was positively related to career self-efficacy, which in turn mediated the relationship between empowering leadership and career satisfaction. Empowering leadership at the group level was positively related to career self-efficacy when it was conceptualized as leadership differentiation (i.e., the standard deviation of empowering leadership ratings), but not when it was conceptualized as leadership climate (i.e., mean empowering leadership ratings). Career self-efficacy in turn mediated the relationship between empowering leadership differentiation and career satisfaction. Finally, we found a negative relationship between empowering leadership differentiation and career satisfaction.

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Introduction

There is an ongoing trend for organizations to become leaner and more cost-efficient. As a consequence of establishing flatter hierarchies, employees' responsibilities at lower hierarchical levels expand (Argyris, 1998; Forrester, 2000). Moreover, it is increasingly the respective individuals themselves, rather than their organizations, who are responsible for their careers (Sullivan, 1999). Long-term career planning by organizations has become more difficult and has partly been replaced by employees' own career management, as described in boundaryless (Arthur & Rousseau, 1996) or protean career concepts (Hall & Moss, 1998). Empowered employees with individual career plans may create problems for organizations insofar as employees' career planning must not necessarily include a continuous career in the current organization. But especially because of an increasing reliance on complex knowledge work and rapid technological advancements, the retention of managers and other high-quality employees is vital for the success of today's organizations (Grant, 1996; Holtom, Mitchell, Lee, & Eberly, 2008). Promising development opportunities and career perspectives for employees have been shown to decrease turnover (Kraimer, Seibert, Wayne, Liden, & Bravo, 2011) and thus offer organizations the means to enhance career satisfaction and retain valued employees. Leadership plays an important role

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in facilitating access to career development opportunities. Gaining knowledge on the impact that supervisors have through their leadership behaviors on the career self-efficacy and career satisfaction of key employees can thus help organizations to establish practices to increase performance and prevent or at least decrease turnover that is motivated by a perceived lack of career opportunities.

In this regard, scholars and practitioners alike have in recent years shown great interest in the concepts of empowerment and empowering leadership. Leaders may “lead others to lead themselves” (Manz & Sims, 1987: 119) and foster employee empowerment by exhibiting empowering leadership behaviors that shift responsibility and authority from the leader to the subordinates (Amundsen & Martinsen, 2014; Zhang & Bartol, 2010). The construct of psychological empowerment is typically defined by the four cognitions impact, competence, autonomy, and meaningfulness (Spreitzer, 1995). Empowerment has been shown to foster employee motivation as well as attitudinal and performance outcomes at both the individual (e.g., Zhang & Bartol, 2010) and the team level of analysis (e.g., Kirkman & Rosen, 1999). However, most studies on empowerment have examined the effects of psychological empowerment itself, rather than the effects of empowering leadership (Seibert, Silver, & Randolph, 2004; Seibert, Wang, & Courtright, 2011; Spreitzer, 2008). Scholars have identified different antecedents of psychological empowerment such as organizational structure, organizational culture, task characteristics, and work design (Maynard, Gilson, & Mathieu, 2012; Maynard, Mathieu, Gilson, O’Boyle & Cigularov, 2013; Seibert et al., 2011). Nevertheless, in recent years there has been a surge of interest in the effects of empowering leadership behaviors (e.g., Ahearne, Mathieu, & Rapp, 2005; Chen et al., 2011; Lorinkova et al., 2013; Martin et al., 2013). A strong interest in this leadership style appears to be justified given that such leadership behaviors are in line with the trend to grant employees greater discretion at work to foster motivation and unlock the potential of an increasingly better educated and more skilled workforce (Srivastava, Bartol, & Locke, 2006). We argue that the concept of empowering leadership lends itself particularly well to explore the link between leader behaviors and employees’ career perceptions.

However, the association between empowering leadership and various outcomes appears to be rather complex. Although on average empowering leadership has positive effects on satisfaction and performance, the strength of these relationships seems to strongly depend on the context (e.g., Stewart, 2006). Some studies have been unable to confirm positive effects of empowering leadership (e.g., Mathieu, Gilson, & Ruddy, 2006), and others have yielded surprising findings regarding which employees benefit more and which employees benefit less from empowering leadership behaviors (e.g., Ahearne et al., 2005). Current knowledge of the effects of empowering leadership in organizations is still incomplete and many important issues remain unresolved (Lorinkova et al., 2013). We contend that different ways through which empowering leadership behaviors might impact individual outcomes must be distinguished to explain these mixed findings. This is in line with Kirkman and Rosen (1999), who reasoned that it is important to conduct multi-level studies to determine optimal levels of empowerment at the individual and the group level. To date, however, most research has examined the effects of empowering leadership at *either* the individual *or* the group level, but not at both levels simultaneously. A notable exception is a study by Chen, Kirkman, Kanfer, Allen, and Rosen (2007), who investigated the effects of leader-member exchange (LMX) and empowering leadership on individual and team performance. With respect to empowering leadership, however, this study actually examined two different constructs — leadership climate and psychological empowerment. But to disentangle effects of a predictor at different levels of analysis, the most straightforward approach is to study the same construct at multiple levels simultaneously (Firebaugh, 1978).

We develop a multilevel model of empowering leadership behavior that distinguishes among three distinct ways in which empowering leadership impacts subordinates’ career perceptions, each of which offers unique theoretically and managerially meaningful implications that complement those derived from the respective other two aspects: first, a leader can directly exhibit empowering behavior toward an individual follower; second, a leader can empower the follower’s whole team; and third, a leader can differentiate among followers and enact empowering behavior in different degrees in relation to different followers in a team. The first of these aspects pertains to the individual, whereas the second and third aspects pertain to the group level of analysis. We use arguments from LMX theory (Dansereau, Graen, & Haga, 1975; Erdogan & Liden, 2002; Graen, 1976; Graen & Uhl-Bien, 1995; Liden, Sparrowe, & Wayne, 1997) to explore the underlying mechanisms for the three ways in which empowering leadership affects followers. LMX focuses on dyadic relationships between leaders and followers and on how the quality of these relationships affects outcomes such as satisfaction and performance (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Liden et al., 1997). LMX theory assumes that leaders develop different types of relationships with different followers (Ilies, Nahrgang, & Morgeson, 2007). We adopt this underlying logic to examine the relationship between empowering leadership enacted by superiors on the one hand and the career self-efficacy and career satisfaction of subordinate managers on the other. We thus assume that leaders differ from one another both with respect to the mean levels of empowering leadership behaviors they enact toward their respective group of followers and concerning the extent to which they exhibit leadership differentiation — that is, the degree to which they differentially empower followers.

With the exception of LMX, leadership approaches typically assume that leaders generally behave similarly toward different subordinates. Thus, virtually all studies of empowering leadership conducted at the group level have conceptualized and operationalized empowering leadership as leadership climate (i.e., mean levels of empowering leadership ratings provided by followers; e.g., Chen et al., 2011; Lorinkova et al., 2013; Srivastava et al., 2006). However, we argue that it would be unrealistic to assume that empowering leadership behaviors are always and necessarily enacted similarly toward all followers. If leaders wish to enhance the career self-efficacy and career satisfaction of focal individuals (e.g., highly valued employees), it is important to ask not only about the extent to which empowering behaviors are conducive to this end, but also whether the leader should empower the members of his or her group similarly or differentially. Whereas the importance of examining the question of whether equal or differential treatment of group members is more conducive to individual-level outcomes has received attention in the LMX literature (e.g., Liao, Liu, & Loi, 2010), it has been all but ignored in the empowering leadership literature. For the LMX literature, Gooty and Yammarino (in press) have shown that the simultaneous investigation of LMX at different levels of analysis, including the examination of LMX

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