



## A hole in the ladder: How to reconcile the benefits of equality with the merits of hierarchy



Simon A. Moss<sup>a,\*</sup>, Samuel G. Wilson<sup>b</sup>

<sup>a</sup> School of Psychology, Counselling, and Psychotherapy, Cairnmillar Institute, 993 Burke Road, Camberwell, Australia

<sup>b</sup> Swinburne Leadership Institute, Swinburne University of Technology, PO Box 218, Hawthorn, Australia

### ARTICLE INFO

#### Article history:

Available online 31 October 2013

#### Keywords:

Equality  
Hierarchy  
Self-determination  
Wellbeing

### ABSTRACT

During recent decades, many researchers have advocated the benefits of equality over hierarchy. These scholars, for example, have argued that income should be uniform across the organization, layers of management should be dismantled, and that employees should be granted opportunities to participate in decisions that affect their lives. Yet, many complications of equality have also been unearthed. For instance, variability in income is sometimes positively associated with performance, employees tend to prefer organizations that are characterized by many tiers of management, and employee participation in all key decisions can undermine efficiency. Managers, therefore, must introduce measures that temper these complications. To identify suitable measures, managers need to understand how different dimensions of equality impinge on the determinants of wellbeing and performance. To fulfill this need, this paper first distinguishes three dimensions of equality: participation, authority, and income. Next, this paper invokes a variety of theories—from compensatory control to dominance complementarity—to understand how each dimension of equality affects the core needs of individuals, as defined by self-determination theory. Equality of authority tends to impede all three needs: relatedness, autonomy, and competence. Equality of participation and equality of income, however, foster all three needs. One exception is that equality of income may diminish competence on tasks that demand the application of established principles rather than intuition. This framework clarifies the designs and practices of organizations that may optimize wellbeing and enhance performance.

© 2013 Elsevier Ltd. All rights reserved.

### Introduction

Over the past few decades, the controversy over the benefits of equality in organizations, despite abating occasionally, has surfaced frequently. The weight of evidence about the merits of equality has vacillated over time. For example, during the 1990s and 2000s, the empowerment literature burgeoned (Spreitzer, 1995, 1996). As these studies showed, whenever employees feel their perspectives are respected and their solutions are heeded, they become more committed to their work (Chang, Shih, & Lin, 2010). Their performance also improves significantly (Huang, Iun, Liu, & Gong, 2010). Consequently, scholars recommended that all employees should be able to contribute their opinions and suggestions to all key changes that affect their lives (cf., Albert, 2003, 2006). The perspective of everyone should be treated equally.

However, some vital discoveries tempered the utility of this advice. As Hmieleski and Ensley (2007) demonstrated, in some circumstances, leaders who impose directives, rather than discuss

alternatives, are more likely to enhance the performance of workplaces. For example, when the industry or market is turbulent, and the management team is diverse, decisions need to be reached expeditiously. Leaders who encourage discussion and debate in apparently volatile conditions simply do not fulfill this need (Grint, 2010).

The importance of equality, however, is manifested in other guises. During the late 1990s, the concept, if not the practice, of horizontal organizations swept the globe, popularized by some influential books (e.g., Ostroff, 1999). Proponents of this movement argued, in essence, that fewer levels of management, coupled with the right of employees to reach more decisions, could facilitate the performance of organization.

Despite some of the benefits of this design, researchers discovered that people often prefer hierarchical organizations—organizations that comprise many tiers or levels. These hierarchical organizations are often perceived as more effective (Zitek & Tiedens, 2011). Consistent with the research into system justification theory (Jost, Pelham, Sheldon, & Sullivan, 2003), even individuals who occupy the lower echelons of organizations often reject the suggestion to dismantle these hierarchies.

\* Corresponding author. Address: Cairnmillar Institute, 993 Burke Road, Camberwell 3124, Australia.

E-mail address: [Simon.Moss@cairnmillar.edu.au](mailto:Simon.Moss@cairnmillar.edu.au) (S.A. Moss).

Debates about equality, however, become especially heated as the topic extends to income inequality. [Wilkinson and Pickett \(2009\)](#) published a popular book that fueled this controversy. They showed that inequality of income across nations was associated with a raft of social ills, from depression and anxiety to teenage pregnancy and even crime. Even inequalities within organizations were found to be associated with disloyalty rather than commitment in employees ([Wade, O'Reilly, & Pollock, 2006](#)).

However, in a cogent review, [Trevor \(2012\)](#) uncovered some complications to this perspective. According to Trevor, this variability or dispersion in pay across the organization can enhance performance, at least in specific settings. In one study, for example, dispersion in pay was positively associated with the performance of hockey teams, provided the capabilities of players also varied markedly. When the capabilities of individuals vary appreciably, this dispersion in pay may be perceived as just and may also be necessary to retain the most effective members.

As this body of research has demonstrated, equality on various privileges—such as participation in decisions, authority to settle decisions, and levels of income—may not always be beneficial. Equality on these rights has both benefits and complications ([Trevor, 2012](#)). The goal of researchers and managers to unearth the right level of equality may be only an elusive dream. Instead, organizations may need to introduce measures that accommodate, or even preclude, the complications that every level of equality may provoke.

Unless managers appreciate how the various dimensions of equality affect the antecedents to wellbeing and performance, they will not be able to introduce measures that prevent these complications. Some of the unintended and unwelcome effects of equality, for example, may be overlooked. To resolve this shortfall, this paper invokes a variety of theories to show how equality in participation, authority, and income each foster or impede the three core needs of individuals, as defined by self-determination theory ([Deci & Ryan, 2008](#); [Deci et al., 2001](#)).

### Three dimensions of equality

Equality can manifest in many different guises. Managers may interact informally with subordinates ([Hofstede, 1980](#)). They may share sensitive information ([Hofstede, 1980](#); [O'Driscoll, Pierce, & Coghlan, 2006](#)) and may depend on the expertise of subordinates ([Hofstede, 1980](#)). They may grant employees more discretion to decide which tasks to complete and how to undertake these activities ([Karasek, 1979](#)). Their wage may be slightly, rather than markedly, greater than a typical employee ([Rynes & Gerhart, 2000](#)). Their bonuses and options may also be modest ([Rynes & Gerhart, 2000](#)), and their privileges, such as the right to travel business class, may be withdrawn.

The literature on justice implies that all of these manifestations of equality could be reduced to three key dimensions. Specifically, scholars of justice tend to classify the various facets of justice into three constellations: interactional, procedural, and distributive (for a review, see [Colquitt, 2001](#)).

To observe the principle of interactional justice, managers should willingly respect the perspectives, opinions, and preferences of employees and accurately justify their resolutions ([Bies & Moag, 1986](#)). Interactional justice, therefore, entails both interpersonal respect as well as unfettered communication ([Colquitt, 2001](#)) and characterizes the behavior of managers before and after they reach a decision.

In contrast, to observe the principles of procedural justice, the procedures that managers implement to reach decisions should be applied consistently, impartially, and comprehensively ([Leventhal, 1980](#)). Managers should not, for example, favor a particular

constituency. Procedural justice characterizes the systemic practices that are applied to settle decisions.

Finally, to fulfill the principle of distributive justice, employees should receive the rewards or recognition they deserve ([Adams, 1963](#)). These rewards and recognitions should be distributed equitably, proportional to the contributions of individuals ([Adams, 1963](#)). Distributive justice, therefore, characterizes the allocation of resources.

Equality is germane to all three variants of justice. Interactional justice, for example, implies the perspectives, opinions, and preferences of all employees should be valued equally ([Bies & Moag, 1986](#)). Procedural justice implies that everyone should be subjected to the same principles ([Leventhal, 1980](#)). Distributive justice implies the ratio of rewards to contributions should be the same in everyone ([Adams, 1963](#)).

Because of this intimate association between equality and justice, the various manifestations of equality could perhaps be reduced to three dimensions as well, analogous to interactional, procedural, and distributive justice. Like interactional justice, the first dimension of equality could relate to the behavior of managers before and after they reach a decision. In particular, this dimension could relate to the extent to which managers embrace the suggestions, requests, and feedback of all employees equally, called equality of participation. A participative leader would epitomize equality on this dimension, whereas a directive leader would epitomize inequality (cf., [House, 1996](#)).

Second, like procedural justice, the second dimension of equality could be restricted to the practices that are applied to settle decisions. Specifically, this dimension could relate to the extent to which individuals are granted authority to reach decisions that affect their lives, called equality of authority. A horizontal design exemplifies equality on this dimension, in which many individuals are granted the authority to reach an array of decisions, whereas a vertical design exemplifies inequality on this dimension ([Ostroff, 1999](#)) and is sometimes called concentration of authority ([Dragoni & Kuenzi, 2012](#)).

Finally, like distributive justice, the third dimension of equality could be restricted to the allocation of resources, especially income. Modest executive pay may typify equality on this dimension, whereas exorbitant executive pay may typify inequality. [Table 1](#) outlines these three dimensions of equality.

**Table 1**  
Three dimensions of equality.

Dimension of equality	Characteristics of high equality	Characteristics of low equality
Equality of participation	Managers actively seek, and genuinely strive to heed, the perspectives, opinions, and preferences of all employees to reach decisions	Managers do not seek, and often dismiss, the perspectives, opinions, and preferences of employees to reach decisions
Equality of authority	The organization comprises relatively few tiers of management. Many employees are granted the discretion to reach a broad array of decisions autonomously	The organization comprises many layers of management. Few employees are granted the discretion to reach a broad array of decisions autonomously
Equality of income	Levels of income, including bonuses and options, vary only marginally across employees. As employees ascend the corporate hierarchy, their income rises only modestly	Levels of income vary appreciably across employees. As employees ascend the corporate hierarchy, their income rises dramatically

Download English Version:

<https://daneshyari.com/en/article/1014785>

Download Persian Version:

<https://daneshyari.com/article/1014785>

[Daneshyari.com](https://daneshyari.com)