

Managing empowerment: adjusting organisational units' autonomy to achieve corporate agility

Organisational
units and
corporate
agility

527

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Abstract

Purpose – Empowerment is recognised as being a key to achieving organisational agility. Typically associated with a particular leadership style, implications of empowerment for management have remained vague in the literature. Thus, this study aims at unpacking the facets and mechanisms of empowerment in the context of organisational units (OUs).

Design/methodology/approach – First, the authors review the extant literature and discuss the crucial concepts in the context empowerment. Then, the authors analyse qualitative data from interviews conducted in four research and development (R&D) departments in the industrial manufacturing industry.

Findings – This study finds that the empowerment of business entities is crucial when operating in turbulent conditions. However, empowerment must be accompanied by a clear focus when aiming at higher agile performance. Moreover, different autonomy types and their interplay with critical factors of middle management empowerment could be identified. The research results also reveal important details about the effects of autonomy on motivation and performance and the role of OUs' dependencies.

Practical implications – The model proposed in this paper can help senior and middle managers better manage the empowerment of OUs required to enhance middle management agility and, in turn, increase overall organisational adaptability.

Originality/value – Beyond regarding empowerment as a leadership style, this paper takes a middle management perspective and unfolds the facets of empowerment in the context of OUs. Adding to the theory of self-organisation, a model is proposed to capture the key factors to determine and manage the autonomy of OUs. These insights are essential to managing autonomy successfully at the middle management level.

Keywords Autonomy, Agility, Empowerment, Leadership, Self-organisation, Self-management, Organisational units, Middle management, Dynamic capabilities, Decentralisation, Qualitative research

Paper type Research paper

1. Introduction

Increasing dynamics and complexities in business environments, expressed by the acronym Volatility, Uncertainty, Complexity and Ambiguity (VUCA), drive the need for agility at different organisational levels (Xing *et al.*, 2020; Holbeche, 2015) and compel companies to enhance their dynamic capabilities to be able to adapt (Oliva *et al.*, 2019). To achieve agility, scholars recognised decentralisation as a key concept (Holotiuk *et al.*, 2018). In the organisational context, it means to employ empowered, autonomous and self-organised entities (Stray *et al.*, 2018). However, when it comes to developing agile teams, the question of how to align empowerment, autonomy and self-organisation has yet to be answered sufficiently.

1.1 Empowerment and its corresponding concepts

Harraf *et al.* (2015, p. 679) defined empowerment as the “relationship between leadership and employees through authority, autonomy, and other factors.” Unpacking the interrelations of



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these concepts, empowerment can be understood as the deliberate process of distributing power by delegating authority or responsibility and granting freedom (autonomy) to teams or individuals (Mathieu *et al.*, 2008). Coordinating these factors as a management task is underpinned by Schillo (2002), stating that adjusting self-organisation and autonomy are two sides of one coin. In other words, (autonomous) self-organisation, also referred to as self-management, is based on participative or independent decision-making (authority) and implies an advanced degree of autonomy (Bea and Göbel, 2010; Schwaber and Sutherland, 2020). Oltra *et al.* (2022, p. 142) also highlight the combination of empowerment and autonomy and describe this tandem from the perspective of project members as being “allowed to take risks, learn by trial and error and [...] be able to decide for themselves with lots of trust given by team leaders.” The way how empowerment of middle management research evolved was discussed in a recent study (Mustafa *et al.*, 2022), whilst other academics have explored the challenging role of middle managers and the meaning of their empowerment (Azambuja and Islam, 2019; Raelin and Cataldo, 2011).

Focussing on the leadership aspect, empowerment has been described as being a particular leadership style (Brand *et al.*, 2021; Mathieu *et al.*, 2008). The literature has discussed leadership, for example, in the context of agility and people management (Mollet and Kaudela-Baum, 2022) and suggested developing a scope for leadership style adaptation and training (Kolga, 2021). Moreover, scholars have identified leaders’ communication (Pearse, 2017) or entrepreneurial leadership capabilities (Saksa, 2021) as crucial in dynamic conditions.

Research on middle management and self-organisation, are becoming increasingly important. In more recent studies, it is suggested that research should focus more on the importance of organisational culture and the influence on ethical problem-solving and decision-making of middle managers (Hiekkataipale and Lämsä, 2019; Whysall *et al.*, 2019).

1.2 Fostering middle management agility through empowerment

In reflection of the above, organisational agility can be fostered by turning away from a rigid top-down control of line managers and empowering business entities towards more flexible and interconnected units (Pulakos *et al.*, 2019). This might be applied by transferring additional tasks and strategic responsibility (authority) to more micro-level organisational units (OUs), such as departments or business units. For example, Dooren (2011) recommends transferring more of the responsibility for performance management to middle managers. However, when increasing the authority of OUs, their freedom (autonomy) also needs to be extended to be able to respond appropriately. From a management perspective, we argue that this latter part of empowerment is the more challenging one, as it raises fundamental questions, such as how autonomy can be deployed at the middle management level or how much autonomy should be granted to OUs.

In conclusion, empowerment comprises several leadership and management tasks invoking a complex process of alignment. Despite this, research in this field has rather focussed on individual aspects and effects of empowerment, such as decision-making (Lehn, 2018) or motivation (Kakar, 2016). Further, academics have examined characteristics of autonomy and proposed taxonomies (Schillo and Fischer, 2004) or explored its influence on teams (Stray *et al.*, 2018). Many studies have also been dedicated the connection between empowerment and engagement. For example, Koopman *et al.* (2010) found that empowerment can lead to increased intrinsic motivation and job satisfaction related to enhanced well-being and work engagement.

1.3 Managing empowerment at the middle management level

Adding a new perspective to this literature stream, this paper takes a broader scope and investigates the diverse factors’ interplay as crucial for managing empowerment. Moreover, we consider the significant role of middle management in organisational agility that has

widely been neglected in dynamic capability research (Cruz *et al.*, 2021; Glaser *et al.*, 2021). This is underpinned by Aghina *et al.* (2021) who argue that agile transformations require a supportive backbone of the line organisation which OUs typically represent. Filling these research gaps, this study explores the facets and mechanisms of empowerment addressing permanently assigned teams of business departments. OU empowerment is subject to diverse factors that need specific consideration, such as dependencies on other entities or internal structures. Moreover, recent research suggests that each OU needs an individual agile strategy addressing its specific setting and demands (Kahl *et al.*, 2021). Thus, we argue that OUs should also be empowered individually, which raises the research question of what are crucial factors of OU empowerment and how they should be aligned.

The paper's objective is to capture the big picture of OU empowerment by developing a model that includes key factors and their interrelations relevant to operationalise the adjustment of OUs' autonomy. In addressing this objective and adding to the theory of self-organisation, the paper tackles the problem with OU empowerment by providing a better understanding of the needs and factors for managing the empowerment of OUs driving their agility (Brand *et al.*, 2021) and, in turn, enhancing overall organisational adaptability. On the other hand, OUs with appropriate levels of empowerment are more likely to have enhanced employed engagement, productivity and innovation (Den Hartog *et al.*, 2011). This can potentially result in a higher level of human capital value for the organisation (Becker, 1964).

This paper is structured as follows: First, a theoretical background is provided by reviewing relevant literature. Then the research method is described before presenting and discussing the results. Finally, the implications of this study are concluded.

2. Theoretical background

Relevant literature has been reviewed in two areas to provide a theoretical foundation for this research. First, agility drivers are explored to better understand the needs for OU autonomy. Second, autonomy types are discussed as being relevant for business departments.

2.1 *Agility driving the need for OU autonomy*

Scholars broadly agree that many of the drivers for a need for agility (e.g. to be more responsive or innovative) exist in the environmental operating conditions of an OU (Xing *et al.*, 2020). Hence, the role and facets of environmental conditions are unpacked in this section.

The dynamic capabilities of an OU are reflected in its capacity to show agility, or, in other words, determine its ability to respond and adapt to its operating environment effectively and efficiently (Oliva *et al.*, 2019; Holbeche, 2018). The higher the dynamics and uncertainties imposed by the business environment, the higher the need for agility (Teece *et al.*, 2016). Complexity is another driver for a need to be agile and can be defined as the multi-dimensional nature of a system (Scholz-Reiter and Tervo, 2007). In the context of OUs, complexity can for example occur from interacting with other organisational entities, as the behaviour of a system with multiple touchpoints is not predictable (Fuchs, 2007).

Beyond external drivers, dynamics and complexities are inherent in any OU since researchers classify social systems, embodied by groups or teams, as complex, adaptive and dynamic systems (McGrath *et al.*, 2000). These internal characteristics drive the need for adaptation of the OU members. They are mainly determined by the setting of the OUs, such as team size and the composition of individuals with their competencies and personalities.

To achieve agility, researchers convergingly point out the meaning of applying decentralised structures and self-managing entities (Lehn, 2018; Förster and Wendler, 2012), including empowered teams and individuals (Harraf *et al.*, 2015). Such higher levels of autonomy guarantee responsiveness, speed, innovation and low control costs (Holotiuk *et al.*, 2018; Lehn, 2018).

In conclusion, the level of environmental turbulences defines the entities' needs for agility. In turn, a respective degree of OU autonomy is required to engage successfully with a dynamic and complex environment at the middle management level.

2.2 Types of autonomy

OU autonomy is defined as "the capability of an entity to create and control the execution of its own plans and/or strategies" (Tharumarajah *et al.*, 1998, p. 327).

At the organisation level, "autonomy refers to the team being provided freedom by their management" (Stray *et al.*, 2018, p. 2). In more detail, Scott and Davis (2007) distinguish between legitimate and endorsed power. The first type is a hierarchical power primarily based on formal authority granted by superiors. Endorsed power can be understood as an informal space of freedom supported by superiors. For this, developing collaboration practices or culture (Stray *et al.*, 2018) is important.

At the individual level, autonomy is associated with job control and can be observed when it comes to choosing methods and tools or scheduling and prioritising tasks (Sherehiy and Karwowski, 2014). This perspective concerns the OU members and is reflected by agile principles highlighting the importance of people empowerment, involvement and participation (Kakar, 2016). As a counterpart to hierarchical autonomy, the inner autonomy of an OU describes the freedom of the team members granted by the OU head. It is directly associated with the degree of self-management and the internal decision-making process regarding the question of "who does what, when, and how" (Schwaber and Sutherland, 2020, p. 5).

An example can illustrate the two autonomy perspectives: an OU can have maximum degrees of freedom granted by its superior authority (hierarchical autonomy) and operate highly autonomously within the organisation, but the internal control structure of the OU might be autocratic, fully centralised and focussed on the head of the entity, i.e. the inner autonomy is low.

The types discussed above can be evaluated objectively and thus are consolidated in the term actual autonomy. In addition, there is a subjective dimension of autonomy called perceived autonomy. It describes the perceived fit of freedom experienced by individuals related to their personal expectations (Houlfort *et al.*, 2002). This autonomy type is important for individuals' motivation, engagement and job satisfaction (Holbeche, 2018; Houlfort *et al.*, 2002). However, a perceived autonomy gap is not necessarily linked to an insufficient level of actual autonomy addressing environmental needs, as it can also result from human's aspiration for independence (Schulz von Thun, 2018). That is, perceived autonomy is affected but not necessarily determined by actual autonomy as numerous factors influence the subjective experience of autonomy. In conclusion, the perceived autonomy fit of OU members can have an impact on the entity's agility, but it is not related to the mechanisms of actual autonomy and thus requires specific management.

To sum up, OU autonomy can be specified in actual autonomy comprising hierarchical and inner autonomy and perceived autonomy. These autonomy types are important for fostering the agility of an OU.

3. Research method

A qualitative study was conducted to explore the autonomy types identified in the literature and better understand the underlying mechanisms in the context of OU agility. Based on a case study comprising four departments in different companies, 17 executives and clerks were interviewed.

Purposive sampling was applied for the case study objects to aim at comparable results. In this context, similar corporate departments were selected, including large companies

(>500 people) in the industrial manufacturing sector. This implies complex products, business processes and organisational structures that invoke a more urgent need to gain agility. Considering the cultural influence of geographic regions is also important because they can vary significantly and impact the research results (McSweeney, 2016). Thus, and for accessibility reasons of the researcher, the selection was concentrated on companies located in Germany and Austria. According to the GLOBE study classification, the two countries belong to the Germanic Europe Cluster (<https://globeproject.com/>). Moreover, all OUs were represented by research and development (R&D) departments since they mostly consist of heterogeneous staff and have to manage diverse input from the organisation, usually linked to tight deadlines and competing for budgeting constraints. Besides similar OU characteristics chosen for replication purposes, stratification was applied regarding the industrial sector and size of the OUs. That is, departments from different industries were selected (building equipment, consumer goods, automotive industry and industrial components) and OU sizes ranging from 6 to 81 members were considered. This selection was applied to gain rich data influenced by different settings.

A purposeful and randomised sampling was applied for selecting the interview candidates within the departments. It considered representatives of different teams, responsibilities and individuals' statuses (executive/clerk). If more than one person was able to provide relevant information, candidates were randomly selected by the researcher. After inviting the selected candidates and obtaining their written consent, the in-depth interviews were conducted via videoconference guided by an interview protocol that was prepared beforehand and used to make notes during the conversation. First, open-ended and more general questions were asked to obtain unbiased information from the participants' experiences with autonomy and its impact on the departments' agility. For example, it was asked: which role does autonomy play in the adaptability of your OU? Then, probing questions explored the participants' opinions, convictions and interpretations, which could explain the underlying mechanisms. Questions were posed, such as: how does freedom granted by your boss affect the day-to-day work in the department? After interviewing 9 executives and 8 clerks, saturation was reached, indicated by consistent and satisfactory answers to the prepared questions and similar information that emerged during the interviews.

The recorded interviews were transcribed and analysed in a two-step approach: first, each case was interpreted, and then, a cross-case analysis was conducted. For this purpose, thematic analysis was applied as proposed by Braun and Clarke (2006) and described in Table 1.

The data analysis process yielded a tree of themes iteratively refined by rereading the text and searching for patterns. After constantly adapting the themes' names and structure, four key themes were identified for autonomy affecting agility, as highlighted and underpinned by quotes in the next chapter. NVivo was used to manage the collected data and to aid in the iterative analysis process. As researchers (Harding, 2013) recommended, no automated analysis functions were used to avoid limitations due to an uncontrolled or non-verifiable analysis process and thus ensure the quality of the complex data analysis process.

Various quality measures were taken to reduce bias and increase the credibility of the study. The deliberate sample of experts from different departments and hierarchy levels allowed applying data triangulation by comparing and cross-checking data from multiple sources and perspectives (Patton, 1999). An interview protocol was prepared on basis of the prior literature research to guide the interview process and ensure that the questions are aligned with the theory and study's objectives. Ethical and interviewing standards were considered, such as measures guaranteeing the confidentiality, to encourage the participants to talk freely and avoid external influence. After completing an interview, the interviewer's notes were shared with the participants to identify potential misunderstandings. To ensure the validity of the results, pattern matching has been applied in the analysis process.

Table 1.
Phases of thematic
analysis

Step	Phase	Description of the process
1	Familiarising with the data	Reading and rereading the data, noting down initial ideas
2	Generating initial codes	Coding interesting features of the data systematically across the entire data set, collating data relevant to each code (e.g. statements related to the factors of responsiveness or examples explaining cause-and-effect relationships)
3	Searching for themes	Collating codes into potential themes, gathering all data relevant to each potential theme (e.g. creating a 'lacking HR capacities' theme and assigning the related statements of the participants to this theme)
4	Reviewing themes	Checking whether the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis (e.g. creating an additional 'motivation' theme that was identified in the context of 'lacking HR capacities,' and creating a superordinate 'conflicts' theme that captures other conflicting situations)
5	Defining and naming themes	Ongoing analysis to refine the specifics of each theme and the overall story the analysis tells, generating clear definitions and names for each theme (e.g. aiming at similar theme names for each case to better consolidate the findings in the context of the cross-case analysis)
6	Producing the report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back to the research questions and literature, producing a scholarly report of the analysis
Source(s): Developed by the authors, based on Braun and Clarke (2006)		

In addition, case analysis reports were produced and sent to the department managers to receive feedback as to whether the interpretations were true reflections of what they experienced.

4. Results

To identify the crucial factors of OU empowerment, the related concepts of empowerment affecting OU agility were analysed. This section presents the main results of the case study research. The key themes derived from the cross-case analysis are highlighted in [Table 2](#) and discussed subsequently. These findings could be replicated in at least three of the four departments (D1–D4), i.e. similar or complementary results were identified in different cases ([Rowley, 2002](#)).

4.1 Self-organisation in VUCA conditions

The first theme identified is related to the concept of self-organisation, which is considered in this research to empower OUs to enhance their agility. The theme emerged from searching for patterns indicating autonomous work and collaboration. Three cases proved that advanced

Table 2.
Key themes for
autonomy affecting
agility

No.	Key themes
1	Higher degrees of autonomy, in combination with a targeted focus, promote environmental adaptation
2	All types of actual autonomy are important for OU agility
3	A reasonable degree of autonomy fosters motivation and facilitates responsiveness and agility
4	Dependencies affect OUs' agility and can be invoked by other departments, business processes and interventions of the superior management
Source(s): Developed by the authors	

degrees of freedom are required or beneficial to cope with environmental dynamics and complexities. Some statements were noted that express this relationship:

I think that our department can work appropriately only if everybody works autonomously and has a lot of freedom since we're not able to cope with the high work intensity if we have to ask for approval for everything. (D2-C2)

[...] the high degree of autonomy granted helps us to act fast. [...] It was beneficial to define the strategy and design the business model [of the business unit]. (D3-E1)

Nobody had the power to make decisions, and this slowed down our department extremely. [...] we lost a lot of time and didn't produce any results. (D4-C1)

In two cases, high degrees of freedom were granted for operational tasks by the superior authority (hierarchical autonomy). The department head transferred this power to the OU members (inner autonomy). One department (D3) examined was a de facto business unit with profit and loss responsibility and equipped with both high operational and strategic autonomy. This was key to setting up the new business from the interviewees' perspective. In two cases, an important finding could be analysed from the participants' experience. Their hierarchical autonomy had been reduced over time due to restructuring initiatives and obligations to fulfil the company's reporting policies. These limitations were perceived to influence work negatively, such as by slowing down business processes.

An interviewee described an opposing viewpoint, stating that "*the autonomy is quite high what also can reduce our adaptability because we are independent*" (D4-C2). The OU members were only focussed on their issues and even neglected customer wishes. This was underpinned by other interview candidates pointing out the importance of strategic goals and guidelines in the context of autonomy.

The case study results align with the literature findings related to the theory of self-organisation and provide evidence that autonomy is a crucial cornerstone in managing the agility of OUs operating in turbulent environmental conditions. The findings show that autonomy is an antecedent of self-organisation requiring the ability of collaboration and a common approach of the team members (Stollberger *et al.*, 2019). The specific findings in this research suggest that senior management should adjust the level of hierarchical autonomy according to the OUs' mission and is advised to provide guiding objectives. For middle management, it has been shown that inner autonomy is a central and basic instrument to achieve OU agility.

4.2 The importance of overall autonomy

In the conversations, the participants usually used autonomy as an umbrella term to express the possibilities and limitations in their day-to-day work. To explore the meaning of the three elements of genuine autonomy (hierarchical autonomy, inner autonomy, dependencies), the researcher asked the participants specifically about their experience and subjective prioritisation. The following statements show that the overall autonomy of all types is important to succeed in turbulent conditions:

Independency is the most important for me. (D4-C2)

Independencies – this is always an issue. (D4-E1)

For me, autonomy in the operational business is most important. (D2-C2)

All three elements are required for a well-working system, absolutely. (D4-C1)

The spectrum of the statements shows that the participants set different priorities depending on their individual experiences and work contexts. Other interviewees put the three factors on

the same level. Notably, the analysis of the clerk interviews shows that the overall autonomy resulting from all factors combined is essential to performance. This was concisely expressed by an interviewee, stating that “*autonomy in the operational business is most important*,” i.e. he did not differentiate between the origins of autonomy but focussed on the area where freedom is required. In conclusion, the case study findings correspond with the theoretical findings and strongly support all three factors’ relevance. A special role in the context of motivation was identified for inner autonomy, which is discussed next.

4.3 Autonomy as a leadership characteristic

Analysing the leadership aspects of empowerment by searching for its effects on individuals, many statements were noted that demonstrate that individual motivation is one of the most important effects of autonomy. Here are some examples:

I like to have a high degree of freedom [. . .] because I feel appreciated in this position. (D1-C2)

I believe that having the freedom to decide and structure one’s work is important for the people’s satisfaction. (D2-C3)

High degrees of freedom [. . .] are important to maintaining the people’s motivation. (D3-E1)

It is very attractive if one is invited to participate in designing one’s environment. (D4-C2)

Autonomy as a driver for motivation is rooted in diverse organisational theories and has been adopted in the concept of agility (Förster and Wendler, 2012). The data of this study confirm the causal chain ranging from autonomy over motivation to performance and agility. That is, motivation was identified as a mediator between autonomy and agile performance. All cases provide evidence for the relationship between work attractiveness and people’s motivation fuelled by higher degrees of freedom. Moreover, the tandem of autonomy and motivation was shown to foster creativity, experimentation and innovation in three departments. For example, OU members of a business entity could experiment with many things, such as new ways of conducting workshops. The department manager summarised: “*There was nothing that kept us from trying out new things, and people contributed their ideas*” (D3-E1). As a result of the high degrees of freedom, work attractiveness was perceived as very good and was described as “*living in paradise*” (D3-E3).

Probing deeper into the mechanisms of motivation, the data analysis also revealed an important detail, as individuals’ motivation seems to be activated by a reasonable degree of subjectively perceived autonomy. A comparison of the individual cases suggests that the perceived autonomy fit (requirements related to actual state) of the candidates was quite similar. However, data indicated great differences in the absolute degrees of the departments’ autonomy. Large degrees of freedom in operations but low flexibility in strategic tasks could be identified in two cases. In contrast, another department had almost unlimited freedom in both areas. Hence, the ‘big picture’ of the analysis suggests that the subjective perception of autonomy is decoupled from the absolute degree of actual autonomy since even lower levels of hierarchical autonomy were accepted and perceived as reasonable conditions by the OU members. The following statements reflect this observation:

Currently, we work rather routinely. It is more like doing the work that we are supposed to do. [. . .] Internally, we have a lot of freedom. [. . .] it is just a feeling, well, I think, I have a lot of freedom. (D1-C2)

I admit the fetters our company imposes don’t make it easy in many situations. Yet, it is a little bit like ‘love it, change it, or leave it.’ If you are not your own boss, you must play these political games [. . .], which can also be fun. [. . .] I’d say I feel very comfortable in this company. (D2-C3)

[. . .] the company is extremely hierarchical [. . .]. This has evolved historically. [. . .] So, we decided to give more freedom to the people [. . .]. Interestingly, the response was split: the ones who struggled with the high autonomy and the others who liked this approach. (D4-E1)

In the analysis process, the corporate culture has strongly influenced the perception of autonomy. This could be derived from the participants' interpretations of their given constraints. Either they accepted the limitations, adapted to the situation or perceived it as usual. This mechanism is in line with the literature findings on organisational culture that can be summarised as follows: the mindset of the people is shaped by basic assumptions, beliefs and norms, which are adopted from the environment over time (Holbeche, 2015). In the research context, the subjective perception of autonomy is influenced by the degree of genuine autonomy experienced in the current and former OUs.

Data also suggests that the relationship between autonomy and motivation is not following a linear function: more autonomy does not necessarily result in more motivation. This effect is described by the law of diminishing marginal utility in psychology (Daly and Wilson, 2001). It states that motivation (utility) decreases as a motivational factor increases (in this case, autonomy). In other words, if a critical level of autonomy is granted, a further increase in freedom does not necessarily invoke higher levels of motivation. In this context, the starting point of the autonomy level is also crucial. Against a rigid hierarchical culture, a little more freedom is usually perceived as a great benefit (Beach and Connolly, 2010). These patterns could be identified in a case where participants perceived the growing constraints as a significant limitation and factor of demotivation as they were used to having high degrees of freedom. In contrast, members of another department highly appreciated the increased freedom since they had previously worked in a traditional hierarchical structure. Moreover, the data from the two cases demonstrate that autonomy in certain areas can positively affect overall motivation.

Finally, the autonomy experience of OU members is mainly affected by inner autonomy. From the staff's perspective, hierarchical autonomy and dependencies were often seen as 'untouchable' conditions imposed from above. In contrast, inner autonomy was perceived as much more tangible in day-to-day business and negotiable with the department managers. This suggests that the department head can strongly influence the OU members' motivation by adjusting their inner autonomy. This can be illustrated by corresponding statements collected in a department: the department manager reported: *"I have great confidence in my people. They can do what they want"* (D1-E1). This freedom was appreciated by the OU members, as evident in an employee's statement: *"This is what I like here. I have high degrees of freedom"* (D1-C2).

In conclusion, self-organisation based on advanced degrees of freedom and promoted by leadership is likely to facilitate individuals' motivation. The case study suggests that this is a key factor to influence OU responsiveness and agility positively. Hence, the simplified theory that performance follows motivation follows empowerment was confirmed by this study and replicated for the agile performance of OUs. Extended insights could be gained in terms of inner autonomy which plays a crucial role, particularly for perceived autonomy. Moreover, the study's results suggest that a reasonable degree of perceived autonomy is enough to create a sufficient level of motivation.

4.4 OU dependencies in the context of autonomy

Refining the types of autonomy identified in the literature, this research revealed two main sources causing OUs' dependency. Analysing the different type of dependencies revealed, first, that collaboration with other business entities was often perceived to be obstructive concerning the own agility, as the following statements show:

I have given up working on some issues that you cannot influence. One issue concerns purchasing. Here, I wish that the people had a different mindset and would be more flexible. In summary, my perception is that there are several rigid entities around us. (D2-C2)

This impedes our work as all inquiries have to be managed by the purchasing department. (D1-C2)

This tension between extreme freedom and the tight corset [of process and reporting compliance] is the main reason why it can't work. (D3-E2)

The study results show that besides the rigid mindset of individuals in other entities or stiff cultures of collaborating departments, business processes were perceived to reduce agility. These factors slow down work or consume resources that need to be added to the original tasks. This network dependency has been recognised by scholars highlighting the importance of considering all key entities of the value chain (e.g. purchasing, product development or manufacturing) if higher levels of corporate agility are to be achieved (Sharma and Bhat, 2014). That is, OU autonomy is part of organisational management.

Second, in all cases, participants mentioned interventions of senior management to invoke dynamics and dependencies. Delegation of tasks is common practice in hierarchies. Yet, the participants often described superior interventions as a disturbance and data indicates that they have a direct impact on agility:

Sometimes there is an issue the management board wants us to deal with, and we have to take care of that issue. [...] This kicks in as an unplanned job for the department and, of course, has to be fulfilled [...]. For sure, if the general manager gives a direction, we have to follow. (D1-C1)

We are not allowed to make inquiries to suppliers anymore. We used to do that in the past, but it has been abolished [by senior management]. This impedes our work as all inquiries have to be managed by the purchasing department. (D1-C2)

Finally, there is the top management. As we can see now [referring to a strategic decision], they intervene in a very significant way [...], and we have to accept it. (D4-C2)

The analysis of the data reveals two types of superior interventions with significant impacts on the OUs. Examples of direct interventions could be identified in two cases. The participants described them as “*ideas of the top management*” (D1-C1) or “*special tasks*” (D2-C3) delegated by senior management. They were perceived as dynamic events that cannot be planned and required immediate attention. The status of senior management was seen as a preferred customer that expects to be served immediately and comprehensively. Accordingly, the implications, such as ad-hoc actions, re-planning of tasks and delays of other projects were perceived as a significant disturbance in the OU members’ work. The participants pointed out that the high responsiveness imperatively required in those cases yields drawbacks in other areas and negatively affects the overall efficiency and agility of the department. Evidence of negative emotional consequences and frustration were connected to the previous discussion in terms of motivation. Often, the participants could not understand the decisions of the superior authorities. In three cases, the OU members did not provide critical feedback to their superior authorities and accepted delegated tasks, because corporate culture does not allow contradiction. Interpreting these results, the prompt response to superior orders can be seen as agile behaviour; however, the ultimate priority of those tasks and disproportionate efforts taken to satisfy the preferred customer negatively affect the overall agility of the OU. In this context, the findings also correspond with the literature where the conflict between goal-directness and reactivity (hierarchical alignment) was identified as the significant problem of agents and semi-autonomous entities (Rodriguez *et al.*, 2007).

Besides direct superior intervention, senior management also has a crucial role in terms of global or indirect interventions, such as (re-)defining the focus/mission of the OU, redesigning

the organisational structures, imposing additional tasks and changing business processes or the organisational governance system. From the OUs' perspective, indirect interventions are perceived as dependencies on superior authorities. The strong dependence of the departments on management board decisions was identified in two cases in the context of cost-cutting programs and reorganisation initiatives. The case studies have shown that significant interventions from the top, such as reducing the HR capacities or changing business processes, can have severe consequences on the responsiveness and agility of the entities. For example, two departments were driven to focus on operational tasks and thus neglected strategic aspects, such as innovation.

Beyond this critical view, senior management interventions can also be seen from a different perspective. They can be considered destabilising measures to break rigid practices and foster innovation and agility in the long run (Kruse, 2015). Moreover, the results of a study by Boumgarden *et al.* (2012) suggest that organisational vacillation triggered by superior interventions can increase a company's long-term performance and justify an OU's short-term performance loss. Despite these ambiguous perspectives, the findings suggest a critical awareness of senior management concerning its leadership style regarding direct and indirect interventions. Moreover, it can be concluded that the agility of the OU and the whole organisation can benefit from a consistent, agile culture across the hierarchy levels, including open communication and a trustful relationship between middle and senior management.

5. Discussion and implications

In this section, the theoretical findings and empirical research results are synthesised and concluded in a model to operationalise the empowerment of OUs.

Managers are concerned with the question of how to find the appropriate degree of autonomy for OUs and their members. The answer to this question can be found in the purpose of autonomy, which is to enable OUs to fulfil their mission and solve their problems (Rahwan *et al.*, 2001). Moreover, autonomy was identified to foster agility in turbulent environments. This allows us to make a first general conclusion: autonomy should be granted relative to the (agility) demands defined by the OU's tasks, responsibilities and environment.

The study results suggest two categories of potential agility needs. Their individual drivers are explored in more detail in the following paragraph.

Underlying mechanisms between agility and autonomy.

The first mechanism connects to the introduction of this paper, where decentralised structures and autonomous control of OUs were identified to enhance agility to cope with dynamics and complexity (Holotiuk *et al.*, 2018; Förster and Wendler, 2012). The empirical study supported this general relationship. Investigating the link between autonomy and agility reveals more specific traits for both sides. Regarding agility characteristics, the literature names responsiveness, speed and resilience, whilst the latter term is defined as the tandem of agility and stability or robustness (Vaillant and Lafuente, 2018). These traits emerge from higher flexibility (Tatham *et al.*, 2010), faster decision-making and lower obstacles for implementation (Förster and Wendler, 2012; Harraf *et al.*, 2015).

Academics have also highlighted a second path: higher degrees of autonomy, responsibility and self-management are recognised as fostering individuals' motivation and thus driving productivity and creativity (innovation) (Kakar, 2016). This mechanism is rooted in diverse organisational theories adopted in the concept of agility (Förster and Wendler, 2012; Kakar, 2016). For example, it is described in the theory of self-organisation where autonomous self-organisation is supposed to foster motivation by a planned or artificial organisational order that occurs by participative decision-making of the team members (Bea and Göbel, 2010). Moreover, it is anchored in the human-resource approach, aiming at higher efficiency by addressing the human need for esteem and self-realisation by

providing higher levels of autonomy and involving people in the decision-making process (Förster and Wendler, 2012). Finally, based on the research of Trist (1981), the socio-technical concept explains higher productivity and creativity through a sense of responsibility and higher motivation that result from highly autonomous and self-managed teams characterised by team member involvement, participation and extended responsibilities (Kakar, 2016). Hence, granting extended degrees of freedom can also be driven by striving for better performance that results from the increased motivation of the team.

5.1 *Appropriate empowerment level of OUs*

As generally concluded above, the more turbulent the environment of the OU, the higher its required degree of autonomy. However, the drawback of fully autonomous entities is the unpredictable behaviour of the system, which is unacceptable in the organisational context. To consider the demand for reliability, it was suggested to limit the autonomy of OUs by maintaining a certain degree of central control to “guarantee a minimum performance level” and avoid a system collapse (Botti and Giret, 2008, p. 8). Those semi-autonomous entities have been called holons and are applied in hierarchical structures (Rodriguez *et al.*, 2007). Holonic systems are used to utilise the advantages of both responsive agents and controllable entities. In summary, a purposeful balance between agility (as a result of higher autonomy) and reliability (based on central control) has to be found (Pulakos *et al.*, 2019). Klein and Pierce (2001) have put this in a simple rule of thumb to determine the degree of self-organisation and propose that entities should be managed centralised as long as this can be done effectively and efficiently. The impact of environmental conditions on the autonomy of OUs is underpinned by Reichwald and Möslin (2000). They argue that agile network structures of autonomous entities are powerful in conditions of high market uncertainties and product complexities. Yet, they demand higher communication efforts for coordination and thus are less efficient than centralised (hierarchical) structures. That is, the advantages of organisational fragmentation become particularly relevant in VUCA conditions.

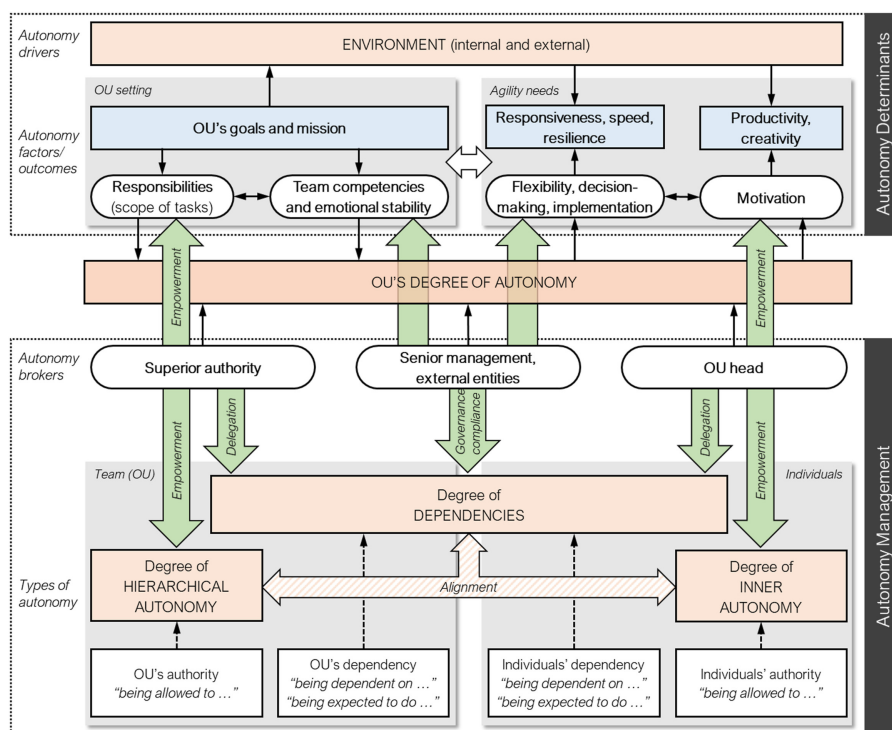
However, the relationship between higher degrees of autonomy and agility is not compelling. The study results of Felipe *et al.* (2016) suggest that this relationship is affected by numerous factors, such as culture or specific situations (e.g. crises). These factors are associated with agility enablers (Nejatian and Zarei, 2013) and can be “methods, tools, practices [...] and crucial technologies” (Walter, 2021, p. 355). Yet, also social processes and team dynamics can be crucial enablers. For example, according to Whiteoak (2021), participative decision-making leads to improved communication and trust and, in turn, fosters a special ‘pod-synergy’. In the current research, evidence shows the connection between autonomy and OU culture may drive enhanced pod or team synergy and support improved agility. Motivation, as discussed above, is also subject to manifold factors and complex (social) processes (Whitworth and Biddle, 2007) and thus cannot only be achieved by extending the degree of freedom. That is, empowerment must be accompanied by diverse factors facilitating the desired outcome (e.g. speed or productivity). Hence, it can be concluded that autonomy is an important but crude instrument to enable effective self-regulation of OUs and increase their agility. The case study results can underpin this. Besides the many positive effects mentioned in the context of higher degrees of freedom, also negative experiences were reported. For example, in one case, a loss in performance was identified due to confusion and chaos in the team. In a second case, long-lasting meetings without clear decisions were perceived by an interviewee as demotivating. Hence, the research suggests applying clear guidelines for the OU members when granting advanced autonomy. To achieve collective alignment and guidance for teams, academics recommended providing a purposeful mission and clear goals (Gloger and Rösner, 2014). Scholars have also pointed out that successful self-organised teams require practical and social competencies accompanied by organisational

reliability and emotional stability (Pulakos *et al.*, 2019). The latter can for example be supported by social practices or transparency (Kruse, 2015).

Summarising the findings, Figure 1 captures the elements and mechanisms to properly adjust the degree of OUs' autonomy.

The upper part of Figure 1 highlights the key determinants of autonomy. It can be concluded as follows: the OU's mission addressing its environment defines the scope of responsibilities and the required team competencies. Depending on the environmental conditions, the goals of the OU raise specific agility needs in the form of responsiveness, speed, resilience and/or better productivity or creativity. For example, creativity is a fundamental requirement if innovation goals primarily drive the OU's mission. The aimed agility traits drive the need for either higher flexibility, faster decision-making, smooth implementation or higher motivation of the OU members. All characteristics ideally result from higher degrees of autonomy. However, the OU's setting should also be considered when granting a certain autonomy level. That is, the aspired autonomy level to yield the intended autonomy outcomes must be aligned with the entity's responsibilities and the competencies and emotional stability of the team to guarantee organisational reliability and process efficiency.

The lower part of Figure 1 outlines the management of adjusting OUs' autonomy. Its fundamental pillars are represented by the three types of genuine autonomy comprising hierarchical independence granted by the superior authority, inner autonomy provided by the OU head and dependencies that are mainly determined by the organisational setting



Source(s): Developed by the authors

Figure 1.
Model of OU
empowerment

imposed by senior management (e.g. structures, business processes and governance systems) and external parties, such as (internal) suppliers. Based on the contribution of [Castelfranchi \(2000\)](#), the diverse sources of social autonomy (dependencies on other entities) could be specified by this research. The case study revealed that (social) dependencies could also occur from task delegation of the OU's superior authorities and the department head. These tasks are typically expected to be done with high priority, thus imposing high dynamics on the OU members' work. The study also indicates that motivation primarily yields from inner autonomy influenced by the department head. This can be explained by the freedom of the members that are perceived as more tangible in day-to-day business and 'negotiable' with the boss. At the same time, the rules imposed by senior management are seen as fixed conditions that have to be accepted. To adjust the appropriate degree of autonomy, all three types of actual autonomy should be considered and aligned, requiring firm coordination across the hierarchy levels.

6. Conclusion

Employee or team empowerment is a crucial enabler for agility. However, often associated with a particular leadership style, it has yet to gain the due care and attention required for its management. This research has revealed crucial autonomy factors suggesting that empowering OUs is a complex task requiring thorough management. This study considered two perspectives to explore the meaning, facets and mechanisms of OUs' autonomy in the context of agility. First, the drivers and factors of OUs' autonomy were examined, affecting the decision of whether to raise or limit freedoms. Second, autonomy elements and their interrelations were discussed. To operationalise the gained insights, a model was developed to adjust the appropriate degree of OUs' autonomy.

6.1 Contribution to theory

Agility is a strategic and dynamic capability of organisations that is imperatively required when operating in turbulent environments ([Walter, 2021](#)). Decentralised structures and distributed control are the basic principles to increase corporate agility ([Holotiuk et al., 2018](#)). Thus, the empowerment of OUs plays a central role in fostering organisational agility. Despite this, OUs need to be more considered in this field of research. Moreover, earlier publications have mainly concentrated on specific niches of autonomy aspects, such as types and taxonomies, decentralised organisational designs or self-organised work modes. To address this research gap, we add to the theory of self-organisation by focussing on OUs and taking a systemic view of the relationships between decentralisation, autonomy and self-organisation in the light of agility.

The main contribution of this paper is a model of OU empowerment capturing key factors to determine and manage the autonomy of OUs. The model includes two viewpoints. First, determinants of autonomy were identified that should be considered when granting higher degrees of freedom to OUs and letting them self-organise. The model reflects those elements' main mechanisms providing a better understanding of the interplay between the needs, influences and outcomes of autonomy. An important detail explained by the model concerns the alignment of the specific agility needs and the preconditions regarding the OU setting, which is crucial to derive and adjust the appropriate degree of autonomy specifically for each OU. Second, three different types of autonomy and the meaning of their alignment were revealed in our study. This is essential to managing autonomy successfully at the middle management level. Contributing to the micro-foundations of self-organisation, this research also identified underlying mechanisms of the different autonomy types influencing the agility of OUs. This novelty is particularly useful to better manage the empowerment of business entities across all hierarchy levels.

6.2 Practical implications

The model developed in this paper also has significant practical implications. As managing agility is a complex and difficult task (Harraf and Tate, 2014), the insights of this research can help managers at different levels manage their entities more effectively by providing the organisational platform on which agility can thrive. First, the insights gained through this research can guide superior authorities in providing both an appropriate autonomy level and the required conditions for their subordinated OUs. Second, department heads can better understand the factors influencing autonomy and their implications for OU members when granting certain freedoms. More specifically, the research suggests that line managers have a major influence on the agility of their units, for example, by changing internal processes or structures and reducing the staff's dependencies. Increasing the inner autonomy of the OU members whilst ensuring guidance through goals, social practices and rules can raise the motivation of individuals and contribute to a high-performance (agile) team culture (Whitworth and Biddle, 2007). Finally, the study has shown that the empowerment of OUs concerns different hierarchy levels. This raises awareness of the need to communicate across hierarchies to align the elements and degrees of OUs' autonomy.

In summary, the model proposed in this paper can be used by executives as a management map to identify the required degree of empowerment and manage OU autonomy. In turn, a fertile ground can be created for effective self-organisation of OUs, promising higher agility of business departments and, thus, overall adaptability of organisations that guarantees future success.

6.3 Limitations and future research

The rather small sample of this qualitative study does not allow generalising the results. Limitations particularly result from the subjective answers of the interviewees that reflect their individual perceptions. There are also limitations in terms of cultural aspects, as all departments examined operate in the manufacturing industry and the same cultural zone.

However, intense discussions with 17 members of different departments and considering a heterogeneous sample of participants have provided clear patterns based on multiple sources of evidence. Moreover, to increase the validity of the study, the results were critically reflected against the findings of a thoroughly conducted literature research.

A larger sample and quantitative research are suggested to support and refine the theoretical model developed in this paper. Further research should also be conducted addressing the novelties discovered in this case study. Particularly, the influence of senior management on the agility of OUs is worth investigating more deeply. Moreover, inner autonomy has been shown to have an important meaning for agility. Thus, its role could be subject to future research. In this context, the impact of team dynamics on (inner) autonomy could add to this field of research and should be investigated in a larger-scale study. Finally, the research suggests strong links between autonomy and intrapreneurship that should be investigated in detail.

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