



Master's Thesis

Master's in Strategic Management

Department of *Business and Management*

Chair of *Managerial Economics*

The Power in the Firm

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Index

| | | |
|--------|---|-----------|
| 1.1. | Abstract..... | 5 |
| 1.2. | Methodology..... | 6 |
| 1.3. | Multidisciplinary Approach | 6 |
| 2. | CHAPTER 1 – The flow of the Power in the firm..... | 8 |
| 2.1. | Introduction | 8 |
| 2.2. | The source of “Power.”..... | 9 |
| 2.2.1. | Critical resource | 9 |
| 2.2.2. | Access and Ownership | 10 |
| 2.3. | Obtainment of Power- The first productive factor, The Capital | 16 |
| 2.3.1. | Types of companies | 17 |
| 2.3.2. | The Enterprise as an Instrument of Capital Raising | 17 |
| 2.4. | The Boundaries of Power – Second productive factor, Labor | 21 |
| 2.4.1. | Labor Law in Italy | 21 |
| 2.5. | Challenges of Power – Principal / Agent / Optimal Contract | 27 |
| 2.5.1. | Principal utility | 27 |
| 2.5.2. | Agent utility..... | 28 |
| 2.5.3. | Information Asymmetries | 29 |
| 2.5.4. | Optimal Contract | 30 |
| 2.5.5. | Linear contract..... | 30 |
| 2.5.6. | Keystones of an ongoing relationship..... | 31 |
| 2.5.7. | Hang up problem | 32 |
| 2.6. | The exercise of Power | 33 |
| 2.6.1. | Directive power..... | 33 |
| 2.6.2. | Supervision power..... | 34 |
| 2.6.3. | Disciplinary power..... | 35 |
| 3. | CHAPTER 2 – A Critique of the Power | 36 |
| 3.1. | Introduction | 36 |
| 3.2. | The impacts of power on employees..... | 36 |
| 3.2.1. | Impact on the Emotionality | 37 |
| 3.2.2. | Impact of Display Rules | 38 |
| 3.2.3. | Impact of Coercive Bureaucracy | 39 |
| 3.2.6. | Impact of the Information Systems..... | 41 |
| 3.3. | Impacts on the organization's structure | 43 |
| 3.4. | Alternatives to Power Constraints | 44 |
| 3.4.1. | Changing the Environment | 44 |
| 3.4.2. | Community and Corporate Culture | 45 |
| 3.4.3. | Structural Flattening..... | 45 |
| 3.4.4. | Network-based Companies | 46 |
| 3.4.5. | Optic to Target..... | 47 |
| 3.4.6. | Autonomous Team..... | 48 |
| 3.4.7. | Training..... | 48 |
| 3.4.8. | Solutions Overview | 49 |
| 3.5. | The Utopian Organization..... | 51 |

| | | |
|-------------|---|-----------|
| 3.6. | The Horizontal Structure | 52 |
| 3.6.1. | <i>The decision-making power</i> | 52 |
| 3.6.2. | <i>Business Units - Teams</i> | 53 |
| 3.6.3. | <i>Communication</i> | 53 |
| 3.6.4. | <i>Corporate Culture.....</i> | 54 |
| 3.6.5. | <i>Network-based systems</i> | 55 |
| 3.7. | Market Strategies | 56 |
| 3.7.1. | <i>Product Differentiation</i> | 57 |
| 3.7.2. | <i>Product Diversification.....</i> | 58 |
| 3.7.3. | <i>Design Thinking Approach</i> | 58 |
| 3.8. | Entry Mode in the Market..... | 60 |
| 3.8.1. | <i>First-to-entry.....</i> | 60 |
| 3.8.2. | <i>Differentiation.....</i> | 60 |
| 4. | CHAPTER 3 – Research, Data and Analysis | 62 |
| 4.1. | Thesis Research Question..... | 62 |
| 4.2. | The Survey | 63 |
| 4.2.1. | <i>Data Collection</i> | 65 |
| 4.3. | Analysis | 66 |
| 4.3.1. | <i>Descriptive analysis</i> | 66 |
| 4.3.2. | <i>T-test</i> | 70 |
| 4.3.3. | <i>Anova and Tukey.....</i> | 72 |
| 4.3.4. | <i>Chi-square.....</i> | 74 |
| 4.3.5. | <i>Correlation.....</i> | 76 |
| 4.3.6. | <i>Regression.....</i> | 77 |
| 4.4. | Limitations and Assumptions | 80 |
| 4.4.1. | <i>Assumptions</i> | 80 |
| 4.4.2. | <i>Limits</i> | 81 |
| 5. | Conclusions | 82 |
| 5.1. | The power effect on employees | 82 |
| 5.1.1. | <i>Power effects on the emotional sphere</i> | 82 |
| 5.2. | Dimensions of the firm and power | 83 |
| 5.2.1. | <i>Company size</i> | 83 |
| 5.2.2. | <i>The Working Environment</i> | 83 |
| 5.2.3. | <i>Environment and Community</i> | 83 |
| 5.3. | Power and Efficiency | 84 |
| 5.4. | The ideal structure - Horizontal Organization..... | 85 |
| 5.4.1. | <i>Structural Characteristics.....</i> | 85 |
| 5.4.2. | <i>Market Strategies</i> | 86 |
| 6. | Bibliography | 88 |
| 6.1. | Cited papers | 88 |
| 6.2. | Cited Laws | 91 |
| 6.3. | Consulted Papers..... | 92 |

1. Introduction

The paper that follows this brief introduction aims to reveal the power mechanisms that regulate relationships within companies. It unravels the false myth that operational efficiency can only be achieved by tightening power constraints on employees and demonstrates that empowerment and autonomy are healthier and more efficient logic. The term 'Power' refers to the ability to influence others, not only in concrete behavior but also in the way one thinks and behaves; thanks to this ability, it is possible to modify the environment by adapting it to one's needs.

Power, however, cannot be exercised arbitrarily and thoughtlessly since the environment does not remain defenseless but changes according to the input it receives; as Newton's third law dictates, every action has an equal and opposite reaction. This fact implies that if the exercise of power harms the surrounding environment, the latter will not merely submit but will give a combative response to counter the effect suffered.

Evidence of this discourse, which at first glance might seem pointless, can be seen by taking a few steps back to when power was exercised with drastically limiting and unfair practices towards employees; this led to the reaction of the working class, which obtained the recognition of rights aimed at restricting the impositions that plagued it.

Even now, companies are trying to figure out how and to what extent to exercise their power to ensure profit maximization...

What I learned from Professor Corrado Pasquali's managerial economics course was fundamental to understanding that the imposition of power and its constraints will always lead to inefficiencies and opportunistic behavior on the part of employees.

The solution to the problem lies in aligning the employee's interest with the principal's: only in this way will the agent (or employee) maximize the employer's utility by doing the same with his own. Therefore, the brutal exercise of power seems counterproductive, spontaneously raising the question: "Does power training lead to increased operational efficiency?".

The paper will be structured around this question, following the flow of power from its inception to its application and to that which limits its experience; verifying the thesis

will be carried out an analysis using a sample of data collected to confirm whether the theories set out in the literature are reflected.

Clarification:

- The paper will adopt the legislative context of the Italian environment.
- The terms “Employer” and “Principal” will be used synonymously.
- The terms “Employee,” “Worker,” “Human resource,” and “Agent” will be synonyms.

1.1. Abstract

The heart of the paper will be divided into three main chapters: the description of the flow of power within the company, the critique of power from the literature, and finally, the presentation of the survey and the analysis of the data collected; those, will be anticipated by the introduction chapter and concluded with the presentation of the data. The first chapter of the literature review on power will start from the identification of its sources and the methodologies of obtaining it, then the limits of the exercise of power will be analyzed through a framework that recounts how the discipline of law has evolved on the logics of regulation within the Italian scenario, to arrive at the challenges that power must face and conclude the first theoretical chapter by showing the reader how it is exercised. The second chapter will consist of a critique of power and the exposure of the negative impacts that too tight a grip has on workers and structure, showing the alternatives identified in the literature to the exercise of power and ending with a definition of how the ideal organization should be structured with the identified characteristics and market strategies it uses. The third chapter will begin by introducing the research question, explaining how the data were collected, carrying out the analysis through various methodologies, and hinting at the conclusions that will be collected and presented within the paper's last chapter.

1.2. Methodology

For the drafting of the following paper, we started by analyzing the literature on the subject. It was the author's concern to ensure that he had a comprehensive and detailed overview of the topic before beginning to create the paper.

This first step consisted of identifying various accredited papers, including the textbooks of the university courses. Through the method, playfully known as 'snowballing,' the audience of analyzed texts was increased.

From these, the quotations considered most representative and explanatory for each topic were extracted, reaching more than 140 textual quotations from 45 different papers. The author is aware of how fundamental the use of quotations is to create a credible and thorough paper, choosing sources from among the most accredited ones.

Through a deeper understanding of the subject, it was possible first to create the thesis index and group the extracted quotations within the macro-areas by sub-chapter.

From the outset, the intention was to create a multidisciplinary paper, so the structure was modified to accommodate this.

The first two chapters were written in draft form, from which the questionnaire was created and shared to devote as much time as possible to data collection. After that, the first two chapters of the literature review were refined, followed by analysis and conclusions.

Organization and attention to detail were crucial in completing the paper, which required a meticulous process of revision and refinement.

1.3. Multidisciplinary Approach

The thesis is intended to be representative of the master's degree course followed at the university Luiss Guido Carli, which is why the topic has been analyzed considering all the knowledge and competencies learned in the various courses followed during Strategic Management's course, giving the reader a 360° view of the subject matter. Specifically, knowledge and skills obtained in the following classes:

| Classes | Utilization |
|-----------------------------------|--|
| Managerial Economics | Core of the thesis. |
| Industry Dynamics | Entry methods in the market. |
| Company law | Utilization on a legal framework to describe a changing environment through the law mutations. |
| Advanced Corporate Finance | Financial way of founding. |
| Corporate Strategy | Critical resource framework and best fitting strategy based on the structure |
| Organization design | Different types of structures, strengths, and weaknesses. |
| Quantitative methods | Analysis and research approach. |
| International Business Management | Strategies adopted by the firm and identification of high-quality paper. |
| Design thinking (2 courses in HK) | Design thinking approach in the firm. |

2. CHAPTER 1 – The flow of the Power in the firm

Literature review

2.1. Introduction

In the following chapter, we will focus on expressing the concepts and theories that enable an understanding of the role of power within companies.

The structure division is willing to accompany the reader in comprehending the engine that stands behind the ability of an entrepreneur to start a firm.

We will start by identifying the source of Power through a study and exposition of the concepts expressed in the paper that inspired the thesis; I am speaking of "Power in a Theory of the Firm" by Raghuram G. Rajan and Luigi Zingales.

After this framework, how to succeed in obtaining power will be explained. In that scenario, the entrepreneur will use the first production factor to lay the foundations for the production process.

More is needed to set the enterprise's machinery in motion. The entrepreneur must succeed in meeting the workforce; creating value could begin with it.

Analyzing the relationship between principal and agent, he will have to get in touch with what is commonly known as the contractual discipline, which regulates the employer-employee relationship; we will have to come to terms with the law and understand that the institution that performs the guarantee function of the power obtained, which is also what prevents to exploit people who stand under this power.

Finally, this chapter aims to explain how power is exercised over employees; this is crucial because it can lead to an efficiency loss due to the pressure associated with the authority of power when it does not consider the employee's needs.

Only at this point will we be given the theoretical framework that allows us to fully understand the heart of this paper, namely the research thesis: "Does a decrease in power constraints lead to an increase in efficiency?" The following chapter will answer this question by analyzing data collected by sharing a survey with the employees.

2.2. The source of “Power.”

Where does power come from? This sub-chapter will answer this question.

The paper “Power in a Theory of the Firm” by Raghuram G. Rajan and Luigi Zingales explains the sources of power and the roots from which the firm arises; understanding this allows us to discover the element that enables the continuity of operational activity. If the power source is removed, the entire firm will go into crisis, leading to extreme inefficiencies or even the cessation of activity.

First, the authors identify the core source of power: “Control over a critical resource is a source of power” (Rajan & Zingales, 1998:35). As everyone can easily understand, “control” can be achieved in several ways, we will see how in a few. However, before entering this paper’s fundamental core, some words will explain another concept used in the previous statement: “critical resource.”

2.2.1. *Critical resource*

Control must be exercised over a strategically important resource; the more critical the resource is in the production process, the greater the power gained.

According to strategic management literature, a resource is called “critical” if its availability or continued supply is essential to an organization’s survival, security, or success (ERP Information).

This concept is a first lens that immediately identifies a whole series of fundamental resources (e.g., the real estate where production occurs, a piece of machinery that is fundamental in creating the final product, etc.).

Without this “critical resource,” the production process could not be carried out.

Sometimes, it takes more work to identify which resources are critical to the production activity, so using a well-known framework in Resource Management is necessary. An explanation of this approach can be found in Frank Rothaermel’s book, “Strategic Management”:

"A critical tool for evaluating a firm's resource endowments is a framework that answers the question, what resource attributes underpin competitive advantage? This framework is implied in the resource-based model, identifying specific types of resources as key to

superior firm performance. For a resource to be the basis of a competitive advantage, it must be:

- Valuable,
- Rare,
- expensive to Imitate
- Organized to capture the value of the resource.

We call this model the VRIO framework.” (Rothaermel, 2021:290)

With this model, we obtained the second lens needed to see resources according to their actual usefulness.

Now that critical resources have been identified, we will try to understand the meaning of “control,” which is the ability to influence, manage, and allocate necessary resources within the organization.

The authors define two main ways in which control over critical resources can occur: Access and Ownership.

Follows a personal reworking of the concepts expressed in the paper

2.2.2. Access and Ownership

Access

The term “Access” refers to the capability to utilize a resource without owning its property rights; in that case, the resource’s owner gave the entrepreneur the ability to interact with and use the resource. It is a way to approach rare, public, or expensive resources. The following statements express the strengths and weaknesses of access. The terms cobbler and cobblers are used due to an explicative example by Zingales and Rajan; workers or agents can translate them.

Strengths

1. "Access can provide better incentives than ownership by making the power agents receive from access more contingent on their making the right specific investment." (Rajan & Zingales, 1998: 389).

Access incentivizes agents to be more efficient in interacting with the resource because the abilities they gain are related to how they behave in the time spent with the resource.

2. "The regulation of access is thus a viable mechanism to promote specific investment depending on how investments are combined to form total output." (Rajan & Zingales, 1998: 389).

The higher degree of specific investment made raises the value detained by the firm.

3. "Access to complementary tasks grants too much holdup power, increasing each cobbler's rents but decreasing her incentive to invest, illustrating a nuanced use of access in different scenarios." (Rajan & Zingales, 1998: 389).

Access to complementary tasks increases the contractual power of agents, while when access can be regulated, the principal controls where they can specialize.

4. "Regulated access can spur greater aggregate investment by creating a "rat race" among the cobblers, enhancing overall value." (Rajan & Zingales, 1998: 389).

The access regulation creates competition between employees, enhancing the overall value.

5. "Access forces agents to earn their power through specific investments and active participation, aligning incentives with firm goals." (Rajan & Zingales, 1998: 405).

Access aligns the principal's and agent's interests by making agents participate actively in business operations.

Weaknesses

1. "Giving multiple cobblers access can depress each one's incentive to specialize and result in much wasteful duplicate investment." (Rajan & Zingales, 1998: 389)
Giving access to multiple workers can create duplicate investments and disincentivize their specialization.

2. "Access to a complementary task grants too much holdup power to each cobbler, which can discourage investment in certain contexts." (Rajan & Zingales, 1998: 389).
When an employee receives access to complementary tasks, this raises his contractual power and disincentivizes him from pursuing ulterior specializations.

3. "Access may not always provide the necessary security and certainty that ownership could, potentially leading to instability." (Rajan & Zingales, 1998: 405).
Access sometimes provides different certainty than ownership, leading to instability.

4. "The non-contractability of access can increase the number of managers given access, potentially complicating management and diluting incentives." (Rajan & Zingales, 1998: 404).
A broad group of people who access the resource can lead to difficulties in management.

5. "Depending on the context, access might lead to excessive competition among managers, possibly undermining cooperation and teamwork." (Rajan & Zingales, 1998: 389)
Giving access to several agents within the firm can create competition and decrease collaboration.

Ownership

The term “ownership” refers to the legal control of a resource, which involves the right to use it, to make economic profit from it, to alienate it, and to exclude others from using it. It is a way of controlling a resource that involves immobilizing capital; the resource can be bought in the market or produced internally.

Strengths

1. "Ownership typically enhances the incentives to make specific investments since it provides a bigger share of the surplus to the owner." (Rajan & Zingales, 1998: 423).

With the ownership, who makes specific investments benefits a larger area of benefits related to those investments.

2. "Ownership can guarantee security for the owner, enhancing the stability and predictability of their investment environment." (Rajan & Zingales, 1998: 411).

Ownership provides more stability, creating a more predictable environment.

3. "The residual rights of control obtained through ownership can strengthen the owner's position in negotiation and strategic decision-making." (Rajan & Zingales, 1998: 422).

Ownership provides a stronger position in strategic decisions.

4. "Ownership may be indispensable when the specific investments of managers become crucial to the enterprise, especially in larger firms." (Rajan & Zingales, 1998: 423).

When the specific investment is crucial, the ownership provides higher incentives for specialization.

5. "Ownership is a commodity in limited supply, so its effective allocation can critically provide incentives where they are most needed." (Rajan & Zingales, 1998: 413).

Since ownership is a limited resource, it gives more power in strategic decisions.

Weaknesses

1. "Ownership may directly decrease a manager's incentive to make relationship-specific investments." (Rajan & Zingales, 1998: 412).

Ownership can decrease the interest in making specific investments.

2. "Ownership can adversely affect incentives by crowding out the incentives created by regulated access." (Rajan & Zingales, 1998: 412).

Ownership eliminates the incentives related to access.

3. "Ownership provides security which may breed complacency, reducing the incentive for proactive investment." (Rajan & Zingales, 1998: 408).

The confidence given by ownership reduces the willingness to innovate.

4. "The allocation of ownership to one manager could result in lower total specific investment compared to a situation where access is granted to multiple managers." (Rajan & Zingales, 1998: 412).

The aggregated investment is lower when the resource is owned than when multiple people have access to it.

5. "Ownership can lead to power struggles within the firm, as it gives significant control and claim over the surplus to the owners, potentially leading to conflicts." (Rajan & Zingales, 1998: 413).

Ownership can lead to internal struggles, decrease collaborations, and infect the environment.

Logically follows the question: "Which of these two methods of obtaining control is the best?". The Authors identified the response to this question in the Access.

Follow four reasons why

1. "Access provides a mechanism that can adapt more effectively to changing strategic needs, unlike ownership, which might fix the incentive structure at a point in time" (Rajan & Zingales, 1998: 402)

Access provides flexibility in dynamic environments, aligning the firm's and agent's goals and increasing the probability of business success. This is even more valuable in technological industries with rapidly evolving environments.

2. "Access does not confer residual rights of control that ownership does, which can often lead to power struggles and inefficiencies within the firm" (Rajan & Zingales, 1998: 403)

Access is a temporary condition; this implies the non-existence of residual rights and prevents the threat that can sometimes arise for power obtainment.

3. "Access can be regulated without the legal and contractual complexities often associated with ownership transfers, making it a simpler and more cost-effective way to manage resources within the firm" (Rajan & Zingales, 1998: 404)

This statement helps firms be more flexible when rapidly adjusting to external threats. Time is not wasted on the complexity of ownership transfer and reorganization of their structure, and it is more cost-effective.

4. "The use of access instead of ownership allows firms to retain control over critical assets while still incentivizing investment from agents who do not hold ownership stakes" (Rajan & Zingales, 1998: 403)

This enhances collaborative environments and helps to raise investments from other firms.

The firm will build its structure by buying some resources and guaranteeing itself access to others. Concretely speaking, how can an entrepreneur or a firm buy or gain access to resources? The following chapter will explain this.

2.3. Obtainment of Power- The first productive factor, The Capital

How does an entrepreneur or a firm obtain ownership or access critical assets? The answer is self-evident: capital. In trying to gain power, the entrepreneur meets the first productive factor, capital. The fuel that sets the economy in motion is the same fuel needed to obtain power to start a business. It is in the ability of an entrepreneur to obtain finance on the best terms when he is unable or unwilling to finance himself.

Creating a company is unnecessary when doing business; for example, in Italy, business activities can be performed by a “Partita IVA,” but this is a solo-worker entity.

Creating a business company is necessary to start a collaborative environment where several people collaborate.

The creation of a business company is disciplined by *Art.2249, Civil Code*:

"Companies having as their object the carrying on of a commercial activity must be constituted according to one of the types regulated in Chapters III and following of this title.

Companies whose object is to carry on a different activity are governed by the provisions on ordinary companies unless the partners have wished to set up the company according to one of the other types regulated in Chapters III et seq. of this title.

This is without prejudice to the provisions concerning cooperative societies and special laws that prescribe the company’s constitution according to a particular type for exercising specific categories of undertakings."

The Civil Code also provides for these entities to be registered in the commercial register, as required by *Art.2195 of the Civil Code*:

"The pursuit of business activity requires registration in the commercial register; entrepreneurs who engage in business activity are subject to the obligation of registration in the commercial register:

1. An industrial activity directed to the production of goods or services.
2. An intermediary activity in the circulation of goods.
3. A transport activity by land, water, or air.
4. Banking or insurance business.

5. Other activities ancillary to the preceding.”

2.3.1. Types of companies

Inside the macro group of Partnerships, we can find Simple Company (S.S.), the Company in Collective Name (S.N.C.), and the Limited Partnership (S.A.S.). The acronyms refer to Italian names, as there is no harmonization of company characteristics in this regard.

Simple companies have limited legal personality. They do not possess “perfect patrimonial autonomy,” which means that the assets of the company are merged with those of the partners, which can lead to a problem for the partners, who are jointly and severally liable for the company's debts: this means that creditors can claim against their assets, except for the general partners in S.A.S. for whom this restriction does not exist.

Joint Stock Companies: Joint Stock Companies (S.p.A.), Limited Liability Companies (S.r.l.) and Limited Partnerships (S.a.p.a.); (Acronym refers to Italian terms).

Capital companies are characterized by perfect patrimonial autonomy. They have, in fact, a different legal personality from that of the partners, which implies the separation of assets and liabilities. They can act as an individual entity and behave as a person: own assets, contract obligations, take legal action, and finally protect the personal assets of the partners.

Only Joint Stock Companies can raise capital through stocks or debt; let us see how

2.3.2. The Enterprise as an Instrument of Capital Raising

The enterprise is separate from its founders and acts as a vehicle for raising capital for economic activity. There are two main ways of raising capital: through the provision of equity capital by shareholders and the incurrence of debt.

- Equity: The contributed capital is converted into shares or a company quota. This implies transferring part of the company's ownership to the investors (in exchange for the funds necessary for its operation).
- Debt: a way of raising capital using loans or bond issues; in that way, ownership will not change, but it will impose an obligation to repay the borrowed capital with interest added according to the time taken for repayment.

Using one mode instead of the other impacts the structure of the enterprise in various ways. It is up to the entrepreneur to decide which source is the best fit.

Equity

Equity financing involves selling company shares to investors; in this way, the company can raise capital for its operations. Investors become shareholders by acquiring various rights (depending on the type of share purchased). Ordinary shares involve voting at the shareholders' meeting and enjoying a share of the profits generated (when the company decides to).

Equity can be interpreted as a transfer of a portion of ownership of the company and does not provide for a repayment obligation. Follows an overview of the advantages and threats.

Advantages of Equity

1. "Equity financing... allows companies not to repay capital until they can do so" (Ferran & Ho, 2014: 143).
2. "Equity may be essential to attract and retain key employees by offering them stock options or other equity-based incentives" (Ferran & Ho, 2014: 145).
3. "Equity financing provides companies with the flexibility to undertake projects that might not generate immediate returns without the pressure to pay back creditors" (Ferran & Ho, 2014: 147).
4. "Issuing equity can also be used to adjust the company's capital structure or to reduce debt" (Ferran & Ho, 2014: 149).

5. "Equity does not entail the same covenants or collateral requirements as debt, giving the company greater operational flexibility" (Ferran & Ho, 2014: 152).

Threats of Equity

1. "Issuing new equity can dilute existing shareholders' ownership percentages" (Ferran & Ho, 2014: 154).
2. "Raising new equity may lower the share price if the market perceives that the company is overvalued" (Ferran & Ho, 2014: 156).
3. "Equity financing is generally more costly than debt due to the higher return expectations of equity investors" (Ferran & Ho, 2014: 158).
4. "The process of issuing new equity can be time-consuming and subject to regulatory approval, slowing down potential expansions or other strategic moves" (Ferran & Ho, 2014: 160).
5. "Equity investors have voting rights, which can potentially alter company control dynamics" (Ferran & Ho, 2014: 162).

The Debt

Debt consists of funds borrowed by various methods and from various sources: banks, financial institutions, or through the issuance of bonds (capital-raising instruments issued on the bond market, purchased by investors to create an investment portfolio). The loans are repaid with interest at an agreed rate (there are various types, e.g. fixed, variable, or linked to specific and uncertain events) within an identified maturity. The debt is generally secured, which implies using a guarantee upon which the creditor can retaliate; this instrument is designed to protect the creditor's investment. Follows an overview of advantages and threats.

Advantages of Debt

1. "Debt financing allows companies to maintain the ownership structure while accessing necessary capital" (Ferran & Ho, 2014: 164).

2. "Interest payments on debt are tax-deductible, which can reduce the overall cost of financing" (Ferran & Ho, 2014: 166).
3. "Using debt can signal to the market that the company's cash flows are stable enough to support regular interest payments" (Ferran & Ho, 2014: 168).
4. "Debt can be structured in a variety of ways to match the repayment schedule with the company's cash flow patterns" (Ferran & Ho, 2014: 170).
5. "Debt does not require giving up any control of the company as equity does" (Ferran & Ho, 2014: 172).

Threats of Debt

1. "High levels of debt increase the financial risk to the company, especially in volatile markets" (Ferran & Ho, 2014: 174).
2. "Debt requires regular interest payments, which can be a drain on company resources, particularly if earnings are inconsistent" (Ferran & Ho, 2014: 176).
3. "Covenants attached to debt can restrict company actions, such as paying dividends or making further borrowings" (Ferran & Ho, 2014: 178).
4. "In the event of insolvency, debt holders are paid before equity holders, potentially leaving nothing for shareholders" (Ferran & Ho, 2014: 180).
5. "The use of debt may inhibit company flexibility regarding future financing options or operational changes" (Ferran & Ho, 2014: 182).

Choosing how to finance a business is a crucial task; the advanced corporate finance literature states that there is an optimal balance between equity and debt. This point can be identified where the higher degree of risk linked to the utilization of debt is equal to the tax discount related to debt utilization. This framework is defined by the Modigliani & Miller model, who helps to create a financial efficient firm's environment. Unfortunately, creating a proper structure for the firm is not enough, in fact it should carry out the operational activity; this is possible only by delegating the multiple tasks that are necessary to obtain the output.

To do so, the owner of the power must relate to the workers who will perform the activities for him.

2.4. The Boundaries of Power – Second productive factor, Labor

Once the enterprise has been created and the critical resources acquired, the entrepreneur approaches the second productive factor, labor. At this juncture, he must exercise the power he has acquired above about the workers necessary to carry out the productive activity.

This, however, is very complex; the relationship between employer and worker is complex and the target of many controls. Historically, the power took advantage of employees, ruining people's lives. The situation has evolved and is gradually improving with recognizing all those rights that ensure the worker's safety, integrity, and dignity.

2.4.1. Labor Law in Italy

In this chapter will be presented a brief history of Italian labor law.

It all started with the Chamber of Labor...

- *Chamber of Labor*

The Chamber of Labor was founded in Milan in 1893. It was the first labor union, which determined the beginning of labor representation in Italy.

- *The Fascism and the post-war period*

During Fascism (1922-1943), the syndicates were dissolved, and the right to strike was removed; they were replaced by state organizations whose function was to represent workers and employers, radically removing the principle of trade union autonomy.

With the fall of fascism and the return to democracy, labor union freedom was reintroduced. Some key dates of this return to the rule of law are marked by the birth of the CGIL (General Italian Confederation of Labor) in 1944, the CISL (Italian

Confederation of Workers' Syndacates) in 1950, and the UIL (Italian Union of Labor) in 1950.

- *Italian Civil Code (1942)*

The Civil Code was promulgated during the Second World War and is a system of rules regulating relations between natural and legal persons within Italian territory. We find a fundamental passage in the recognition of workers' rights in

Art. 2087 cc:

"The employer must use the diligence required by the nature of the service and the circumstances to protect the physical integrity and moral personality of workers."

- *Italian Constitution (1948)*

The introduction of the Italian Constitution establishes the organization of the Italian state. Fundamental principles and rights and duties of citizens have been set out. It was promulgated on 1 January 1948, and within it, we find the foundations of the right to work:

Art.1: "Italy is a democratic republic, founded on labor. Sovereignty belongs to the people, which exercises it in the forms and within the limits of the Constitution."

Art.4: "The Republic recognizes the right of all citizens to work and promotes the conditions that make this right effective."

- *Workers' Statute (1970)*

The Workers' Statute, introduced after the 1968 protest movements in Italy that shook the country, achieved a greater balance of power between employer and employee; the Workers' Statute (Law No. 300/1970) protects fundamental rights such as:

Article 1 - Recognition of the right to strike.

"The worker participates in the company's life by democratic means, respecting the freedoms and rights of the person, as defined by the Constitution."

Article 2 - Protection of workers' freedom and dignity.

"Any covenant or condition, intended to cause, on the grounds of sex, race, language, religion, political opinion, personal and social conditions, discrimination in respect of employment, remuneration, advancement, vocational training, working conditions and other aspects of the employment relationship shall be null and void."

Article 17 - Right of assembly.

"Workers may hold assemblies on company premises outside of working hours and during working hours for no more than ten hours per month, by procedures established by collective agreements or, failing that, by agreements between trade union organizations and the company."

- *Law No 903/1977 - Equal treatment of men and women at work*

The fight for gender equality is still one of the hottest topics on the Italian political scene. The first step towards this ideal of justice and fairness, virtuously fought for by the feminist movement in the early 1970s, was achieved with the introduction of the following law:

Below are some of the measures taken to ensure gender equality in the treatment of people, opportunities, recruitment, and pay.

Article 1 - Object.

"The purpose of this law is to promote the effective equal treatment of men and women in employment matters."

Article 2 - Equal Treatment.

"Any direct or indirect discrimination based on sex is prohibited, with particular reference to provisions on access to employment, including vocational training, working and employment conditions, and professional promotion."

Article 3 - Equality measures.

"Employers, trade unions and professional organizations, within the scope of their competences and activities, are obliged to take appropriate measures to promote equal treatment and opportunities between male and female workers."

Article 4 - Prohibition of dismissal during pregnancy.

"It is forbidden to dismiss female workers during the period of pregnancy and until the completion of the first year of the child's life, except in cases of definitive closure of the company or dismissal for just cause."

Article 5 - Maternity leave

"Female workers are entitled to maternity leave of five months, to be taken partly before and partly after childbirth, during which they are entitled to job preservation and an allowance equal to their last salary."

- *Law No 223/1991 - Discipline for collective redundancies*

This law has been translated to prevent unmotivated mass redundancies in staff collectives. It also demands more transparent procedures and the duty to consult trade unions before collective redundancies.

- *Legislative Decree No. 626/1994 - Health and Safety in the Workplace*

Legislative Decree 626/1994 marked a turning point in the regulation of employee safety; European directives were implemented, increasing protection in the workplace.

Art. 4 - Obligations of the Employer.

"The employer must assess all risks to the safety and health of workers, including those concerning groups of workers exposed to particular risks, and must take the necessary measures to ensure that the work is carried out under conditions that ensure safety and health."

- *Treu Package (Legislative Decree No 469/1997)*

New types of work, including temporary work and apprenticeships, are introduced to increase labor market flexibility and reduce unemployment.

Art. 1 - Introduction of Temporary Work.

"An employment agency is established as an entity authorized to make available to user workers hired under a fixed-term employment contract to replace temporarily absent workers or to meet temporary needs to increase activity."

- *Biagi Law (Legislative Decree No 276/2003)*

This law was intended to introduce a greater degree of flexibility within the labor market in Italy through the introduction of new employment contracts:

Art. 61: "Project work contracts are established, the contents of which are defined by the parties in compliance with the provisions of this decree."

- *Fornero Reform (Law No. 92/2012)*

Measures are introduced to encourage permanent employment, and the ratio legis is intended to give the worker greater security. Safeguards against unfair dismissal are added.

Law No. 92/2012, Art. 1 - Measures for permanent employment.

"To promote the development of permanent employment, a reduction in employers' social security contributions for new permanent hires is envisaged."

Law No. 92/2012, Article 2 - Amendments to the dismissal regime.

"Dismissal for objective reasons must be based on reasons relating to productive activity and the organization of work and personnel."

- *Jobs Act (2015)*

Reforms are introduced to protect labor law; for example, there is an increase in employee rights as the duration of the employment relationship increases.

Legislative Decree No. 23/2015, Art.1- Increasing Protection Contract.

"The open-ended contract with increasing protections is characterized by a system of progressive worker protection, based on the duration of the employment relationship with the same employer."

- *Dignity Decree (Decree-Law No. 87/2018, converted into Law No. 96/2018)*

The legislative decree "Dignity," later converted into law, promotes open-ended hiring by limiting the duration of fixed-term contracts. Thanks to this law, the employer should be incentivized to hire the employee once the legally prescribed maximum term has expired; otherwise, he would be burdened with the cost of training a new resource from scratch.

Art. 1 - Amendments to fixed-term contracts.

"The maximum duration of fixed-term employment contracts, including extensions, is reduced to twenty-four months. Extensions without a new reason are limited to once."

- *Law No. 81/2017 on self-employed and agile work*

This law, more commonly known as "smart working," introduced the possibility of working in a new way.

Art. 18 - Provisions on agile working.

"Agile work takes place without a fixed workstation, with the possibility of alternating work that takes place within company premises with work that takes place outside

company premises, including in disconnected mode, based on an agreement between the parties."

- *Supports and Supports-Bis Decree (2021)*

This decree was essential as a containment measure for the damage caused by COVID-19; the decree includes the introduction of employment support and income protection logic:

Art. 1 - Support measures for enterprises and workers.

"Provision is made for non-repayable grants for companies affected by the crisis, as well as measures to support the income of workers through the redundancy fund, support for the self-employed, and the extension of other forms of social shock absorbers."

This path shows how Italian legislation has continued to evolve in facing external threats and adapting to economic and social needs. This scenario gives an image of the legal environment in which the relations between the principal and agents take place, showing how the law regulates the exercise of power and prevents exploitation. In this context, the actors negotiate to maximize their utility; this relationship is challenging and uncertain. Now, it will be shown how the principal will act to seek his goal.

2.5. Challenges of Power – Principal / Agent / Optimal Contract

The power must contract with the labor force to achieve the highest commitment possible to maximize output; the literature explains how the principal-agent relationship should work through the alienation of interests, allowing him to reach his goal.

For a better understanding, we should reveal what are the utilities of the two actors:

2.5.1. Principal utility

$$\pi = E(\gamma - \omega)$$

The principal's utility is strictly related to the output; this is the result of the expected output (Certain Equivalent of the output possibilities, multiplied by the expected output) minus the cost for the wage of the Agent (that in an optimal contract should have a variable part linked to the output observed)

2.5.2. Agent utility

$$U(\omega, e) = u(w) - v(e)$$

The Agent's utility is a function given by the utility related to the wage and the disutility given by the effort put into the work.

After this overview of what the actors aim for, we will see how this misalignment can be fixed.

Assume a bilateral relationship in which the principal P and agent A interact. P defines the tasks A should do and the related payment thanks to the contract.

We will assume that it is always the P that decides the contract terms, then offers it to the A, who decides whether to accept it or not: the decision depends on the utility that the A gets through the contract (when it is greater than that he should get without signing/with the external opportunities he has, represented by the reservation utility (\bar{U}), then the A should accept it).

At this point, A's objectives conflict with those related to P: the costs associated with P are revenues for A (the wage w) and vice versa (the effort e).

The contract can be described as a reliable promise by both parties, thanks to which their obligations are explicated.

The critical point is that the contract should be based on verifiable variables that could be checked by an independent arbitrator who guarantees its fulfillment.

The verifiable variables depend on the information available within the relationship: we will consider those relationships in which an individual has an advantage over the other due to his information.

2.5.3. Information Asymmetries

"Uncertainty arises because neither the principal nor the agent has complete information about the state of the world, which affects the outcome of their actions" (Sung, 2005:1025).

We can define different informational asymmetries related to different situations:

- The moral hazard, due to which the P cannot observe the A's actions, behavior, or decisions (here, the solution can be related to the incentives to be included within the contract); (*ex-post*)

"Moral hazard refers to situations where the agent has private information about his action chosen after signing a contract that the principal cannot observe" (Sung, 2005:1023)

One typical example of moral hazard is related to the effort the Agent decides to put into work; the principal expects the maximum level possible to increase its utility, while the agent decides to opt for a lower level related to maximizing his utility.

- The adverse selection, due to which the asymmetries are related to the moment before the contract signing (here, the solution can be related to the design of different contracts that leads the A to the revelation of the information); (*ex-ante*)

"Adverse selection refers to a situation where the agent has private information before the contract is signed" (Sung, 2005:1023)

- Signaling is a way to solve information asymmetries where the uninformed party can observe behavior or a fact that reveals the shirking party's actual capabilities or intentions.

To make the asymmetries non-impacting in the output, we should balance the interests of the principal and agent. Only through this method would the agent choose not to shirk. This can be achieved (at least partially by signing an optimal contract).

2.5.4. *Optimal Contract*

The optimal contract's functionality is to eliminate inefficiency; to do this, the contract should be able to align the interests of the relationship's actors.

It is challenging to identify an optimal contract. We should evaluate the principal's risk neutrality or risk aversion. In the first case, the agent receives a wage that is not dependent on the output; in the second case, the wage should be related to the output.

Let us consider the scenario with the principal, who is risk-averse (in reality, uncertainty is a risk, and this affects the principal's output).

"An optimal contract must be incentive compatible and individually rational, making it acceptable to both parties" (Sung, 2005:1024)

- "Incentive compatibility" means that a higher degree of effort should bring a higher output observed, implying that incentivizing the workers positively affects the output.
- Individually rational means that the output for the agent should be at least as high as the reservation utility, implying that he/she would accept the contract.

"Optimal contracts in our setting are linear contracts" (Sung, 2005:1023)

A contract where the agent bears a part of the risk is called a linear contract.

2.5.5. *Linear contract*

"A linear contract is a contract where the payment is a linear function of some verifiable outcome" (Sung, 2005:1023)

Analytically identified by the function:

$$W = a + by$$

In the function, the wage (W) is given based on a fixed part (a) and a variable part (b) connected to the output (Y); in this way, the agent bears a part of the risk connected to the uncertainty of the output leading to an incentive for the worker to maximize the output by aligning the agent's utility with that of the principal.

This framework explains how a principal-agent relationship works. By the way, this is only one relationship the power must face; without a precise literature discipline, the problem can still harm the power.

The following framework explains six crucial points that the power should consider when properly approaching all kinds of continuously articulated relationships. Six concepts are identified for the success of the ongoing relationship.

2.5.6. Keystones of an ongoing relationship

1. (What next issue)

The parties involved must be ready to adapt and choose based on situations that arise as the relationship progresses.

2. Assets at risk

Over time, the parties invest in specific assets needed for cooperation. The assets may require specialized skills, knowledge, or investments in infrastructure or technology. Termination of the relationship would result in the loss of these investments; this introduces costs associated with the termination of the relationship and the hang-up problem.

3. Governance

Governance indicates who has the power to choose the future direction of the relationship, including decisions on projects and investments. Clear governance is necessary for maintaining trust and fairness in the relationship.

4. Efficiency, capacity, and information

The decision-making power must be in the hands of the most informed or otherwise most capable party; this improves the efficiency of the relationship. The principal should ensure that choices are made that maximize the utility of both parties through the most efficient use of information.

5. Credibility

Trust is crucial in labor relations and is articulated over time. With mutual trust, the parties know they will not be fooled or harmed by the other party's decisions. Therefore, not abusing decision-making power is essential to ensure cooperation.

6. Reputation

Reputation implies the trustworthiness of a party that will not use its power to take advantage of vital assets. This fact reduces the degree of uncertainty beard by parties; honest attitudes will characterize the relationship.

The last two keystones help the principal attract agents who fear the hang-up problem expressed in the third keystone.

2.5.7. Hang up problem

This aspect is taken into account by those who specialize in resource utilization. In fact, before specializing, an agent evaluates the second-best option. If there is a large spawn between the first and the second-best option, the end of the employment relationship will be costly for the specialized agent. Then, the agent will think twice before choosing to specialize.

2.6. The exercise of Power

Once it starts being exerted, power becomes concrete; in this chapter, the forms it can take will be revealed.

Perulli defines the managerial power obtained in the already explained ways, "Managerial power is nothing other than corporate management power applied to the labor factor." (Perulli, 2002:397)

The previous statement introduces the concrete shape taken by power in the principal-agent relationship.

Once the contract is concluded, the agent becomes a subordinate employee under the direction of the entrepreneur, which implies that he or she must perform the required tasks by performing intellectual and manual labor.

From this point onwards, it can be said that the employee is under the influence of the employer and is bound to submit to the latter's decisions, still within the limits indicated by the law in respect of human rights, ensured by the sovereign power of the state, hierarchically superior to that of individuals.

Art. 2094 cc

"An employee is⁽¹⁾ Any person who undertakes, for remuneration, to collaborate in the undertaking by performing intellectual or manual labor in the employ and under the direction of the ".

(1) A typical feature of subordination is the subjection of the worker to the instructions of others, with the obligation for the worker to personally perform the service, which is presumed to be performed for consideration

The three different powers (enveloped in the managerial power) exercised by the employer over the employees are directive, supervisory, and disciplinary power.

2.6.1. Directive power

Directive power (or executive) is mentioned in Article 2094 of the Civil Code; according to this power, the employee must perform his intellectual and manual work according to

the directives of the employer; however, the Civil Code does not stop there, Art. 2104 is given below:

“The employee must use the diligence required by the nature of the service to be rendered, the interest of the undertaking, and the higher interest of national production.”

We find a further explanation of the tasks and why he has to follow Barassi's way of working: "The worker is in a subservient condition in the sense that he must bow to the rectification criteria of the head of the factory, to the technical customs prevailing there, to the working methods which constitute the important tools he uses in the struggle for competition which is all at his own risk" (Barassi, 1915: 624):

Articulating what has just been seen, the directive power is expressed in the possibility of the employer giving orders concerning the work activity. These orders/dispositions cannot be disregarded arbitrarily by the employee except in cases expressly provided for by law (such as executing an order that conflicts with the person's fundamental rights).

It is fair to reiterate that executive power must not be unconditional and unlimited but must be exercised within certain limits.

In ordinary situations, violating the instructions given by the employer or a delegate is a form of insubordination and, therefore, punishable by law.

2.6.2. Supervision power

The supervision power, also known as the supervisory power, is limited by the Workers' Statute.

Article 3 of Law No. 300/70 (Workers' Statute)

"The installation of audiovisual equipment or other instruments designed to monitor workers' activities remotely is prohibited without the agreement of the company trade union representatives or, failing that, the Internal Commission. If such an agreement is not reached, the judicial authority may provide, at the request of one of the parties, in

compliance with the requirements of the protection of the worker's personality and dignity and for the sole purpose of protecting the company's assets and work safety."

This article allows the employer to conduct inspections, or in any case, to monitor work activity, explicitly to protect company assets. The installation of equipment with the agreement of trade union representatives is possible. As a matter of optimizing communications and business management, the employer will not be obliged to notify employees individually; it will be sufficient to publish in a place accessible to all the names of supervisory personnel.

2.6.3. Disciplinary power

As one might have expected, we find a reference to disciplinary power within the civil code:

Art. 2106 cc:

"In the event of non-compliance with the provisions contained in the two preceding articles, non-compliance by the employee may give rise to the application of disciplinary sanctions, depending on the seriousness of the offense and following corporate law."

We find a more significant explanation from Celano:

"The power granted to the employer to take sanctions against employees who have committed breaches of contractual obligations" (Celano, 2020:3).

The author wants to go to the idea that the agreement must be respected within the terms of the law. The principal can achieve this goal through a concept of micro-discipline

It is a concept of micro-justice, expressed as follows:

"Internal discipline can be seen as micro-justice, intended to regulate conduct within a given organizational context" (Celano, 2020:5).

However, the measures cannot, as already mentioned, go beyond the limits of the law and must not be perpetuated disproportionately to the extent of the infringement, Celano continues:

"Disciplinary measures must always be proportionate to the seriousness of the infringement and based on a clear foreseeability of the consequences that infringements entail" (Celano, 2020:8).

3. CHAPTER 2 – A Critique of the Power

Literature review

3.1. Introduction

This chapter aims to identify the criticisms of power and the solutions identified in the literature. Having done so, it will be identified which organizational structure is best suited to loosen power constraints without sacrificing efficiency.

By identifying the critical points and aspects of companies and employees most impacted by overly restrictive power constraints, I will introduce the research question: "*Does the loosening of power constraints lead to an increase in efficiency?*" referring to the theoretical concepts expressed in this chapter.

3.2. The impacts of power on employees

Several critics have been moved against the power. Some critics of the literature will be shown below, starting with Foucault...

Foucault expressed a heavy criticism of how power does not merely use resources and direct them to achieve its goals; in doing so, it chooses to mold employees into its sense of self, training them to internalize the company's disciplinary rules, thus changing not only their attitude but also their way of thinking.

"Discipline "makes" individuals; it is the specific technique of a power that regards individuals both as objects and as instruments of its exercise." (Foucault, 1977:170).

Tight surveillance systems, rigid hierarchy, and systems of punishment and recompense do not care about the impact on the worker's autonomy and personality, perpetuating an increase in efficiency and tranquility as an end.

"The means of correct training... hierarchy, surveillance, reward, and punishment, are procedures used to control conduct for the sake of efficiency and docility." (Foucault, 1977:211).

Foucault translates the power of observation not as giving visibility to the employee's actions but as an in-depth observation of the employee; this represents a power exercised

by the employer; it is the intrusive element that distinguishes the supervision of the appropriateness of the working method from the arbitrary exercise of power.

"The practice of placing individuals under "observation" ... transforms the economy of visibility into the exercise of power." (Foucault, 1977:187).

This depth of analysis is not unfounded but functional for the company to adequately frame the employee; the collection of data on behavior and personality is aimed at analysis. Foucault continues with his critique as follows:

"The examination as an observing hierarchy makes each individual a *case*" (Foucault, 1977:184).

The human resource becomes a case study with problems and potential; the company, through these studies, identifies criticalities and modifies them so that they are functional to maximize efficiency; depersonalization aimed at optimizing the company's processes is evident in this case.

However, does this lead to an advantage for companies?

This is followed in the chapter by various critiques of how the grip of power negatively impacts employees.

3.2.1. Impact on the Emotionality

It was clear at first sight that one of the most crucial problems was that exercising power hurt the employee's emotional sphere.

"Management practices can inadvertently lead to job dissatisfaction when they overly control worker emotions" (Kruml & Geddes, 2000:14).

"Persistent emotional labor demands can lead to burnout and reduced job commitment" (Kruml & Geddes, 2000:20).

The authors introduce the concept of employee emotionality; first, it is said that emotional control over employees generates dissatisfaction; we can intuitively deduce that this leads to opportunistic behavior on the part of employees. Consequently, the emotional sphere must be considered by the company's managers; it is an area characterized by the highest

degree of personality; one cannot expect the emotional responses of an employee to be the same as those of a colleague. Therefore, the management of this aspect must be revised. The author mentions the topic of control, explaining how a firm's leaders should not exercise their power to control employees' moods, which would lead to dissatisfaction within the ranks of human resources.

"The emotional effort required to manage personal feelings to meet corporate expectations is a significant form of labor" (Kruml & Geddes, 2000:12).

The authors consider the effort required to adjust sentiments to the company's expectations a form of work. This concept opens the space for reflection: Is the increased effort of employees adequately remunerated? If this is not the case, the employee needs to get adequate compensation for the work done, and awareness of this can lead to.

3.2.2. Impact of Display Rules

Here, we introduce the concept of emotional work by explaining how the power constraints not only commit the workers to the traditional kind of work; it requires emotive labor to adapt to the rules imposed by the firm on how the employee's emotions should behave in certain situations, this affects the employees negatively as explained by Kruml and Geddes as follow:

"Organizational policies on emotional labor significantly impact employee autonomy and authenticity" (Kruml & Geddes, 2000:18).

With this statement, we understand how this type of control impacts employees' autonomy and authenticity; now, we need to reflect on which people we would like to have in our employ. A good manager would want the employee to have the optics of putting maximum effort into the work; only then can the employer's utility be maximized. To achieve this, the interests of the principal and agent need to be aligned, but this does not occur if we do not have employees, genuine ones because they will pretend to work one way but will take every possible opportunity to exploit the situation in their favor, even if the employer notices the pretense, he will be forced to invest resources in control mode.

"Display rules enforced by employers can often lead to emotional dissonance, affecting employee well-being" (Kruml & Geddes, 2000:14).

The authors indicate the discipline that cannot be imposed on people; the Display Rules refer to which emotions can be expressed and in which social contexts. The continued application of these rules can negatively affect the mental health of human resources. It is suitable to identify specific expected behaviors related to the need to be professional in the workplace; however, when one crosses an imaginary line dictated by common sense and imposes unnatural behaviors on employees, one risks damaging employees' health.

3.2.3. Impact of Coercive Bureaucracy

The power exercise requires a solid bureaucracy to be effective. The overly bureaucratic nature of companies is generally recognized in the literature as limiting; these companies choose not to consider employees' needs, and doing so causes various inefficiencies within them, where employees boycott power because overly stringent regulations oppress them, a strong criticism is made by Boltanski and Chiapello.

"There is a growing critique against the impersonal and bureaucratic nature of large corporations, which are seen as out of touch with the needs of their employees." (Boltanski & Chiapello, 2005:161).

Adler, P. S., and Borys, B. (1996) distinguish two opposing organizational models based on the manner and exercise of disciplinary power. These are coercive and enabling bureaucracy; companies can choose one or the other depending on their disciplinary approach to employees.

3.2.4. Coercive bureaucracy

Coercive bureaucracy is an approach to discipline that "maintains power through rigid hierarchies and formal rules that constrain individual initiative" (Adler & Borys, 1996:62).

This type of supervision comprises tight controls and a hierarchy that limits employees in making autonomous decisions.

The authors define the rules within the bureaucracy:

Coercive bureaucracies are those structures where "rules are used as tools to limit freedom rather than to empower individuals" (Adler & Borys, 1996:65).

The effect of this stranglehold is not favorable towards the employees. They continue to highlight the critical issues:

Such bureaucracy often "leads to a disempowered workforce that lacks motivation" (Adler & Borys, 1996:70).

Loss of motivation is closely linked to a reduced workload or opportunistic behavior on the part of employees.

3.2.5. *Enabling bureaucracy*

On the opposite side of the coin, we find this disciplinary approach based on principles radically opposed to those described above. The enabling bureaucracies want to empower and invest in their employees are described by the authors as follows:

"Enabling bureaucracies are characterized by rules that are intended to provide employees with the discretion and autonomy they need to deal effectively with their tasks" (Adler & Borys, 1996:66).

Rules are less pronounced, leaving more room for employee inventiveness to provide the necessary tools to respond to changes in the external environment:

"Enabling bureaucracies use flexibility in rules to respond dynamically to changing industry conditions" (Adler & Borys, 1996:97).

This also impacts a company's capabilities, making it more agile and adaptable, thanks to responses that are less constrained by fixed patterns and come from multiple sources.

"Enabling bureaucracies use flexibility in rules to respond dynamically to changing industry conditions" (Adler & Borys, 1996:97).

3.2.6. *Impact of the Information Systems*

Information systems are a double-edged sword for companies; depending on their use, they either lead to increased efficiency or reduced autonomy.

They are defined as "an organized combination of people, hardware, software, communication networks, and data resources that collect, transform, and disseminate information in an organization" (O'Brien & Marakas, 2010:32).

With the advent of the digital age, it is becoming increasingly essential for companies to adapt to new technologies to keep up with the market and refrain from using obsolete or less productive processes.

Davenport deals with the subject in depth:

"In the information age, the ability to use data to drive strategic and operational decisions is essential for any organization. Information systems provide the necessary framework for capturing, managing, and analyzing data for this purpose" (Davenport, 2007:65).

"Integrating information systems into business strategy does not only mean implementing new technologies but also reviewing and adapting business processes to maximize the usefulness of these technologies (Davenport, 2013:78).

"Digital technologies and information systems are not only tools for automation, but also powerful levers for reinventing processes and products" (Davenport, 2015:94).

The above quotations are placed on a timeline to see how the same author's thinking about information technology has evolved. As time goes by, we can see how these systems are evolving, playing an increasing role within companies. We note how the author starts by describing them as frameworks aimed at capturing, managing, and analyzing data; within five years, they are given a central role; it is the business processes that adapt to the technologies to make the most of them; the timeline ends in 2015, when the author reports how, by now, information systems reinvent not only the processes but the products themselves. The centrality of these systems is evident and crucial, enabling companies to be competitive in a dynamic market that is constantly evolving.

Other authors have commented on these systems in the literature on how they can quickly flow information through the organization of the company, highlighting how they are a considerable tool in increasing efficiency within companies. Authors Laudon and Laudon emphasize their ability to change an organization:

"Information systems can change the flow of information, making it possible for many more people to access and share information, replacing sequential steps with tasks that can be performed simultaneously, and eliminating delays in decision making" (Laudon & Laudon, 2016:45).

As the authors report, a greater information flow can allow for better coordination within the company, enabling sequential tasks to be carried out together and optimizing the decision-making system. This all sounds great, but through more in-depth research, we can find much literature focusing on the negative aspects of this ubiquity of information. Finally, Silva and Backhouse show us how these can balance power within companies and increase employee transparency and accountability.

"The use of information systems for enhancing transparency and accountability in organizational practices can help balance power dynamics." (Silva & Backhouse, 2003:305).

However, it would be a biased analysis if I did not consider the negative aspects of these systems, which, although a crucial tool within companies, can lead to severe inefficiencies when misused by the power; this brings us back to

Concerning power and how these systems can become an unequal means of control, Silva and Backhouse spend a few words on the subject:

"Information systems... can become instruments of surveillance that may impose undue discipline and restrict personal autonomy" (Silva & Backhouse, 2003:295).

Suppose information systems become disciplinary tools used to control workers, resulting in a restriction of autonomy. In that case, the effect will be a loss of efficiency within the company, linked to workforce dissatisfaction, loss of stimulation, and opportunity shirking.

Other possible negative implications of the use of information technology, unrelated to the exercise of power, are:

"While information systems can help businesses increase productivity, they also have the potential to eliminate jobs through automation, leading to employee displacement" (Davenport, 2013:58).

"Excessive dependence on information systems can lead to operational vulnerabilities, exposing organizations to risks from system failures and cyber threats" (Laudon & Laudon, 2016:29).

The continuous advancement and development of these technologies lead to efficiency to such an extent that they have gained the potential to replace human labor with automated tasks; this impacts employment and should make workers reflect on their specialization choices. Another risk is related to organizations' exposure to computer system failures and digital threats; companies' reliance on computerized operational approaches exposes them to all those risks related to digital equipment, which may lead to data losses due to hacking or technical malfunctions of various kinds.

3.3. Impacts on the organization's structure

Excessive power exercise also impacts company structures, changing them and making them unsuitable for the environment in which they operate or at least disadvantaged against well-organized competition.

"Dominant power structures within organizations can lead to systems prioritizing control over facilitation, stifling innovation and flexibility." (Silva & Backhouse, 2003:301)

Focusing on controls and limiting one's employees rather than facilitating processes through a looser grip on power negatively impacts the company's structure, leading to less innovation.

3.4. Alternatives to Power Constraints

There are many alternative ways to ensure workers' commitment that are not linked to power constraints and avoid the adverse effects of power exercise.

The loosening of power, as affirmed by Kruml and Geddes, "Allowing employees more display latitude can reduce negative emotional labor outcomes" (Kruml & Geddes, 2000:38)

In a very logical way, the authors propose a solution to reduce the degree of control over employees' emotions so that by loosening constraints, the adverse effects due to the impact of emotional labor are reduced. Specifically, feelings of resentment towards the company decrease the rate of voluntary turnover and opportunistic behavior.

3.4.1. Changing the Environment

When the environment changes, it brings who is inside it to a change.

"Focused training on interpersonal skills aimed at improving emotional contagion could help workers lacking this trait" (Kruml & Geddes, 2000:47).

The authors introduce the concept of emotional contagion. This solution does not aim to impose fiction on employees but to solve unhealthy situations through the positive contagion of colleagues. This is achieved by creating a positive and healthy environment that resolves the negativity of those who enter it.

This not only solves the problem of managing malaise but can be a means of boosting productivity in various ways:

- Hiring incentive: incentivize people to enter this positive zone (which is none other than the company).
- Effort incentive: Incentivize people to be more efficient and remain in the positive zone.
- Contribute incentive: It incentivizes people to contribute to the positive zone.

3.4.2. *Community and Corporate Culture*

Creating a community is even more profound than creating a suitable environment; the positive effects linked to communities are widely more significant than the ones linked to ambient mutation.

"Creating an organizational culture that values employee well-being can lead to more sustainable engagement" (Kruml & Geddes, 2000:47).

Creating community within the company is one of the most efficient and discreet indirect ways of incentivizing and controlling resources, sometimes more effective than conventional ones. First and foremost, it aims to eliminate the separation of professional and private life, recreating a home environment in the workplace so that employees feel a sense of belonging and can align their interests with the company's.

"The separation of personal and professional lives, a hallmark of traditional capitalism, is increasingly viewed as outdated and detrimental to employee well-being." (Boltanski & Chiapello, 2005:165).

Within communities, control systems are embedded in other members through information sharing. This reduces control-related costs and risks due to excessive pressure on employees.

"Communities can sometimes do what governments and markets fail to do because their members...have crucial information about other members' behaviors, capacities, and needs" (Bowles & Gintis, 2000:2).

3.4.3. *Structural Flattening*

One other solution deal with changes made at the structural level, avoiding incurring the restriction given by power and its adverse effects. As we said before, one of the main problems identified by the literature is the need for more flexibility due to tight power constraints.

The absence of flexibility is a crucial problem that companies face, closely linked to loosening in the marketing competition, as Boltanski and Chiapello testify:

"The lack of flexibility in traditional corporate structures is seen as a barrier to responding effectively to the rapid changes in the global market." (Boltanski & Chiapello, 2005:165).

We have seen how power often intrudes into the flexibility of enterprises, limiting it through rigid control logic and systems, which need to be of more use in reacting effectively to sudden changes in the external environment. To increase the degree of horizontality of enterprises and flatten the structure, there are various methodologies:

"Promotion of flat hierarchies and team-oriented projects that empower employees and foster a more collaborative work environment." (Boltanski & Chiapello, 2005:165).

The first is identified through integration and the creation of teams to approach projects, where employees are subject to mutual control by team members.

"The rejection of hierarchy as a form of domination highlights the oppressive nature of traditional corporate structures, emphasizing a critical shift towards more egalitarian practices" (Boltanski & Chiapello, 2005:165).

3.4.4. Network-based Companies

A solution that drastically reduces power-related limitations and still ensures a high level of effort is identified through the transformation of the classical enterprise into a lean company, the characteristics of which are defined by Boltanski and Chiapello:

"Decentralisation and the formation of lean companies, organized in networks or by projects, propose a solution to reduce hierarchical impediments and promote a more dynamic and responsive organizational structure" (Boltanski & Chiapello, 2005:165).

"Emphasis on decentralized, network-based organizational structures that enhance flexibility and responsiveness." Boltanski & Chiapello, 2005:165).

Opting for the transformation of the company into a Lean company leads to the inclusion of logic aimed at breaking down the power constraints of the vertical hierarchy related to loss of flexibility and speed of reaction to external threats, empowering employees and

creating regular relationships between them and the company's various stakeholders. This not only translates into a more incredible speed of response connected to a more immediate retrieval of information, with employees trained and able to construct effective responses that better adapt to changes, but it also leads to a greater valorization of resources, who find in this way the freedom to express themselves and be able to grow, playing an important role and feeling part of something will align the optimization of their utility with that of the company, maximizing the likelihood of profit.

"Networked structures that involve diverse stakeholders (suppliers, customers, service providers) enable firms to be more adaptive, sharing risks and benefits more broadly across the ecosystem" (Boltanski & Chiapello, 2005: 181).

L'integrazione degli stakeholder all'interno dei meccanismi aziendali aumenta il grado di soddisfazione, che, tramite l'effetto passaparola, incentiverà altre realtà a voler iniziare a fare business con l'impresa, favorendo le possibilità di espansione e di ottenere buone condizioni contrattuali.

3.4.5. Optic to Target

One other solution for eliminating power constraints on employees while maintaining a high degree of efficiency is to align the interests of employees with those of the company. In this way, the control mechanism necessary to ensure that the work is done appropriately will be less relevant since the efficiency given by the high degree of supervision with a negative effect due to opportunistic employee behavior will be compensated for by the higher degree of efficiency associated with the higher degree of effort employed by employees and the lower cost associated with the removal of supervision because it is no longer necessary.

"The introduction of management by objectives and meritocracy where leaders are selected based on personal merits represents a shift towards more performance-oriented and less hierarchical structures" (Boltanski & Chiapello, 2005:165).

"Facilitative power should be leveraged to promote system integration that supports organizational goals rather than merely enforcing control." (Silva & Backhouse, 2003:302).

3.4.6. Autonomous Team

The implementation of autonomous teams in which peer-evaluation logics are established is a solution that limits the need for the company to exercise power over its employees. In this situation, we are faced with breaking down the hierarchy as we are used to thinking of it: smaller groups that are self-regulating and thought of as more efficient. The power of control is replaced with mutual monitoring between people at the same level, thus eliminating the subjugation and adverse effects of classic supervision.

"Support for autonomous teams and self-management practices that reduce reliance on traditional managerial roles and enhance worker engagement." (Boltanski & Chiapello, 2005:181).

"The reconfigured environments where teams manage their workflows, reducing the need for traditional bosses and hierarchical supervision" (Boltanski & Chiapello, 2005:181).

3.4.7. Training

For this solution to be effective, power must be oriented towards enhancing human resources; managers must, first and foremost, be able to enhance resources' strengths and stimulate commitment to eliminate the need for constant control and supervision.

"Encouragement of a participative management style that values employee input and fosters a sense of ownership and commitment." (Boltanski & Chiapello, 2005:181).

"Integration of personal and professional development, encouraging a more holistic approach to employee growth and satisfaction." (Boltanski & Chiapello, 2005:181).

Wanting to grow one's employees within the company can be risky if it involves the possibility of trained resources leaving the company, which would entail a significant cost.

However, employee retention is a factor in the company's growth and resources. The more excellent skills acquired, the higher the degree of performance and, thus, an increase in the quality and quantity of output. An environment that invests in its resources is more difficult to leave, as the individual feels valued as a fundamental part of the company.

Another positive effect of resource formation and the elimination of power constraints that limit them is presented to us in this way:

"Firms increasingly adopt the model of 'employability,' which ensures that individual capabilities are fostered, making individuals more adaptable and capable of navigating changes in the corporate landscape" (Kruml & Geddes, 2000:185).

"Adoption of continuous learning and adaptability as core organizational principles to keep pace with technological and market changes." (Boltanski & Chiapello, 2005:181).

As the authors explain, training resources in different operational areas make the company more flexible and able to respond efficiently to critical issues imposed by the external environment. The necessary structural changes will be quicker and more effective in solving problems since the resources will already be able to effectively cover tasks other than those they are used to.

3.4.8. Solutions Overview

Here is a summary of alternatives to the exercise of corporate power that still allow workers to be incentivized and ensure that they perform their assigned tasks effectively:

Creating the environment

- Promote a positive work environment to incentivize employees through emotional contagion rather than using Display Rules.

Building a community and corporate culture

- Create an idea of community and organizational culture that places employees and profit at the center of the company's interests to foster by creating sustainable growth.
- Make employees feel comfortable so there is a manageable gap between work and private life.
- Use the system of mutual control within the community by reducing the costs associated with supervision and the risks due to its excessive exercise.

Structural flattening

- Implementing flat hierarchies and approaching projects via teams fosters collaboration and empowerment.
- The elimination of the traditional vertical hierarchy is necessary to eliminate the need to exercise power to control and discipline employees.

Lean companies

- Decentralizing and creating lean companies based on networks or projects promotes dynamism and empowerment.

Focus on goals

- Aligning employees' interests with the company's goals can be achieved through remuneration linked to goal achievement and using meritocratic advancement systems to reduce the need for supervision.

Team autonomy

- Working through autonomous teams with peer evaluation systems allows empowerment and cooperation between members, removes control systems, and incentivizes and trains members only through presence within the team.

Training

- Invest in personal and professional development to improve employees' skills, autonomy, and efficiency in achieving the goal.

- Continuous learning systems and adaptability to the environment are necessary to foster the company's dynamism.
- Holistic training for employees fosters versatility in the various roles within the company, thus reducing the need for directives and increasing the speed of response.

3.5. The Utopian Organization

"The city should be designed with a sense of proportion and harmony, such that every part reflects a unity and purpose, ensuring both aesthetic beauty and functional utility" (Alberti, 1988:202).

Leon Battista Alberti (1404-1472) defined the utopian city during the Italian Renaissance as an entity based on harmony, in which every part reflects the idea of unity and purpose, ensuring both aesthetic beauty and functional utility.

The writer is convinced that these logics must be the same as those underlying the creation of a company. First and foremost, the power flowing from the company's top management down to the employees must be loosened to eliminate criticalities, inefficiencies, and, at times, dissatisfaction once it comes into contact with the workers.

The essential elements needed to replace the power's constraint are as follows:

- Flexibility,
- Empowerment,
- Autonomy,
- Community and Culture

These are the pillars needed to begin our construction work, upon which we will build a structure capable of encompassing these principles. I am talking about the horizontal structure, but it must integrate the logic described above to be efficient.

3.6. The Horizontal Structure

The following identification of a business structure results from reworking concepts in the courses on Business Organization, Strategic Management, International Business Management, and Industry Dynamics.

As the National Bureau of Economic Research states, organizations characterized by horizontal structures have faster decision-making systems and higher levels of innovation (NBER, 2023); we will now identify how the structure should be composed.

3.6.1. The decision-making power

"The horizontal organization eliminates the traditional hierarchical layers and empowers cross-functional teams to make decisions closer to the point of action, leading to greater agility and responsiveness" (Ostroff, 1999:45).

"Horizontal organizations are characterized by fewer layers of management and a greater emphasis on teamwork and collaboration across functional boundaries" (Daft, 2021:132).

The horizontal structure eliminates the traditional vertical hierarchy, in which decisions are made at the top of the corporate pyramid, passing through the structure until they become a precise order that is given to the worker to execute to the letter. All this flow of information results in an enormous waste of time and, therefore, a lower speed of response to external stimuli.

The solution identified is to shift the decision-making power from top management to the operational areas to ensure a faster response.

In these areas, teamwork aimed at gaining different points of view and collaboration ensures immediate problem analysis, and bureaucracy becomes an enabler aimed at empowering rather than forcing employees to conform to thought patterns and rules.

"Decentralized decision-making empowers employees, leading to increased motivation and faster response times" (Spreitzer, 1995:1442).

3.6.2. Business Units - Teams

Teams within companies are composed of elements that can make decisions quickly, increasing the company's speed of response to competitors and increasing customer satisfaction.

"Empowered teams can make decisions rapidly, leading to increased efficiency and satisfaction" (Lawler, 1986: 235).

The training of human resources within teams is an essential element. Training and encouraging resources to perform at their best, with particular attention to employees' emotional spheres, is an essential element for the success of tasks. With increased motivation and a voluntary deployment of effort by employees, efficiency and effectiveness in achieving outputs are increased.

"Psychological empowerment in the workplace is associated with higher employee motivation, retention, and satisfaction" (Spreitzer, 1995:1442).

Approaching projects through this type of team can guarantee such flexibility and adaptability that the company becomes efficient in innovation and development.

3.6.3. Communication

Communication within the enterprise is encouraged and becomes a decisive strength in the success of operational activities. The speed of information transmission results in a higher propensity to innovate, and knowledge sharing brings personal development. These two elements combined increase the likelihood that an individual with his or her background can process information uniquely and succeed in innovating a process or product.

Several authors have spoken about the benefits related to effective communication systems.

"Effective communication is key in horizontal structures, facilitating collaboration and innovation" (Burns & Stalker, 1961:46).

"Cross-functional teams in horizontal organizations are better positioned to innovate and differentiate products because they bring together diverse perspectives and expertise" (Byrne, 1993:79).

Brighter communication enhances innovation and product differentiation, revealing itself as a crucial factor in an efficient organization.

Suppose we add information technologies to effective communication. In that case, we will obtain even more efficient and faster communication, supported by adequate information tools and systems that facilitate every information transmission area, from sharing knowledge to speeding up decision-making.

"Information technologies are crucial for supporting communication in horizontal organizations, enabling quick and efficient information flow" (Brynjolfsson & Hitt, 2000:23).

"Collaborative technologies, such as project management tools and shared workspaces, enhance team efficiency and coordination" (Majchrzak, Malhotra & Lipnack, 2004:186).

Finally, the interaction between the company's various departments leads to faster and more efficient production through the exchange of crucial information and to sequential tasks being carried out in parallel due to the high degree of synchrony and synergy associated with internal communication.

"Efficient production chains rely on the seamless integration of various functional areas within the organization" (Brown & Eisenhardt, 1995:349).

3.6.4. Corporate Culture

The creation of a corporate culture that is collaborative and open to communication becomes an element that increases the flexibility, transparency, and authenticity of the company. This aspect is also essential in retaining resources to ensure that they avoid losses related to the training and then the exit of employees from the company system;

finally, it is also crucial to attract talented resources within the system and continue to grow the company. The integration of resources with different cultures from various parts of the world creates a diversity of viewpoints within teams, which connects well with resolving a more significant heterogeneity of projects.

"Collaborative culture is essential for the success of horizontal structures, fostering trust and open communication:(Schein, 2010, p. 78).

"Shared values and goals are fundamental to the functioning of a horizontal organization" (Denison, 1990:104).

Not stopping at creating a positive and accessible environment where people can express themselves without fear of being subjected to display rules leads to greater resource efficiency. This is achieved through the creation of a community.

Not only does the community diminish the perceptible distance between a work environment and a home environment, but it also connects to a higher rate of loyalty, greater cohesion within teams, knowledge sharing, and mutual support, leading to an even greater effort put into the work by increasing efficiency and problem-solving. Finally, this cuts the costs associated with supervision due to the logic of mutual control and adherence to rules that team members adopt more easily.

"A strong sense of community within an organization fosters loyalty and teamwork, leading to improved performance" (Wenger, McDermott & Snyder, 2002:55).

"Communities of practice enable employees to support each other, share knowledge, and solve problems collectively" (Wenger, 1998:72).

3.6.5. Network-based systems

Horizontal organizations are optimal for building network-based systems that foster collaboration and innovation.

These systems allow stable and continuous relationships with the company's various stakeholders, increasing the organization's ability to respond quickly to external threats

due to the fast flow of information perceived from the outside and thanks to a more precise identification of criticality related to the huge amount of data perceived.

The influx of external ideas makes the enterprise even more flexible and adaptable, bringing innovation even when the internal environment is stagnant. Freeman and Chesbrough recalled this concept.

"Horizontal organizations excel in building networks that include various stakeholders, enhancing collaboration and innovation" (Freeman, 1984:89).

"Open innovation, facilitated by stakeholder interactions, enables organizations to incorporate external ideas and enhance their processes" (Chesbrough, 2003:54).

Network-based systems create a tangible advantage in the market.

Customer feedback develops a more competitive and appreciated product, ensuring demand preferences are met and enhancing customers' loyalty by making them feel an integral part of the organization. This leads to continuous improvement in responding to the environment's needs mutations before anyone else.

The literature states the benefits of network-based systems:

"Extended networks involving key stakeholders play a crucial role in product development and improvement processes" (Granovetter, 1973:1361).

"Continuous feedback from stakeholders is essential for refining products and services, ensuring they meet market demands" (Clarkson, 1995:108).

"Integrating customer and market feedback into product development processes is key for continuous improvement" (Cooper, 2008:33).

3.7. Market Strategies

Which market strategies are most effective when implemented by a horizontal organization with the described characteristics?

Companies compete in the marketplace by relying on their unique competencies and strengths; horizontal organizations will focus on reaction speed, adaptability to rapid change, and the ability to understand customer preferences before others do.

3.7.1. Product Differentiation

Differentiation is a strategy to make your company's products stand out from those offered in the market through one or more distinctive features or functionalities; the goal is to increase customers' perception of value so that they are willing to pay a higher price than the average market price.

Achieving this goal requires an absolute and responsive understanding of employees' needs in determining the onset of preference changes from the earliest signals.

"Differentiation involves creating uniquely desirable products and services that stand out from competitors due to unique features, superior quality, or exceptional customer service" (Porter, 1985:120).

"Effective differentiation strategies enable firms to achieve a competitive advantage by providing customers with unique products that command premium prices" (Kotler & Keller, 2016:254).

Horizontal organizations, including the characteristics described in the previous sub-chapters, are ideal for ensuring this speed and adaptability to market needs: teams share and gather information quickly across networks and use different perspectives to solve problems effectively in confrontations with customers.

"Cross-functional teams in horizontal organizations are better positioned to innovate and differentiate products because they bring together diverse perspectives and expertise" (Byrne, 1993:79).

"Product differentiation is enhanced in horizontal structures due to the streamlined communication and collaborative environment that promotes creative problem-solving" (Miles & Snow, 1978:224).

3.7.2. Product Diversification

Diversification is a strategy that involves expanding the company into new market segments or implementing new products and services, thereby increasing the portfolio offered. The objective is to leverage brand recognition and customer appreciation to enter new markets or expand business into more profitable or higher-growth markets. Expanding the product portfolio decreases the risk borne by the company as drastic drops in demand in one area can be offset by the performance of other products, thus reducing the risk of default associated with the extinction or reduction of a market segment.

As explained by the literature, diversification strategies are an effective way to enter a new market when the firm is facing problems in growth or a decrease in demand. (Johnson, Scholes & Whittington, 2008).

Horizontal organizations, including the characteristics described above, can implement this strategy effectively due to synergies between teams and rapid dissemination of knowledge that enables them to prepare employees adequately for tasks other than the usual ones. Once again, companies' response speed and adaptability play a vital role in the success of this strategy.

"Related diversification allows companies to leverage existing capabilities and resources, resulting in operational synergies and increased market power" (Ansoff, 1957:120).

"The flexibility and rapid decision-making inherent in horizontal organizations make them well-suited for product diversification strategies" (Stewart, 1992:95).

The literature reports that horizontal organizations are easily adaptable to new challenges and opportunities, allowing them to be more efficient in adopting diversification strategies and expanding their production" (Adams, 2004).

3.7.3. Design Thinking Approach

Design thinking is a problem-solving approach that permits a deeper understanding of the user's needs and requirements through empathy. It is used within teams to foster the resources' creativity, thanks to ideas sharing and brainstorming sessions that help manage the destructive creation processes aimed at eliminating, recreating, or reconstructing a product.

This approach can only be used by strongly horizontal companies, where employees are empowered and put in the ideal conditions to foster the creation process; the freedom given by this kind of organization to employees fosters members' specific capabilities, helping the understanding of customers' emotions and feelings, and design solutions from different point of view.

As Ostroff states, horizontal structures, thanks to a more collaborative environment and the implementation of cross-functional roles, can use easily design thinking methodologies" (Ostroff, 1999).

Schein also confirms this fact, reporting that thanks to their collaborative environment and a culture focused on innovation, horizontal organizations can properly apply design thinking principles, fostering continuous innovation (Schein, 2010).

Design thinking serves the market strategies used by horizontal organizations by substantially increasing their effectiveness. This is due to a greater understanding of customers and increasing the innovativeness and appropriateness of solutions. It also impacts how markets are integrated, ensuring greater ease through the prototyping of products and case studies.

"Design thinking promotes sustainable innovation adaptable to various product lines and markets, supporting diversification strategies" (Kelley & Kelley, 2013:67).

"Iterative prototyping and user validation reduce risks associated with diversification, ensuring successful market entry" (Brown, 2008:93).

3.8. Entry Mode in the Market

Horizontal organizations succeed in entering markets mainly through two modes due to their flexibility and adaptability:

- First-to-entry.
- Differentiation.

3.8.1. First-to-entry

The information obtained from networks and customer contact helps to understand the radical change or creation of new markets before the competitors; this advantage, combined with the speed of working on a solution that fully satisfies the customer due to the rapid internalization of information and implementation of solutions, due to immediate decision making and the possibility of designing prototypes to receive feedback from customers even before the product launch; allow the company to be the first to enter the market with an effective solution and to develop any changes quickly, securing a good share of the market from the outset.

"Cross-functional teams in horizontal organizations streamline product development processes, reducing time-to-market" (Byrne, 1993:76).

"Customer-centric approaches in horizontal organizations ensure rapid feedback integration, vital for leading market entry" (Jaworski & Kohli, 1993: 55).

3.8.2. Differentiation

Differentiation is not just a market strategy but a proper mode of entry. Their speed in understanding market needs and innovating makes them perfect for identifying market opportunities and solutions. This allows them not only to enter a new market by meeting customer needs ignored by competitors but also to secure and maintain leadership by continuing to innovate.

"A collaborative culture in horizontal organizations fosters continuous innovation, which is crucial for market leadership" (Schein, 2010: 104).

"The flexibility and rapid decision-making inherent in horizontal organizations make them well-suited for quickly seizing market opportunities" (Stewart, 1992: 91)

This is the end of this chapter. We have identified the literature's critique of the exercise of power and possible solutions. In the next chapter, we will check the reality by investigating how employees feel about it and how they react to losing power constraints.

4. CHAPTER 3 – Research, Data and Analysis

Analysis

4.1. Thesis Research Question

In the previous chapter, we have explained what criticism is made of power because of its negative effect on employees; the critical point lies in the fact that these oppressions spread like cancer in all operational environments. The organization undergoes a radical transformation and changes its appearance; the threadbare garment it begins to wear brings no good, inefficiencies begin, and discontent creeps in among the employees, who will take every possible opportunity to take advantage of the company, not performing tasks as required, sparing the effort they put into their work, or otherwise behaving opportunistically to the detriment of the company.

This situation leads to the business not being carried out as it should, management's and workers' interests are no longer aligned, and each person will think of maximizing their utility to the detriment of the others.

Is it, therefore, convenient to adopt this logic, or are there alternatives? We described an organization where power constraints are loosened, and operations are achieved through coercive methods but by incentivizing employees to make their own choices for the best of the company.

It all sounds perfect when written on a piece of paper... but is what is written reflected in reality?

Determining this fact is what this is all about, and to do this, it was necessary to circulate a survey among the workers to investigate how they feel in contact with too much power and under what conditions they think they can give their best

This brings us to the heart of this thesis, namely the research question:

“Does a reduction in power constraints lead to an increase in efficiency?”

The aim is to determine whether power has a negative effect to the extent that reducing it leads to more efficient and, thus, more effective operations.

To try to answer this question, a survey was created to collect data for analysis to answer the identified question.

4.2. The Survey

The survey was structured in several sections; neither the names nor the e-mails of those who filled in the survey were collected, as this would have led to bias related to the fear of negative repercussions related to the answers given.

Survey's link: <https://forms.gle/ZLusAZMj7JSoq46TA>.

| <i>Survey</i> | | | | |
|---|---|------------------------------|---------------------|---|
| <i>General Questions - Introduction</i> | | | | |
| ... | Question | <i>Variable</i> | | |
| 1 | How many employees does the company you work for have? | <i>Number of employees</i> | | 1 (0-9) 2 (10-49) 3 (50-250) 4 (250+) |
| 2 | Where in Italy does your company work? | <i>Geographical Area</i> | | <i>North</i> <i>Center</i> <i>South</i> <i>Islands</i> |
| <i>Directive power - Section 1</i> | | | | |
| ... | Question | <i>Variable</i> | <i>Impact</i> | <i>Score</i> |
| 3 | Does not being listened to/not being able to express yourself when you have an idea negatively impact your state of mind? | Directive Power | <i>Emotionality</i> | 1-7 <i>Low-High</i> |
| 4 | How comfortable are you with working with fewer guidelines and more flexibility? | Directive Power (decreasing) | <i>Emotionality</i> | 1-7 <i>Low-High</i> |

| | | | | |
|---------------------------------------|--|------------------------------------|---------------------|------------------------|
| 5 | When do you prefer to receive work instructions? | Directive Power | <i>Comfort</i> | 1;2;3;4 |
| <i>Supervision power - Section 2</i> | | | | |
| 6 | Does the constant supervision of the supervisor during work affect your peace of mind? | Supervision Power | <i>Emotionality</i> | 1-7 <i>Low-High</i> |
| 7 | How comfortable are you with working autonomously? | Supervision Power (decreasing) | <i>Emotionality</i> | 1-7 <i>Low-High</i> |
| 8 | At what stage of work do you prefer to report to your superior? | Supervision Power | <i>Comfort</i> | 1;2;3;4 |
| 9 | How do you prefer to communicate the progress of the work? | Supervision Power | <i>Comfort</i> | 1;2;3;4 |
| <i>Disciplinary power - Section 3</i> | | | | |
| 10 | Not being able to challenge negative criticism impacts your peace of mind. | Disciplinary Power | <i>Emotionality</i> | 1-7 <i>Low-High</i> |
| 11 | Does receiving negative feedback calmly and sympathetically affect your inclination to follow it up? | Disciplinary Power (decreasing) | <i>Emotionality</i> | 1-7 <i>Low-High</i> |
| 12 | How often would you like to receive feedback on your behavior in the company? | Disciplinary Power | <i>Comfort</i> | 1;2;3;4 |
| <i>Environment – Section 4</i> | | | | |
| 13 | Does working in a positive environment impact your efficiency? | Environment | <i>Efficiency</i> | 1-7 <i>Low-High</i> |
| 14 | Does a calm state of mind positively impact your work efficiency? | Environment | <i>Efficiency</i> | 1-7 <i>Low-High</i> |
| 15 | Does being treated as an equal by your supervisor affect your commitment to your work? | Environment | <i>Effort</i> | 1-7 <i>Low-High</i> |
| 16 | Does being comfortable with the people around you affect your work efficiency? | Environment | <i>Efficiency</i> | 1-7 <i>Low-High</i> |

| | | | | |
|---------------------------------|---|--|-------------------|------------------------|
| 17 | Does working with people you respect make you want to put more effort into your work? | Environment | <i>Effort</i> | 1-7 <i>Low-High</i> |
| <i>Productivity – Section 5</i> | | | | |
| 18 | Does being empowered positively affect your work efficiency? | Directive/Supervision Power (decrease) | <i>Efficiency</i> | 1-7 <i>Low-High</i> |
| 19 | Does being autonomous positively affect your work efficiency? | Supervision/Directive Power (decrease) | <i>Efficiency</i> | 1-7 <i>Low-High</i> |
| 20 | Why do you choose to put more effort into your work? | Comfort | <i>Efficiency</i> | 1;2;3;4 |
| 21 | In which mode do you prefer to work? | Environment | <i>Effort</i> | 1;2;3;4 |
| 22 | Assuming a behavior in the workplace, you will find it easier... | Environment | <i>Efficiency</i> | 1;2;3;4 |
| 23 | Does being in contact with well-behaved people positively influence your attitude? | Environment | <i>Comfort</i> | 1-7 <i>Low-High</i> |
| 24 | Does bright clothing in the workplace make it easier for you to be more composed in your manners? | Environment | <i>Comfort</i> | 1-7 <i>Low-High</i> |
| 25 | In which work mode do you feel most productive? | Comfort | <i>Efficiency</i> | 1;2;3;4 |
| <i>End</i> | | | | |

Tab 1. Survey

Source: Author creation

4.2.1. Data Collection

The data collected came from workers with as heterogeneous occupations as possible, and this factor could have invalidated the research if I had wanted to calculate the level of power exercised within various sectors precisely. However, this is not the paper's aim: the research was structured with the hypothesis that regardless of the area of work, if we

are dealing with employees, they must submit to the power exercised by those who own the factors of production. The survey was not submitted to business owners, so asking questions on the ownership or non-ownership of the business would have been pointless.

4.3. Analysis

The analysis was developed using various methodologies to investigate the effects of power and the work environment on employees; 121 questionnaires were completed.

4.3.1. Descriptive analysis

The descriptive analysis summarizes the data by providing the reader with information such as mean, standard deviation, minima, and maxima.

The following is a descriptive analysis of how the three types of power (directive, supervisory, and disciplinary) impact employees' well-being.

Among the elements under analysis are the following:

Average: indicates the average of the given answers; the value represents the impression of the general perception towards the question.

Standard deviation: The standard deviation measures the dispersion of values around a point, the mean. A higher variance indicates a higher dispersion, with low standard deviations indicating a concentration of values around the mean.

Kurtosis: This is used to graphically describe the distribution of data using a curve. The graphical difference of the curve from a normal distribution is assessed; in particular, the tails of the distribution are taken into account.

- Positive kurtosis (leptokurtic): longer tails, with more values deviating far from the average than a normal one, represented with a high, narrow peak in the middle with longer, thinner tails. (>0)

- Negative kurtosis (platykurtic): shorter tails, with few values deviating much from the average compared to a normal one, represented with a more flattened center and short, thicker tails. (<0)
- Zero kurtosis (mesokurtic): like Normal distribution.

The analysis was carried out with two logics:

Analysis 1: The aim is to identify the effect of the impact of excessive power, articulated in its three forms (disciplinary, supervision, and directive) on emotionality (represented as a modification of an initial state of well-being).

Analysis 2: The aim is to identify the effect of alleviating the pressure exerted by power, articulated in its three forms (disciplinary, controlling, and disciplining), on emotionality (represented as a modification of an initial state of well-being).

Concrete situations in which power is exercised were identified to make the questions more comprehensive, facilitating the sample's identification and ensuring greater accuracy of the data collected.

Analysis 1

| Question used | Variable | Impact area | Score |
|---|--------------------|--------------|------------------------|
| Does not being listened to/not being able to express yourself when you have an idea negatively impact your state of mind? | Directive power | Emotionality | 1-7 <i>Low-High</i> |
| Does the constant supervision of the supervisor during work affect your peace of mind? | Supervision power | Emotionality | 1-7 <i>Low-High</i> |
| Not being able to challenge negative criticism impacts your peace of mind? | Disciplinary power | Emotionality | 1-7 <i>Low-High</i> |

Tab 2. Descriptive analysis

Source: Author creation

| | N Statistic | Range Statistic | Mean Statistic | Std. Deviation Statistic | Variance Statistic | Kurtosis Statistic | Std. Error |
|---|----------------|--------------------|-------------------|-----------------------------|-----------------------|-----------------------|------------|
| Il non venire ascoltato/il non poterti esprimere quando hai un'idea, impatta negativamente sul tuo stato d'animo? | 121 | 6 | 5,56 | 1,372 | 1,882 | ,830 | ,437 |
| Non poter contestare una critica negativa impatta la tua tranquillità? | 121 | 6 | 5,29 | 1,429 | 2,041 | -,172 | ,437 |
| Il controllo costante del supervisore durante il lavoro impatta sulla tua tranquillità? | 121 | 6 | 4,64 | 1,580 | 2,498 | -,380 | ,437 |
| Valid N (listwise) | 121 | | | | | | |

Image 1. Descriptive Statistics 1

Source: SPSS

The analysis shows how the exercise of power has a different effect and scope. Depending on the juncture in which it is exercised, excessive disciplinary power impacts employees significantly more, followed by disciplinary power and, finally, control power, which impacts employees' emotionality only slightly.

Analysis 2

| Question used | Variable | Impact area | Score |
|--|--------------------|--------------|------------------------|
| How comfortable are you with working with fewer guidelines and more flexibility? | Directive power | Emotionality | 1-7 <i>Low-High</i> |
| How comfortable are you with working autonomously? | Supervision power | Emotionality | 1-7 <i>Low-High</i> |
| Does receiving negative feedback calmly and sympathetically affect your inclination to follow it up? | Disciplinary power | Emotionality | 1-7 <i>Low-High</i> |

Tab 3. Descriptive analysis 2

Source: Author creation

| Descriptive Statistics | | | | | | | |
|---|----------------|--------------------|-------------------|-----------------------------|-----------------------|-----------------------|------------|
| | N Statistic | Range Statistic | Mean Statistic | Std. Deviation Statistic | Variance Statistic | Kurtosis Statistic | Std. Error |
| Quanto sei a tuo agio a lavorare con poche direttive e maggiore flessibilità? | 121 | 6 | 5,28 | 1,355 | 1,837 | -,608 | ,437 |
| Quanto sei a tuo agio a lavorare in autonomia? | 121 | 6 | 5,86 | 1,120 | 1,255 | 1,866 | ,437 |
| Ricevere feedback negativi in modo tranquillo e comprensivo influisce sulla tua propensione a seguirli? | 121 | 6 | 5,05 | 1,940 | 3,764 | -,514 | ,437 |
| Valid N (listwise) | 121 | | | | | | |

Image 2. Descriptive Statistics 2

Source: SPSS

The analysis shows how relief from an excessive degree of power has a different effect and scope depending on the juncture it is exercised; however, this analysis does not reflect the results of Analysis 1. Relief from control power strongly impacts the sample, followed by management and finally, disciplinary power, which registers a moderate effect

→ Conclusions

Directive power: Employees are more affected by the exercise of directive power than by its removal, indicating a greater aversion to accepting directives when imposed compared to the comfort associated with greater flexibility.

Disciplinary power: This power has a weaker effect than the other types, indicating a greater propensity among employees to accept its exercise.

Supervision power: The exercise of supervision power impacts employees moderately, while the well-being associated with its removal is perceived strongly, indicating a disposition to accept it but perceived intense well-being when its grip is loosened

4.3.2. T-test

The t-test is used to compare the data averages between variable groupings. The dichotomous variable necessary for the distinction into groups is the choice based on the size of the enterprise; the aim is to test whether the exercise of power has different ranges depending on the size of the enterprise in which it is exercised.

There are different types of t-tests:

- One sample t-test: Compare an average with a hypothetical value.
- Paired sample t-test: compares the mean of the same sample before and after an event
- Independent sample t-test: compares the mean of two groups of one variable

To carry out this type of test, however, it will be necessary to create a 'dummy variable,' i.e., a variable created ad hoc to distinguish a sample into two groups. I will use the size of the company in which the respondents work (categorical variable) and transform it into a dichotomous variable, dividing it as follows: 1 (0-9, 10-49) and 2 (50-250, 250+).

The independent sample t-test is the one selected for analysis; below are the hypotheses:

A t-test will be conducted to test the impact of managerial, supervisory, and disciplinary power according to the size of the company using the following variables:

| Question used | Variable | Impact area | Score |
|---|---|--------------|-------------------------|
| Does not being listened to/not being able to express yourself when you have an idea negatively impact your state of mind? | (Decrease in) Directive power | Emotionality | 1-7 <i>Low-High</i> |
| Does the constant supervision of the supervisor during work affect your peace of mind? | (Decrease in) Supervision power | Emotionality | 1-7 <i>Low-High</i> |
| Not being able to challenge negative criticism impacts your peace of mind? | (Decrease in) Disciplinary power | Emotionality | 1-7 <i>Low-High</i> |
| Question used | Dependent Variable | | |
| How many employees does the company you work for have? | N° of employees – in dummy variable version | | 1 (0-49) 2 (50-250+) |

Tab 4. T-test

Source: Author creation

Null Hypothesis (H0): The averages of the two groups are equal ($\mu_1=\mu_2$)

Alternative Hypothesis (H1): The averages of the two groups are different ($\mu_1\neq\mu_2$)

| Independent Samples Test | | | | | | | | | | | |
|---|-----------------------------|---|------|--------|---------|------------------------------|-------------|-----------------|-----------------------|---|-------|
| | | Levene's Test for Equality of Variances | | | | t-test for Equality of Means | | | | | |
| | | F | Sig. | t | df | Significance | | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | One-Sided p | Two-Sided p | | | Lower | Upper |
| Il controllo costante del supervisore durante il lavoro impatta sulla tua tranquillità? | Equal variances assumed | 5,771 | ,018 | -.977 | 119 | ,165 | ,331 | -.282 | ,289 | -.853 | ,290 |
| | Equal variances not assumed | | | -.957 | 102,784 | ,170 | ,341 | -.282 | ,294 | -.866 | ,302 |
| Il non venire ascoltato/il non potersi esprimere quando hai un'idea, impatta negativamente sul tuo stato d'animo? | Equal variances assumed | 3,438 | ,066 | -1,323 | 119 | ,094 | ,188 | -.330 | ,250 | -.825 | ,164 |
| | Equal variances not assumed | | | -1,297 | 103,107 | ,099 | ,197 | -.330 | ,255 | -.835 | ,175 |
| Non poter contestare una critica negativa impatta la tua tranquillità? | Equal variances assumed | ,667 | ,416 | ,266 | 119 | ,395 | ,791 | ,070 | ,262 | -.449 | ,588 |
| | Equal variances not assumed | | | ,265 | 112,445 | ,396 | ,792 | ,070 | ,263 | -.452 | ,591 |

Image 3. Independent Semple test

Source: SPSS

Let us first analyze the column Sig. to see whether the variance of the two groups are significantly different ($x < 0.05$) or are considered equal ($x \geq 0.018$). Having done this step, to see whether to accept or reject the null hypothesis, we will refer to the p-value in the row identified by Sig. in the manner just explained (i.e., either when the variances are assumed equal or when they are considered different).

1. Effects of the directive power between the two groups: With a significance (0.005) < 0.05 , we look at the row corresponding to "Equal variances not assumed," where we find a p-value (two-tailed because we are not interested in analyzing the direction of the difference) = $0.341 > 0.05$. Consequently, we do not reject* the null hypothesis; insufficient evidence was found to state the existence of a significant difference.
2. Effects of steering power between the two groups: With a significance (0.416) > 0.05 , we look at the row corresponding to "Equal variances assumed," where we find a p-value (two-tailed because we are not interested in analyzing the direction of the difference) = $0.188 > 0.05$. Consequently, we do not reject* the null hypothesis; insufficient evidence was found to state the existence of a significant difference.

3. Effects of supervisory power between the two groups: With a significance (0.024) < 0.05 , we look at the row corresponding to "Equal variances not assumed," where we find a p-value (two-tailed because we are not interested in analyzing the direction of the difference) $= 0.791 > 0.05$. Consequently, we do not reject* the null hypothesis; insufficient evidence was found to state the existence of a significant difference.

*We say "do not reject" instead of "accept" because we firmly believe in the truthfulness of the null hypothesis; however, it should be considered that according to inferential statistics, one cannot "accept" a hypothesis when there is no specific evidence; in fact, having data that disprove H1 does not prove that H0 is true.

→ Conclusions:

We do not reject the null hypothesis for all three types of power, which is comparable to saying averages are not statistically different. The results of the analysis show that employees within companies of different sizes do not have different perceptions of power.

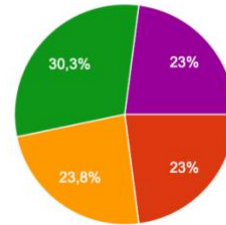
4.3.3. *Anova and Tukey*

Anova is a type of analysis that compares the averages of three or more groups; if the analysis is significant, then a post hoc analysis (such as Tukey) is performed to identify which groups have statistically similar averages.

In this analysis, we are going to see whether company size impacts the perception of power. Compared to before, we are comparing more groups, making a more accurate analysis.

The “Anova” analysis aims to test whether there is a difference between the average results based on the size of the enterprise in which the respondents work, using the categorical variable 'Number of employees in the enterprise', recorded as follows:

- (Microenterprises) 0-9 employees > purple
- (Small enterprises) 10-40 > red
- (Medium-sized enterprises) 50-250 > yellow
- (Large enterprises) +250 > green



Graph 1. Employees distribution per firm size
Source: Google Form

| Question used | Variable | Impact area | Score |
|---|----------------------------------|--------------|--|
| Does not being listened to/not being able to express yourself when you have an idea negatively impact your state of mind? | (Decrease in) Directive power | Emotionality | 1-7 <i>Low-High</i> |
| Does the constant supervision of the supervisor during work affect your peace of mind? | (Decrease in) Supervision power | Emotionality | 1-7 <i>Low-High</i> |
| Not being able to challenge negative criticism impacts your peace of mind? | (Decrease in) Disciplinary power | Emotionality | 1-7 <i>Low-High</i> |
| Question used | Dependent Variable | | |
| How many employees does the company you work for have? | N° of employees | | 1 (0-9) 2 (10-49) 3 (50-250) 4 (250+) |

Tab 5. Anova

Source: Author creation

Null Hypothesis (H0): The group averages are equal ($\mu_1=\mu_2=\mu_3=\mu_4$)

Alternative Hypothesis (H1): The group averages are different ($\mu_1\neq\mu_2\neq\mu_3\neq\mu_4$)

| | | ANOVA | | | | |
|---|----------------|----------------|-----|-------------|------|------|
| | | Sum of Squares | df | Mean Square | F | Sig. |
| Il non venire ascoltato/il non poterti esprimere quando hai un'idea, impatta negativamente sul tuo stato d'animo? | Between Groups | 3,315 | 3 | 1,105 | ,581 | ,629 |
| | Within Groups | 222,470 | 117 | 1,901 | | |
| | Total | 225,785 | 120 | | | |
| Il controllo costante del supervisore durante il lavoro impatta sulla tua tranquillità? | Between Groups | 6,408 | 3 | 2,136 | ,852 | ,468 |
| | Within Groups | 293,311 | 117 | 2,507 | | |
| | Total | 299,719 | 120 | | | |
| Non poter contestare una critica negativa impatta la tua tranquillità? | Between Groups | 4,609 | 3 | 1,536 | ,748 | ,526 |
| | Within Groups | 240,267 | 117 | 2,054 | | |
| | Total | 244,876 | 120 | | | |

Image 4. Anova test

Source: SPSS

Since the significance is $0.629/0.468/0.526 > 0.05$, we do not reject the null hypothesis and can state that there is no statistically significant difference between the groups.

→ Conclusions:

We note from this analysis that even by increasing the precision in identifying companies according to their size (from two to four groups) we do not have statistical evidence that power is exercised and impacts employees differently according to company size.

4.3.4. Chi-square

This type of test checks whether there is a relationship between two variables by analyzing the data distribution in the possible value scale (if there is a distribution similarity in the answers given to the two questions).

| Question used | Variable | Impact area | Score |
|--|----------------------------------|-------------|------------------------|
| Does being treated as an equal by your supervisor affect your commitment to your work? | (Decrease in) Disciplinary power | Effort | 1-7 <i>Low-High</i> |
| Does working in a positive environment impact your efficiency? | Environment | Efficiency | 1-7 <i>Low-High</i> |

Tab 6. Chi-square

Source: Author creation

Null Hypothesis (H0): There is no significant relationship between being treated as an equal by the supervisor and working in a positive environment.

Alternative Hypothesis (H1): A significant relationship exists between being treated as an equal by the supervisor and working in a positive environment.

Null Hypothesis H0: There is no relationship between work engagement and work efficiency.

Alternative Hypothesis H1: There is a significant relationship between work effort/engagement and work efficiency.

When the test was carried out, the following results emerged...

| | Value | df | Asymptotic Significance (2-sided) |
|------------------------------|---------------------|----|-----------------------------------|
| Pearson Chi-Square | 53,626 ^a | 18 | <,001 |
| Likelihood Ratio | 54,614 | 18 | <,001 |
| Linear-by-Linear Association | 10,028 | 1 | ,002 |
| N of Valid Cases | 121 | | |

a. 23 cells (82,1%) have expected count less than 5. The minimum expected count is ,03.

Image 5. Regression Chi-square test

Source: SPSS

| Count | Lavorare in un ambiente positivo impatta la tua efficienza? | | | | Total |
|--|---|---|----|----|-------|
| | 4 | 5 | 6 | 7 | |
| Essere trattato da pari dal tuo supervisore influisce sull'impegno che metti nel lavoro? | 1 | 0 | 0 | 0 | 1 |
| 2 | 1 | 0 | 0 | 0 | 2 |
| 3 | 0 | 0 | 0 | 0 | 3 |
| 4 | 1 | 0 | 0 | 0 | 6 |
| 5 | 2 | 3 | 9 | 10 | 24 |
| 6 | 0 | 4 | 9 | 14 | 27 |
| 7 | 0 | 0 | 2 | 54 | 56 |
| Total | 4 | 7 | 20 | 90 | 121 |

Image 6. Regression Chi-square test

Source: SPSS

First of all, we can see that the sample is positively impacted, the p-value of $<0.001 < 0.05$, and consequently, we can reject the null hypothesis H0 by stating that, indeed, both null hypotheses can be rejected and that the literature on this subject is very strongly empirically supported. This confirms the theories formulated by Adams in 1963:

"Employees strive to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others, including fair treatment by employers" (Adams, 1963).

➔ **Conclusions:**

Being treated as an equal by your superior improves the working environment. This, in turn, impacts the employee's well-being and leads to an increase in efficiency. Respectful behavior in the employer-employee relationship leads to increased efficiency.

4.3.5. Correlation

Correlation analysis aims to identify the strength of the linear relationship between two variables. To perform the correlation analysis, we will use Pearson's coefficient (r); the value returned will vary within the range between -1 and 1:

- -1 will indicate a perfect negative correlation
- 0 will indicate no correlation
- One will indicate a strong positive correlation

| Question used | Variable | Impact area | Score |
|---|-------------|-------------|------------------------|
| Does being comfortable with the people around you affect your work efficiency? | Environment | Efficiency | 1-7 <i>Low-High</i> |
| Does working with people you respect make you want to put more effort into your work? | Community | Effort | 1-7 <i>Low-High</i> |
| Question used | Variable | Impact area | Score |
| Does working in a positive environment impact your efficiency? | Environment | Efficiency | 1-7 <i>Low-High</i> |

Tab 7. Correlation

Source: Author creation

Null Hypothesis H0: No correlation exists between being comfortable working autonomously and work efficiency.

Alternative Hypothesis H1: There is a correlation between being comfortable working autonomously and work efficiency

| Correlations | | | | |
|---|---------------------|---|---|---|
| | | Essere a tuo agio con le persone che hai intorno influisce sulla tua efficienza lavorativa? | Lavorare in un ambiente positivo impatta la tua efficienza? | Lavorare con persone che stimi ti porta voler mettere più impegno nel lavoro? |
| Essere a tuo agio con le persone che hai intorno influisce sulla tua efficienza lavorativa? | Pearson Correlation | 1 | ,450** | ,556** |
| | Sig. (2-tailed) | | <,001 | <,001 |
| | N | 121 | 121 | 121 |
| Lavorare in un ambiente positivo impatta la tua efficienza? | Pearson Correlation | ,450** | 1 | ,411** |
| | Sig. (2-tailed) | <,001 | | <,001 |
| | N | 121 | 121 | 121 |
| Lavorare con persone che stimi ti porta voler mettere più impegno nel lavoro? | Pearson Correlation | ,556** | ,411** | 1 |
| | Sig. (2-tailed) | <,001 | <,001 | |
| | N | 121 | 121 | 121 |

** . Correlation is significant at the 0.01 level (2-tailed).

Image 7. Correlation analysis

Source: SPSS

➔ Conclusions:

In both case histories (the three variables create two interactions), the p-value equal to $<0.001 < 0.01$ indicates to us that there is a correlation in both the first pair and the second pair; Pearson's indicator shows us a moderate strength of correlation in both case histories. However, we can see that the correlation is 24% stronger when there is esteem for colleagues than simply feeling comfortable with them. This fact shows us that the creation of a community in which relations between members are closer and a greater level of intimacy is achieved has a more significant impact on the efficiency of the individual.

4.3.6. Regression

Regression is an analysis that analyses the relationship between the dependent variable and one or more independent variables. The logic it uses is to analyze how the dependent variable changes about the independent variables. Independent variables were selected to represent the three types of power affecting employees.

Analysis 1

This analysis wants to investigate if there is a relationship between the impact of the three forms of power and

| Question used | Variable | Impact area | Score |
|---|--------------------|--------------|-------|
| Does a calm state of mind positively impact your work efficiency? | Directive power | Emotionality | 1-7 |
| How comfortable are you with working autonomously? | Supervision power | Emotionality | 1-7 |
| Does a calm state of mind positively impact your work efficiency? | Disciplinary power | Emotionality | 1-7 |
| Question used | Dependent Variable | Impact area | Score |
| Does working in a positive environment impact your efficiency? | Environment | Efficiency | 1-7 |

Tab 8. Regression 1

Source: Author creation

Null Hypothesis H0: There is no correlation between the exercise of power and the workers' efficiency.

Alternative Hypothesis H1: There is a correlation between the exercise of power and the workers' efficiency.

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|---|-----------------------------|------------|---------------------------|-------|-------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3,807 | ,446 | | 8,544 | <,001 |
| | Quanto sei a tuo agio a lavorare con poche direttive e maggiore flessibilità? | ,192 | ,061 | ,276 | 3,143 | ,002 |
| | Il controllo costante del supervisore durante il lavoro impatta sulla tua tranquillità? | ,059 | ,051 | ,101 | 1,157 | ,250 |
| | Non poter contestare una critica negativa impatta la tua tranquillità? | ,190 | ,057 | ,291 | 3,345 | ,001 |

a. Dependent Variable: L'essere autonomo influisce positivamente sulla tua efficienza lavorativa?

Image 8. Regression analysis 1

Source: SPSS

Analysis 2

This part of the analysis will consider the effects of decreased supervision power on workers' efficiency. Previously, it has been observed that a strong impact of this kind of power decreases emotional well-being; now, we aim to discover if this affects the efficiency

| Question used | Variable | Impact area | Score |
|---|---------------------------------|--------------|------------------------|
| How comfortable are you with working autonomously? | (Decrease in) Supervision power | Emotionality | 1-7 <i>Low-High</i> |
| Question used | Dependent Variable | Impact area | Score |
| Does being autonomous positively affect your work efficiency? | (Decrease in) Supervision power | Efficiency | 1-7 <i>Low-High</i> |

Tab 9. Regression 2

Source: Author creation

Null Hypothesis H0: No correlation exists between a lower exercise of Supervision power and the workers' efficiency.

Alternative Hypothesis H1: There is a correlation between a lower exercise of Supervision power and the workers' efficiency.

| Coefficients ^a | | | | | | |
|---------------------------|--|-----------------------------|------------|---------------------------|-------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3,933 | ,409 | | 9,618 | <,001 |
| | Quanto sei a tuo agio a lavorare in autonomia? | ,370 | ,069 | ,443 | 5,394 | <,001 |

a. Dependent Variable: L'essere autonomo influisce positivamente sulla tua efficienza lavorativa?

Image 9. Regression analysis 2

Source: SPSS

As expected, a higher degree of autonomy affects workers' efficiency.

➔ Conclusions:

Directive power: Employees who feel comfortable working with few directives and are more flexible are more productive if they work autonomously; the relaxation of managerial control increases productivity when employees are inclined to want it.

Supervision power: As stated above, the constant control of the supervisor moderately impacts the employee's peace of mind. The implementation of autonomy does not necessarily lead to an increase in efficiency; this could be because nowadays, more and more companies aim at training resources, and usually, the person in charge is another resource generally close (in terms of work grade) to the person being trained, therefore, today, control is hardly a form of power that impacts the employee in a very negative way since it supports the resource to train it.

By the way, giving a higher degree of autonomy to employees who require it will translate into higher operational efficiency.

Disciplinary power: Employees who oppose disciplinary reprimands can do so only when the power allows them to. When working independently, they will not be limited by the fear of incurring gratuitous disciplinary

measures and will, therefore, be more productive due to their calmness in acting.

4.4. Limitations and Assumptions

4.4.1. Assumptions

To identify the size of a representative sample, Cochran's formula is used. This formula is based on the statistical principle that sample size depends on the confidence margin and error rather than on population size.

$$n_0 = \frac{Z^2 \cdot P \cdot (1-P)}{E^2} \quad n_0 = \frac{1,96^2 \cdot 0,5 \cdot (1-0,5)}{0,05^2} = 384,16$$

This formula indicates how large the sample should be for an infinite population by setting a confidence interval of 95% and a statistical error of 5 %, giving the number 384; for large samples, the difference from this value is minimal.

According to ISTAT data, there are approximately 23,000,000 employees, so given the population size, we can consider it “infinite” and say that a sample of 384 is representative. The sample reached was 121, which calculates the error for a 95% confidence interval.

$$E = Z \cdot \left(\frac{s}{\sqrt{n}} \right) \quad E = 1,96 \cdot \left(\frac{0,5}{\sqrt{121}} \right) = 0,089$$

A sample of 121 gives us a 95% confidence interval with an error of 8.9%. For example, if the mean of the sample responses is 6 out of 7, we can say that with a 95% probability, the value will fall between 5.91 and 6.09.

| | Ideal option | Actual option |
|---------------------|--------------|---------------|
| Sample | 384 | 121 |
| Confidence Interval | 95% | 95% |
| Statistical Error | 5% | 8,9% |

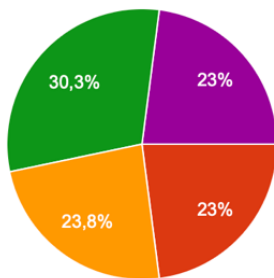
Tab 10. Sample

Source: Author creation

4.4.2. Limits

The sample is representative if we consider the distribution of the answers according to the size of the enterprises; in fact, the population of Italian workers is relatively evenly distributed between micro-enterprises and small enterprises, a slightly lower presence within medium-sized enterprises, and a slightly higher presence within large enterprises; this distribution can be seen again within the sample collected, with some slight variations, the percentage values will be visible within the images proposed below, as far as the analysis of the Italian population is concerned, the data were taken from the ISTAT page of 2024, regarding the distribution of employees in Italy.

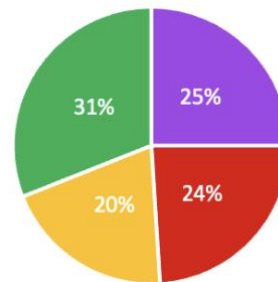
Italian Employee's ISTAT distribution



Graph 2. Employees distribution 2024

Source: Elaboration of ISTAT data

Survey's distribution



Graph 3. Survey distribution

Source: Google Forms

■ 0-9 micro-firms ■ 10-49 small firms ■ 50-250 medium firms ■ 250+ large firms

The sample is not representative if we consider the distribution of responses according to geographical area. Those who took the survey come mainly from northern and central Italy, with rare compilations from the south and almost no data from the islands. Therefore, it is only representative of some of the Italian environment.

5. Conclusions

5.1. The power effect on employees

Power, understood as the ability to impose one's will, is the fuel that drives the enterprise's complex machine, which allows it to organize itself and modify its surroundings to carry out its operations. It is as invisible as it is concrete; it impacts people's lives so closely that it can be considered dangerous if not appropriately managed; therefore, the law has established limits within which it can operate. It has always been conceived as the primary tool to ensure that workers perform as required... however, the literature summarized in this paper shows us that it is not the only option to ensure the maximization of output; in fact, alignment between the interests of employees and the company is a more efficient solution both because it eliminates the willingness of employees to behave opportunistically and because, as demonstrated in this paper, the loosening of power within the company leads to a greater degree of efficiency.

The analyses carried out in this paper answer the research question, "Does the loosening of power constraints lead to an increase in efficiency?"

The conclusions from the previous chapter's breakthroughs will be reported below.

5.1.1. Power effects on the emotional sphere

Power is exercised differently towards employees; we distinguished the effects of disciplinary, supervisory, and managerial control.

Directive power: Employees need help to contribute to the work personally, and overly stringent directives that leave no room for personal initiative and interpretation hurt the employees' state of mind directly related to effort.

Supervisory power: control by a supervisor is generally accepted by employees; it does not, therefore, significantly impact their state of mind; however, granting more excellent autonomy results in a significant improvement in the state of mind and also in operational

efficiency, the autonomy of employees must be achieved to put them in the best conditions to work. The slight impact of supervision results in a significant loss of efficiency if they are not given suitable space if required.

Disciplinary power: Excessive disciplinary power significantly impacts employees' state of mind. They feel in awe when carrying out their work and, fearing possible repercussions, will not give their best on the job, not working independently to the best of their ability. The emotional impact is significant; to achieve employee independence, one must be lenient towards mistakes related to minutiae, correct them, but not excessively blame the one who commits them.

5.2. Dimensions of the firm and power

5.2.1. Company size

The impact of power on employees remains the same with company size; thanks to a well-distributed sample and survey responses from employees of different sizes, we can state that employees are not more affected by impositions in larger companies.

5.2.2. The Working Environment

It is crucial to put employees at ease; it has been verified that being treated as equals by people in positions of power in the company creates a positive environment, which results in a positive mood among employees. The positive state of mind is also closely related to the effort put into operational activities, so peer treatment by those in positions of power results in greater efficiency.

Those in positions of power must remember this. The valorization and respect of resources are critical elements of effective management. This is another case where power must act surreptitiously without showing itself or tightening its constraints on workers.

5.2.3. Environment and Community

Through correlation analysis, it was verified that being comfortable with one's colleagues and working with people for whom one feels esteem leads to the creation of a positive

environment and that working in this type of environment is linked to a higher degree of work efficiency; moreover, in the case of esteem for one's colleagues, there was a stronger correlation (of 24%) in the creation of a positive environment, so we can state that the greater the degree of intimacy, the more the environment will benefit.

This shows us how creating a community where the bonds between members are stronger is essential to increasing efficiency within the company.

5.3. Power and Efficiency

In conclusion, the regression gives us the answer to the research question: "Does the loosening of power constraints lead to an increase in efficiency?" we have evidence that the effect varies according to the type of power considered:

Disciplinary power: We have evidence that disciplinary power impacts employees' ability to work autonomously, resulting in a loss of efficiency related to fears of possible retaliation linked to errors that limit employees' ability to be operationally autonomous.

Managerial power: We have evidence that excessive managerial power impacts the well-being of employees, as they do not feel fully valued and properly empowered despite believing that they can bring greater efficiency to their work by approaching tasks through their way of thinking and acting

Supervisory power: This power over employees does not directly cause a loss of efficiency; however, by relaxing the power constraint and granting greater autonomy to employees who request it, greater operational efficiency could be achieved.

The results of these analyses validate the research question, which states that relaxing power constraints leads to greater operational efficiency.

Having established this, in the following section, we will see a summary of how a company should structure itself to take advantage of the increased possibilities associated with the relaxation of power constraints.

5.4. The ideal structure - Horizontal Organization

The optimal organization to take advantage of the loosened power constraints is horizontal; the high degree of employee empowerment and the organizational culture means that the company's interests are aligned with those of the employees.

5.4.1. Structural Characteristics

- **Power centralization:** Power is no longer located at the top of the company but, thanks to the high degree of empowerment and autonomy, is located close to the operations, thus ensuring a more incredible speed of response to market changes.
- **Teams as business units:** Organization through teams reduces the probability of individual error not being detected by the members, encourages peer evaluation systems to remove the need to exercise supervisory power, and allows the same problem to be evaluated from various points of view. The more significant the heterogeneity of the team members, the greater the ability to solve unusual and complex tasks.
- **Fast communication:** Rapid communication, also implemented through digital information systems, allows one to be quickly informed of market changes, facilitates the decision-making process, and keeps all departments informed of team operations by allowing ideally sequential processes to be carried out simultaneously.
- **Network-based:** The company's outward orientation allows it to receive information on market changes before its competitors, and the constant confrontation with consumers will enable it to identify their needs better, creating tailor-made solutions for sometimes ignored needs.

Constant relations with the company's stakeholders increase brand identity and recognizability, building more solid and lasting relationships thanks to the trust established within the network.

- **Target-oriented:** The results approach reduces the chances of opportunistic behavior by employees due to an easier verification of output; furthermore, linking a part of the remuneration to the production reduces the risk borne by the

employer and aligns the interests of employees and employees, creating an effective incentive system.

- **Corporate culture:** Creating corporate culture and community aims to create an environment where employees do not excessively distinguish between home and work environments. Moreover, behaviors that are in line with corporate objectives are adopted indirectly. As we have seen in the analysis, a proactive environment increases work efficiency, integrates systems of mutual control, and discourages opportunistic behavior since, as part of the community, it would also disadvantage the employee who adopts such behavior, resulting in rejection by the community of which they are a part. This element fosters the loyalty of resources and disincentivizes inappropriate behavior or a low level of commitment since the same climate would not be found in other companies.
- **Training:** A high level of staff training allows the company to be more responsive in reallocating resources related to emergencies due to changes in the external environment.

5.4.2. *Market Strategies*

The strategies adopted by the company are strengthened by the structure just identified.

- **Differentiation:** The wide range of capabilities allows teams to adapt to working in different areas; this also means adapting to working with changing products and services; the speed of communication allows the various operating units to work in synergy by exploiting the commonalities between the different production processes to optimize costs incurred. In addition, the network-based system allows for faster adaptation and lower cost sourcing of new necessary components through partnerships and collaborations.
- **Diversification:** The ability to glean information from customers and immediately understand the dynamics of the changing environment allows the organization to differentiate itself from the competition by meeting hidden needs not considered, securing a better positioning, and increasing brand reputation.

This is also made possible by the design thinking approaches adopted, aimed at a more profound understanding due to the greater degree of identification and the ability to create various prototypes to gauge consumer sensitivity before launching products on the market.

Thank you for your attention. The author remains available to provide clarification.

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