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EFFECT OF EMPLOYEE EMPOWERMENT ON ORGANIZATIONAL PERFORMANCE

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ABSTRACT

To be successful in today's business environment, organizations need the knowledge, ideas, energy and creativity of every employee. The organizations accomplish this by empowering their employees to take initiative, to serve the collective interests of the company and to act like owners of the business. In the literature, the theoretical foundations of the employee's empowerment were examined thus providing a sound framework about the subject. Empowering employees is an important process in the organization to foster the decision-making, issues and to motivate the employees to get immense job satisfaction. To practice empowerment, organizations should have positive culture that believes in trust, transparency and employee development. The aim of this study is to determine the effect of empowerment on employee performance. The present study emphasizes that employee empowerment is a key towards innovation, competency and modernization in the contemporary corporate culture. Empowering employees enables organizations to be more flexible and responsive and can lead to improvements in both individual and organizational performance.
Keywords: Empowerment, Satisfaction, Performance

INTRODUCTION

The new millennium in the existing era is characterized by all-pervading rapid changes in the external environment. These changes have resulted in organizations becoming de-layered with the blurring of the boundary between the superior and the subordinates. This leads to 'empowerment', i.e. employees feel that they have the responsibility and authority to participate in decision making and problem solving in their appropriate operating levels. Empowerment may be understood as "a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information". According to Walton (1985) concept of empowerment is embraced under the guise of movement away from "control" towards a proactive and strategic "commitment" style of management. Empowerment is a process which has evolved in response to the trend towards a greater degree of responsibility and involvement amongst employees in the running of their organization. This trend has emerged as most organizations have realized people involvement and recognized the capacity of their human resource to improve and enhance business performance. It is the process of passing authority and responsibility to individuals at lower levels in the organizational hierarchy. The basic theme of empowerment has emerged from the proponents of Total Quality Management (TQM) which has gained acceptance throughout the world. In the context of

TQM, empower means to enable, to endow, to give permission to, or to give the ability of power to. Empowerment is the authority to act independently to meet expectations. This authority is given by management for the purpose of developing a human connection with the decision making process, which sustains improvements through the TQM program.

Employee empowerment is more relevant in today's competitive environment where knowledge workers are more prevalent and organizations are moving towards decentralized, organic type organizational structures. Empowering employees enables organizations to be more flexible and responsive and can lead to improvements in both individual and organizational performance. Similarly, it is maintained that employee empowerment is critical to organizational innovativeness and effectiveness. The present study emphasizes that employee empowerment is a key towards innovation, competency and modernization in the contemporary corporate culture.

Lashley (2001) explained that there are four types or forms of empowerment. The first type is empowerment through participation; this means the delegation of decision-making from management arena, for example, the use of autonomous working groups. The second type is empowerment through involvement, in this case management gain through reflecting on employees' experiences, ideas, and suggestions, for example team briefings. The third type is empowerment through commitment that leads to increased commitment to goals and employee job satisfaction, for example, profit sharing schemes and job rotation. While the fourth type is empowerment through delayering which means reducing the numbers of management hierarchy in an organization, for example, job redesign and re-training.

EMPLOYEE EMPOWERMENT PERSPECTIVES

The concept of employee empowerment has been a focus for research and practice for many years. According to Foster & Sandel (2010) there are multiple perspectives on empowerment and the particular meanings given to the construct, according to persons, settings, goals, and other variables. Research on empowerment has largely focused on groups that are typically considered disadvantaged, disempowered or ostensibly powerless.

According to Cook (1994), from organizational perspective, empowerment is a change management tool which helps organizations to create an environment where every individual can use his or her abilities and energies to satisfy the customer. It is a method of developing an environment where customers' needs and concerns are addressed and satisfied as quickly as possible at the point of customer contact. Staffs are free to take opportunities to exceed customer expectations without referring upwards or fearing repercussions from their manager. Cook (1994) further stated that organizations which adopt an empowerment approach should have a number of common characteristics: shared vision and values; a customer-focused strategy; leadership relinquishing responsibility, authority and accountability to "the people who are closest to the customer"; a structure with as few as possible layers between the customer and the organization; and an environment which encourages team working and continuous learning.

Managers can empower their employees by adopting one of two alternative empowerment strategies: either through enhanced "participation," that is via use of individual and/or team suggestion schemes; quality circles; team briefings, etc. (Lashley, 1999); or through "delayering," via establishing autonomous work teams and/or by job-redesign (job ownership schemes). At the individual level of analysis, researchers have defined empowerment in at least two ways: the situational approach and the psychological approach (Conger and Kanungo, 1988). On one hand, the situational approach concerns passing power from higher-level management to employees by involving them in decision making. This approach is also known as relational or management practice approach. The relational approach, based on management practices, focuses on the decision making authority and delegation of power. Agreeing to this approach, the empowerment was based upon the movement of authority down institutions' hierarchy where the sources of power could be normative, legal, remunerative, coercive and knowledge/expertise (Akhsanu & Sufean, 2013). On the other hand, the psychological approach puts less emphasis on delegation of decision-making. Instead, this approach stresses motivational processes in workers. The psychological approach views empowerment as various psychological cognitions that contribute to enhanced intrinsic motivation. [3] Lee and Koh (2001) described the following four dimensions as the psychological state of the subordinate:

1. Competence: is an individual's belief in his/her capability to perform task activities skillfully.
2. Meaning: the meaning of a value of a task goal or purpose judged in relation to an individual's own ideals or standards.
3. Impact: the perception of the degree to which an individual can influence certain outcomes at work.
4. Self-determination (or choice): autonomy in the initiation and continuation of work behaviors and processes.

EMPOWERMENT AND DELEGATION OF DECISIONS

Decision making is the crux of management in any enterprise. Knoop (1995) defines participation in decision making (PDM) as sharing decision making with others to achieve organizational objectives. Modern organizations implement participatory work practices in the belief they will gain more from an educated, technologically-oriented workforce (Connell, 1998). Participation has emerged as a channel for development. It should be assessed based on participation in problem identification, planning process, program implementation, and monitoring /evaluation, while taking cognizance of timing and factors that promote the participation. This is where participation reflects to be a means and its outcome becomes the end (Jasmin, Sarafidou & Georgios, 2013). The employees' empowerment is essential for improving their motivation and morale, promoting a sense of responsibility, increasing levels of job satisfaction and commitment to the institutional development and success. Focus on concerted decision making, new ways of institutional management that promote high performance workplace practices and synergistic creativity (Sima & Pourreza, 2013). Literature claims that participation in decision making increases employee motivation, job satisfaction and organizational commitment (Pearson and Duffy, 1999)

Numerous organizations began espousing the benefit of employment involvement in the 1980s. However, the effect of participation on performance has become increasingly disputed in recent years. Wagner (1994) argued that many participation studies have demonstrated a consistent, albeit small impact on performance. However, researchers have not established a universal positive correlation between participation and productivity (Kearney and Hays, 1994). The form of participation and the context in which participative techniques are employed determine the extent of any positive effect on performance (cotton et al., 1988, 1993). Empowering employees would thus involve "delegating decision-making authority downward and providing increased access to resources including information, so that employees can significantly affect organizational outcomes" (Menon and Hartmann, 2002)

Participation in decision making can be operationalised in a number of different ways. Dachler and Wilpert (1978) identified three dimensions including: the influence of formality versus informality, directness versus indirectness and the degree of access or influence. Locke and Schweiger (1979) evaluated participation in decision making in terms of level, considering either more or less participation, whereas Tjosvold (1982) considered supervisory use of co-operative problem solving and integrated decision making. More recently, Black and Gregersen (1997) synthesized a multi-dimensional model of participation in decision making from previous research, finding support for six dimensions that include; the rationale, form, structure, decision issues, and the level and range of participation in the processes. In essence, empowerment is a management style where managers share endeavors with the rest of the organizational members. Their influence in the decision-making process – or the collaboration in the decision- making is not limited to the formal power – with certain characteristics as far as information systems, training, rewarding, power sharing, leadership style and organizational culture are concerned (Pardo del Val and Lloyd, 2003).

THE IMPLEMENTATION CONDITIONS OF EMPOWERMENT

According to Herrenkohl (Herrenkohl, Judson and Heffner, 1999) and Wooddell (2009), effective implementation of employee empowerment projects in the organization needs maintaining the following four conditions.

Shared Vision

As his top strategic priorities, like financial solvency, improved reporting process, increasing the level of customer satisfaction of the company, for example, might be the vision of the director of the organization. Thus, unless the same vision is shared with the director, it would be very difficult, even sometimes impossible to implement an employee empowerment project. Shared vision with the director plays a key role and the empowerment endeavors can obtain ground and can identify its own goals and then can design its own process to achieve its goals. Starting with the lacking of empowerment areas, the department or the company would provide the empowerment team with the opportunity to train selected employees to improve their leadership skills.

Organizational Support

Without a concrete support of the director, securing attendance of the supervisors and managers to training workshops would be almost impossible. Beside this, to plan for access to staff meetings would not be expected to be successful. Therefore executive director has a critical effect and role on the successful implementation of the empowerment project in the organization.

Knowledge and Learning

After the implementation of the empowerment project, the members of the team are expected to improve their skills in project management and team development skills which would be an asset applicable for other projects as well. And also skills like, brainstorming, time management, improved discussion, consensus-based decision making and problem solving techniques for managers and supervisors, and leadership development training and customer service training for employees could be maintained.

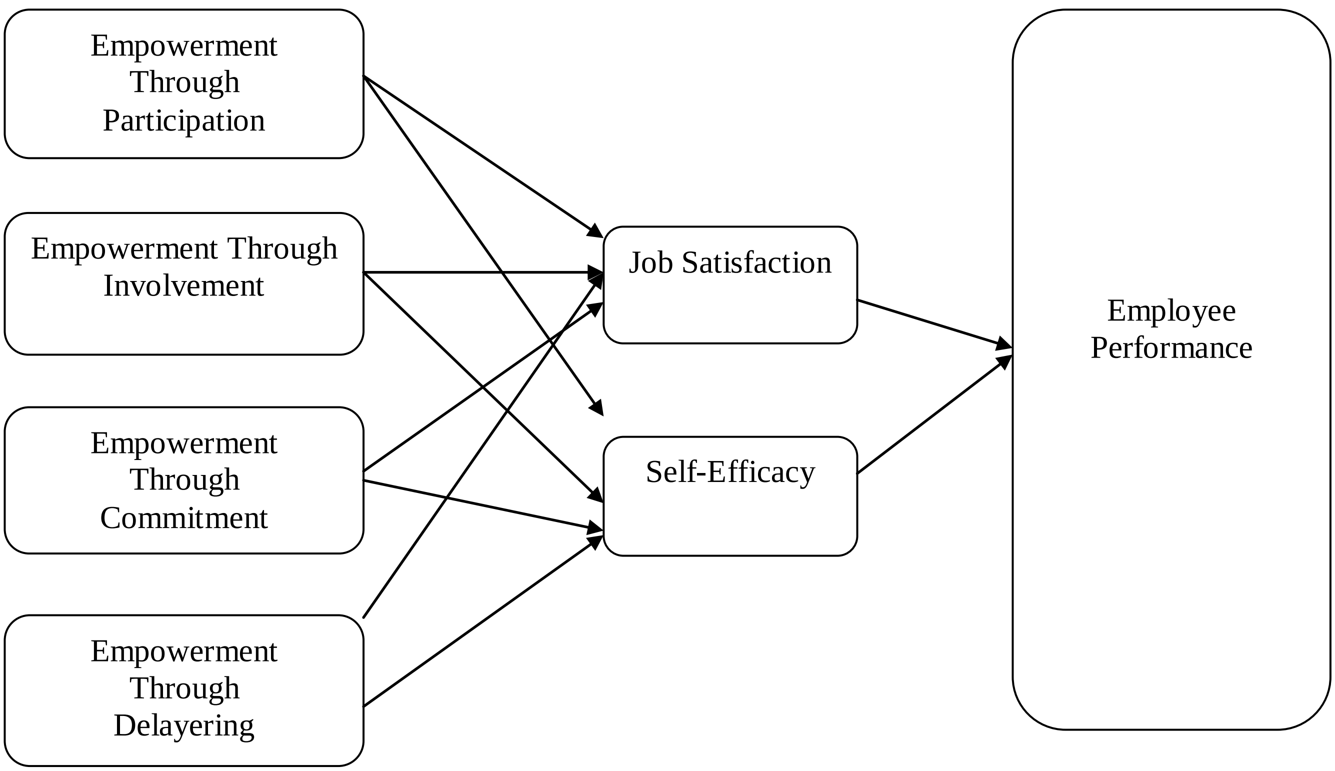
Institutional Recognition

For a successful implementation of an empowerment project, team members need to receive a widespread appreciation and recognition for their skills in their endeavors. Therefore good reputation of an empowerment team and its members, could directly impact span of acceptance of the director and department managers, supervisors and front line employees.

Empowerment and Performance

In today's rapidly changing environment, "human" asset is one of the most reliable sources of organizational performance, efficiency and effectiveness. Human resources approach based on initiative, creativity, competence, autonomous behavior and empowerment, is gaining importance. Empowerment helps to achieve such a culture and an environment in the organization by increasing organizational effectiveness through developing and deploying competent influence in the human resource. The term empowerment denotes the enhanced involvement of employees in the organizational processes and decision-making (Sinha, 2005). Although empowerment influences performance in a positive way, unfortunately it cannot be measured properly and directly, yet. Employee empowerment which involves employee participation is a complex management tool that over 50 years of research has proved, when applied properly, can be effective in improving performance, productivity and job satisfaction. Empowering employees enables organizations to be more flexible and responsive and can lead to improvements in both individual and organizational performance. Evidence suggests participation increases employee motivation, job satisfaction and organizational commitment (Witt et al., 2000; Latham et al., 1994; Pearson and Duffy, 1999); however, support for improving job performance is less conclusive (Tjosvold, 1998; Jones, 1997). Each and every employee in the organization must consider the elements such as commitment, capability, and ethicality, in order to create empowered individuals and climate which also would secure a much better performance in the organization. Figure 1 represents a view of empowerment process that churns out competent influence in the workforce through self-efficacy and job satisfaction and ultimately affects performance. After creating empowered individuals and climate in the organization, it is proposed that the decision making performance of all employees improve. Empowering employees enables organizations to be more flexible and responsive and can lead to improvements in both individual and organizational performance.

FIG:1 IMPACT OF EMPOWERMENT ON EMPLOYEE PERFORMANCE



Source: (Lashley, 2001; Scott *et al.*, 2004; Greasley *et al.*, 2007).

(a) Employee empowerment and job satisfaction

The central tenet is that workers respond more creatively when given broad responsibilities, encouraged to contribute, and helped to derive satisfaction from their work (Greasley et al, 2007). Job satisfaction has been defined as "a pleasurable of positive emotional state, resulting from the appraisal of one's job experience" (Scott et al, 2004). Incongruence between empowerment as a management practice and cultural values may attenuate the positive effect of discretion and autonomy on job satisfaction in high powerdistance nations where subordinates are accustomed to taking orders from their supervisor (Robert, 2000).

(b) Employee empowerment and self-efficacy

Self-efficacy refers to the belief that one is competent and can successfully perform an assigned task. It is described as the development of a "can-do" attitude (Fulford and Enz, 1995). When people have sense of efficacy, they became empowered. Empower people not only feel the sense of competence, but they are sure that to be capable enough to do their required duties (Tohidi and Jabbari, 2011).

BARRIERS TO EMPOWERMENT

Managers are faced with many hindrances while empowering employees and these may prevent a business from becoming an empowering organization. According to Swarnalatha and Prasanna (2012) barriers to empowerment are:

1. **Incongruent Organizational Culture:** Organizational culture affects different processes and systems which include empowerment too. If the organizational culture has been developed on authoritarian concept, it works as impediment for effective empowerment. In such a culture, often, the authority tends to centralize at the top and there is lack of meaningful delegation of authority. Most of the decisions are made at higher levels and communicated at lower levels for their implementation. In this type of decision making, there is lack of involvement of people at lower levels. Unless this type of organizational culture is not changed, empowerment cannot be effective.
2. **Love for Authority:** A superior is unlikely to delegate his authority especially if he is an autocrat. Such a manager has intense desire to influence others, to make his importance felt in the organization, and to see that his subordinates come frequently to get their decisions approved. Such desires on the part of the manager keep him away from delegation of adequate authority to his subordinates irrespective of their needs.
3. **Maintenance of Tight Control:** A manager does not delegate authority because he wants to maintain tight control over the operations assigned to him. He likes the business and the security created by work piled high on his desk. Doing tangible work is a pleasurable activity, whereas spending one's time thinking, planning and other less tangible is a difficult process. The managers may become habituated to the constant contact of subordinates bringing matters to them for approval.
4. **Fear of Subordinates:** A manager may not delegate adequate authority because of fears of subordinates. The fear of a subordinate's growth may be real. It can take two forms. First, the subordinate might show that he can perform the superior's work so well that he becomes entitled to his position, status, title, or prestige. Second, the subordinate's increasing ability might earn him a promotion to some other part of the organization and the superior may lose

the best subordinate. In this case, the superior may adopt defensive behavior. He simply fails to delegate the kind of authority that would have had such a result.

5. **Fear of Exposure:** A superior manager, especially a weak one, may not like to delegate simply because adequate delegation may reveal managerial shortcomings being practiced. This may happen especially when the superior has poor operating procedures, methods, and practices.

6. **Attitudes towards Subordinates:** Delegation of authority is a particular kind of trust between superior and his subordinates. Therefore, his attitudes towards subordinates, and their attitudes towards him become important in the process of delegation. Negative attitudes work against delegation of authority in several ways. First, if a superior has lack of confidence in his subordinate's capacity, he will not like to delegate them authority. Second, the superior may feel that his subordinates just do not require more authority than they have been delegated. Such a feeling may result into inadequate delegation of authority. Third, the superior may not have good interpersonal relationships with subordinates which may result into less delegation of authority.

7. **Personality of Superior:** Personality factors of superior also affect the degree of delegation of authority. For example, an autocrat superior will delegate less authority as compared to a democrat. Similarly, a superior believing in the application of modern management techniques likes to delegate adequately. A superior coming from the rank and file may delegate less. Similarly, a manager who has not been delegated adequate authority in his career is likely to delegate less.

CONCLUSION

In today's globalized world, organizations are facing changes generated by increased competition, mergers and acquisitions, shifting markets and changing employee demographics. Although many factors may influence the performance of an organization but one of the greatest underlying factors in the success or failure of any organization is the power of its people, and how well that power is focused towards meeting the organization's objectives. Thus, empowering employees will be one of the most critical determinants of ultimate success. Organizations that can tap the strengths of their people will be stronger and more competitive than those that cannot. The evidence suggests that organizations who successfully want to transit a difficult period of evolution, offers a powerful means by increasing employee participation. The related literature showed that employee participation is positively related to productivity, satisfaction, performance and the employee's loyalty. It is maintained that empowering employees enables organizations to be more flexible and responsive and can lead to improvements in both individual and organizational performance.

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