IMPACT OF EMPLOYEE EMPOWERMENT ON EMPLOYEE PERFORMANCE

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Abstract

In today's global competiveness, there is a great desire on the part of the employees to play an active role in organizational activities and as such, every effort should be made to accommodate employees' views. Employee Empowerment, as the name suggests, is to empower or uplift the employees in the organisation by providing them the autonomy to take decisions of their own which essentially leads to various positive outcomes among which a better organisational performance is a part. If the employees in an organisation are empowered and involved in various decision making activities, then they are positively motivated, their individual performance develops and contribute towards their own as well as organisational objectives.This paper basically deals with the relationship of the empowerment with the employee performance.

Keywords: Employee Empowerment, Individual Performance, Training, Communication, Team working

INTRODUCTION

For the Organizations to achieve their goals and objectives, they must constantly adjust to their environment. In an increasingly competitive world and changing business, organizations need effective strategies to manage business, deliver services and goods to the customers. The markets, products, technology and competitive conditions are rapidly changing. Therefore, all the Organizations must possess the capacity to adapt to these changes effectively. According to Armstrong (2000), strategies for managing performance aim at achieving increased organizational effectiveness, better results for individuals and teams and higher levels of skills, competence, commitment and motivation. The term empowerment itself is a recent addition to Management vocabulary and could be seen as just another fad. The underlying concept however, has been around for many decades embodied in the use of words like participation and involvement (Mullins, 2002).

Empowerment of people is a major contributor to the development of subordinates by allowing them to do extremely well by investing in themselves, even at the risk of making mistakes (Page and Wong, 2000). Servant leadership theory emphasizes empowering employees, serving them and being committed to cultivating them (Spear, 2004). Empowering others to act, will lead followers to do a better job, and will aware them about their full potential (Kouzes and Posner, 2002).

Successful leaders and managers help the employees feel competent. Moreover, they usually consider the interests of others (Kouzes and Posner, 2002). Goodly (2008) considered developing and empowering others as the main leadership development factors. In addition, he believed that servant leaders mostly can improve the leadership development factors. Developing others is one of the social skills of leaders (McCauley and Van Velsor, 2004).

In the past decade, many organizations have implemented managerial approaches based on empowerment (e.g. self-managed work teams, total quality management), on the expectation that these will increase employee productivity as well as innovation (Wellins et al., 1991).

Nowadays many firms like to concentrate on gaining a competitive advantage in the market. The advance equipments, new technology, good marketing strategy, excellent customer services and many other elements can be the factors to build up for the advantages. However, human resource is the most important assets of an enterprise and its success or failure depends on their qualifications and performance. The employees are the repository of knowledge, skills and abilities that can't be imitated by the competitors. Technologies, products and processes are easily imitated by the competitors; however, at the end of the day, employees are the most strategic resource of the company. A new way of management is employee empowerment or participative management involving the people responsible for the work processes-the people who know the processes best is where quality starts. Some think that employees work only for financial return. If they are incapable to be an integral part of the organization, this may be true. Allowing employees to have independence and feedback within the organization is what makes the empowerment process successful.

EMPLOYEE EMPOWERMENT: AN OVERVIEW

Empowering employees is the long-term process of providing the tools, training and motivate the workers to perform at the optimum level. If organization is looking for a method to speed processes and still create quality materials and services, focus on employee empowerment. When an employee trusted, and given timely information and the authority to find solutions. Employee will be able to solve problems and provide

solutions more quickly than someone without that empowerment. Empowerment offers employee with a sense of sovereignty, which will increase employee job satisfaction. It will be more comfortable at work because it develops self-confidence and a sense of worth. A happy worker gives the most excellent customer service, and leaves a good thought of company with whomever it addresses.

Employee empowerment refers to the delegation of power and responsibility from higher levels in the organizational hierarchy to lower level employees, especially the power to make decisions (Arneson and Ekberg, 2006). Entrepreneurs, managers and researchers in the field of management regard the employee as the major resource bringing competitive advantage to establishments, and they believe the involvement and empowerment of employees is key to the success of establishments (Siegall and Gardner, 2000). Studies conducted on employee empowerment reveal that it gives rise to organizational commitment (Spreitzer and Mishra, 2002), motivation (Janssen et al., 1997), performance (Sigler and Pearson, 2000) and customer satisfaction (Chebat and Kollias, 2000).

According to Bateman and Snell (2002) empowerment is the process of sharing power with employees, thereby enhancing their confidence in their ability to perform their jobs and their belief that they are influential contributions to the Organization. Empowerment has been defined by Carver sited in Vikas (2000) as an authority, in terms of encouraging and allowing individuals to take personal responsibility for improving the way they do their jobs and contribute to the Organizational goals. Cook and Macaulay's (1997) defined empowerment as a change management tool which helps organizations create an environment where every individual can use his or her abilities and energies to satisfy the customer. It is all embracing how employees use their abilities and whether there are boundaries to responsibilities, the degree and type of power employees enjoy, power relation between employee, managers, individuals, teams and customers. Hanold (1997) defined empowerment as control of ones work autonomy on the job, variation of teamwork and pay systems that link pay with performance. He further divided empowerment into four categories which are the leaders role in creating empowerment context, the individual perspective of empowerment, collaborative work as empowerment and structural and procedural change as empowerment aims at changing organizational strategy with the objective of improving both individuals and organizations ability to act and enhance performance.

Employees empowerment play an important role in increasing the company's performance. Researchers suggest different points of view on the problem of democratizing the working environment. Some of them state that it is very important to create a democratic environment in the company and follow principles of employee involvement. They emphasize that as long as people in the company are motivated to think creatively,

influence their own schedule, provide the monitoring of their own performance and participate in the activities of the company, they have much higher performance. They argue that it is very important to empower employees.

Empowerment makes greater use of the knowledge, skills and abilities of the workforce. It encourages team working and if there is meaningful participation, it can lead to the successful implementation of change programmes. Nixon sited by Mullins (2007) suggested that by empowering staff right through the organizations structure, every employee will have the power to be innovative and ensure performance is good.

Job enrichment has a significant relationship with employees' satisfaction, performance, and presence at work place (Hackman & Lawler, 1971). Herzberg's studies in 1969 (Herzberg, 1986) and 13 consecutive researches by Lakniz (Hackman, & Kaufman, 1973) showed the potential impact of job enrichment on job performance. Adam Grant researches' demonstrated a significant relationship between job importance and job performance (Grant, 2008). The researches by Yen also showed that the richer the more personal satisfaction and the less likely job turnover or quittance will be (Yeh, & Lin, 2007); although there are other studies that have not shown the association or relationship between job enrichment and job performance. Lawler found that job dimensions and characteristics and the obtained outcomes cannot have a remarkable effect on job satisfaction and promotion of work motivation (Lawler, 2000).

HR-performance management aims at developing potential capabilitiesof human resource. The performance management must be in line with the company's long-term policies (Kandula, 2006). Performance management involves managing employee efforts,based on measured performance outcomes. Therefore, determining what constitutes good performance and how the different aspects of high performance can b be measured is critical to the design of an effective performance management process.

Motivated employees play a significant task in organizational achievement, and precedent research points to an optimistic association between acuity of empowerment and motivation. A well-known model put forth by Spreitzer (2006) proposes that two major workings of control systems will certainly affect employee feelings of empowerment- performance feedback and performance based reward systems.

The adoption of performance incentives in both the public and private sectors has elicited interest from researchers who explored the effectiveness of such schemes (Manolopoulos, 2008). Some researchers have examined employees' attitudes to performance incentive schemes (Mamman, 1998). Their main interest was on how these schemes affected employees' motivation and performance (Manolopoulos, 2008)

FACTORS INFLUENCING EMPLOYEE EMPOWERMENT

Traditional methods of motivation designed for organizations need in physical dimension of employees are currently not proper. Today, because of dynamic structure and complexity of competitive environment, the needs of organizations to creativity and intellectual power of their personnel has increased. Hence it is necessary to identify new methods to motivate employees in order to maintain and enhance competitive advantage. Various factors like job enrichment, performance based rewards, participative management, suggestion system, team-work formation, leadership and participation in goal setting are the main ways of empowerment. These are briefly described below:

- **Job enrichment**has been considered as one of the most important factors of employee empowerment. It is the step used to make the employees feel that the organization is actually owning them and that thing empowers them and boost their performance on the job. This has a direct impact on their satisfaction level in the organization while performing their duties. That thing ultimately increases the level of performance of the employees on the job.

- **Performance Based Reward System** is a process that allows linkage between the Performance Management System (PMS) and individual accountability through the development of performance objectives and employee reviews in a manner that will encourage continuous improvement. Nowadays there are many organizations that are relying on employees for success and competitiveness. As per the resource-based view, employees are the resources and assets of an organization. Consequently, organizations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving and rewarding employees' performance at work which in turn empowers the employees.

- **Participative Management** is the practice of empowering members of a group such as employees of a company or citizens of a community, to participate in organizational decision making. It is used as an alternative to traditional vertical management structures, which has shown to be less effective as participants are growing less interested in their leader's expectations due to a lack of recognition of the participant's effort or opinion. Participative management is recognized as particularly pertinent to organizations dealing with complex, knowledge-based problems.

- The **Employees' Suggestion System** is a strong tool that facilitates achievement of the goals for the organizations. Suggestion systems and programs are based upon the reasonable assumption that employee can contribute thoughts for the purposes of the organization's operations and/or decreasing costs.

Essentially, a contract is set up between employees and the organization in which the employees are offered rewards for worthy ideas(Michael,2000). This system enables the employees to create innovative suggestions or solutions which can be beneficial for the organisation. It has been proved as an effective factor to employee empowerment.

- An**effective teamwork** is one of the important factors of employee empowerment. An employee can acquire maximum knowledge, skills and ability through an effective team. It usually helps an employee to share the ideas, learn some innovative tactics from the other members of the team which makes the employee more efficient in his work.Due to this reason the employees are empowered and therefore, their performance increases.

- **Leadership** is the process of influencing followers. Leaders play an important role in the attainment of organizational goals by creating a climate that would influence employees 'attitudes, motivation, and behaviour. A leader is one who can motivate the employees to do the work effectively, influence them to take the risk while making decisions, proper co-ordination and a good attitude towards the work. A positive motivation always leads to the proper empowerment of the employees and enhances a healthy productivity of the organisation.

- The **employee participation**involves management actively encouraging staff to assist in running and improving business processes and operations. It includes management recognizing individual employees' opinions and input, so the employees can understand that management views them as unique and individually valuable to running the business. This makes the employee feel empowered in the organisation.

EMPLOYEE EMPOWERMENT AND EMPLOYEE PERFORMANCE

Organizations need to manage and improve the performance of their employees as the power or capacity to produce a desired effect, efficacy of an employee is enhanced by empowerment, doubtlessly. The decisions concentrated at the top hampers flexibility and timely action at the lower levels, but pushing down decision making at lower levels, may lead to chaos, conflicting decisions and a discernible lack of common purpose. Therefore, to avoid such disadvantages, the decision of taking decisions, or to push it upwards should be left at employee 's prudence. To develop the prudence of employees on the other hand, the organization should develop its personnel and should create an organizational culture and a climate that would provide the employee with the right to decide or to push it up the hierarchy.

Empowerment helps to achieve certain culture and an environment in the organization by increasing organizational effectiveness through developing and deploying competent influence in the human resource. It denotes the enhanced involvement of employees in the organizational processes and decision-making. All visions and strategies in the organization need able and empowered personnel. Unfortunately, empowerment is rarely used in the organizations and is less common than other management efforts like teamwork, quality management or inventory control. Although empowerment influence performance in a positive way, unfortunately it cannot be measured effectively, yet the figure below represents a view of empowerment process that churns out competent influence in the workforce and ultimately affects performance by leading to customer satisfaction, customer involvement, customer loyalty and customer recognition.

Figure: **Employee Empowerment and its relation to Performance**
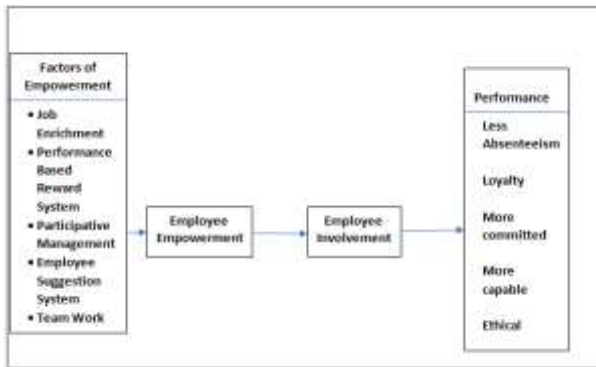
(Source: Author's Own)

Each employee in the organization must consider the elements of the above model, in order to create empowered individuals and climate which also would secure a much better performance in the organization. The consequences of a better performance depicted in the above figure has been described below:

Absenteeism: when an employee is empowered in his/her workplace, then he/she has the autonomy to take the decision on behalf of the organisation and thus he is more and more involved in the work which makes him/her engaged to the workplace and creates less absenteeism.

Loyalty: Employees who are loyal contribute extensively to the productivity of the organisation. They can create the value required to put the organisation on the path to success. This can be achieved through better performance and faithfulness of the employees.

Commitment: Empowerment leads employee's psychological attachment to the organization, that is commitment. Commitment towards the job is increased as accountability increases. Empowerment also leads to employee engagement. And when there is a shared purpose, employee becomes a self-directed decision-

maker towards the goals and objectives of the organization.

Capability: When an opportunity is given to a person with a right attitude he/she always has done the best of his means and capabilities. Therefore, by employing empowerment, employee is motivated and given the chance to make the best utilization of the opportunities given to him. Workplace will provide him freedom and fun and he/she will get the pleasure of fulfilment of his contribution to work and get full job satisfaction in return.

Ethicality: Being in accordance with the accepted principles of right and wrong that govern the conduct of an employee is called ethicality. When employees are empowered, it will lead to exercising competent influence. Empowering by enhancing more freedom would cause employees express the truth and prevent them from falsehood, and pretends.

CONCLUSION:

Employees need to be provided with the greater authority to make independent decisions as more decision making responsibility is concerned through empowerment. There is no doubt that empowerment is achieved by objective and structural organizational changes which provides individuals greater convenience to make decisions and use greater influence regarding their work. When empowerment projects are launched, of course considerations regarding to some of the internal resistance of the organization should be taken into account. Employees attitude against change is generally due to their conditioned behavior to follow orders, and tendencies not to collaborate with others, and not willing to accept greater responsibilities and risks, in work environment. Such difficulties are potential in every organization, and therefore should be accepted as normal, and are expected to be overcomed by shared vision of director, intensive organizational support, knowledge, continuous learning, and institutional recognition of the empowerment project team.

A successful empowerment endeavour, as an important organizational challenge proves to be successful in providing employee feelings of self-efficacy, and removing conditions which cause restlessness and powerlessness. It also achieves job mastery by providing for role clarification, job enrichment and proper training. Empowerment also gives growth support to its employees through career planning, rewards and welfare, and by employing counseling, motivation, and appraisals techniques, uses social reinforcement and persuasion in the organization.

When empowerment approaches adopted, employees gradually would start to feel that they are valued, competent and the jobs they are doing have so great meaning and impact, and, when legitimately

empowered, they would continuously be in a mood to believe they have so vast opportunities to apply their skills. In return they are expected to change their behaviours towards using their talents in the work place better than before, and such employee driven changes are expected to bring contribution to the effectiveness and efficiency of the organization.

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