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Employee Empowerment and Its Effect on Organizational Performance

M. Kemal DEMİRCİ

Dumlupınar University, Turkey
mkdemirci26@hotmail.com

Ali ERBAŞ

Eskişehir Osman Gazi University, Turkey
mkdemirci26@hotmail.com

Abstract: Employee empowerment is frequently used by business academicians and managers on business activities. It refers to employees being more proactive and self-sufficient in assisting an organization to achieve its goals. The term became prominent as part of the total quality management, although its roots are in issues raised earlier under the heading “employee involvement” or employee participation. The purpose is not only to ensure that effective decisions are made by the right employees but to provide a mechanism by which responsibility for those decisions is vested in individuals and teams. The right to share authority and to codetermine important decisions is accompanied by responsibility to exercise this power for the legitimate benefit of multiple stakeholders. Responsible decision-making requires that employees have access to managerial level knowledge and information about the enterprise, as well as to opportunities to learn new skills that will enable them to interpret and use the information. Such information may, however, involve technical, economic, or interpersonal and organizational aspects of the firm that many employees will be unprepared by their previous education, training, and work experience to understand and make use of. A democratic workplace will need to provide for the ongoing education and training of employees not only in relation to their immediate work tasks but also for their broader role in participating in the management of complex enterprises.

Key Words: Employee Empowerment, Organizational Performance.

Introduction

Empowerment, participation or participative management is a classic concept in business administration literature (Wilkinson, 1988). Empowerment, although generally seen as a key to employee satisfaction and improved productivity, opponents regard it merely as an action toward downsizing a company and increasing workloads. The advocates of empowerment see it as the essential underpinning of continuous improvement. Empowerment concept has emerged as a development of the total quality management philosophy in recent years. Common ground has been established as to the acceptance that empowerment is one of the more difficult factors of continuous improvement, but should not also be understood as a cure to all contemporary corporate ills. Empowerment yet, has no any metric to assess its impact on business performance and this condition caused the concept to remain fundamentally qualitative rather than quantitative.

Empowerment and Its Relation to Decision Making Process

In our study we see participative management, empowerment (see for a wide range of definitions of empowerment: Geroy, Wright, and Anderson) and participation as synonyms. We consider empowerment as the new version of participative management of 1970's. On the other hand, concepts of involvement and commitment (Becker, Billings, Evaeth and Gilbert, 1996) as elements included in empowerment. Empowerment is achieved through involvement and commitment of employees. Without involvement of employees in the decision-making process, the base of decisions will not be properly maintained, and thereby the members of organization can not be accountable for the quality of their tasks. Members of the organizations should always think strategically and by employing employees in decision making activities, human resources of the business should be directed towards the satisfaction of customers, better than before.

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).

Participation of employees in the decisions is not a simple act. Decision process is composed of a couple of stages, like a chain where each link can be regarded as equally valuable and essential. These stages mainly are; identification of the problem, intelligence stage, conception or design of alternatives stage, choosing one of the alternatives as decision, implementation and revision of the decision. All of these stages need to be elaborated properly and at each level of hierarchy, managers should continuously perform influence and collaboration.

There are a variety of decisions in every organization. Therefore it is better to classify decisions in three fold in a pyramidal way, as a best known and generally accepted classification. Of a hierarchical division of decisions, at top strategic, then tactical and at the bottom operational decisions take place. Such classification also will be helpful in identifying the collaboration degree of the individuals in the decision making process.

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 successfully 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 Its Effect On 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. Empowerment can be formulated as the combination of four dimensions. Thus, the equation is derived keeping in mind the factor of empowerment enhancing the role efficacy of individual employees (Table 1) (Shulgna, 2009). Some argue that lacking of one of these elements will deflate, though not completely eliminate, the overall degree of empowerment (Shulgna, 2009), but still others (Bowen and Lawler III, 1995) believe that, any one of four elements, that is power, information, knowledge and rewards will completely destroy empowerment. Thus, employees provided with the

elements of power, knowledge, information and rewards would be more involved and empowered in all levels of business development programs. Basing on above explanations, empowerment equation could be formed as the following:

$$\text{Empowerment} = \text{Power} * \text{information} * \text{Knowledge} * \text{Rewards}$$

Power	Information	Knowledge	Reward
Autonomy	HRI (Feedback)	Training (mentoring and Tutor)	Compensation (awards)
Authority	Role Clarification	Counseling	Career Planning
Delegation	Motivation Participation (Work Suggest)	Appraisals	Job Enrichment

Table 1: Instruments of Empowerment

It is now widely recognized that 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 ((Shulgna, 2009). 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 also 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 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). 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 can not be measured properly and directly, yet.

Figure 1 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 (Shulgna, 2009).

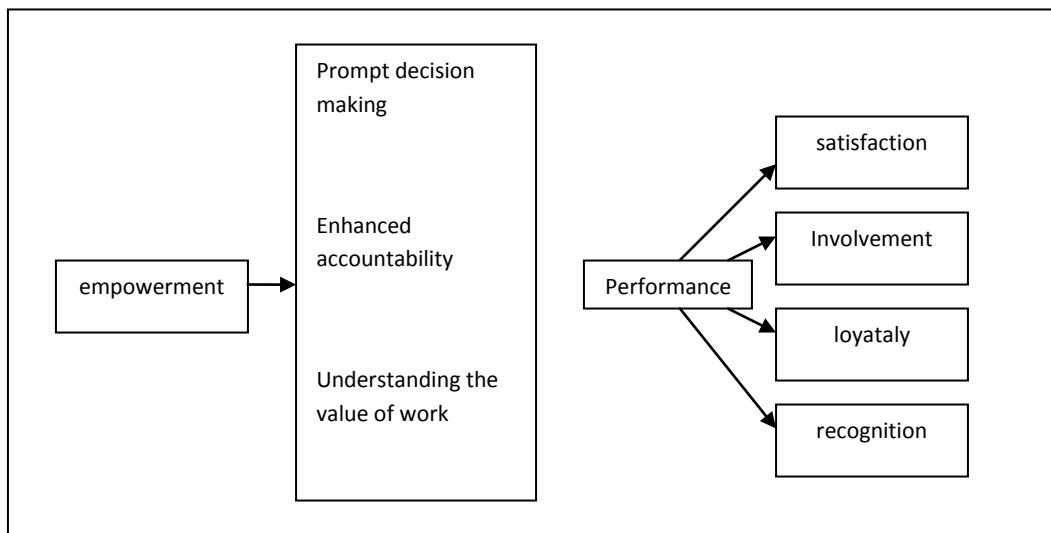


Figure 1: Empowerment and Its Relation to Performance

Each and every employee in the organization must consider the elements of competent influence which can be aligned as commitment, capability, and ethicality, in order to create empowered individuals and climate which also would secure a much better performance in the organization.

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: Through history, 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 fulfillment 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.

After creating empowered individuals and climate in the organization, we propose the decision making performance of all employees at all levels to be improved as shown in Figure 2.

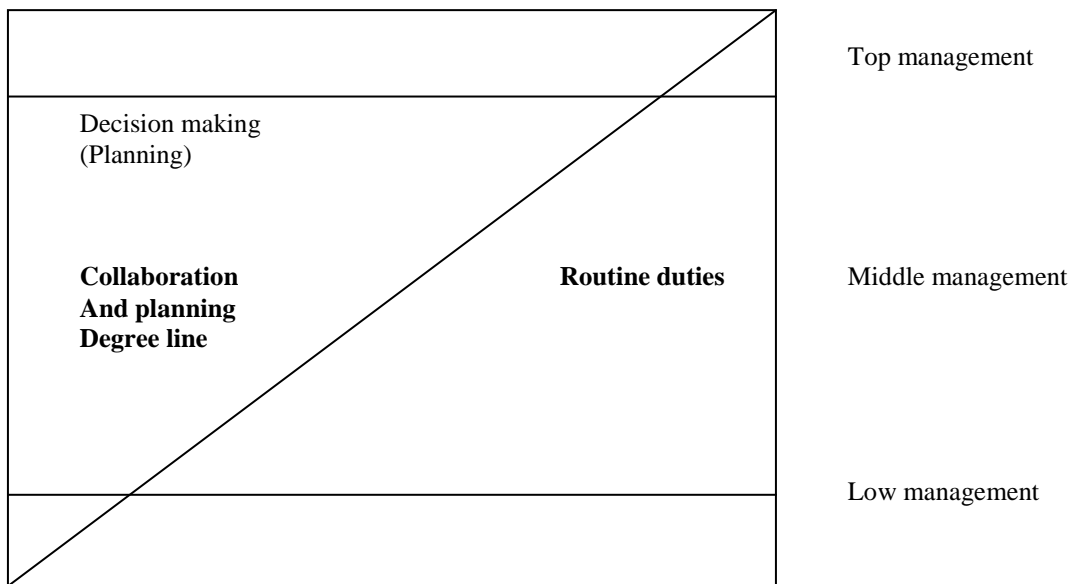


Figure 2: Collaboration degree of the individuals in the decision making process

On the above figure, top level managers have the highest degree of collaboration and planning duties as depicted by the collaboration and planning degree line. Adversely the lower-level managers are expected to have the least degree of collaboration engagement in decision making process and spend their efforts to routine daily tasks more than the higher management levels. If the management at all levels, obey the above division of responsibilities for decision making and routine daily tasks and degree of collaboration(diagonal line), all managers would be expected to contribute the organization at maximum level possible.

Conclusion

Employees need to be provided with the greater authority to make independent decisions as more decision-making responsibility is deconcentrated and 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. Involved negative behaviors are; improper conduct of

some managers towards change, resistance to delegate their control to their subordinates, reluctance to invest resources and make commitment, that are expected to insure long term success of empowerment, as well as employees negative behaviors to change, etc. 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 overcome by shared vision of director, intensive organizational support, knowledge, continuous learning, and institutional recognition of the empowerment project team.

A successful empowerment endeavor, 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 behaviors 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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