Employee Empowerment and Critical Work Outcomes: A Review

*Sandeep Kumar

Abstract

This paper presents the review of various empirical studies on the effects of employee empowerment on critical work outcomes. Review of various studies suggests that employee empowerment increases the job satisfaction and organizational commitment among employees. Empowered employees also tend to remain with the organization for long time and also use their creativity in the work. In service sector, empowerment gives more freedom to employees to satisfy consumers' needs in their own way which improves service quality. Empowerment practices also result in better performing employees. It has also been found that different dimensions of employee empowerment have varying effects on various work outcomes.

Keywords: Employee empowerment, Job satisfaction, Organizational commitment, Job performance.

Introduction

In this highly competitive business world, organizations need the knowledge, ideas, and creativity of all employees from top to bottom. Only those organizations can survive or succeed in this competitive era, which make quick and strong decisions. And for instant decision making, power of decision making must be given to the employees who are directly associated with work. Giving them this power is called employee empowerment.

A lot of studies have been done on the concept of empowerment since its conception in the 1990s.Various scholars have different kind of opinion about the importance of empowerment. Some scholars have opined that empowerment has negative impact on the performance of the organizations and it also increases the stress level of the employees. So this paper has been written to check whether empowerment has any positive outcome for the organization or not. After the clarification of the concept of empowerment, review of existing literature regarding empowerment outcomes will be done.

Assistant Professor, Institute of Business Management, GLA University, Mathura.

Employee Empowerment

In simple words, employee empowerment is delegation of decision making power to lower level employees. But empowerment has been defined in so many ways by various scholars that it is very hard to come at one specific definition of empowerment (Siegall& Gardner, 2000). Review of literature suggests that two aspects or approaches of employee empowerment are prevalent; one is psychological empowerment and another is socio-structural empowerment.

Psychological Empowerment: Psychological empowerment deals with the mental state of employees about the experience of power. Thomas and Velthouse (1990) defined the psychological empowerment as an intrinsic task motivation manifested in four cognitions: meaning, competence, choice and impact. Here *meaning* refers to the fit between individual's work role and his values, beliefs and behavior (Hackman & Oldham, 1980). *Competence* is the degree to which an individual feels capable to perform the job tasks with skill (Spreitzer, 1995). *Self-determination* refers to the sense of having choice in initiating and regulating one's work (Deci et al., 1989). *Impac*t is "the degree to which one can influence strategic, administrative, or operating outcomes at work" (Ashforth, 1989).

Structural Empowerment: On the other hand socio-structural perspective of empowerment includes behaviors or practices on the part of managers aimed at sharing power, information, resources and rewards with lower level employees (Fernandez & Kim, 2013). Structural empowerment includes the institutional policies, practices and structures that provide higher power to the employees to make decisions (Mills & Ungson, 2003). Pardo Del Val and Lloyd (2003) described four levels or dimensions of structural empowerment: collaboration, formalization, directness, and degree of influence. *Collaboration* refers to the extent to which employees take part in the decision making process (Baird & Wang, 2010). *Formalization* refers to whether there are "official channels" to put empowerment into practice or "there are certain norms or rules to guarantee employee participation" (Pardo Del Val & Lloyd, 2003, p. 103). Empowerment is *direct* when "employees can contribute directly in the decision making process, instead of through intermediates" (Pardo Del Val & Lloyd, 2003, p. 103). The *degree of influence* refers to the extent of authority that employees have in making and implementing decisions about tasks (Baird & Wang, 2010).

Empowerment and Job Satisfaction

Job satisfaction refers to the positive feeling of a person regarding the job (Spector, 1997). Many studies (He et al., 2010: Idris et al., 2018; Snipes et al., 2005) have revealed that empowered employees usually have more satisfaction with their jobs than others but study of Lee et al. (2006) demonstrates that there is no direct relationship between empowerment and job satisfaction. Wang and Lee (2009) proclaim that low competence situation along with high perceived impact and high choice or self-determination is able to generate high job satisfaction. Carless (2004) proves that psychological empowerment mediates the positive relationship between psychological climate and job satisfaction. Empowerment practices which focus on to providing information about organizational goals and performance and granting power to change work processes make positive influence on job satisfaction (Kim, 2013). Fuller et al. (1999) study of nurses revealed that psychological empowerment moderates the relationship between transformational leadership and job satisfaction.

Employee Empowerment and Organizational Commitment

Organizational commitment refers to an individual's recognition with a particular organization (Mowday et al., 1979) or loyalty to an organization and desire for involvement in it (Lambert, 2004). A lot of studies have proved that feelings of empowerment facilitate workers' commitment towards the organization (Spreitzer, 1996; Kirkman & Rosen, 1999; Humborstad & Perry, 2011). Although all dimensions of psychological empowerment do not have equal impact on commitment (Ambad, 2012). Kraimer et al. (1999) find that only self-determination and impact dimensions of psychological empowerment have positive relationship with organizational commitment. In a study of Indian managers, Bhatnagar (2005) finds that psychological empowerment leads to greater affective and normative commitment while it has moderate positive relationship with continuance commitment; though these results differ across various industries.

Employee Empowerment and Employee Retention

Humborstad and Perry (2011) conclude that mediating effect of positive job attitude helps empowerment to lower turnover intention and thus retain employee in the organization. Employee empowerment leads to job satisfaction which has negative and strong effect on turnover intention leading to employee retention (Fernandez & Kim, 2013). Empowerment also increases organizational commitment and committed employees have less intention to leave an

organization. Feelings of empowerment decrease the propensity to leave the organization (Koberg et al., 1999). Gul et al. (2012) find positive and significant relationship between employee empowerment and employee retention among the employees of Pakistani banking sector.

Employee Empowerment and Innovation

Innovative behavior involves the creation of new product, service, idea, procedure or process (Woodman et al., 1993). Empowered employees are more likely to be creative because they believe they have autonomy and impact and they also feel less constrained by technical or rule bound aspect of work. Various studies (Spreitzer, 1995; Fernandez & Moldogaziev, 2013) foster this idea that empowerment encourage employees to think out of box and be innovative. Fernandez and Moldogaziev (2013) point out that employee empowerment has a positive and sizeable effect on innovativeness. Ghorbani and Ahmadi (2011) find positive relation between dimensions of employee empowerment (competency, autonomy, meaning, trust and impact) and employees' creativity and innovativeness.

Employee Empowerment and Service Quality

Psychological empowerment develops positive job attitude in employees which increases service effort resulting in greater service quality (Humborstad & Perry, 2011). When employees have power of decision making, they can satisfy customized customer needs and can make service recovery whenever service fails because of some unexpected reasons. But sometimes delegation of power from supervisors to service employees can increase employee's perceived workload, which can affect their performance to serve negatively (Chan & Lam, 2011). Implementation of empowerment among employees leads to leads to higher willingness to deliver quality service in Chinese organizations (Humborstad et al., 2008). Service employees are always in better position to guess and satisfy the needs of the consumers rather than the management (Potterfield, 1999)

Employee Empowerment and Job Performance

Two components of psychological empowerment (Meaning and self-determination), have been shown to have a small but statistically significant relationship with job performance (Humphrey et al., 2007). Empowerment encourages proactive behaviors which in turn lead to work effectiveness (Spreitzer, 2008). Many other studies have proved that employees who feel

empowered are motivated to perform on their job effectively (Liden et al., 2000; Chen & Klimoski, 2003; Seibert et al., 2004). Study of Drake et al. (2007) suggests that higher level of psychological empowerment leads to higher level of task motivation which in turn improves the performance of employees. A study of Indian software companies (Indradevi, 2012) finds a positive association between all the four dimensions of psychological empowerment among which meaningful work is most important.

Conclusion

Review of literature suggests that employee empowerment provides ample benefits to the organization. Employee empowerment is strongly related to important attitudinal outcomes such as job satisfaction and organizational commitment and some behavioral outcomes such as job performance and employee retention. Employee empowerment leads to better quality service because empowered employees are more involved in their work. Empowerment improves the intrinsic task motivation in employees which improves their overall job performance. Empowered employees are prone to think out of box and find out new and better ways to do their work which improves the overall efficiency of the organization. Managers can judge their empowerment initiatives against these consequences and can make necessary modifications whenever required.

References

Ambad, S. N. A. (2012). Psychological empowerment: The influence on organizational commitment among employees in the construction sector. *The Journal of Global Business Management*, 8(2), 73-81.

Ashforth, B. E. 1989. The experience of powerlessness in organizations. *Organizational Behavior and Human Decision Processes*, 43, 207-242.

Baird, K., & Wang, H. (2010). Employee empowerment: Extent of adoption and influential factors. *Personnel Review,* 39(5), 574-599.

Bhatnagar, J. (2005). The power of psychological empowerment as an antecedent to organizational commitment in Indian managers. *Human Resource Development International*, 8(4), 419 – 433.

Carless, A. S. (2004). Does psychological empowerment mediate the relationship between psychological climate and job satisfaction?. *Journal of Business and Psychology*, 18(40), 405-425.

Chan, K. W., & Lam, W. (2011). The trade-off of servicing empowerment on employees' service performance: Examining the underlying motivation and workload mechanisms. *Journal of the Academy of Marketing Science*, 39, 609-628.

Chen, G., & Klimoski, R. J. (2003).The impact of expectations on newcomer performance in teams as mediated by work characteristics, social exchanges, and empowerment.*Academy of Management Journal,* 46, 591-607.

Deci, E. L., Connell, J. P., & Ryan, R. M. (1989). Self-determination in a work organization.*Journal of Applied Psychology,* 74, 580-590.

Drake, A. R., Wong, J., & Salter, S. B. (2007). Empowerment, motivation, and performance: Examining the impact of feedback and incentives on non-management employees. *Behavioral Research in Accounting,* 19, 71–89

Fernandez, S., & Kim, S. Y. (2013). Can employee empowerment reduce turnover? : Evidence from the U.S. Federal Bureaucracy. *Paper presented at the Public Management Research Conference in Madison, Wisconsin, June 20-22, 2013.*

Fernandez, S., &Moldogaziev, T. (2013). Employee empowerment, employee attitudes and performance: Testing a causal model. *Public Administration Review,* 73, 490-506.

Fuller, J. B (1999). The effects of psychological empowerment on transformational leadership and job satisfaction, *Journal of Social Psychology*, 139, 389-391.

Ghorbani, M., &Ahmadi, S. (2011). Relationship between employee's empowerment dimensions and creativity improvement in educational organizations.*Middle-East Journal of Scientific Research,* 10(2), 213-217.

Gul, A., Akbar, S., & Jan, Z. (2012). Role of capacity development, employee empowerment and promotion on employee retention in the banking sector of Pakistan.*International Journal of Academic Research in Business and Social Sciences,* 2(9), 284-300.

Hackman, J. R., & Oldham, G. R. 1980.*Work redesign*. Reading, MA: Addison-Wesley.

He, P., Murrmann, S. K. & Perdue, R. R. (2010). An investigation of the relationships among employee empowerment, employee perceived service quality, and employee job satisfaction in a U.S. Hospitality Organization. *Journal of Foodservice Business Research*, 13, 36-50.

Humborstad, S. I. W., & Perry, C. (2011). Employee empowerment, job satisfaction and organizational commitment: An in-depth empirical investigation. *Chinese Management Studies,* 5(3), 2011.

Humborstad, S. I.W., Humborstad, B.,Whitfield, R., & Perry, C. (2008).Implementation of empowerment in Chinese high power-distance organizations. *The International Journal of Human Resource Management*, 19 (7), 1349–1364.

Humphrey, S. E., Nahrgang, J. D., &Morgeson, F. P. (2007). Integrating motivational, social, and contextual work design features: A meta-analytic summary and theoretical extension of the work design literature. *Journal of Applied Psychology*, 92, 1332–1356.

Idris, A., See, D. & Coughlan, P. (2018). Employee empowerment and job satisfaction in urban Malaysia: Connecting the dots with context and organizational change management. *Journal of Organizational Change Management,* 31(3), 697-711.

Indradevi, R. (2012). The impact of psychological empowerment on job performance and job satisfaction in Indian software companies.*International Journal of Multidisciplinary Management Studies*, 2(4), 36-48, ISSN 2249 8834.

Kim, S. Y. (2013). Exploring the relationships among leader-member exchange, employee empowerment and job satisfaction in public organizations. Paper presented at the 12th Public Management Research Conference, Madison, Wisconsin, June 20-22, 2013.

Kirkman, B. L., & Rosen, B. (1999). Beyond self-management: Antecedents and consequences of team empowerment. *Academy of Management Journal*, 42(1), 58-74.

Koberg, C. S., Boss, W., Senjem, J. C., & Goodman, E. A. (1999). Antecedents and outcomes of empowerment: Empirical evidence from the health care industry. *Group and Organization Management*, 34(1), 71-91.

Kraimer, M. L., Siebert, S. E., &Liden, R. C. (1999). Psychological empowerment as a multidimensional construct: A test of construct validity. *Educational and psychological measurement*, 59, 127-142.

Lambert, S. J. (2000). Added benefits: The link between work-life benefits and organizational citizenship behavior. *Academy of Management Journal*, 43(5), 801-815.

Lee, Y. K., Nam, J. H., Park, D. H., & Lee, K. A. (2006). What factors influence customer oriented pro-social behavior of customer-contact employees?.*Journal of Service Marketing*, 20(4), 251–264.

Liden, R. C., Wayne, S. J., & Sparrow, R.T. (2000).An examination of the mediating role of psychological empowerment on the relations between the job, interpersonal relationships, and work outcomes.*Journal of Applied Psychology*, 85, 407-416.

Mills, P. K., &Ungson, G. R. (2003). Reassessing the limits of structural empowerment: Organizational constitution and trust as controls.*Academy of Management Review*, 28 (1), 143-53.

Mowday, R. T., Steers R. M., & Porter L. W. (1979). The measurement of organizational commitment.*Journal of Vocational Behavior*, 14, 224-247.

Pardodel Val, M., & Lloyd, B. (2003). Measuring empowerment.*Leadership and Organisation Development Journal*, 24 (2), 102-108.

Potterfield, T. A. (1999). *The Business of Employee Empowerment: Democracy and Ideology in the Workplace*. Westport: Quorum Books.

Siegall, M., & Gardner, S. (2000). Contextual factors of psychological empowerment. *Personnel Review*, 29(6), 703-722.

Seibert, S. E., Silver, S. R. & Randolph, W. A. (2004).Taking empowerment to the next level: A multiple-level model of empowerment, performance and satisfaction.*Academy of Management Journal*, 47(3), 332-349.

Snipes, R. L., Oswald, S. L., Latour, M. &Armenakis, A. A. (2005). The effects of specific job satisfaction facets on customer perceptions of service quality: An employee-level analysis. *Journal of Business Research*, 58(10), 1330–1339.

Spector, P. (1997). *Job satisfaction: Application, assessment, cause, and consequences.* Thousand oaks, CA: Sage Publications.

Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, measurement and validation. *Academy of Management Journal*, 38(5), 1442-65.

Spreitzer, G. M. (1996). Social structural characteristics of psychological empowerment.*Academy of Management Journal*, 39 (2), 483-504.

Spreitzer, G. M. (2008). Taking stock: A review of more than twenty years of research on empowerment at work. In J. Barling& C. L. Cooper (Eds.), *Handbook of organizational behavior (pp. 54–72).* Thousand Oaks, CA: Sage..

Thomas, K. W. &Velthouse, B. A. (1990).Cognitive elements of empowerment.*Academy of Management Review*, 15(4), 666-81.

Wang, G., Lee, P. D. (2009). Psychological empowerment and job satisfaction: An analysis of interactive effects. *Group & Organization Management*, 34(3), 271-296.

Wang, J. L. (2012). The influences of psychological empowerment on work attitude and behavior in Chinese organizations. *Journal of Business Management*, 6(30), 8938-8947.

Woodman, R. W., Sawyer, J. E., & Griffin, R. W. (1993).Toward a theory of organizational creativity.*Academy of Management Review*, 18(2), 293–321.