The Power of Employee Empowerment in Influencing Organizational Success: A Literature Review

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Abstract:
Employee empowerment is a concept that has been used synonymously with employee participation, involvement, engagement, power sharing, and information sharing to denote the idea of employee freedom, control over the work, sharing of ideas, suggestions and participation in decision making process. Due to turbulent business environment, employee empowerment has become a powerful management tool for influencing organizational success (improved productivity, employee satisfaction, and customer satisfaction). However, employee empowerment projects often fail due to lack of credibility of management, fear to lose jobs, or lack of willingness on the side of employees to take responsibility for own actions. Kanter’s theory of structural empowerment provides that, employee empowerment requires change of structure from hierarchical to a more flexible, dynamic and responsive structure in order to cope with changing business environment. This paper seeks to establish the relationship between employee empowerment and organizational success. Review of related literature indicates that employee empowerment has a significant positive relationship with organizational success. Thus, investing in employee empowerment through training, effective communication and information sharing and the use of incentives are ways to boost employee morale; hence improve productivity, employee satisfaction and customer satisfaction. Top management should embrace employee empowerment in order to overcome resistance to change and set ethical standards that guide decision making process in complex business environment.

Keywords: Employee empowerment, organizational success, Kanter’s theory of structural empowerment

1. Introduction
The concept of empowerment has been defined in many ways; however Ramesh and Kumar (2014) provide that all definitions point to the idea of allowing employees to have input and control over their work, the ability to share suggestions and ideas about their work as well as the whole organization (Ramesh & Kumar, 2014). Employee empowerment represents a shift in the way organizations treat their employees through relational and motivational approaches especially in globalized economies, employee empowerment as a concept has been recognized as a major contributor to organizational success in terms of improved organizational performance, employee commitment, employee satisfaction, employee involvement, employee loyalty and customer satisfaction (Meyerson & Deweitnick 2012; Dizgah, Chegini, Farahbod & Kordabadi, 2011; Rawat, 2011; Demirci, 2010). Kanter’s theory of structural empowerment provides a framework for understanding empowerment in the workplace, empowered employees and organizational outcomes such as job satisfaction, organizational commitment, and effectiveness (Orgambidez-Ramos & Borrego-Ales, 2014).

Through employee empowerment organizations tend to be more flexible and responsive leading to improvement of both individual as well as organizational performance. As a critical factor for innovation and effectiveness, employee empowerment is actually an important component in the emerging complex and competitive environment where knowledge workers are in demand as organizational structures evolve from mechanistic to more organic in nature. As observed by Rasa, Ashi, Agusta, Jalala and Hassan (2016), organizations that are committed to employee empowerment have the advantage to motivate, build trust, retain employees and make well-informed and timely decisions. However, Rasa, et al., (2016) and Dizgah et al., (2011) note that employee empowerment can be viewed as a powerful management tool for shared vision; yet managers should handle with care because the tendency of failure is high at implementation stage. This is because effective implementation of employee empowerment projects depends on four conditions: shared vision, management support, knowledge and learning, and institutional recognition (Woodwell, 2009).

1.1. Background of the Study
Employee empowerment concept is not a new idea in management as the notions are derived from theories of participative management and employee involvement (Mushipe, 2011). Mushipe adds that management literature often use the terms involvement, participation, information sharing, power sharing and employee empowerment synonymously. According to Rasa, et al. (2016) the ideas of Mary Parker Follet influenced organizations in the US through a process of integration to increase the ‘power with’ and decrease the ‘power over’ is an indication of the need for a more organic structure. In Saudi firms, employee empowerment is a widely known concept and managers view the concept as beneficial in improving employee morale which in turn translates into work efficiency and customer satisfaction since employees are
empowered to make timely and informed decisions (Rasa, et al., 2016). Mushipe (2011) also provides that governments have also realized the need to empower employees and cites initiatives such as the Zimbabwe Involvement Model which is mandated to empower employees through training in a response to inevitable change in business environments; hence enlighten them with decision making processes, information sharing and power sharing for better performance.

Due to rapidly changing business environment, organizations are more concerned with achieving organizational success through employee empowerment by accurately combining human resources, technology and equipment (Dizgah et al., 2011). As a result, there is an increasing need for employees who take own initiatives and respond creatively to challenges of the job. Therefore empowerment becomes a critical component at individual and organizational levels (Orgambidez-Ramos & Borrego-Ales, 2014).

1.2. Problem Statement and Gap in Research

The turbulent nature of modern business world has rendered the more traditional, bureaucratic, command and control management principle inadequate and employees seem to be trapped in severe hierarchical levels, rules, and standardizations which actually limit talent and creativity (Sulajegheh & Pirmoradi, 2014). However, Saremi (2015) explains that organizations can survive even in turbulent environment if employees have the required abilities, skills, awareness levels, knowledge on the job, and sense of pride and ownership on the job. As the business environment gets more complex, human resources are the most critical asset; and for this reason, most organizations are currently being challenged to empower employees to be able to survive in complex and challenging environment (Saremi, 2015). However, as Saremi (2015) observes empowering employees involve four major changes that are often challenging to managers: first, changing organizational structure from traditional to a more organic and dynamic structure in order to tap employee creativity; second, changing organizational culture so that employees can learn, and show more accountability towards delegated tasks; third, need for training and guidelines to empower managers and staff through empowerment implementation process; and fourth, identifying empowerment obstacles in the organization as well as adopt measures and strategies to deal with challenges. Scott and Herik (2008) further point that power has been seen as a limited resource in organizations whereby members try to hold on to their power or try taking it from others such that powerful people in organizations have been seen as corrupt and manipulative through organizational politics that advance individual interest. Thus, most literature depicts negative images of power, that powerful people are harsh, sadists, fascists, and Machiavellian in nature. In addition, Ongori (2009) points that employee empowerment often fails due to poor credibility of management, mistrust, fear to lose jobs and employees may be unwilling to take responsibility for their actions. Due to increased ethical and moral concerns on corporate governance, literature on power sharing, employee empowerment and involvement has increased making it a current issue on management seminars, leadership issues, public, local, national, international debates, television and radio program discussions as well as demonstrations on the streets (Scott & Herik, 2008). This study, therefore, explores on the power of employee empowerment in influencing organizational success (improved productivity, employee satisfaction, and customer satisfaction).
1.3. Objective of the Study
The main objective of the study is to review existing literature so as to establish the extent in which the power of employee empowerment influences organizational success.

1.4. Research Questions
As a guide to the study, the following research question has been formulated:
- Is there a significant relationship between employee empowerment and organizational success?

1.5. Research Hypothesis
- H0: There is no significant relationship between employee empowerment and organizational success.

1.6. Limitations and Delimitations
This study is limited to secondary data obtained from only 20 journal articles to identify existing gaps in employee empowerment and how it influences organizational success. Although employee empowerment has been used synonymously with other concepts such as employee participation, involvement, engagement, power sharing, and information sharing, the scope of study is narrowed down to aspects of employee training, communication and information sharing, and the use of incentives.

1.7. Definition of Terms
To guide the reader, key words are defined as operationalized in the research as follows:
- Employee empowerment – is the process of transferring power/authority to subordinates to empower them to make decisions and take initiative so as to control the business more effectively (Gingras, 2009).
- Kanter’s theory of structural empowerment – is a framework for understanding employee empowerment and is perceived to be closely linked with organizational effectiveness, job satisfaction and commitment (Orgambidez-Ramos & Borrego-Ales, 2014).
- Organizational success – is the overall organizational performance improvement due to employee and customer satisfaction as a result of employee empowerment initiatives (Meyerson & Dewettinck, 2012).
2. Review of Literature

2.1. Organizational Success

Organizational success depends on employee performance through achievement of goals, tasks, and accurately combining human resources, technology and equipment (Dizgah et al., 2011). Due to fast changing business environments, organizations are concerned with achieving excellence through employee empowerment so as to achieve improved organizational performance, employee satisfaction, and customer satisfaction. The study by Dizgah et al., (2011) found a correlation between empowerment and organizational effectiveness in Guilan executive organizations. The intensity of relationship between these two variables is R = 0.38 representing a direct link between them. Sub-hypotheses 1, there is a correlation between impact and organizational effectiveness in Guilan executive organizations. The intensity of relationship between these two variables is R = 0.21 and this represents a direct link between them, sub-hypothesis 2, there is a direct correlation between choice and organizational effectiveness in Guilan executive organizations. The intensity of relation between these two variables is R = 0.32. Sub-hypothesis 3, relationship between competency and organizational effectiveness in Guilan executive organizations, intensity of relation is R= 0.22, sub-hypothesis 4, there is a correlation between choice and organizational effectiveness in Guilan executive organizations. The intensity of relation between these two variables is 0.28 and this represents a direct link between them, and sub-hypothesis 5, there is a relationship between trust and organizational effectiveness in Guilan executive organizations, intensity of relation is R = 0.31. In a theoretical study by Demirci and Erbas (2010) on employee empowerment and its effect on organizational performance explain that empowerment is achieved by objective and structural organizational changes which provide individuals greater convenience to make decisions and use greater influence regarding their work. When empowerment projects are launched, of course considerations regarding 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 powers to their subordinates, reluctance to invest resources, and make commitment, as well, negative employee behaviors to change maybe due to conditioned behavior to follow orders, tendencies not to collaborate with others, not willing to take greater responsibilities and risks in the work environment. Such challenges should be taken as normal and are expected to be overcome through shared vision, intensive organizational support, knowledge, continuous learning, and institutional recognition of empowerment project team.

Mushipe (2011) in the case study of employees in food manufacturing sector on empowerment and job satisfaction and descriptive statistics showed that decision making enhances self-actualization which is the highest need in Maslow’s hierarchy of needs theory where 75% of employees are satisfied with planning daily activities, 75% setting own targets, 66% setting procedures, 71% have direct influence on work, 71% use personal judgment, and 62% multi-skills. On information sharing, 71% agree that teamwork leads to job satisfaction, 35% on the use of suggestion box, 71% want feedback from management, and 73% on management consulting with subordinates. No power sharing, most employees were not satisfied by the level of power sharing in general (49%), employee ownership programs (66%), labor management partnership (66%), and profit sharing (70%). The general conclusion in this research is that employee involvement in decision making and information sharing results in job satisfaction. On the other hand, power sharing as part of employee involvement was found not to be positively linked to job satisfaction; the reason being that power sharing was rarely practiced in the organizations studied.

2.2. Employee Empowerment

Although employee empowerment presents both challenges and opportunities; it is regarded as one of the most critical factors in the 21st century as it gives employees the discretion over certain tasks; thus able to make quick decisions which is a necessity in the era of globalization (Orgambidez-Ramos & Borrego-Ales, 2014; Ongori, 2009). Ongori (2009) adds that an empowered employee is said to experience feelings of control over the job, accountability, awareness of the job context, shared responsibility and equity in rewards based on individual and collective performance. Ganjinia, Gilaninia and Sharami (2013) point that whether employee empowerment follows mechanistic or organic approaches, the empowerment process must be in three phases: phase one, information sharing; phase two, autonomy working across organizational boundaries; and phase three, replacement of hierarchies with teams. According to Ramesh & Kumar (2014) there are three perspectives to empowerment: one, empowerment from employer perspective; two, empowerment from employee perspective and three, empowerment from organization’s perspective. The employer perspective influences through contexts by creating conducive environment where empowerment is released and nurtured. The employer is responsible for supporting employee empowerment, creating a feeling of inclusion, articulating a common purpose and equipping people for success. Empowerment from employee perspective is enhanced through open communication systems, willingness and skills to work in teams, tolerating uncertainty, being resilient, and accepting responsibility for outcomes. Empowerment from organizational perspective involves decentralization (giving employees the authority to make timely decisions), information sharing, contingent rewards, team development and alignment (Ramesh & Kumar, 2014).

A study by Meyerson and Dewettinck (2012) on the effect of empowerment on employee performance found a significant difference between rate of employee’s performance before and after empowerment implementing emphasizing the factors, delegation, participating management and encouragement and rewards cause employee performance to improve. The regression analysis has correlation coefficient 0.611, R-square 0.374 and significance level 99 percent and also Spearman correlation test with coefficient 0.57 which confirms the first sub-hypothesis (that delegation of authority causes improvement of employee performance). The second sub-hypothesis (that rewards based on performance causes improvement of employees’ performances), was confirmed by regression analysis with correlation coefficient 0.579.
square 0.335 and significance level 99 percent and also Spearman correlation test with coefficient 0.67 confirmed the second sub-hypothesis. Regression Analysis with correlation coefficient 0.453, R-square 0.205 and significance level 99 percent and also Spearman correlation test with coefficient 0.62 confirmed the third sub-hypothesis (suggestion systems causes improvement of employee performance), and the regression analysis with correlation coefficient 0.607, R-square 0.369 and significance level 99 percent and also Spearman correlation test with coefficient 0.66 confirmed the main hypothesis (that empowerment causes improvement of employee performance), delegation authority variable with (β = 0.399), reward based on performance with (β = 0.307) and suggestion system with (β = 0.047) have the most effect on improvement of employees’ performance.

Another study by Farmer (2011) on the effect of staff empowerment on supervisory relations, burnout and job satisfaction as a comparative case study of two American prisons (East and West) found that the empowered staff at East reported significantly more delegation of authority than the East non-empowered staff P<0.05 (0.9, -0.2). While not significantly different, the East empowered staff also reported more opportunities to participate in decision making (0.2).

The expected results were not found at West, however. The staff at West who were said to have been “empowered” reported significantly less delegation of authority (-1.2) and fewer opportunities to participate in decision making (-1.1) than did the non-empowered staff (1.0, 1.1), although West empowered staff had a flatter organizational structure than did the West non-empowered staff. Follow-up interviews at West revealed that the managers of empowered teams held few team-decision meetings and often made the decisions themselves. Bivariate analysis showed that the decentralized model provided a significant difference for only two out of six indices. Staff generally reported more positive relations with management under a flatter organizational structure that is part of an empowered staff management model. Comparing two empowered staff sites indicate that delegation of authority and relationship with supervision was significant effect of empowerment. Effects on staff burnout and job satisfaction were not significant.

2.2.1 Employee Training (Knowledge and Skill)

As employers in globalized economies search for employees who are motivated, satisfied, and engaged; employee empowerment proves to be a powerful tool that engages employees in organizational learning, information sharing, power sharing, and thus making them more responsible and accountable (Vasenska, 2013). Due to technological innovations, change is inevitable and organizations must design innovations that are commensurate with change in order to continuously satisfy customers; hence training employees on how to think, choose, and participate in making the customers happy can no longer be ignored (Ganjinia, Gilaninia Sharami, 2013). According to Bushe (1998) employee empowerment through training is one way to ensure that the organization attains the right percentage of producers (90%), integrators (8%) and shapers (2%) in the entire organization. Moreover, Ramesh and Kumar (2014) acknowledge that in a knowledge-driven economy, speed in decision making, efficient methods of functioning and innovative ideas are a way to gain an edge over competitors. Rasa, et al., (2016) further explain that employee empowerment through training include acknowledging employee innovations, regular brainstorming, effective suggestion systems, rewards and awards and courtesy when dealing with poor suggestions.

A study by Vasenska (2013) showed that through the use of empowerment, tourist destination operations led to improved guest satisfaction as well as increased employee productivity and efficiency. Employee empowerment also provides employee satisfaction and employee retention. For example, by region, the Americas recorded the largest (+5.7%) increase in receipts in 2011, followed by Europe (+5.2%), Asia and the Pacific (+4.4%) and Africa (+2.2%). The Middle East was the only region posting negative growth (-14%) (UNWTO, Tourism Highlights, World Tourism Organization, 2012). Europe holds the largest share of international tourism receipts (45% share), reaching US$ 463 billion (euro 333 bn) in 2011, followed by Asia and the Pacific (28% share or US$ 289 billion /euro 208 bn), and the Americas (19% share or US$ 199 billion /euro 143 bn). The Middle East (4% share) earned US$ 46 billion (euro 33 bn) and Africa (3% share) US$ 33 billion (euro 23 bn).

2.2.2 Communication and Information Sharing

Successful employee empowerment depends on the manager’s basic skills in communication, information sharing and feedback (Saremi, 2015). The management should provide necessary information to employees so that they become aware of the present situation in the organization and develop self-confidence in personal judgment. When employees do not have access to information, they lack that feeling of belonging, responsibility. Mushipe (2011) provide that communication is a very important aspect of empowerment because it embraces a number of areas such as individual involvement, self-governance, freedom and self-control. Information sharing facilitates the whole empowerment as it is of paramount importance in overcoming resistance to change. In addition, Liu (2015) explain that through effective empowerment implementation programs, employees are granted more autonomy, self-leadership and control of the work environment. On the other hand, managers are required to provide support, encouraging self-management and increasing empowerment. In addition, managers are expected to set a good example by providing information and resources, encouraging self-reinforcement and building trust.

2.2.3 Incentives

According to Saremi (2015) the use of intrinsic and extrinsic motivational approaches remove employee feeling of powerlessness and helplessness and instead empower employees with positive feelings of love, happiness, belonging, acceptance, recognition and strong sense of ownership of the firm. Thus, and giving incentives to employee teams will boost their morale and top management support is critical in motivating and encouraging employees teams a whole throughout the empowerment process by identifying and avoiding any undue stress. Empowerment process requires:
Training, acknowledging employee innovations, regular brainstorming, effective suggestion systems, improving individual and team learning, providing feedback, cross-organizational sharing systems, rewards and awards, and courtesy when dealing with poor suggestions (Rasa, et al., 2016).

2.3. Historical Setting of the Study/Situating the Study in the Discipline

Employee empowerment has been considered an important issue in the management and human resource management fields because employees are a strategic asset of the organization (Elnaga & Imran, 2014). As a central theme in related management and leadership practices known to enhance organizational competitiveness, employee empowerment concept is used to express the ways in which non-managerial staff can make decisions without consulting their supervisors and managers (Ramesh and Kumar, 2014). The concept of empowerment is most prevalent in management literature and is an ongoing study by many scholars due to fast changing business environment and the effect on existing hierarchical structures and leadership styles (Liu, 2015; Elnaga & Imran, 2014). As a result, there has been a shift from mechanic to organic structures that are flexible, dynamic and customer-centric (Liu, 2015).

3. Findings, Discussion and Recommendations

The following major findings have been generated from the study:

- Employee empowerment has significant positive relationship with organizational success (Rasa, et al., 2016; Dizgah, et al., 2011; Demirci & Erbas, 2010; Mushipe, 2011; Ongori, 2009; Meyerson & Dewettinck, 2012; Farmer, 2011).
- Employee empowerment has become necessary in turbulent business environments (Dizgah, et al., 2011; Orgambidez-Ramos & Borrego-Ales, 2014). This because empowered employees make quick and well-informed decisions pertaining to the organization and customer needs.
- Employee empowerment promotes a flexible, dynamic and responsive structure that is useful in managing change (Ganjinia, Gilaninia & Sharami, 2013; Ramesh & Kumar, 2014).
- Increased ethical and moral concerns on corporate governance has made empowerment concept crucial in current management research and practice (Scott & Herik, 2008).
- Employee training improves employee knowledge and skills needed to continuously generate new ideas, innovate new products and services that suit customer needs (Vasenska, 2013; Bushe, 1998; Rasa, et al., 2016).
- Effective communication, information sharing, and feedback help to build trust between top management and employees as well as facilitate organizational learning (Saremi, 2015; Mushipe, 2011; Liu, 2015).
- The use of incentives boosts employee morale and empowers them to experience feelings of love, belonging, respect, recognition, and ownership of the firm (Saremi, 2015; Rasa, et al., 2016).
- Most empowerment projects often fail due to lack of credibility of management, fear of loss of jobs, or reluctance on the part of employee to take responsibility for actions (Orgambidez-Ramos & Borrego-Ales, 2014; Woodwell, 2009).

Therefore, the researcher concludes that employee empowerment is a powerful management tool for influencing organizational success as pointed by a growing body of research findings. With top management support, the empowerment process is made possible through effective employee training, communication, information sharing, feedback, and incentives programs. Thus, the researcher recommends the following:

- Organizations should invest in employee empowerment for continued organizational success (improved profitability, employee satisfaction, and customer satisfaction)
- Top management should support employee empowerment through training, communication and information sharing, and incentives because this will enable business organizations to survive even in turbulent environments.
- While change is inevitable, employee empowerment should be viewed as a powerful tool for overcoming resistance to change.
- Managers should embrace employee empowerment as one way of setting ethical standards that provide organizational direction.

4. Acknowledgements

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5. References


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