

## **Employee Empowerment – A Strategical Tool For Success In Competitive Business Environment**

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### **ABSTRACT**

Organizational environment is constantly changing and organizations must be able to have innovation and improvement. To be successful in today's business environment, companies need the knowledge, ideas, energy, and creativity of every employee, from front line workers to the top level managers. Employee empowerment is one of the effective techniques for increasing productivity of an employee and optimal use of their individual capacity and group abilities in order to achieve organizational and personal objectives. This paper explores the concept and benefits of employee empowerment and also tried to explain an overview of employee empowerment in India. As a result of these business practices, employees become more productive.

### **INTRODUCTION:**

**Employee empowerment** is a management practice of sharing information, rewards, and power with employees so that they can take initiative and make decisions to solve problems and improve service and performance. Empowerment is based on the idea that giving employees skills, resources, authority, opportunity, motivation, as well holding them responsible and accountable for outcomes of their actions, will contribute to their competence and satisfaction. It allows decisions to be made at the lower levels of an organization where employees have a unique view of the issues and problems facing the organization at a certain level.

Employee empowerment means different things in different organizations, based on culture and work design. Employee empowerment also means giving up some of the power traditionally held by management, which means managers also must take on new roles, knowledge and responsibilities. It does not mean that management relinquishes all authority, totally delegates decision-making and allows operations to run without accountability. It requires a significant investment of time and effort to develop mutual trust, assess and add to

individuals' capabilities and develop clear agreements about roles, responsibilities, risk taking and boundaries.

**REVIEW OF LITERATURE:**

**Behling and McFillen** (1996) posited that employees' feeling of empowerment is crucial to the ability of transformational leadership to have a positive influence on the responses of employees. In a similar vein, **Epitropaki and Martin** (2005) suggested that by empowering employees, transformational leaders can create a perception among employees that they are being taken seriously, listened to, and valued as members of the organization. Following **Bass's** (1999) notion that employee empowerment is a potential mediator for transformational leadership effects, **Castro, Perinan and Bueno** (2008) demonstrated that employee empowerment (including perceived competence and control) mediates the relationship between transformational leadership and employee attitudes, specifically, job satisfaction and affective commitment to the organization.

In respect of empowerment **Burke** (1986) opines that to empower implies the granting of power, delegation of authority. He emphasizes much more on shifting of power, authority to the employees by the management. **Sewell and Wilkinson** (1992) are of the view that to make the empowerment process meaningful there must be a genuine shift in the locus of power away from management and to the shop floor.

**Conger and Kanungo** (1988) define empowerment 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 proving efficacy information. This definition implies developing people mind set to excel individual and organizational peak performance in order for achievement of company goals. **Randolph** (1995) and **Newstrom and Davis** (1998) asserts that employee empowerment is a transfer of power from the employer to the employees. Empowerment as any process that provides greater autonomy through the sharing of relevant information and the provision of control over factors affecting job performance.

**Serenely et al** (2007) defines that Employee empowerment received a wide recognition as an important subject in management circles mainly because it seen as one of the fundamental elements of managerial and organisational effectiveness that increases when power and control are shared in organization. **Doaei** (1998) Empowerment of human resources means create

collection of required capacity in staff for enable them to creating added value in organization and role playing and responsibilities are responsible in the organization, with efficiency and effectiveness.

**CONCEPTS OF EMPLOYEE EMPOWERMENT:**

Employee empowerment is based on the concepts of job enlargement and job enrichment.

•**Job enlargement:** Changing the scope of the job to include a greater portion of the horizontal process. Example: A bank teller not only handles deposits and disbursement, but also distributes traveller's checks and sells certificates of deposit.

•**Job enrichment:** Increasing the depth of the job to include responsibilities that have traditionally been carried out at higher levels of the organization. Example: The teller also has the authority to help a client fill out a loan application, and to determine whether or not to approve the loan.

As these examples show, employee empowerment requires:

- Training in the skills necessary to carry out the additional responsibilities.
- Access to information on which decisions can be made.
- Initiative and confidence on the part of the employee to take on greater responsibility.

The following are the six means of empowering employees in a workplace. Let's take a brief look at them.

**1. Providing the necessary skills to do the job:** Employees can't do the assigned tasks if they don't have the necessary skills to do it. It is important for an organization to assess the gaps between the current and required skills. Training must be provided to the employees to bridge the skills gap. Therefore, if you want an empowered workforce, employees need to be trained in the right skills.

**2. Granting sufficient authority:** The second method of empowering employees is to provide them adequate authority to decide on how to complete their tasks. They need to be given the authority to complete the task in any manner they choose to accomplish; as long as it confirms to the broad guidelines set by the organization. Others in the organization should be aware that they have not only the responsibility but also the authority to complete the chosen tasks.

**3. Articulating the vision of individuals' job:** It is important that employees have a clear idea about the outcome and where their task fits in the overall scheme of things. It empowers them with a broader perspective of the organization's overall mission, vision, goals and strategic plans.

**4. Providing adequate information and resources:** Employees have access to all the information they require to make decisions. Therefore supplying information and allocating the required resources empower the employees to perform better in their job.

**5. Building employees' confidence:** According to the expectancy theory, if employees believe that they CAN achieve a certain result. The various ways to boost employees' confidence include:

- a) Providing growth opportunities to the employees by giving them more challenging tasks. This demonstrates that you value your employees and their personal development.
- b) Exhibiting greater trust and support in the employees' ability to accomplish a work assignment.
- c) Encouraging cross-learning so that employees benefit from each other's skills and knowledge.
- d) Acknowledging and rewarding the employees for their accomplishments.

**6. Guiding with positive feedback:** Providing positive feedback about the tasks done and guiding employees about best practices gives encouragement to the employees. It also helps employees to stay on the right track and develop professionally.

**Theoretical Approaches to Empowerment:**

**Socio-Structural Perspective:** The socio-structural perspective focuses its attention on developing or redesigning organizational policies, practices and structures to give employees power, authority and influence over their work.

**Psychological Approach:** The psychological approach focuses on enhancing and enabling personal effectiveness by helping employees develop their sense of meaning, competency, self-determination and impact.

**Critical Perspective:** The critical perspective challenges the notion of employee empowerment and argues that efforts to create empowerment may actually lead to more, controls over employees.

## **NEED FOR EMPLOYEE EMPOWERMENT :**

Corporate culture reflects the values, vision and leadership style of a given company. Levels of trust between employee and employer differ from culture to culture. Encouraging employees to make decisions, providing an environment of open communication and acceptance of new ideas defines a culture based on empowerment. Companies that offer and nurture such an atmosphere can benefit in a variety of ways ranging from a stable workforce to a healthy bottom line.

## **Employee Satisfaction:**

Designing empowerment into the company culture is not only a smart management strategy, it drives up employee satisfaction. Jupiter Networks, a technology company headquartered in Sunnyvale, California was ranked number six out of 125 in the "Best Places to Work in Silicon Valley" survey sponsored by the "San Jose/Silicon Valley Business Journal." Scores were based on employee responses to a 10-topic questionnaire. One of the factors responsible for the high rating attained by Jupiter is people practices. Empowering people is part of the high tech firm's cultural mission.

## **Low Turnover:**

Delegating power to employees contributes to creating an atmosphere of contentment and honor. Companies noted for this leadership style attract like minded individuals who take pride not only in joining the organization but to showing loyalty by remaining on the team. Credited with granting all employees input into decision making, McCormick and Company reports a voluntary turnover rate of only 3 percent.

## **Management Benefits:**

Creating an atmosphere of empowerment is a leadership task driven by management. Once employees are fully engaged in decision-making and taking action, management can profit. Paul Craig, sales manager of Image Source, an authorized Xerox sales agency recognizes the benefits. Craig believes that, "Especially in today's knowledge driven economy, employee empowerment is critical to success. If you want the real benefits of your employees, you must free them to make decisions. In turn, this frees management to focus on larger strategic goals and initiatives."

**Customer Service Improves:**

Armed with knowledge and a specific level of authority, employees can solve problems and better service customers. "When employees are invited to participate in the decisions surrounding how the work is done, they are more engaged and excited about the outcome," states Irma Parone, Sr. VP, Florida Regional Manager at Weiser Security Services, Inc. Parone echoes the Weiser philosophy that empowered employees make it happen.

**Cost reduction:**

Another cost reduction factor is the increased efficiency of operations due to more engaged and accountable employees. As employees become involved in day-to-day decisions and take a sense of pride in their work, they become aware of inefficiencies in routine functions that cost the company money. According to The Gallop Organization, organizations that enable employees to be more empowered and engaged, experience 27% higher profits (Wagner & Harter, 2006). Empowered employees feel comfortable sharing their innovative solutions with management, providing cost-cutting measures that benefit the organization. These solutions are invaluable to the organization running both efficiently and effectively without excess overhead costs.

**EMPLOYEE EMPOWERMENT IN INDIA:**

An organization aims to achieve higher levels of productivity, sustainability, and growth. These benefits obviously make ground for implementation of empowerment in organization. It is against such background, a few organisations in India have testified the empowerment experiments. Let us produce some successful experiences of empowerment to vouchsafe our contention.

Vaghul's encouraging experiences in empowerment in the ICICI are noteworthy. He transformed a development bank into a multi-business super market with a classical combination of strategic envisioning and complete empowerment. He never looked the next day but next year and beyond. This was one significant aspect in his future orientation and vision. What is more that Vaghul does not manage a single ship, he commands a flotilla: The SCICI, CRISIL, Venture Capital Fund, DTCEI, ICICI Asset Management Company, ICICI Bank, Technology Development and Information Company of India In all these organizations, either he had read the rule correctly or interpreted the rule exactly or framed new rules based on institutional requirements.

**According to Avijit, the following three parameters helped Vaghul implement empowerment interventions successfully:**

1. Trust your people but track their performance through financial parameters.
2. Empower managers to run the organization, but emission the future personally.
3. Recounting mangers with motivation abilities who alone can inspire workers.

Tapan Mitra of Indian Aluminium Company (INDAL) has also the same story to tell In INDAL, Tapan Mirta governed employee motivation neither by dangling rewards nor by threatening punishment. According to Tapan Mitra , it is all about people : Placing them at the center of the corporation's activities, and then, giving them powerful reasons to do their work to the best of their abilities. He also posits that the workers' participation in management is putting a simple, but fundamental thing, i.e., employee involvement. This is necessary also. The reason being if employees feel that they are merely appendages to inscrutable decision-making machinery locked in an ivory tower, they would not give you their best. But remember, when one decentralizes, one empowers and, in turn, motivates.

Bajaj Auto is yet another case of successful employee empowerment. In 1990s, Bajaj Auto had just ridden into the worst recession in its history and Rahul Bajaj decided to respond for the first time by changing the fundamental structures and system in the company. Focusing on cost-cutting, motivating people, boosting quality, flattening the organization, raising research level, and exporting; Rahul Bajaj was forced to pass authority down the line to his people. All these initiatives needed empowered people, not autocratic command to be successful.

These are a few illustrative cases of effective employee empowerment in Indian organizations. However, empowerment could not record success in some organizations due to certain barriers coming in their way. These barriers to empowerment are discussed subsequently.

### **MAJOR BARRIERS TO EMPLOYEE EMPOWERMENT**

In India, some sort of organizational culture is found incongruent with the concept of employee empowerment,. In India, family-run -enterprises present such incongruent culture to empowerment. In these organizations, the management philosophy is molded by the whims and fancies of the owner-CEO. These CEOs are hardly enlightened with education, but enriched by wealth. As such, they follow dictatorship and run the administration with an iron hand.

2. There are organizations where employees have no inclination towards the concept of empowerment. This, then, provides a situation just like taking the horse to the water, but the horse is not interested in drinking water. Then, the process of empowerment is inevitable to be meaningless.
3. Some employees may have fear in their minds that they will be punished if they will take initiative in the matter of empowerment. Thus, fear of retribution by subordinates adversely affects the implementation of empowerment. A recent survey shows that workers are often reluctant to take the initiative unless they have a union to protect them. Management can change its organizational culture to be more supportive or empowerment friendly. But this is typically a long term proposition.
4. Employees who are either under prolonged autocratic leaderships or possessing external locus-of-control, want the security of having someone tell them what to do and when to do it. They will, therefore, resist empowerment. Training and education can often be effective in overcoming this obstacle.
5. The superiors who are power hungry never would like to part their authority with their subordinates/employees. Mary-Parker Follet has described the “power-on” “power-over” behaviour of such persons. They, thus, act as a barrier to empowerment.

**Effective factors in the process of employee empowerment:**

1. **Specify objectives, responsibilities and authority in organization:** Employees must be aware of their responsibilities and duties description, the purpose and mission organization and its stages and work process.
2. **Job enrichment and job promotion:** Organization must to act in order to be up to date technical and professional information of staff, and increase their content of job.
3. **Mentalities and organizational belong:** In order to satisfy this factor respect should be given to all employees in organization and assistance to resolve personal problems.
4. **Trust, sincerity and honesty:** Organization must create positive environment and friendly working relationships between employees and increase trust between managers and employees.
5. **Diagnosis of and appreciation:** Employees received salary and bonuses for the work they do. Appropriate distribution of welfare facilities, job promotion should be given to employees with their suitability.

**6. Participation and teamwork:** Applying the opinions and ideas of employees in decision and their cooperation in improve and promote of organization affairs, delegation of authority to staff at various levels, participation of employees in offering suggestions for affairs better.

**7. Communications:** Including communication and easy access employees to managers and supervisors, transparency and clarity work community of employees with managers and supervisors.

**8. Work environment:** The importance to employee health and safety in working environment, create appropriate opportunities for employees job promotion, reduce stress and tension in working environment.

**9. Optimization of processes and working methods:** Being clear and transparent of workflow and information in organizations, periodic review and modification of work methods and affairs simplification.

**10. Information, knowledge and job skills:** Existence facilities to develop job skills in organization,existence fields of effective and efficient training in organization.

#### **CONCLUSION:**

Empowerment process is summarized in three steps information sharing, autonomy working across organizational boundaries, and also replacement self-bring teams instead hierarchy. All of these benefits enable organizations to achieve an extra edge in order to outperform their competitors and to gain market share. Empowering employees' leads to organizational encouragement of entrepreneurial traits and prompts employees to make decisions, take action, and foster their belief that they can take control of their own destinies. To conclude that definitely employee empowerment is a positive element in an organization. However it depends on the demands & circumstances. In today's business world it results in increased initiative, involvement, enthusiasm & innovation altogether will leads to success of an organization.

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