

# DOES EMPOWERING EMPLOYEE ENHANCE EMPLOYEE PERFORMANCE?

Abhijeet Singh Chauhan

Student, Prestige Institute of Management, Gwalior

## ABSTRACT

*In the organizations molding the employees is a very tough task for the managers, in order to make the optimization in the employee's performance the managers try different methods, among these methods employee empowerment is one of them it means the delegation of authority and responsibility to the employees, as it is a important basis for improving the service quality and productivity of the organizations if employees are given importance, encouragement, priority and recognition for their work then it will create the feeling of belongingness in them accordingly their performance will also increase ,employee absenteeism will also reduce and they will work with full of their efficiency and effectiveness. This research paper studies the relationship between Employee empowerment and Employee performance.*

**Keywords:** *Employee empowerment, Employee performance*

## INTRODUCTION

Employee empowerment plays an important role in organizational success, every employee of the organization want some amount of importance, if organizations are unable to understand the psychology of their employees then it creates a misunderstanding between the employees and the employers which creates the feeling of dissatisfaction in the employees which result in less performance, absenteeism, depletion in the products and service quality. Managers should understand what their employees are seeking from them, employee empowerment reduces these problems in a very systematic manner by giving authority, responsibility and some sort of recognition to their employees which results in increased satisfaction level of the employees and it also establishes mutual trust between the employer and employees. The organizations should also taken into consideration the various problems of the employees and their resolution should be done on time if it is not done then it creates a bad impact on the minds of the employees which reflects from their work and efficiency and if it is done then employees feel empowered and they take the organizational objective as their personal objective and starts moving towards their attainment. Employee empowerment and employee performance are correlated both of them are depended upon each other. In simple words if employees feel empowered then they will want to work more and more and if their performance increases then their chances of promotion also increases.

## LITERATURE REVIEW

### Employee Empowerment

Hasan Hüseyin Uzunbcak (2015) tested the relationship between employee empowerment and innovativeness with the help of correlation and regression analysis and found that there is a significant impact of employee empowerment on innovativeness.

Peters and Mazdarani (2008) tested the impact of employee empowerment on service quality and customer satisfaction in Länsförsäkringar bank with the help of quantitative analysis by using primary and secondary data and found that employee empowerment practices enable the employees to influence customers' perception of service quality positively, due to their command over the service delivery process, which leads to customers' satisfaction. Meyerson and Dewettinck (2012) tested the relationship between employee empowerment and employee performance with the help of correlation and multiple regression analysis and found that there is a significant impact of employee empowerment on employee performance.

Suresh and Jaleel (2015) tested the Relationship between Employee empowerment and its effects on Organizational performance in Indian firms; with the help of correlation and regression analysis and found that employee empowerment affects the organizational performance. Mehrabani and Shajari (2013) tested the cause and effect relationship between employee empowerment and employee effectiveness with the help of regression analysis and found that there is a positive impact of employee empowerment on employee effectiveness.

Kok Pooi Chen (2013) tested the relationship between employee empowerment and employee performance with the help of correlation and regression analysis and found that empowerment strongly influences employee performance. Celik and Iraz (2014) tested the effect of employee empowerment on organizational creativity and innovativeness with the help of regression analysis and found that there is a significant impact of employee empowerment on organizational creativity and innovativeness.

Klagge J. (1998) sees the writing in a way showing the significance of empowerment as to discharge enhanced "power and authority" alongside the important obligations and skill to representatives. Empowerment is by all accounts an effective administration instrument, which is utilized to trade the mutual vision that the association hopes to appear into shared objectives. Actually empowerment could be used as an expression to clarify various arrangements giving a convenient speech, supporting that empowerment is speculatively a fine protest that creates a „win-win“ condition for laborers and directors. Empowerment has been characterized from multiple points of view, yet most creators concur that the center component of empowerment includes giving workers a tact (or scope) over certain errand related exercises.

Randolph (1995) characterizes worker empowerment as "an exchange of energy" from the business to the representatives. Blanchard et al. (1996) for example contended that empowerment is having the opportunity to act, as well as having higher level of duty and responsibility. This shows administration must engage their representatives with the goal that they can be inspired, dedicated, fulfilled and help the association in accomplishing its destinations.

Mohammed et al. (1998) states that empowerment is a perspective. A representative with an enabled perspective encounters sentiments of 1) control over the employment to be performed, 2) consciousness of the setting in which the work is performed, 3) responsibility for individual work yield, 4) shared obligation regarding unit and authoritative execution, and 5) value in the prizes in light of individual and aggregate execution.

Luke, Rappaport, and Seidman (1995) proposed that empowerment is more than a negligible procedure, arrangement, or model as may be, for example, counteractive action. Rather, they set that empowerment is the procedure to which the essential energies of analysts, advocates, social specialists, and others ought to be coordinated and through which the vast majority of the objectives for social and individual change will be most fittingly proficient.

## **Employee Performance**

Borman and Motowidlo (1993) recognized two sorts of representative conduct that are vital for authoritative viability: assignment performance and logical performance. Rohan Singh, Madhumita Mohanty (2012) clarified in their exploration that preparation is an imperative instrument with the end goal of improving the workforce performance and it'll eventually expand the value of an association yet association should be adjust among preparing worth and preparing payment. The final products uncovered that in differing industry the impact of preparing are changed.

Abdul Hameed (2011) in their exploration paper identified with worker performance and advancement said that representative is the significant component of each firm and their prosperity and disappointment fundamentally in light of their performance. Skibba (2002) states that job performance and job fulfillment relationship takes after the social trade hypothesis; workers' performance is offering back to the association from which they get their fulfillment.

Saari and Judge (2004), found that when the connections are fittingly revised (for inspecting and estimation mistakes); the normal relationship between's job fulfillment and job performance is as higher at .30. Also, the connection between job fulfillment and performance was observed to be significantly higher for complex (e.g., proficient) jobs than for less intricate jobs.

Rizwan Qaiser Danish, Umar Draz, Hafiz Yasir Ali (2015) in his exploration Impact of "Hierarchical Climate on Job Satisfaction and Organizational Commitment in Education Sector of Pakistan" by utilizing spellbinding insights and relapse examination found that the authoritative atmosphere has significant effect on job fulfillment and in addition on authoritative duty. Terpstra and Rozell (1993) inspect the breadth of enrolling, choice test approval and the utilization of formal choice techniques and locate the positive network between authoritative benefits and selectivity in staffing, in this manner prompting a more prominent degree of hierarchical performance.

Arthur (1992, 1994) reports that the HR works on concentrating on improving representative responsibility (e.g. decentralized basic leadership, complete preparing, salaried pay, and representative cooperation) are identified with higher performance. Then again, he finds that the HR works on concentrating on control, proficiency and the diminishment of representative aptitudes and circumspection are related with expanded turnover and poorer assembling performance.

Becker and Gerhart (1996) express that the accepted procedures of HR have a compositional nature, that is, for instance, the possibility of motivators for superior has a generalisable quality. Yet, inside a specific firm, HR rehearses and their blend will be distinctive, contingent upon the unique situation and methodology et cetera.

Patterson et al. (1997) distinguish a positive connection between worker states of mind, authoritative culture, HRM and organization performance, and infer that representative duty and a fulfilled workforce are basic to enhancing performance. Two very huge regions of HR practices are viewed as: the procurement and improvement of worker abilities (enrollment, choice, acceptance and performance evaluations), and job plan (expertise adaptability, job obligation, group working).

Rubina et al. (2008) saw job performance as the consequence of three variables cooperating: aptitude, exertion and the way of work conditions. Aptitudes incorporate information, capacities and abilities of the representatives; exertion is the level of inspiration the worker advances towards finishing the job; and the way of work conditions is the level of convenience of these conditions in encouraging the representative's performance.

Munir and Islam (2011) tried connection between work stressors like part uncertainty, workload weight, home-work interface, performance weight, association with others and part clashes on one side and job performance on the other with inspiration as arbiter and found that part conflict" and part ambiguity" have a positive connection with stressors against the basic thought while the relationship is observed to be negative between different stressors and job performance.

## **OBJECTIVES OF THE STUDY**

1. To find underlying factors of Employee empowerment and Employee performance.
2. To measure the relationship between Employee empowerment and employee performance

## **RESEARCH METHODOLOGY**

### **Study and Sample**

The study was Causal in nature where survey method was used to collect the data. The population of the study includes employees from manufacturing sector of Gwalior region. In order to conduct the survey 200 questionnaires were distributed out of which 150 questionnaires were returned showing 75% response rate. After deleting incomplete responses, data for this study were obtained from 150 respondents. The questionnaires were rated on a five point likert scale where 1 stands for strongly disagree and 5 stands for strongly agree.

### **Instrumentation**

The measures were adapted from existing scales available for all the variables.

#### **Employee Empowerment ( $\alpha= 0.83$ )**

It was measured using a scale developed by Gretchen M. Spreitzer (1995). This measure consists of 12 items including items such as '*The work I do is very important to me*', '*I am self assured about my capabilities to perform my work activities*', '*Feeling I have significant autonomy in determining how i do my job*'. '*My impact on what happens in my department is large*'.

#### **Employee performance ( $\alpha= 0.72$ )**

It was measured using a scale developed by Goodman, S. A., & Svyantek, D. J. (1999). This measure consists of 9 items including items such as '*You achieve the objectives of your job*', '*You demonstrate expertise in all job-related tasks*', '*You are competent in all areas of the job, handle tasks with proficiency*', '*You plan and organize to achieve objectives of the job and meet deadlines*'.

### **Analysis**

Reliability of all the constructs in the study (Employee Empowerment and Employee performance) was established through computation of Cronbach's Alpha reliability coefficient for each construct separately. Exploratory Factor Analysis (EFA) was applied using Principle Components Analysis (PCA) as method of convergence and Kaiser as the method of normalization. CFA was applied to confirm the factors identified through EFA. Structural equation

Modeling was applied using AMOS 18 to check the relationship between independent variable & dependent variable and to test the model.

### **KMO and Bartlett's Test of Sphericity**

Kaiser - Meyer - Olkin Measures of Sampling Adequacy test was applied to check the adequacy of the sample in other words that data was normally distributed or not if the value of KMO lies between 0.5 to 1 then data is normally distributed and data can be taken for factor analysis. Kmo for Employee Empowerment (.800) and Employee performance (.759) which is > 0.5 So the data is adequate to be considered for factor analysis.. Bartlett's Test of Sphericity test was applied to check the null hypothesis that item- to- item correlation matrix was an identity matrix. The hypothesis was tested through Chi- Square test; the values of Chi- Square for Employee Empowerment (608.332) and Employee performance (231.041) all are significant at 0% level of significance. Therefore, null hypothesis was rejected, indicating that the item- to- item correlation matrix is not an identity matrix and therefore data of all the measures were suitable for the factor analysis.

### **Factor Analysis**

Principle component factor analysis with Varimax Rotation was applied to find out the underlying factors of the questionnaire. The factor analysis of Employee Empowerment resulted in 3 factors and factor analysis of Employee performance also resulted in 3 factors.

**Employee Empowerment:** The scale was developed and extracted by Gretchen M. Spreitzer (1995) and various factors were emerged namely, Meaning, Self-determination, Competency and Impact and the same factors were converged in current study.

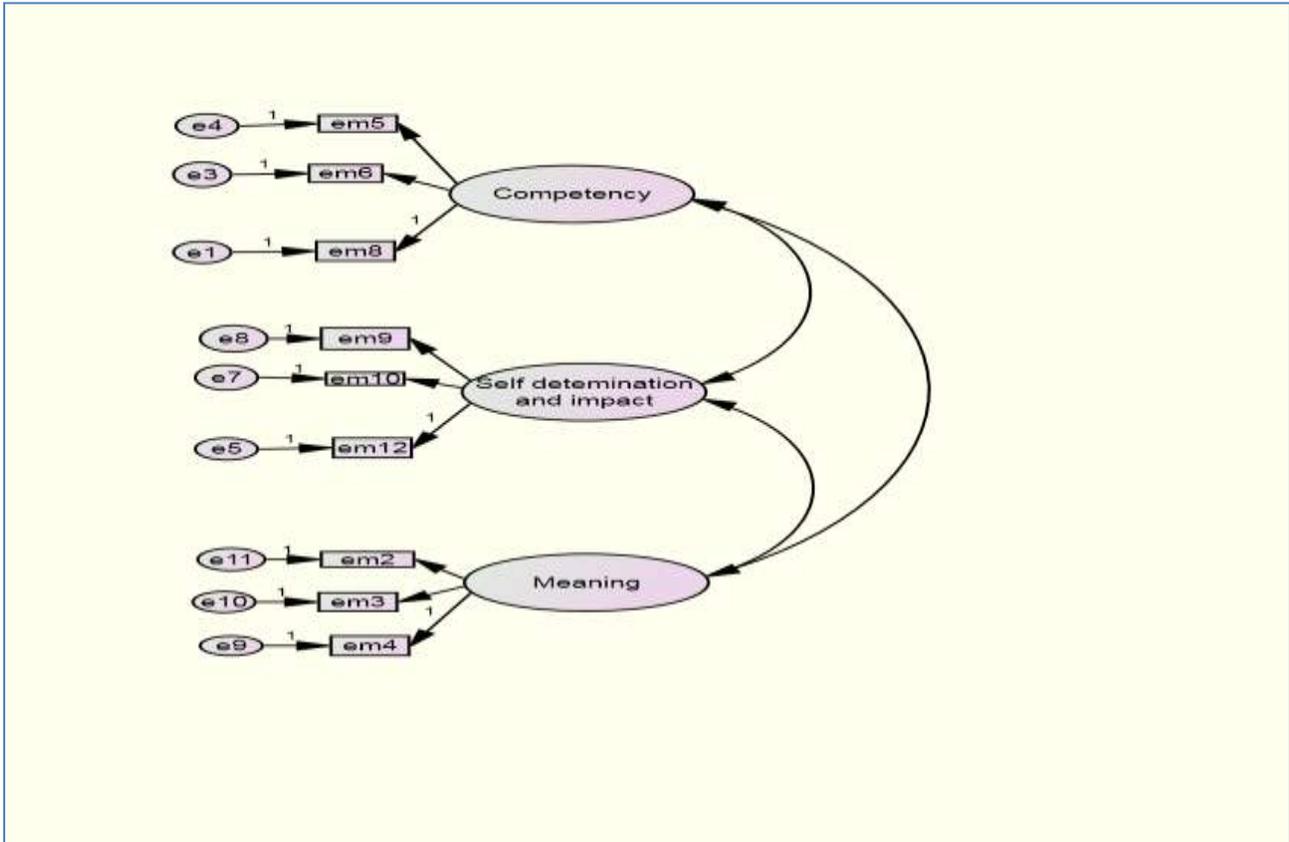
**Employee Performance:** The scale was developed and extracted by Goodman, S. A., & Svyantek, D. J. (1999). and various factors were emerged namely, Proficiency, expertise, Competency, Roles and responsibility and Achieving objectives. In this study the data converged into three factors which were Competency (F1), Roles and responsibility (F2) and Achieving objectives (F3).

### **Confirmatory Factor Analysis**

#### ***Employee Empowerment (Figure - 1)***

After applying EFA on Employee Empowerment 3 factors were identified Competency (4 items) and Self- determination and impact (3 items) and meaning (4 items). CFA was applied and to improve goodness fit some items

were dropped from some of the factors. The final composition of factors after CFA a deviation in the items of three factors was observed i.e. Competency (3 items) and Self- determination and impact (3 items) and meaning (3 items). Therefore the final measure of Employee Empowerment had 9 items converged.



***Figure: 1 showing Confirmatory factor analysis of Employee Empowerment (Figure - 1)***

**Table 1 showing results of CFA of Employee Empowerment**

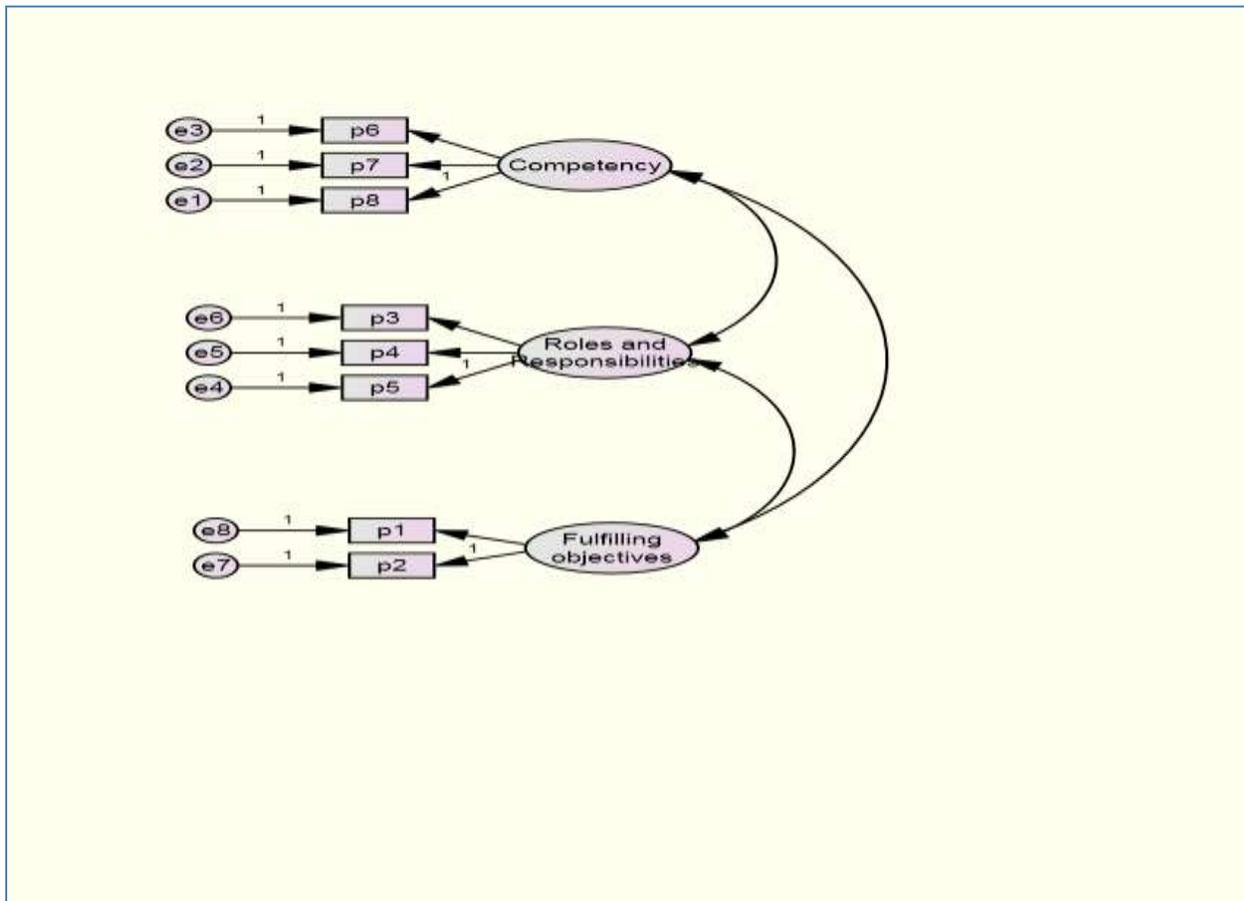
Criteria	$\chi^2$	P	Df	Absolute fit measures			Incremental fit measures			Parsimony fit measures	
				Cmin/df	GFI	AGFI	RMSEA	NFI	CFI	TLI	PNFI

	32.824	.108	24	$1 < \chi^2/df < 3$	$\geq 0.9$	$\geq 0.9$	$\leq 0.05$	$\geq 0.9$	$\geq 0.9$	$\geq 0.9$	$\geq 0.5$	$\geq 0.5$
				1.368	.961	.926	.047	.904	.971	.957	.603	.647
<p>Note: <math>\chi^2</math>=Chi square; df=degree of freedom; GFI = Goodness of fit index; RMSEA=Root mean square error of approximation; NFI = Normated fit index; AGFI = Adjusted Goodness of fit Index; CFI = Comparative fit index; TLI= Tucker - Lewis Index; PNFI=Parsimonious Normated fit Index; PCFI= Parsimonious Comparative fit Index</p>												

First of all goodness of fit indices were evaluated to test the model. Chi square value was found to be 32.824 significant at  $.108 \geq .05$  indicating that the model was having a good fit. Similarly the Cmin/df value was 1.368 which was less than 2 indicating that the model was a good fit. The value of other goodness of fit indices such as GFI was (.961)  $\geq 0.9$  as well as AGFI (.926) NFI (.904), CFI (.971), TLI (.957) were all above 0.9 as well as the parsimony values i.e. PNFI (.603) and PCFI (.647) were higher than 0.5 indicating a good fit. The badness of fit index RMSEA was .047 which is lower than 0.5 also indicating good model fit.

### **Employee Performance (Figure - 2)**

After applying EFA on Employee performance 3 factors were identified Competency (3 items), Roles and responsibility (3 items) and Achieving objectives (2 items). CFA was applied and to improve goodness fit some items were dropped from some of the factors. The final composition of factors after CFA a deviation in the items of three factors was observed i.e. Competency (3 items), Roles and responsibility (3 items) and Achieving objectives (2 items). Therefore the final measure of Employee performance had 8 items converged.



*Figure 2 showing Confirmatory factor analysis of Employee Performance*

**Table 2 showing results of CFA of Employee Performance**

Criteria	$\chi^2$	P	Df	Absolute fit measures			Incremental fit measures			Parsimony fit measures		
				Cmin/df	GFI	AGFI	RMSEA	NFI	CFI	TLI	PNFI	PCFI
	20.438	.252	17	$1 < \chi^2/df < 3$	$\geq 0.9$	$\geq 0.9$	$\leq 0.05$	$\geq 0.9$	$\geq 0.9$	$\geq 0.9$	$\geq 0.5$	$\geq 0.5$
				1.202	.952	.941	.035	.904	.981	.969	.549	.596

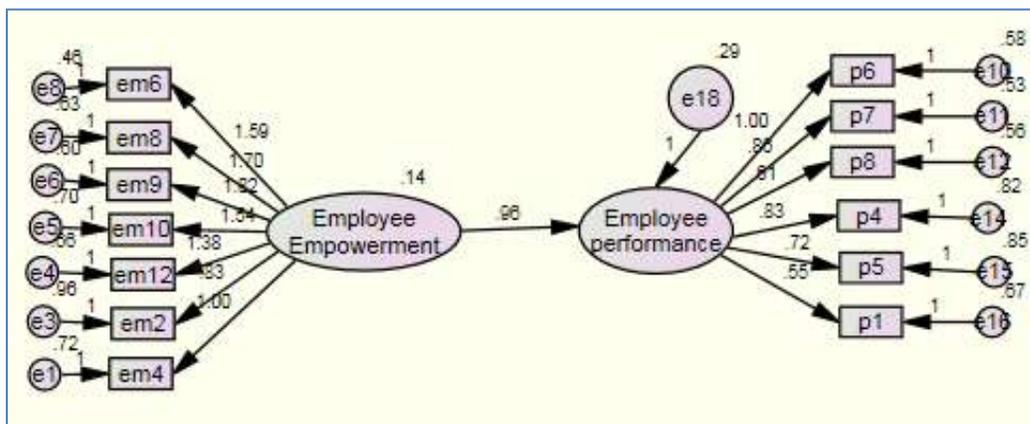
Note:  $\chi^2$ =Chi square; df=degree of freedom; GFI = Goodness of fit index; RMSEA=Root mean square error of approximation; NFI = Normated fit index; AGFI = Adjusted Goodness of fit Index; CFI = Comparative fit index; TLI= Tucker - Lewis Index; PNFI=Parsimonious Normated fit Index; PCFI= Parsimonious Comparative

fit Index

First of all goodness of fit indices were evaluated to test the model. Chi square value was found to be 20.438 significant at  $.252 \geq .05$  indicating that the model was having a good fit. Similarly the Cmin/df value was 1.202 which was less than 2 indicating that the model was a good fit. The value of other goodness of fit indices such as GFI was (.952)  $\geq 0.9$  as well as AGFI (.941) NFI (.904), CFI (.981), TLI (.969) were all above 0.9 as well as the parsimony values i.e. PNFI (.549) and PCFI (.596) were higher than 0.5 indicating a good fit. The badness of fit index RMSEA was .035 which is lower than 0.5 also indicating good model fit.

### STRUCTURAL EQUATION MODELING (Figure : 3)

**SEM Model Showing Relationship between Employee Empowerment and Employee performance**



*Figure 3 Showing Relationship between Employee Empowerment and Employee performance*

Structural equation modeling was applied to test the model having Employee Empowerment as independent variable and Employee performance as dependent variable. To fulfill the objective impact of Employee empowerment on Employee performance was calculated.

**Table 3 showing results of SEM**

Criteria	$\chi^2$	P	Df	Absolute fit measures				Incremental fit measures			Parsimony fit measures	
				Cmin/df	GFI	AGFI	RMSEA	NFI	CFI	TLI	PNFI	PCFI

***Does Empowering Employee Enhance Employee Performance?***

	85.093	.040	64	1< $\chi^2/df < 3$ 1.330	$\geq 0.9$ .931	$\geq 0.9$ .902	$\leq 0.05$ .044	$\geq 0.9$ .809	$\geq 0.9$ .942	$\geq 0.9$ .930	$\geq 0.5$ .663	$\geq 0.5$ .773
<p>Note: <math>\chi^2</math>=Chi square; df=degree of freedom; GFI = Goodness of fit index; RMSEA=Root mean square error of approximation; NFI = Normated fit index; AGFI = Adjusted Goodness of fit Index; CFI = Comparative fit index; TLI= Tucker - Lewis Index; PNFI=Parsimonious Normated fit Index; PCFI= Parsimonious Comparative fit Index</p>												

Initially model fit was evaluated based upon different criteria's such as: Chi Square was found to be 85.093 with a p-value of .040. The finding was also supported by value of Cmin/df (1.330) which was less than 2. The other goodness of fit statistics also supports the overall goodness of fit, as the value of GFI was 0.931, NFI, CFI and TLI was 0.809, 0.942, 0.930 respectively all are approximately  $\geq 0.9$ . Parsimony values i.e. PNFI (.663) and PCFI (.773) higher than 0.5. The badness of fit index RMSEA value was also  $\geq 0.05$  i.e. 0.044 indicating a good model fit.

**HO1. "There is no relationship between Employee Empowerment and Employee Performance".**

**Regression Weights: (Group number 1 - Default model)**

Relationships			Estimate	S.E.	C.R.	P	Label
Employee performance	<---	Employee Empowerment	.959	.264	3.638	***	Rejected

The regression value between Employee empowerment as independent variable and Employee performance as dependent variable was .959 Significant at P value of .000, so, we reject our null hypothesis stating that "There is no significant relationship between Employee empowerment and employee performance". Previous studies of various authors including **Rajalingam, Y., & Jauhar, J. (2015)** they conducted their research to measure the relationship between employee empowerment and employee performance and they found the significant relationship between employee empowerment and employee performance as supported by the current study, where the mediation effect of appraisal was also found which confirmed that employee empowerment triggers the employee performance in the presence of appraisal. **Meyerson, G., & Dewettinck, B. (2012)** also conducted the same study where they also found the positive correlation between employee empowerment and employee performance. **Tutar, H., Altinoz, M., & Cakiroglu, D. (2011)** stated that

empowerment significantly effects the contextual performance of the employees where motivation is the driving force behind it, as motivation mediates the relationship between employee empowerment and employee contextual performance. **Marjani, A. B., & Alizadeh, F (2014)** also conducted their study on the effects of employee empowerment on employee performance in standard offices of Tehran stated that employees in standard office of tehran were ready to implement the empowerment process and the extent of empowerment's psychological components were high between them.

## CONCLUSION

The purpose of the study was to find out the impact of Employee empowerment on Employee performance as per the SEM results; it was observed that there is a significant impact of Employee empowerment on Employee Performance. The results of the study will very helpful for Supervisors and managers to understand why empowerment is necessary for enhancing the Employee performance and its importance in retaining the talented employees in organization and establishing harmony and peace in between Employers and employees.

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