

**EMPOWERMENT PROCESS: EXPLORING THE LINKS BETWEEN EMPOWERMENT PRACTICES,  
EMPLOYEE COGNITIONS, AND BEHAVIOURAL OUTCOMES**

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**Abstract**

Employee empowerment approach has a positive and sizeable effect on innovativeness, as was hypothesized. This effect is larger than an employee empowerment's direct effect on performance. Innovativeness in turn has a small negative effect on performance. This is not surprising, given that performance as perceived by employees is measured at the same point in time as innovativeness. As literature on change and innovation indicates, innovativeness can have a negative near term effects on performance, given the start up costs involved in adopting and implementing innovations and the disruptions such changes can cause (see Fernandez and Rainey, 2006). Over the course of time, however, innovativeness' small near term effect might turn into a positive one, as innovation enables an organization to better adapt to the demands and challenges imposed by the external environment. The current study is unable to test for this long term effect, given the limitations posed by cross sectional data. Additional research is needed to explore this relationship longitudinally. In short, this finding suggests that the use of empowerment practices to stimulate innovation will not result in immediate gains in performance, and that managers adopting such an approach must be patient for the creativity sparked by empowerment to bear fruit in the form of performance improvements.

*Keywords: Employee empowerment, innovativeness and performance improvements.*

**Introduction**

The intellectual roots of employee empowerment stretch back many decades to the advent of the Human Relations movement in organization theory (Herrenkohl, Judson, and Heffner, 1999). From the 1940s through the 1970s, ideas regarding employee empowerment were treated —at best as interesting fodder for academic debates (Potterfield, 1999, p. 30) or at worst as —socialism, democracy gone wild, or worse yet, a form of communism (Lawler, 1986, p. 9). Then beginning in the 1980s, global competition and strong pressure to continuously improve quality led many prominent American firms to adopt employee empowerment programs (Bowen and Lawler, 1992; 1995; Lawler,

Mohrman, and Ledford, 1995; Conger and Kanungo, 1988; Thomas and Velthouse, 1990; Spreitzer, 1995, 1996; Potterfield, 1999). In the public sector, employee empowerment figured prominently in the New Public Management reforms undertaken in North America, Europe and the Pacific (Kettl, 2005; Peters, 1996; Wise, 2002; Pollitt, 1990; Matheson, 2007), including in the United States where empowerment was one of the four guiding principles of the Clinton Administration's National Performance Review (Gore, 1993).

A growing body of empirical evidence from the private sector indicates employee empowerment can be used to increase employee productivity, organizational commitment, job satisfaction, and innovativeness (Spreitzer, 1995; Lawler, Mohrman, and Ledford, 1992, 1995; Neilsen and Pedersen, 2003; Kirkman and Rosen, 1999; Guthrie, 2001). Recent public management studies have begun to show the efficacy of empowerment practices at raising levels of job satisfaction and performance and encouraging innovation in the public sector (Wright and Kim, 2004; Kim, 2002; Lee, Cayer, and Lan, 2006; Park and Rainey, 2007; Fernandez and Moldogaziev, 2011). Despite these significant developments in the scholarly study of employee empowerment, divergent views remain about the meaning and nature of the construct. For scholars who approach the topic from a managerial perspective, employee empowerment is a relational construct describing how those with power in organizations share power and authority with those lacking it (Bowen and Lawler, 1992, 1995; Kanter, 1979). For others, empowerment is a psychological construct akin to increased feelings of self-efficacy (Conger and Kanungo, 1988) and intrinsic task motivation (Thomas and Velthouse, 1990).

In this paper, these two views of empowerment are treated as complementary pieces of the employee empowerment puzzle that represent qualitatively different phenomena: the relational construct representing managerial behaviour (i.e., empowerment as something managers do) and the motivational one representing employee cognitions (i.e., empowerment as something employees think or feel). Employee empowerment might best be understood as a process involving a set of management practices (sharing authority, resources, information, and rewards with employees) that directly affects work outcomes (quality, productivity, customer satisfaction) and also indirectly affects them by influencing employee cognitions (self-efficacy, motivation, job satisfaction). This hypothesized causal structure is tested using structural equation modeling (SEM) techniques and data from the 2010 Federal Employee Viewpoint Survey (FEVS), a large survey of federal government employees conducted by the U.S. Office of Personnel Management. The results generally support the hypothesized model, showing that an employee empowerment approach to

managing employees has a direct effect on performance as well as indirect effects through its impact on innovativeness and performance.

### **A Model of the Empowerment Process**

A theoretical model of the employee empowerment process is described in this section. Employee empowerment is conceived of as a set of four management practices (sharing authority, resources, information, and rewards with employees) identified by Bowen and Lawler. Employee empowerment should have a direct effect on performance. It should also indirectly affect performance by influencing employee innovativeness and job satisfaction, both of which will affect performance.

### **Measurement, Data and Methods**

This section provides a description of variables, data, and statistical techniques used in the empirical analysis.

#### **Data**

The data for the analysis are derived from the 2015 Federal Employee Viewpoint Survey (FEVS) conducted by the Personnel Management (OPM). The 2010 FEVS was administered electronically via the Internet (with limited distribution of paper surveys to those without Internet access) to 504,609 federal government employees at three supervisory levels: non-supervisor/team leader, supervisor, and manager/senior executive. The government-wide response rate was fifty-two percent (N = 263,475). Respondents worked for eighty-one cabinet- level and smaller independent agencies representing ninety-seven percent of the executive branch workforce. OPM used a stratified sampling technique to produce generalizable results for each individual agency as well as the entire federal government; in some of the smaller agencies, all employees were surveyed. Out of the 263,475 respondents to the survey, 197,466 or approximately 75% are included in the final analysis, with the remaining observations dropped due to missing data on one or more variables. No meaningful differences were found between observations dropped from the analysis and those that were included.

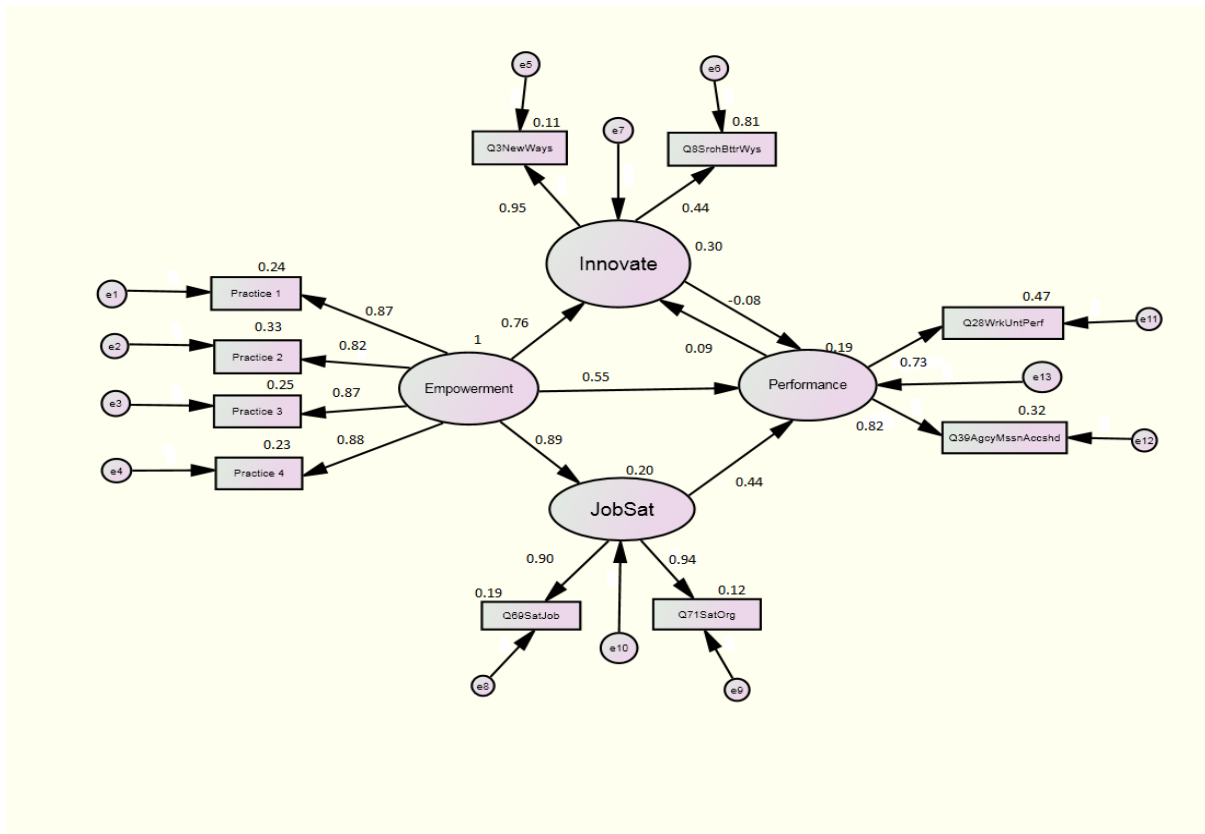
#### **Model**

However, the structural model utilizes a set of categorical variables that violate the basic assumption of continuous and normal distribution. Therefore, to obtain unbiased estimates, one must correct for the deficiencies that the linear structural models may not solve. Joreskog (1994) argues that,

—Ordinal variables are not continuous variables and should not be treated as if they are. Ordinal variables do not have origins or units of measurement. Means, variances, and covariances of ordinal variables have no meaning. To use ordinal variables in structural equations models requires other techniques than [the latent continuous approach requires (p. 303). Moreover, Bollen (1989) specifically warns that the model covariance structure assumptions produce inconsistent estimates of true parameter values when categorical variables are involved. Hence, the structural measurement model is extended to accommodate categorical variables and to be able to report meaningful parameter values.

### Analysis and Interpretations

**Figure 1 - Non-Recursive Structural Model of the Effects of Empowerment on Innovativeness, Job Satisfaction, and Performance; Standardized Coefficients**



**Table 1 – Residual Covariance Matrix**

1	Practice 1	0							
2	Practice 2	0.94	0						
3	Practice 3	3.011	3.241	0					
4	Practice 4	0.62	0.691	-6.569					
Innovativeness									
5	NewWays	-10.009	-4.725	11.647	3.32				
6	SrchBtrrWys	-9.659	-17.712	-0.794	-6.261				
Job Satisfaction									
7	SatJob	-2.851	-9.506	0.522	9.65	6.41	33.491		
8	SatOrg	5.122	-2.796	-9.798	4.8	-5.264	9.559		
Performance									
9	WrkUntPerf	-3.694	19.329	7.334	-3.389	1.728	24.343	3.487	-8.467
10	AgcyMsnAccshd	1.841	-1.202	-3.49	-4.877	-3.74	35.793	-8.728	8.888

## Discussion and Conclusion

Previous research on employee empowerment in the public sector has examined the link between empowerment practices and various work-related attitudes and performance. These important contributions to the literature have helped to shed light on pieces of the complex puzzle that is employee empowerment. This is the first study, however, to develop and test a model of the employee empowerment process in the public sector, one that accounts for the direct effect of an employee empowerment approach on performance as well as for its indirect effects on performance through employee job satisfaction and innovativeness. The empirical results generally support the theoretical model of the employee empowerment process proposed in this study.

An employee empowerment approach composed of various practices aimed at sharing information, resources, rewards and authority with employees has a direct and sizeable positive effect on performance as perceived by employees. This finding is in line with previous research from the private (Bowen and Lawler, 1992; 1995; Lawler, Mohrman and Ledford, 1992; 1995) and public sectors (Fernandez and Moldogaziev, 2011) that offers evidence of the beneficial effects of empowerment practices on performance. As proposed, it is also found that an employee empowerment approach indirectly affects performance through its influence on job satisfaction and innovativeness. The effect of employee empowerment on job satisfaction is positive and even stronger than empowerment's direct effect on performance. Job satisfaction, in turn has a positive

effect on performance of a magnitude similar to that shown in previous meta-analyses of the relationship between job satisfaction and performance (see Judge, et al., 2001). It appears, then, that by increasing job satisfaction, the use of employee empowerment practices can also result in improved performance, in addition to these practices' direct influence on performance.

The empirical results also show that an employee empowerment approach has a positive and sizeable effect on innovativeness, as was hypothesized. This effect is larger than an employee empowerment's direct effect on performance. Innovativeness in turn has a small negative effect on performance. This is not surprising, given that performance as perceived by employees is measured at the same point in time as innovativeness. As literature on change and innovation indicates, innovativeness can have a negative near term effects on performance, given the start up costs involved in adopting and implementing innovations and the disruptions such

changes can cause (see Fernandez and Rainey, 2006). Over the course of time, however, innovativeness' small near term effect might turn into a positive one, as innovation enables an organization to better adapt to the demands and challenges imposed by the external environment. The current study is unable to test for this long term effect, given the limitations posed by cross sectional data. Additional research is needed to explore this relationship longitudinally. In short, this finding suggests that the use of empowerment practices to stimulate innovation will not result in immediate gains in performance, and that managers adopting such an approach must be patient for the creativity sparked by empowerment to bear fruit in the form of performance improvements.

The model was developed to include a simultaneous relationship between innovativeness and performance. Surprisingly, performance has a small positive effect on innovativeness. This suggests that it is success rather than failure that encourages one to become even more innovative. There are several possible explanations for this unexpected finding. It is important to note that nearly 70% of the survey respondents were federal employees low on the organizational hierarchy (i.e., non-supervisors and team leaders). At senior management levels, failure may indeed induce search for solutions, as Cyert and March argued. At the frontlines, however, a mere sign of declining performance may not be enough to induce search, as employees wait for directives from above before undertaking meaningful changes. Also, performance problems may need to be acute before innovation is encouraged. The measures of performance used in this study, however, do not allow one to gauge the seriousness of problems perceived by employees. Finally, the indicators used to measure performance capture work unit and organizational performance and not individual performance. For employees to feel the urge to innovate, their own performance may have to be inadequate and not just that of others around them.

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