Role of Employee Empowerment in Organization Performance: A review

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Abstract

Purpose of this paper is to review the recent literature on the role of employee empowerment, as TQM practices, on organizations performance and function. A total of 8 recent and most related papers were reviewed. The review revealed that empowerment has a positive and multi dimension role in organizations function and outcomes. Some observations and shortcomings have been identified and discussed.

Keywords: Employee empowerment, TQM, review

Introduction

Employee empowerment is a key TQM practice that managers count on to increase the success of TQM implementation. That is because TQM emphasizes on the culture of involving all employees in the process and contributing to the work performance development (Lawler, 1992). Employee empowerment has been linked with the prominence of firm’s quality culture (Howard & Foster, 1999). Thus, from managerial cognizance perspective, empowering employee leads to achieve the best of TQM implementation. Utilizing and revealing the empowerment practices within the management process in organization provokes and necessitates the concept of total employee empowerment (Vouzas & Psychogios, 2007). Vouzas and Psychogios argue that the concept of total employee empowerment has a remarkable contribution to the managers’ understanding and awareness of TQM. Furthermore, their finding indicated that empowerment culture within the paradigm of TQM practices in enhances the outcomes of the TQM system.

The importance of employee empowerment is also can be delineated from the role of the soft side of TQM on firms’ competitive advantage. The soft side of TQM is related to the human resource management practices. In other words, the soft side of TQM is the practices that connected to concepts, process and practices of people management such as employee empowerment and leadership (Fotopoulos & Psomas, 2009). Employee empower as a soft TQM practices found to be has a significant positive impact on organization performance (Brah, Tee, & Rao, 2002; Samat, Ramayah, & Saad, 2006), on customer satisfaction and job satisfaction (Ugboro & Obeng, 2000), on creating and strengthening the competitive advantage(Powell, 1995), on gathering, measuring and analyzing information and data effectively in order to enhance the work process and support continues improvement (Kaynak, 2003).

Definition of empowerment

There are two main dimensions in defining empowerment: psychological dimension and structural dimension. Psychological empowerment dimension definitions fall into intrinsic motivation that creates discretion and self-efficiency (Patah et al., 2009). Instances for the psychological approaches definitions, Conger and Kanungo (1988) define empowerment as a procedure of improving...
self-efficiency perception among the employees. Thomas and Velthouse, (1990) described the empowered employee as feeling of performing with high endeavors and achievement that derived from level of instinct motivation, obligation, dedication and commitment. Brymer (1991) defines empowerment as a process of decentralizing decision making in an organization, whereby managers give more discretion and autonomy to the employees.

The definitions that focused on structural dimension, on the other hand, explain empowerment as management action from perspective of organization’s policies and structure. Kanter (1993) is the first who argued about the structural dimension of empowerment. He claimed that empowerment is a state in the organization that influence employee’s work related behavior. According to his definition, Kanter presented four structural factors influence empowerment in organization: (i) involving empowerment activities in job description (ii) information accessibility should be easy for the employees (iii) supporting employee job responsibility (d) availability and accessibility of needed resources to perform a job.

**Literature Review**

Samat, Ramayah and Saad (2006) explored the relationship between employee empowerment and service quality as well as the relationship between employee empowerment and market orientation. The authors concluded that employee empowerment has significant effect on service quality and market orientation comparing with other practices of TQM examined in the study. Their results obtained from an analysis applied on data collected from service organizations. The service organizations were from different service business activities such as banking, education, private and public utility service and consulting service. All those organizations practiced TQM in their operations and located in northern Malaysian states (Perak, Kedah, Penang and Perlis).

Vousaz and Psychogios (2007) conducted a study aimed to evaluate managers’ awareness and understanding of TQM concept. Their analysis results pointed employee empowerment as one of the important soft TQM principles that assess managers’ understanding of TQM concepts. This study focused on the whole concepts of soft aspects of TQM (the aspects of TQM that related to people management concepts and principles). With respect to this, Vousaz and Psychogios investigated and analyzed employee empowerment as a concept not as a practice or factor. They developed this concept to be involves all principles and practices of “total employee empowerment and involvement”.

Boon, Arumugam, Safa, and Bakar (2007) argue that employee empowerment is the most important TQM practices that significantly influences job involvement. According to their analysis results, empowerment is the most crucial practice that increases level of job involvement which raises the level of performance. This study investigated empowerment not just as a TQM practice but also as a human resource management HRM practice. In other words, Boon et al’s study investigated empowerment from three perspectives (i) empowerment as TQM practices, (ii) empowerment as HRM practices, and (iii) empowerment from perspective of the relationship between HRM and TQM practices. Thus, and with regard to the important role of HRM and TQM systems in the whole management system, it can be said empowerment is a crucial practice that influence the overall organization performance.

Jung and Hong (2008) conducted a study to explore the link between organization performance, TQM practices and organization citizenship behavior. Their analysis findings showed that employee empowerment plays a significant role on organization performance. The investigation in this study addressed the empowerment as a soft TQM practice which showed to be have more effective role than hard TQM practices. In light of this, Jung and Hong argue that the soft TQM, including empowerment, has impact on both soft and hard performances while the hard TQM doesn’t.
The same critical role of employee empowerment appears in job satisfaction and innovation performance in small and medium sized enterprises SMEs. Trivellas and Santouridis (2009) analyzed a data collected from SMEs and the results showed that employee empowerment has a significant contribution in creating employees’ job satisfaction as well as in increasing the degree of innovation performance. The study investigated both soft and hard TQM practices and the main findings claimed that only the soft TQM has impact on innovation performance.

Like Trivellas and Santouridis Singh (2011) also conducted a study in the field of SMEs in order to find out how factors interact to success TQM implementation. In other words, Singh’s study aimed to identify the critical success factor in TQM implementation in SMEs. Through applying interpretive structural modelling (ISM) technique, he found that employee empowerment is the one of four major factors that are critical to success the implementation of TQM in SMEs. He observed and identified the initial factors group through reviewing the related literature.

Jung, Wang, & Wu (2009) examined the relationship between TQM and continuous improvement. One of their finding indicated the important mediation role of TQM practice, including empowerment, between competitive strategy and continuous improvement in the international project management. But the important finding is that empowerment has a significant positive impact on continuous improvement which has direct influence on strengthening competitive advantage. Jung et al’s study involved managers working in different four countries and multi nationality backgrounds.

Ueno (2010) reported that employee empowerment has a significant role in achieving and enhancing service quality. He investigated TQM practices from perspective of service quality. His investigation conducted through reviewing the literature that related to the TQM implementation and its impact on service quality. One of the implications from Ueno’s review study is that not just employee empowerment but all soft TQM practices have more impact on service quality than hard TQM practices. This implication supports the assertion that in most of cases soft TQM is responsible for the success of the whole TQM system. Staying with the review papers, Singh (2011) reviewed the literature on TQM practices and implementation. He came out with a total of 11 influenced TQM factors and concluded that empowerment is one of the most four important and critical factors that effect TQM implementation and process. He interpreted the findings in the existing literature into set of TQM factors listed according to its degree of effectiveness on the TQM implementation and results.

Table 1: Summary of the studies on employee empowerment

<table>
<thead>
<tr>
<th>Study</th>
<th>Source of data</th>
<th>Analysis technique</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samat, et al.(2006)</td>
<td>101 service organizations in Malaysia</td>
<td>Correlation</td>
<td>Employee empowerment has significant effect on service quality and market orientation.</td>
</tr>
<tr>
<td>Vousaz and Psychogios</td>
<td>382 managers from 43 service organizations in Greece</td>
<td>Exploratory factor analysis (EFA)</td>
<td>Employee empowerment assesses managers’ awareness of TQM</td>
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<td>(2007)</td>
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<tr>
<td>Boon et al. (2007)</td>
<td>377 employees working in semiconductor contract manufacturing organizations in Malaysia</td>
<td>Regression</td>
<td>Employee empowerment is the most crucial TQM practices that positively linked and effects the level job involvement</td>
</tr>
<tr>
<td>Jung and Hong (2008)</td>
<td>230 maquiladora companies in boarder of Texas and Mexico</td>
<td>Structural equation modeling</td>
<td>Empowered employee plays significant role on organization performance.</td>
</tr>
<tr>
<td>Trivellas and</td>
<td>90 ISO 9001 certified</td>
<td>Correlation</td>
<td>Employee empowerment has a</td>
</tr>
</tbody>
</table>
Santouridis (2009)  manufacturing and service firms in Greece  direct positive impact on job satisfaction and innovation performance in SMEs

Jung, Wang, & Wu (2009)  268 Managers of international projects working in US, Mexico, Korea, and China.  Structural equation modeling  Empowered employee has significant impact on continuous improvement in international project management

Ueno, 2010  Literature review  Review  Employee empowerment has significant role in achieving and enhancing service quality.

Singh (2011)  Literature review  Interpretive structural modeling (ISM)  Employee empowerment is one of four important factors that have critical role in success of TQM implementation.

## Discussion and conclusion

Based on the literature review, there are many observations and shortcomings can be noted: first, all the results support the positive role of empowerment in organization performance and outcomes. This substantiates the crucial function of employee empowerment in the context of TQM system as well as the HRM systems. Furthermore, the positive impact of empowerment on organization operation implies the domination of soft side of TQM in the success of the implementation of TQM system which asserted by (Ahire, Golhar, & Waller, 1996; Dow, Samson, & Ford, 1999; Powell, 1995).

Second, the literature revealed how the role of empowerment is diversified. For instance, and as in Trivellas and Santouridis’ study, empowerment has a direct positive role on job satisfaction which implies the indirect role of empowerment on innovation performance. Concurrently, it has a direct positive influence on innovation performance without the mediation role of job satisfaction. The diversified positive role of empowerment also appears in its influence on other TQM practices. For instance, empowerment has positive impact on continuous improvement (Jung, et al., 2009); and on employee involvement (Boon, et al., 2007).

Third, the focus of investigation is more likely to be on manufacturing industry organizations. Excluding Samat et al’s study, all reviewed studies conducted in manufacturing or in both manufacturing and service industries. According to Organization for Economic Co-operation and Development OECD (2008), service industry serves more than %50 of global economics activities. In some countries service sector shares more than 70 percent of GDP (e.g. Luxembourg 82%, Greece 78%, and USA 77%). Therefore, studying empowerment as well as the other TQM practices in service organizations need be given more consideration from researchers, scholars and academicians.

Purpose of this paper was to review the influence of employee empowerment, from perspective of TQM practices framework, on organizations’ function and performance. The review involved 8 recent papers covering the period time from 2006 to 2011. The general view of employee empowerment is showed to be having a positive role on whole organizations performance and functions. The review also showed that empowerment has a diversified role on organizations function and on the other TQM practices.

REFERENCES


