Empowerment in Modern Organizations –
Determinants and Benefits

Uwarunkowania i korzyści empowermentu we współczesnych organizacjach

Keywords: empowerment; employees’ efficiency; human resources management; decision-making process

Słowa kluczowe: empowerment; efektywność pracowników; zarządzanie zasobami ludzkimi; proces podejmowania decyzji

JEL code: M10; M12; M51

Introduction

At present, the traditional management model based upon strict control does not prove itself in practice. Significant requirements posed by clients, novel technologies, and growing globalization, result in traditional, hierarchical organizational structures based upon command and control, becoming less valid. Instead, employees must exhibit initiative, be creative, and embrace responsibility for their actions. The new role obliges them to become partners of their superiors [Blanchard 2007, p. 90].

According to Kieżun [as cited in: Grajewski 2003, pp. 55–56], organizations of the 21st century require a different approach than the hitherto one, both with regard to management, and development of relations within organizations. A modern organization must rely upon swift, independent, and responsible actions of its employees. Blanchard [2007, p. 89] is of similar opinion. The author observes that leadership
based upon traditional organizational hierarchy evolves towards individuals being capable of independent thinking and action.

Effective management exhibited by modern managers revolves around discovering and applying a potential hidden within employees: ability to think and innovate, desire for self-development and participation in decision making, and embracing responsibility. Taking employees’ needs into consideration, rather than disregarding them, has become a widespread norm. Managers ought to surround themselves with people instead of attempting to control them [Otto 2004, pp. 173–174]. The “push” strategy, denoting managers’ convincing employees to react in a particular manner, ought to be replaced by the “pull” approach [Whetten and Cameron 2011, p. 443].

Due to challenges experienced by enterprises, towards the end of the 1980s and at the beginning of the 1990s, when both practitioners and theoreticians commenced a search for ways of improving commitment and autonomy and engagement of employees in decision-making processes, a radical change from the traditional organizational structure and managers’ roles occurred [Hammuda and Dulaimi 1997, p. 290]. The idea of empowerment emerged on the basis of these considerations.

Bridging the gap between managers and employees by the growth of knowledge and responsibility, and development of organizational commitment, constitute the main objective of employees’ empowerment [Hanaysha and Tahir 2016, p. 274]. According to Lawler, Mohrman and Benson [as cited in: Spreitzer 2007, p. 54], more than 70% of organizations introduced elements of empowerment with regard to their employees. Empowerment constitutes a fundamental, primary and superior source of success and development of any enterprise with regard to a boost of productivity [Akbar et al. 2011, p. 680]. Therefore, empowerment was offered as the most effective solution in numerous businesses, including customer service [Bowen, Lawler as cited in: Hocutt and Stone 1998, p. 119].

1. Empowerment – definitions

With reference to employees, the term “empowerment” became popular in the 1980s and the 1990s, along with the development of the idea of human resources management (HRM) and total quality management (TQM) [Wilkinson 1998, p. 40]. However, the origin of the term may be traced back to Taylorism [Jo and Park 2016, p. 391]. In addition, the roots of the term may be seen in psychology, sociology and theology [Whetten and Cameron 2011, p. 446].

Empowerment is frequently understood as knowledge-sharing, improvement of intellectual abilities, and autonomy in decision-making [Karim and Rehman and 2012, p. 96]. However, some researchers suggest to perceive it as a motivating factor, rather than mere delegation [Conger and Kanungo 1988, p. 474].

Employees’ empowerment is perceived as a motivational practice aiming to boost efficiency by facilitating opportunities for participating and engaging in de-
cision-making. It is associated primarily with the development of trust, motivation, participation in decision-making, and bridging gaps between employees and top management [Meyerson and Dewettinck 2012, p. 40]. Conger and Kanungo [1988, p. 474] present similar views. They 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 providing efficacy information”.

Whetten and Cameron [2011, p. 443] observe that empowerment constitutes a managerial skill which must be developed. According to researchers, it denotes enabling and assistance in growth of self-confidence, overcoming powerlessness and helplessness, fostering decision-making, and stimulating employees’ internal motivation to complete work tasks.

The introduction of empowerment does not denote independent thinking and actions, doing what one feels like, and making critical decisions regarding work, but embracing co-responsibility and risks associated with results and consequences of these decisions [Blanchard 2007, p. 58].

2. Psychological and organizational empowerment

Empowerment constitutes a phenomenon examined from the point of view of organizations as a whole, and from the standpoint of employees.

Spreitzer [as cited in: Ebers and Maurer 2014, p. 321] identified two approaches to empowerment:
- psychological empowerment – pertains to individual perceptions of empowerment. These consist of employees’ views or attitudes towards their work and role in the organization;
- organizational empowerment, also termed relational empowerment, and social-structural empowerment. It refers to structures, policies, and practices present in the organization, thus, pertains to conditions facilitating the emergence of empowerment or lack of thereof.

Quinn and Spreitzer [1997, p. 41] indicated four features manifested by empowered employees. The characteristics constitute four elements of psychological empowerment:
- empowered employees manifest a sense of self-determination, i.e. they have a choice of how they conduct their work;
- empowered employees manifest a sense of meaning, i.e. they feel that work they carry out is meaningful, and they care for what they do;
- empowered employees manifest a sense of competence, i.e. they believe they possess skills necessary to conduct their work well, and they are convinced they can do it;
empowered employees manifest a sense of impact, i.e. they believe they can influence a department or a unit they work in, and that others take their ideas into consideration.

On the other hand, Whetten and Cameron [2011, pp. 447–451] enumerate the following as belonging to psychological empowerment:

- self-efficacy;
- self-determination;
- personal consequence;
- meaning;
- trust.

From the point of view of individuals, empowerment constitutes a perception of being empowered, and the state of being empowered constitutes a cognitive and subjective experience of an individual [Conger and Kanungo 1988, p. 473]. Therefore, the fact that not every employee can be empowered ought to be highlighted. Employees’ individual characteristics ought to be considered in any case [Özaralli 2015, p. 367].

For researchers representing the individual approach, organizational factors merely constitute elements enabling employees’ empowerment [Marzec 2014, p. 46]. As a consequence, organizational empowerment is defined as “a practice, or set of practices involving the delegation of responsibility down the hierarchy so as to give employees increased decision-making authority in respect of the execution of their primary work tasks” [Leach, Wall and Jackson 2003, p. 28].

Lautizi, Laschinger and Ravazzolo [as cited in: Yang et al. 2014, p. 187] observe that organizational empowerment constitutes the center of work environment and includes organizational strategies for individual units with empowered environment, and enables individuals to conduct their work effectively. Organizational empowerment determines psychological empowerment [Chang, Shih and Lin 2010, p. 428]. Whetten and Cameron [2011, p. 445] are of similar opinion. They observe that an employee cannot be empowered. However, conditions enabling them to empower themselves can be created.

Spreitzer [as cited in: Ebers and Maurer 2014, p. 321] indicated 5 elements of organizational empowerment:

- participating in decision-making;
- skill/knowledge-based pay;
- open flow of information;
- flat organizational structure;
- training.

According to Kanter [as cited in: Yang et al. 2014, p. 187], organizational empowerment’s structure emerges from four sources:

- access to information – denotes that employees have the opportunity to become familiar with decisions made in the organization, its policies, stored data, and objectives. At the same time, employees ought to possess technical
knowledge and experience enabling them to work effectively in their workplaces;

- receiving support – emerges when employees of all grades receive feedback from their superiors, subordinates and equivalents, which is synonymous with receiving support;
- the ability to mobilize resources – access to resources refers to one’s ability to gain finances, materials, time and facilities, necessary to complete a job and achieve organizational objectives;
- the structure of opportunity – access to opportunities refers to work conditions which lead to improved learning, challenges, knowledge, and skills critical for employees’ development.

Organizational empowerment is responsible for developing conditions for the emergence of psychological empowerment. Therefore, it constitutes a vital element of organizational culture [Chu 2003, p. 508]. According to Blanchard [2007, pp. 63–73], a drive towards empowerment requires strong leadership who must aspire to a cultural change towards empowerment culture (Table 1).

<table>
<thead>
<tr>
<th>Hierarchical culture</th>
<th>Empowerment culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>planning</td>
<td>visionary approach</td>
</tr>
<tr>
<td>command and control</td>
<td>cooperation to achieve results</td>
</tr>
<tr>
<td>monitoring</td>
<td>self-monitoring</td>
</tr>
<tr>
<td>individual relations</td>
<td>team responsibility</td>
</tr>
<tr>
<td>pyramid structure</td>
<td>cross-functional structure</td>
</tr>
<tr>
<td>cognitive processes</td>
<td>projects</td>
</tr>
<tr>
<td>managers</td>
<td>trainers/team leaders</td>
</tr>
<tr>
<td>employees</td>
<td>team members</td>
</tr>
<tr>
<td>participatory management</td>
<td>self-management teams</td>
</tr>
<tr>
<td>do as you are told</td>
<td>you are responsible for your work</td>
</tr>
<tr>
<td>submission</td>
<td>own view of the situation</td>
</tr>
</tbody>
</table>

Source: Blanchard [2007, p. 62].

Due to the fact that organizational and psychological elements overlap, factors facilitating and hindering employees’ empowerment are worth examining (Table 2).

<table>
<thead>
<tr>
<th>State of an organization</th>
<th>Unfavorable conditions</th>
<th>Favorable conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational structure</td>
<td>High centralization, formalization</td>
<td>Decentralization, low formalization</td>
</tr>
<tr>
<td>Competitive strategy</td>
<td>Low costs and standards of products and services</td>
<td>Customer orientation, high differentiation of products and services</td>
</tr>
<tr>
<td>Tasks and technology</td>
<td>Single, repetitive tasks and reliable technology</td>
<td>Complex, routine-free tasks, openness to new technologies</td>
</tr>
<tr>
<td>Customer relations</td>
<td>Short transactions in short periods of time</td>
<td>Repetitive transactions, continuation of cooperation</td>
</tr>
</tbody>
</table>
3. Empowerment – costs and benefits

Wellins, Byham and Wilson [as cited in: Hanaysha 2016a, p. 229] observe that organizations cherishing high empowerment of their employees will have a greater capacity for ensuring long-term survival and coping with challenges. Empowerment solves the eternal problem of Taylorism and bureaucratic workplaces whose creativity is diminished and employees alienated [Wilkinson 1998, p. 40].

Undeniably, the introduction of empowerment into organizations entails a certain dilemma. On the one hand, studies indicate that empowered employees are more productive, satisfied, innovative, thus are able to develop high-quality products and services, as opposed to their non-empowered colleagues. On the other hand, empowerment denotes less control and grants decision-making powers to others, enables them to set objectives, achieve results and obtain rewards [Whetten and Cameron 2011, p. 443]. Therefore, costs and benefits of empowerment are worth examining.

Based on the review of literature, Sahoo and Das [2011, p. 47] indicated the most vital benefits resulting from the introduction of empowerment:

- growth of trust and commitment among employees;
- stimulation of motivation for limiting errors and taking more responsibility for one’s actions;
- enabling employees to express their beliefs and new ideas with regard to daily tasks;
- participation in permanent improvement of processes, products and services;
- fostering employees’ loyalty, reduction of turnover, absences and sicklinesses;
- improvement of productivity as a result of the growth of pride, self-respect and self-esteem;
- applying peer pressure and self-management teams to oversee employees and their productivity;
- limiting waste, and improving quality as a result of responding to clients’ needs;
- maintaining and developing competitiveness;
• fostering trust and cooperation with superiors;
• fostering communication among employees and among various departments within the organization;
• enabling employees to identify and solve problems, thus, allowing them to improve their work;
• improving organizational commitment and organizational effectiveness;
• developing a healthy organizational climate and culture.

On the other hand, in order to benefit, an organization must incur certain costs originating from the introduction of empowerment. These costs encompass [Potoczek 2010, pp. 42–51]:
• greater costs of trainings;
• greater costs of employment of qualified staff;
• costs associated with varied quality of services offered by employees;
• costs associated with the lack of sense of equal treatment of clients;
• costs associated with problems solved and wrong decisions made by employees;
• costs of conflicts among middle-management resulting from the feeling of being threatened.

4. Empowerment – impact on work results

Empowerment constitutes a phenomenon frequently examined by researchers worldwide in the context of numerous sectors and branches. Studies encompass employees on various levels in organizations’ hierarchy, and clients of these organizations as well. Studies pertain to the direct and indirect impact of empowerment on the organization.

International studies proved that representative companies worldwide (including the USA, the UK, France, Japan, Korea, South America) observe benefits resulting from employees’ empowerment which enable them to improve competitiveness on the market [Sparow et al. as cited in: Robbins, Crino, and Fredendall 2002, p. 438]. In addition, numerous analyses indicate that empowerment constituted a cornerstone of changes in management aiming at achieving quality. In the 1990s, it constituted the key to competitiveness and successes of companies [Chu 2003, p. 506].

Quinn and Spreitzer [1997, p. 42] indicated that empowered middle managers differ considerably from their non-empowered colleagues. The differences are the following:
• empowered employees perceive themselves as more effective at work. Moreover, they are viewed as more effective by their colleagues;
• empowered employees perceive themselves as more innovative and do not fear when attempting something new. In addition, their superiors and subordinates share the view;
• leadership skills of empowered employees evolve. They direct their interest upwards and stimulate change;
• their colleagues perceive them as charismatic, which enables them to introduce significant changes in organizations.

Ripley and Ripley [as cited in: Hanaysha 2016a, p. 300] indicated that empowerment may result in the growth of motivation of employees conducting routine work, improve their job satisfaction, boost loyalty and productivity, and reduce turnover. Lan and Chong [2015, p. 184] acknowledged the significant relationship between empowerment and employees’ attitude towards work.

The impact of empowerment on job satisfaction was acknowledged in e.g. studies by Hanaysha and Tahir [2016, p. 272], Akbar, Yousaf, Ul Haq and Hunjra [2011, p. 680], Wadhwa and Verghese [2015, p. 285], and Ugboro and Obeng [2000, p. 247]. In turn, Moura, Orgambídez-Ramos, and de Jesus [2015, p. 125] indicated that job satisfaction is strongly related to psychological empowerment and work engagement. Woon and Kahl [2015, p. 21] confirmed the positive relationship between employees’ empowerment and their satisfaction. Similarly, the influence of empowerment upon organizational commitment was confirmed by Hanaysha [2016a, p. 298], Marzec [2014, p. 43], and Wadhwa and Verghese [2015, p. 285]. In addition, it was proven that psychological empowerment constitutes one of the main and critical factors reducing employees’ turnover [Ertürk and Vurgun 2015, p. 34].


Studies indicate that empowered employees manifest richer professional experience, are more active, have more energy, exhibit greater job satisfaction, and are more committed to the organization [Bass as cited in: Lan and Chong 2015, p. 185]. Özarallı [2015, p. 366] observed a positive impact of empowering leadership on employees’ creativity. Similarly, Zhang and Bartol [2010, p. 107] proved that empowering leadership exerts a positive impact on psychological empowerment, which, in turn, boosts motivation and engagement in a creative process. Uzunbacak [2015, p. 997] indicated that the introduction of behavioral, psychological, social and structural empowerment influences the high level of innovation.
Results of the introduction of empowerment are also beneficial for the organization’s surrounding environment. Studies acknowledge the impact of empowerment in the organization on customer satisfaction, which was confirmed by Ugboro and Obeng [2000, p. 247], and on service quality, confirmed by Timothy and Abubakar [2013, p. 32].

Conclusions

Since the 1980s and the 1990s, empowerment has been attracting significant interest on the part of both practitioners and theoreticians. Its popularity results from challenges faced by modern organizations. Companies are forced to restrict their control, make their structures more flexible, react swiftly to changes emerging in their surroundings, and utilize knowledge and skills of their employees.

In order to include subordinates in decision-making and taking responsibility, it is necessary to view empowerment from the perspective of an individual – psychological empowerment, or from the standpoint of an organization – organizational empowerment.

Benefits for organizations resulting from the introduction of empowerment which were presented in the paper were verified in numerous worldwide studies encompassing several sectors and branches. Therefore, the subject matter of the paper is vital in the context of prospective studies, especially those pertaining to modern organizations.

Bibliography


Empowerment in Modern Organizations – Determinants and Benefits

The objective of the paper is to present empowerment from various perspectives, indicate its determinants and applications in modern organizations. The paper is theoretical and informational in character. Empowerment revolving around the inclusion of employees in the decision-making process and development of their tangible influence upon the organization’s operations constitutes an answer to needs of modern enterprises. The paper reviews definitions of empowerment, describes its elements from the point of view of employees and companies, and presents benefits and costs of empowerment incurred by the organization. A review of studies pertaining to the impact of empowerment on organizations was also conducted.
Uwarunkowania i korzyści empowermentu we współczesnych organizacjach

Celem artykułu jest przedstawienie ujęcia empowermentu z różnych perspektyw, jego uwarunkowań i zastosowań we współczesnych organizacjach. Opracowanie ma charakter teoretyczno-poglądowy. Empowerment, polegający na włączeniu pracowników w proces podejmowania decyzji i rozwijania ich realnego wpływu na funkcjonowanie organizacji, stanowi odpowiedź na potrzeby współczesnego przedsiębiorstwa. W artykule dokonano przeglądu definicji empowermentu, opisano jego elementy z punktu widzenia pracownika i przedsiębiorstwa oraz przedstawiono korzyści i koszty empowermentu ponoszone przez organizację. Dokonano też przeglądu badań dotyczących wpływu empowermentu na organizację.