CHAPTER-1

Employee Empowerment and Organisational Effectiveness: An Indispensable Linkage

This chapter represents introduction of the employee empowerment practices, its evolution, types, methods of empowerment and relate aspects are described in detailed. Key elements of empowerment practices are presented, salient principles of empowerment, process and consequences are exemplified. The role and barriers of empowerment in modern business are also explained.
Introduction

“Empowerment is not a verb.
It is more a state of mind & way of working”

- Ken Gilliver

Today’s increasing complex and volatile business-environment characterized by Liberalization, Privatization and Globalization. The global foray too ensures that managing would not be the same again. As we are in the 21st century, competitiveness in the universal market place gives the ultimate challenge to policy-makers, business leaders and entrepreneurs in any industry including banking. Challenges such as fluctuating environment, sophisticated technology, the need for quick decision-making and the importance of frequent changes have established the need among organizations to change their traditional management practices (i.e., Command and Control) into democratic structures that offer employees a greater autonomy, confidence and freedom to make decisions. Such democratic structures will not be effective unless employees have a sense of empowerment, as in the rapidly changing scenario, it is the human resource in terms of committed employees who will be the drivers of organizational effectiveness and growth. Hence, static, permanent and traditional organizations which are working in a predictable world are giving way to flexible, adaptive and innovative organizations. The more suited change and transformation into a new world by bringing radical shifts in the mindset, outlook, and perspective of their employees with visionary involvement.

Employee empowerment starts with the concept of strategic fit between people, tasks, technology, information processes, rewards and organizational structure for which all must be in alignment before the organization can work efficiently. Employees with strong organizational commitment are emotionally attached to the organization and have a strong desire to contribute significantly towards organizational success. This leads to increase in competitiveness, accountability, risk-taking, innovativeness, low wastage, and the desire to improve overall job performance. Moreover, increased individual commitment and commitment to work groups or teams improve team performance, interpersonal
interaction, and enhances individual performance and degree of satisfaction. Empowerment thus inspires change and increases the level of workplace commitment which in turn increases the degree of individual employee commitment and helps in achieving organizational goals.

The Evolution of Employee Empowerment

Though the word, ‘empowerment’ in the management context has been coined recently, its roots in management roll back to several decades. In the Hawthorne Experiments, at Westinghouse where it was shown that employee productivity improved when staff felt they were being paid attention to, dates back to the 1920s. After the Second World War, the occupying forces installed Work Directors in major German companies but bulked at the idea of taking the same medicine at home.

It wasn’t until the 1960s that the understandable backlash to the time and motion approach popular in the previous decade; and the idea of greater job involvement came into force. It was at this point that a number of management scientists, notably Smith and McGregor, Drucker and Likert, began to question the role of people in new, highly automated workplace. This led to the concept of job enrichment, while repetitive motions may be the most technically efficient way of doing a job, a more varied job role could lead to greater motivation and productivity.

In Scandinavia, during 1960s and 1970s, Einar Thorsrud and his colleagues at the Arbeidspsykologisk Institute, Oslo encouraged various companies to experiment with semi-autonomous work groups. In 1970s, technical advances in machine tools made possible to promote concepts such as group technology where production was focused on ‘cells’ and large tasks were undertaken by multi-skilled operators. At the same time, a handful of radical European entrepreneurs such as German Hauni, gave employees the right to select their own managers and eventually, ownership of their own enterprises.
Quality circles, imported from Japan, opened Western eyes to the potential contribution of people at operator level and the popularity of Total Quality Management added to the impetus. Empowerment, in all its forms, evolved slowly from all these ideas. In the late 1980’s, however, trends in the business world began to make it essential to delegate more widely and worthwhile work. The need has arisen to:

- Make organizations more responsive to the marketplace,
- Delayer organizations in order to make them more responsive and cost effective,
- Get employees of various disciplines to collaborate with minimal supervision by communicating horizontally rather than vertically up and down the hierarchy,
- Get CEO’s and top management to step back and do more strategic work,
- Tap all the resources that can help, maintain and improve competitiveness, and
- Fulfill the higher expectations of an increasingly well-educated workforce.

**Empowerment Involves Shifting Structure from to**
- Pyramids
- Dependency
- Department's Project
- Work Standards Superimposed
- Individual Performance Appraisal
  Performance Appraisal
- Individual Performance Rewards
- Information Hoarded
- Responsibility Delegated

- * Circles
- * Autonomy
- * Teams
- * Self-Imposed Work Standards
- * Individual and Group
- * Individual and Group
  Performance Rewards
- * Information Shared
- * Responsibility, Authority and
  Accountability Delegated
Employee Empowerment: Concept and Meaning

The word ‘empower’ is of French and Latin derivation consisting of preposition ‘em’ and noun ‘power’. Em probably comes from old French and it means ‘in’ and Power means ‘control/influence’. The Latin source of ‘em’ is more complicated and holds the same meaning as ‘look’ or ‘come’.

The first recorded use of the word ‘empower’ was in the seventeenth century by Hamon L’estrange in his book ‘The Reign of King Charles’. The first usage was synonymous in meaning with the idea of authorizing or licensing. As per the Oxford English Dictionary, empowerment means "to give official authority or to delegate legal power or to commission or authorizing or licensing”.

According to Vogt and Murrel¹ “empowerment is the period of improving the decision making ability of the employees through cooperation, sharing information, training, culture and teamwork”. Empowerment focuses on employees to make use of their full potential. On the other hand, empowerment aspires to giving up control and allows every employee to make decisions, set goals, accomplish results and receive rewards. In the words of Richard Carver² “Empowerment encouraging and allowing individuals to take personal responsibility for improving the way they do their jobs and contribute to the organization’s goals”.

Initially, empowerment is expected to improve customer satisfaction by having the employee closest to the customer. Next, it is anticipated to increase employee loyalty because employee’s pride and self-respect is increasing. Finally, the delegation of authority is expected to increase productivity, which ultimately results in high profits.

Employee empowerment is the process of giving employees the power, authority, responsibility, resources, freedom to take decisions and solve work related problems in the organization. In order to take such initiatives and decisions, they are given adequate authority and resources
because the cycle time of decision making is very important in many business activities. This allocation of authority is not based on the concept of "delegation" based relationship. In empowerment, it is a "trust based relationship", which is established between management and employees, as a constant process and is one of the most critical success factors for a company. The empowered employee becomes "self directed" and "self controlled".

**Classification of Empowerment:**

Empowerment at the individual level of analysis can be seen broadly from two perspectives - Psychological and Structural.

**A. Psychological Empowerment:**

Psychological empowerment has its roots in early division of work and quality of work life. Instead of focusing on managerial practices that share power with employees at all levels, the psychological perspective is focused on how employees experience at work. Psychological empowerment is not what one can see physically. It is a process of changing the belief of the employees internally.

Empowerment strengthens the belief and trust of the employees. It boosts up the morale of the employees. Zimmerman\(^3\) stated empowerment is “something, which comprises individual cognitions and perceptions that constitute feelings of behavioural and psychological investment in work”. Spreitzer\(^4\) states empowerment as “… an individual’s belief in his or her capacity to perform activities with skill”. Conger and Kanungo\(^5\) opined as perceived self-efficacy, a motivational state in which a person believes he or she has the ability, resources and authority to accomplish the performance. Thomas and Velthouse\(^6\) also stated empowerment “as the value of a work, goal or purpose judged in relation to an individual's own ideas and standards”.

Kanter and Tannenbaum\(^7\) orate “people feel powerful when they cope-up with the situations, events they face. If they fail to cope up with any of these, they feel frustrated and powerless. To increase the feeling of powerful and effective management, practice is essential”. Block\(^8\) says
“we become empowered when we create around ourselves a bubble that expresses our wishes of what we want to create” “To feel empowered means several things. We feel our survival is in our own hands…. We have an underlying purpose…. We commit ourselves to achieving that purpose, now”. Randolph\(^9\) defines empowerment as, “… recognizing and releasing into the organization the power that people already have in their wealth and useful knowledge and internal motivation”. Menon and Kanungo\(^10\), Bowen and Lawler\(^11\), Ford and Fottler\(^12\) were also of the same opinion.

Cornwall\(^13\) articulated empowerment as, “… the process of encompass power given from the traditionally powerful managers in an organization and installed in everyone’s mind”.

**B. Structural Empowerment:**

Structural perspective focuses on the managerial practices and policies that facilitate empowerment. Structural empowerment basically involves a movement from top down control system towards high involvement practices which entails authority and participation, autonomy for decision making, open sharing information, information across the hierarchy, training and leadership development, performance based rewards, access to resources, opportunities for innovation, management support and encouragement, and with well designed organizational culture.

Before looking at the concept of structural empowerment, it is necessary to understand the concept of power. Pinderhughes\(^14\), French and Bell\(^15\) opined it as “the capacity to influence the forces which effect or affect organizational outcomes and the ability to set one's way in a social situation”.

Gandz\(^16\), Burke\(^17\) and Ettorre\(^18\) stated that “delegation of authority to the bottom-line staff to encourage the personnel to innovate and manage their own work and it involves them in their jobs in ways that give them more control and autonomous decision making skills”. John Newstram and Keith Davis\(^19\) defined “empowerment is any process that provides greater autonomy through the sharing of relevant information
and the provision of control over factors affecting job performance”. Caudron\textsuperscript{20}, Pareek\textsuperscript{21} and Nancy Foy\textsuperscript{22} seem the concept as, "a sense of authority for oneself and for oneself and creating autonomy for other".

According to Smith and Ternes\textsuperscript{23} “empowerment means giving the employees’ skills and the information they need to make good decisions and take informed deliberate actions so that organizational members can solve problems and management chains on their own”. Kinlaw\textsuperscript{24} seem empowerment as “the process of achieving continuous improvement in an organizational performance by training and extending the skills that influence individual's and team performance to that of total organization”. Thomas and Velthouse\textsuperscript{25}, Bowen and Lawler\textsuperscript{26}, Spreitzer\textsuperscript{27} were also of the same opinion.

In the words of Richard Carver\textsuperscript{28} “Empowerment means encouraging and allowing individuals take personal responsibility for improving the way they do their jobs and contribute to the organization’s goals”.

**Methods of Empowerment**

1. **Structured Empowerment:** Structured Empowerment includes close control, formal set of clear boundaries and clear rules passed on through training.

2. **Flexible Empowerment:** Flexible Empowerment includes certain boundaries set expecting employees to use their experiences and common sense to make decisions and guidelines rather than rules.

**Types of Employee Empowerment**

Prof. Bowen and Lawler\textsuperscript{29} define three types of Empowerment;
1. **Suggestion involvement:** Employees are encouraged to contribute ideas through formal suggestion programs or quality circles, but their day-to-day work activities do not change.

2. **Job involvement:** Jobs are redesigned so that employees use a variety of skills. Employees believe that their tasks are significant, they have considerable freedom in deciding how to do the work, they get more feedback than employees in a command and control organization and they each handle a whole and identifiable piece of work.

3. **High involvement:** High Involvement organizations give their lower level employees a sense of involvement not just in how they do their jobs or how effectively their group performs, but in the total organization’s performance. Employees develop extensive skills in teamwork, problem solving and business operations and participate in work unit management decisions. High involvement organizations often use profit sharing and employee ownership as a technique of employee empowerment.

**Elements of Psychological Empowerment**

1. **Impact**

   Impact is when someone believes he can influence his work and that others will respond to his ideas. According to Thomas and Velthouse\(^{30}\) impact is “… the degree to which behaviour is seen as making a difference in terms of accomplishing the purpose of the task”. Similarly, Spreitzer\(^{31}\) says impact as “the degree to which an individual can influence strategic, administrative, or operating outcomes at work”. Providing information about organizational mission is the key to shaping the Impact.

2. **Competence**

   Competence is the confidence someone has about his ability to do his work well. Thomas and Velthouse\(^{32}\) define it as “The degree to which a person can perform task activities skillfully when he or she tries”. Spreitzer\(^{33}\) opines competence as “… an individual’s belief in his or
her capacity to perform activities with skill”. Effective supervision can enhance feelings of competence. This supervision can be achieved by providing feedback on performance and creating a climate encouraging reflection about work performance.

3. Meaningfulness

Meaningfulness is when someone feels that his work is important to him and he likes what he is doing. Thomas and Velthouse\textsuperscript{34} says meaningfulness “… involves the individual’s intrinsic caring about a given task”. Similarly, Spreitzer\textsuperscript{35} states meaningfulness as “… the value of a work goal or purpose, judged in relation to an individual’s own ideals or standards”. Meaningfulness can be enhanced by providing information about the mission of the organization and through sharing this information throughout. Effective supervision may also create a sense of meaningfulness.

4. Choice

Choice is the freedom to choose how to do the work and not to be closely managed. Thomas and Velthouse\textsuperscript{36} articulated choice “…involves casual responsibility for a person’s actions”. Spreitzer\textsuperscript{37} refers choice as self-determination and defined it as “…autonomy in the initiation and continuation of work behaviours and process”. Choice can be determined by measuring the extent to which individuals have a sense of autonomy in relation to work pace, order and quality.

**Elements of Structural Empowerment**

The Key elements of empowerment are;

a) Autonomy

b) Communication

c) Training
d) Rewards, and

e) Organisational Culture

1. Autonomy

Job autonomy referred as the degree which provides substantial freedom, independence, and discretion to the individual in scheduling work and in determining the procedures to be used in carrying it out. Job autonomy is one of several core job design characteristic (the others are skill variety, task identity, task significance and feedback from the job) developed by Hackman and Oldham (1975). According to Hackman and Oldham\(^{38}\) autonomy leads to the critical and psychological state of “experienced responsibility for the outcomes of the work”, this inturn leads to outcomes such as high work effectiveness and high internal work motivation. Traditionally, only employees in higher management (Elite people) have much autonomy, which can leave lower-level staff members feeling disenfranchised. But, now-a-days, it can be a useful tactic to increase employee engagement, morale and motivation by giving staff more discretion over their work lives.

Impact of Job Autonomy

Self determination theory (SDT)\(^{39}\) is a macro theory of human motivation and personality, concerning people's inherent growth tendencies and their innate psychological needs. It is concerned with the motivation behind the choices that people make without any external influence and interference. SDT states autonomy as a fundamental nutriment that is pertinent to optimal human development and human motivation. Satisfying the need for autonomy is considered essential for the regulation and value of behaviour is internalized, for the individual in order to perceive the subsequent behaviour as being autonomous. Perceiving behaviour as autonomous compared to the perceiving behaviour as controlled, is beneficial for motivating job-related behaviours. Controlled behaviour feels controlled and consequently creates a sense of pressure where action feels obligated. Feeling controlled can lead to decrease in productive work behaviour while providing autonomy can have positive effects on job behaviour. Situations that provide job autonomy encourage individuals to engage in self-determined behaviour which has
been related to positive outcomes such as, increases in creativity, achievement, flexibility, and comprehension. Job autonomy promotes high task performances, reduces absenteeism and is related to levels of perceived competence and perceptions of control. A feeling of control creates a sense of goal ownership and dedication which consequently increases one’s commitment towards the goal.

**Outcomes of Job Autonomy**

1. Accountability
2. Commitment
3. Creativity
4. Innovation
5. Involvement
6. Freedom
7. Morale and Motivation

**2. Communication**

In the business world, exchanging information is essential for a company's success, and there are many different avenues available to communicate with employees and customers like flows of information upwards and downwards, one way and two ways. Communication is the central process through which employees share information, create relationships, make meaning and “construct” organizational culture and values. This process is a combination of people, messages, meaning, practices and purpose, and it is the foundation of modern organizations.
With the advent of social media, the number of communication options have been exploded. As the speed of communication accelerates, challenges to communicate effectively also increase. Thus, keeping communications accurate and informative becomes a daily challenge.

**Objectives of Communication**

The purposes of communication are;

i. to develop information and understanding which are necessary for group efforts;
ii. to foster an attitude which is necessary for motivation, co-operation and job satisfaction;
iii. to discourage the spread of misinformation, rumours, gossips, and to release the emotional tensions of workers;
iv. to prepare employees and workers for a change by giving them the necessary information in advance;
v. to encourage ideas, suggestions from subordinates for an improvement in the product and work conditions, for a reduction in the time or cost involved and for the avoidance of the waste of raw material;
vi. to improve labour-management relations by keeping both in contact with each other;
vii. to ensure such free exchange of information and ideas that assist all the employees in understanding and accepting the reasonableness of the status and authority of everyone in the organization;
viii. to satisfy such basic human needs as the needs for recognition, self-importance and a sense of belonging; and
ix. to serve as auxiliary functions, such as entertainment and the maintenance of social relations among human beings.

**Significance of Communication Systems**
Information flows faster than ever before in modern organizations. Even a dismal stoppage on fast moving operation time can be very costly. There is no universally applicable communication system. But every individual manager has to tailor their own system depending on their needs.

Communication flows through various channels. These channels include downward, upward, horizontal and cross-wise. Downward communication is a system, where information flows from higher level to lower level in the organizational hierarchy. Here, information flows from superior to subordinate. In upward communication system, information flows from lower level to upper level in the organizational hierarchy. Thus, in this structure information flows from subordinate to superior. In horizontal communication system, information flows between the peers. But in cross communication system, information flows vertically and horizontally among all the employees in the organization.

**Methods to improve Effective Communication**

Effective communication refers as sending the right information to a right person at the right time to make timely decisions. Effective communication helps to improve healthy working environment in the organization. Management has to use the following methods to improve the effectiveness of communication in their organizations.

1. Managing by Walking Around
2. Apply the Open door Policy
3. The Ombudsman Position
4. An Empowerment Strategy
5. Participative Management
6. Counseling, Attitude Surveys and Exit Interviews

7. The Grievance Procedure

8. E-mail

**Interpersonal Communication**

The interpersonal communication refers to the transfer of information from one person to another. The purpose of interpersonal communication is to effect behavioural change by incorporating psychological processes (Perception, Learning and Motivation) and language. Getting feedback and providing feed forward are most important in interpersonal communication. Effective communication highly depends on effective feedback. Both formal and informal networks should be used for effective feedback. It makes communication a two-way process.

**Characteristics of effective feedback**

- **Intention**: The intention of effective feedback is to improve job performance.
- **Specificity**: Effective feedback is designed to provide specific information.
- **Description**: Effective feedback is descriptive rather than evaluate.
- **Usefulness**: Effective feedback provides useful information to employees.
- **Timeliness**: Effective feedback provides information on right time.
- **Readiness**: Employee must be ready to receive information.
- **Clarity**: The recipient must understand the information clearly.
Validity: The information and communication must be reliable and valid.

3. Training

Employee training is the process (generally refers to programs that provide employees) of the acquisition of knowledge, skills, and competencies as a result of the teaching of vocational or practical skills and knowledge that relate to specific useful competencies. Training has specific goals of improving one's capability, capacity, productivity and performance. Consistent employee training programme helps the employees to gain information, new skills or professional development opportunities.

Objectives of Training

a) to impart the basic knowledge and skills in employee to perform a definite job.

b) to prepare the employees to meet the present as well as future challenges.

c) to build up a next line of competent staff to ensure smooth & efficient future work, and

d) to promote individual and group morale, a sense of responsibility, co-operative attitudes and good relationship.

Training Methods

For decades together the human resource experts has been made many attempts to modify and as well as introduce new training methods in the field of Human Resource Development. As a result of research in the field, a number of programmes are available. Some of these are new
methods, while others are improvements over the traditional methods. The training programmes commonly used to train operative and supervisory personnel. These programmes are classified into On-the-job and Off-the-job.

### Training Methods

<table>
<thead>
<tr>
<th>On-the-job Methods</th>
<th>Off-the-job Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Rotation</td>
<td>Vestibule Training</td>
</tr>
<tr>
<td>Coaching</td>
<td>Role Playing</td>
</tr>
<tr>
<td>Job Instruction</td>
<td>Lecture Methods</td>
</tr>
<tr>
<td>Training through Step-by-step</td>
<td>Conference or Discussion</td>
</tr>
<tr>
<td>Committee Assignment</td>
<td>Programmed Instructions</td>
</tr>
</tbody>
</table>


### Need for Training

The need for training (designed to improve knowledge, skills, and attitude and, thus, equip the individual to be more effective in his present job for a future assignment) of employees would be clear from the observations made by the different authorities.

1. to improve one’s Knowledge, Skills, positive and proactive Attitude,
2. to improve the Quality of Work,
3. to increase Productivity,
iv. to Obsolescence Prevention,
v. to improve Health and Safety,
vi. to improve Organizational Climate/Culture,
vii. to ensure Personal Growth of an Employee, and
viii. to help a company to fulfill its future personnel needs.

4. Rewards

Employee reward system refers to programmes set up by a company to reward performance and motivate employees on individual or at group levels. They are normally considered separate from salary, but may be monetary in nature or otherwise have a cost to the company. In designing a reward programme, a small business owner needs to separate the salary or merit pay system from the reward system. Financial rewards, especially those given on a regular basis, such as variable pay, bonuses, profit sharing, stock options etc., should be tied to an employee's or a group's accomplishments and should be considered "pay at risk" in order to distance them from salary. By doing so, a manager can avoid a sense of entitlement on the part of the employee and ensure that the reward emphasizes excellence or achievement rather than basic competency.

An organization has to balance fairly both financial and non-financial rewards and extrinsic and intrinsic rewards. Effective reward system requires not only that the absolute level of compensation paid by an organization compares favourably but also requires that it satisfies the principle of internal equity and equity with the job content.
Structure of Rewards

<table>
<thead>
<tr>
<th>INTRINSIC</th>
<th>EXTRINSIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participate in Decision Making</td>
<td>Financial</td>
</tr>
<tr>
<td>Job Autonomy</td>
<td>Non-financial</td>
</tr>
<tr>
<td>More Responsibility</td>
<td></td>
</tr>
<tr>
<td>More Interesting Work</td>
<td>Performance Based</td>
</tr>
<tr>
<td>Opportunities for Personal Growth</td>
<td>Membership Based</td>
</tr>
<tr>
<td>Diversity of Activities</td>
<td></td>
</tr>
<tr>
<td># Piece Work</td>
<td>* Basic Pay</td>
</tr>
<tr>
<td># Commissions</td>
<td>* DA</td>
</tr>
<tr>
<td># Incentive Pay</td>
<td>* HRA</td>
</tr>
<tr>
<td># Performance Bonus</td>
<td>* Protection Progs.</td>
</tr>
<tr>
<td># Merit Pay Plans</td>
<td>* Pay for time</td>
</tr>
<tr>
<td>Not worked</td>
<td>@ Preferred Office Furnishing</td>
</tr>
<tr>
<td></td>
<td>@ Flexible Work Schedule</td>
</tr>
<tr>
<td></td>
<td>@ Preferred Leave</td>
</tr>
<tr>
<td></td>
<td>@ Own Secretary</td>
</tr>
<tr>
<td></td>
<td>@ Impressive Job Titles</td>
</tr>
<tr>
<td></td>
<td>@ Conveyance Facilities</td>
</tr>
<tr>
<td></td>
<td>@ Medical Care</td>
</tr>
</tbody>
</table>
Source: Modified version of David A. De Cenzo and Stephen P. Robins, p, 414

Types of Rewards

Rewards are Intrinsic and Extrinsic. Intrinsic rewards are the satisfiers that the employees get from the job itself, like pride in one’s work. Extrinsic rewards include salary, fringe benefits, welfare measures, promotions and incentives etc.,

Financial Vs Non-financial Rewards

Financial rewards include salaries, allowances, incentive payments, bonus and profit sharing. Non-financial rewards include facilities like canteen and conveyance, medical care, paid vacations and paid sick leave etc. Other motivators are;

1. Awards include trophies, plaques, citations, certificates, scrolls, and letters of appreciations.
2. Knickknacks cover desk accessories, company watches, tiepins, brooches, diaries, calendars, wallets and T-shirts.
3. Treats cover free lunches, festival bashes, coffee breaks, picnics, dinner with the boss, dinner for the family, birthday treats.
4. Tokens covers movie tickets, vacation trips, early time offs etc.
5. Social Acknowledgement includes informal recognition, recognition at the office get-together, socialization of advice, suggestions etc.
6. Office Environment covers redecoration, flexible working hours etc.
7. On-the-job rewards include increased responsibility, job rotation, training etc.

Performance based Vs Membership based Rewards
Performance based rewards are exemplified by the use of commissions, incentive pay, piece work, pay plans, group bonuses etc. Membership rewards are allocated to all employees as they are the employees of the organization. These include: basic pay, dearness allowance, house rent allowance and city compensatory allowance etc.

**Advantages of Non-Monetary Rewards**

- Motivate employee to perform better.
- They build employee’s self esteem.
- Create an atmosphere where change is not resented.
- Employees become more loyal to the company.
- Creates a close bond between the company and employee’s family.

**Benefits of Rewards**

A reward scheme is generally introduced to achieve the following objectives:

1. to encourage employee thrift;
2. to provide a group incentive for larger output;
3. to ensure employee security;
4. to demonstrate some measure of social justice to employees;
5. to promote industrial harmony and stabilization of the work force;
6. to eliminate waste in the use of materials and equipments;
7. to install a sense of partnership among employees and employers and to increase employee interest in the company in which he works; and

8. to attract desirable employees and retain them, thereby reducing the rate of turnover.

5. Organisational Culture

Organizational culture is the behaviour of humans who are part of an organization. Corporate culture on the other hand refers to those cultures deliberately created by management to achieve specific strategic ends. Organizational culture represents the organization values, visions, norms, working language, systems, symbols, beliefs, and so on. It is also the pattern of such collective behaviours and assumptions that are taught to new organizational members as a way of perceiving and even thinking and feeling. Organizational culture affects the way people and groups interact with each other with clients and stakeholders.

Tom Peters and Robert Waterman in their book, “In Search of Excellence” focused on the relationship between Organizational culture and performance. They found that cultural values led to successful management practices.

Those cultural values are,

1. Autonomy and Entrepreneurship
2. Bias for Action
3. Stay close to the Customer
4. Productivity through People
5. Hands-on-Management
6. Stick to the Knitting
7. Simple Form, Lean Staff
8. Simultaneously Loose and Tight Organization

**Actions for Empowering Employees**

To empower employees the organization must kick off certain actions which may be;

1. Delegation of authority
2. Participative decision making
3. Encourage self management
4. Job enrichment
5. Creating self managed work teams
6. Creating a job that provides intrinsic feedback
7. Installation of upward performance appraisal
8. Lessoning of formalities
9. Creating a supportive culture
10. Encouraging goal-setting
11. Educating and training employees

**Effective Employee Empowerment Conditions**

- In order for empowerment to take root, thrive organizations must encourage
  - Participation
  - Innovation
  - Access to information
  - Accountability

**Participation**

People must be enthusiastic and keenly engaged in their jobs. They must care about improving the daily work processes and work relationships. Such participation does not happen just because managers ask for it. Willingness to participate cannot be mandated. It has to come from each individual's desire to contribute and to make a difference. Organizations that are less hierarchical are encouraging their employees to become more involved. A few organisations are even provide empowerment training. The other organizations encourage managers and other employees to examine their job responsibilities differently than they had in the past. The goals are to get employees to take more initiative and to be more accountable for results. Other organizations are taking their work forces on total quality tools and concepts in the hope that such training will make employees apply new techniques and improve performance. Collaboration, total quality, training can encourage
people to participate more actively by helping them raise their levels of confidence. Sometimes people simply lack enough self assurance to address problems and try to solve them.

**Innovation**

It’s almost impossible for empowerment to exist in environments in which innovation is ignored, stifled or discouraged. Empowerment can't exist in an organization that expects employees to do their jobs the way they have always done them. Organizations need to give employees at all level permissions to innovate. The most valuable innovations often come from employees in ‘the trenches’ - the workers who have direct contact with an organization manufacturing processes or who deliver service to customers. Unfortunately, many organizations pay only lip service to innovation and do little to foster it. The most successful corporate innovation systems are not systems at all. They are environments that hospitable to interesting people with innovative ideas - environments that encourage people to explore new paths and to take meaningful risks at reasonable costs, environments in which curiosity highly regarded, as technical expertise. Organizations that succeed at innovation are those that make an unwavering commitment to it. Innovation is as much a core value as an acceptable return on investment.

**Access to Information**

In traditional organizations, the senior managers decide what kind of information and how much that one receive. In organizations in which employees are empowered, people at every level make decisions about what kind of information they need for performing their job. In many organizations' information can be a source of power. In some instances, a manager may restrict subordinates access to information as a means to control employees. In organizations in which such restriction occurs, employee participation is bound to be low.
Accountability

Many managers fear that giving employees too much latitude is similar to letting the inmates run the asylum. They worry that freedom un-tempered by a sense of responsibility and good judgment will produce the willing results. If employees are accountable to managers, then managers should be accountable to employees. Employees should be held accountable for behaving responsibly towards others, operating with a positive approach producing desired, agreed upon results and responsible for their own credibility and for keeping their word.

Principles of Employee Empowerment

Heathfield (2006) suggested a number of top principles for managing people in a way that fundamentally reinforces employee empowerment in organizations. In suggesting these principles, Heathfield pointed out that managers’ goal is to create a work environment in which people are empowered, productive, contributing, and happy. Organizational managers are advised to embrace these principles in their endeavours of empowering employees. The principles are highlighted as below.

1. **Demonstrate value for people:** Managers’ regard for people shines through in all of their actions and words. (Their facial expression, body language, and words express what they are thinking about the people who report to them) The managers’ goal is to demonstrate their appreciation for each person's unique value. No matter how an employee is performing on their current task, a manger’s value for the employee as a human being should never falter and always be visible.
2. **Share leadership vision**: Help people feel that they are part of something bigger than themselves and their individual job. They can do this by making sure they know and have access to the organization's overall mission, vision, and strategic plans.

3. **Share goals and direction**: Share the most important goals and direction for group wherever possible, either make progress on goals measurable and observable, or ascertain that have shared a picture of a positive outcome with the people responsible for accomplishing the results.

4. **Trust people**: Trust the intentions of people to do the right thing, to make the right decision, and to make choices that may not exactly what they would decide, still work.

5. **Provide information for decision making**: Make certain that they have given people or made sure that the people have access to all the information they need to make thoughtful decisions.

6. **Delegate authority and impact opportunities, not just more work**: Not only the delegate just drudge work, they delegate some of the fun stuff too. For instance, they could delegate the important meetings, the committee memberships that influence product development and decision making, and the projects that people and customers notice. The employee will grow and develop new skills.

7. **Provide frequent feedback**: Provide frequent feedback so that people know how they are doing. Sometimes, purpose of feedback is reward and recognition. People deserve managers’ constructive feedback, too, so they can continue to develop their knowledge and skills.

8. **Solve problems; don't pinpoint problem people**: When a problem occurs, ask what is wrong with the work system which caused the people to fail, not what is wrong with the people.
9. **Listen to learn and ask questions to provide guidance:** Provide a space in which people will communicate by listening to them and asking them questions. Guide them by asking questions, not by telling grown up people what to do. People generally know the right answers if they have the opportunity to produce them.

10. **Help employees feel rewarded and recognized for empowered behaviour:** When employees feel under-compensated, under-titled for the responsibilities they take on, under-noticed, under-praised, and under-appreciated then don’t expect results from employee empowerment. The basic needs of employees must meet for employees to give their discretionary energy, that extra effort that people voluntarily invest in work.

    Osborne and Plastrik pointed out that for some employees, getting more control is its own reward. They may be excited about being able to make changes that matter to them or about working in teams with peers rather than under constant management supervision. Other employees may seek more tangible incentives for taking charge like pay increases and bonuses among others.

11. **Communicating and consulting with employees:** Employees need to be clear about why empowerment is occurring and how it will meet the purpose and goals of the organization. They should have substantial input into how the organization will proceed with employee empowerment. And they must have some time and many opportunities to adapt.

12. **Give employees information:** No one can make good decisions without sufficient information. An organization committed to empowering employees must ensure that they have access to all the relevant information. There must be a well thought-out and effective way of moving information around the organization.

13. **Investing on employees:** Most employees have little experience in making the kinds of decisions like personnel management, work process improvement, and general management among others that empowerment gives to them. Usually, their skills at this work are underdeveloped.
Empowerment without skill building or knowledge development is a setup for failure. Therefore, the empowering organization must make sure employees have a chance to succeed when they get decision-making authority.

14. **Reward employees:** This principle is based on the saying that “you reap what you sow”. Therefore, in empowering employees, organizations simply get what they pay for, whether the currency or recognition. Hence, there must be use of the many tools of performance management to reward employees for taking new responsibilities.

**The Empowerment Process**

J.W. Weiss\(^4^2\) states that empowerment is the process of sharing power with others through decentralizing structures, roles, and responsibilities and through delegating work that has inherent authority. Prager\(^4^3\) pointed-out the process of empowerment that centre on involving people and enabling them to take ownership of their work process and outcomes. Empowered individuals have a sense of trust, energy, commitment, responsibility and pride in their work and its product or service.

Empowered employees are essential in contemporary organizations that are flat, more dispersed, outsourced, virtual, and networked. And, because the workforce is so diverse, one size of motivation does not fit at all. Empowering individuals of different cultural, religions, socioeconomic, age, racial and educational backgrounds requires organizational and behavioural skills. Empowerment, therefore, refers managerial involvement in an individual and team basis.

Conger\(^4^4\), Howell J.M. & Avolio B.J.\(^4^5\) were of the opinion that empowerment is a consecutive organizational process. According to them, leaders empower followers through a number of processes and means, by providing direction through ideals, vision and super ordinate goals; by stimulating with ideas and proposals; rewarding formally through incentive system and informally through personal and peer
recognition; by using inspiration, involvement and feedback sessions to further a follower's development and by appealing to the needs for autonomy and independence of followers. **Figure 1.1** illustrates the degree of empowerment with corresponds with the degree of delegation.

The need to empower subordinates become critical when they are powerless. Thus, it is important to identify conditions within organizations that faster a sense of powerlessness among subordinates. Once these conditions are clearly identified, empowerment strategies and tactics can be used to remove them. However, removing external conditions is not always possible, and it may not be sufficient for subordinates to become empowered unless the strategies and tactics directly provide personal efficacy information to them. In this regard Bandura suggested several sources from which individuals directly receive information about their personal efficacy, and these sources should be used in developing empowerment strategies. Conceived this way, the process of empowerment can be viewed in five stages that include the psychological state of empowering experience, its antecedent conditions, and its behavioural consequences. The five stages are shown in below **figure 1.2**.

The first stage is the diagnosis of conditions within the organization that are responsible for feelings of powerlessness among subordinates. This leads to the use of empowerment strategies by managers in stage 2. The employment of these strategies is aimed not only at removing some of the external conditions responsible for powerlessness, but also at providing subordinates with self-efficacy information in stage 3. As a result of receiving such information, subordinates feel empowered in stage 4, and the behavioural effects of empowerment are noticed in stage 5.

**Figure-1.1**

**Empowerment: From Domination to Delegation**

High

<table>
<thead>
<tr>
<th>Power distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Followers granted authority to make decisions</td>
</tr>
</tbody>
</table>
Degree of Empowerment

<table>
<thead>
<tr>
<th>None</th>
<th>Domination</th>
<th>Consultation</th>
<th>Participation</th>
<th>Delegation</th>
</tr>
</thead>
</table>

Power sharing Manager/Leader and followers jointly make decisions

Influence sharing Manager/Leader consult followers when making decisions

Authoritarian Power Manager/Leader imposes decisions

Figure-1.2

Five Stages in the Process of Empowerment

<table>
<thead>
<tr>
<th>STAGE – 1</th>
<th>STAGE – 2</th>
<th>STAGE – 3</th>
<th>STAGE – 4</th>
<th>STAGE – 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditions leading to a</td>
<td>The use of managerial</td>
<td>To provide self efficacy</td>
<td>Results in empowering</td>
<td>Leading to behavioural</td>
</tr>
<tr>
<td>Psychological state of</td>
<td>strategies and techniques</td>
<td>information to subordinates</td>
<td>Experience of subordinate</td>
<td>effects</td>
</tr>
<tr>
<td>Powerlessness</td>
<td>using 4 sources</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** 5-stages in the process of empowerment (Copied from Conger and Kanungo, 1988, p. 475).