CHAPTER TWO

REVIEW OF LITERATURE

2.1: INTRODUCTION

The present study is related to analysis of employee empowerment in certain selected sectors. Empowerment is a strategic tool available in the hands of managers to enhance the efficiency and productivity of the organization. Studies have revealed that, if employees are empowered, it will help in unleashing the hidden potential of the employees resulting in improved organisational performance.

Literature review on empowerment reveals that empowerment practice when effectively applied has helped companies of all types to achieve impressive improvement in productivity, cost containment and new marketable inventions over pre empowerment years. Empowerment is the process of sharing information, training and allowing employees to plan, organize, and control their jobs in order to obtain positive results (Denton 1994).

2.2 Emergence of Empowerment

The concept of empowerment has its roots in almost all religious books may it be Bible, Koran or Bhagavad-Gita. The concept of empowerment existed in different names. There has been number of references to empowerment in these religious books. The study on the literature also reveals the importance of empowerment in the present scenario.

King Solomon, the icon of wisdom is reported to have remarked that there is nothing new under sun. Everything in God’s creation has always been around us. What changes is our perception and awareness of them. At any instant, we notice some things and overlook many others. As time marches on, we stumble across (or discover!) facets
of the universe, we had not noticed earlier. They may appear new to us, but in fact, they are ageless as creation itself.

2.2.1 Empowerment rooted in Indian philosophy

The concept of empowerment has its roots in the "Vedanta and Gita" (Dwivedi R.S 1995.) The Vedanta asserts: "Tattvamasi (You are that). You are infinitely powerful within you. Likewise the Bhagavad-Gita (XVIII-46) specifies "Svakarmana Tam Abhyardya Siddhim Vindathi Manava." Human being can attain the 'siddhi'- the final accomplishment by worshipping God through his work. Work becomes a means of self expansion. To articulate work as a means of self expression, one has to understand that one's energy and happiness are within oneself. There is need, not only for a person to merely realize that he has infinite energy, he is also required to organize his energy in collective form.

It will help him to actualize his inner potential. The individual is unique. Therefore it is desirable that the organization stimulates his uniqueness by treating him on the individual basis rather than on the same pattern as others. This can be done by providing him an opportunity to make his own decisions. It will enable him to work in terms of his nature (swadharma). Gita further specifies, 'Yajna Karma' which means that the individual should work not only according to his nature but also as a part of a team or as part of a totality of an organization. The Yajna Karma implies collective work dedicated to a higher purpose. This is the underlying philosophy of modern concept of empowerment.

Likewise, Lord Mahavir defined 'Dharma' as equability. He also enunciated certain codes of conduct for one to become a Jin. The first principle propounded by him (for equability and becoming a Jin) was that of 'liberty' - the prime fountain of all power.
The second principle was "self determination". He taught us that it is against our sovereignty to have our destiny in the hands of others. Where an individual ceases to enjoy the right of self determination, his potential is thwarted. The third principle was "self restraint". He pleaded that you must spare other from the compass of your restraint. You have to exercise your control over yourself. The fourth principle was relativity the principle specifies that "all must get equal opportunity in every sphere". These noble principles are the foundation stone of the modern concept of empowerment in its real meaning.

2.2. 2 Historical development of empowerment

Due to its sound foundation in Indian culture empowerment has immense potential for effective implementation in the Indian contest. It was practiced for the first time in the world by Homi Bhabha as early as 1944 at the Tata Institute of Fundamental Research (TIFR). He also practiced it subsequently at the Atomic Energy Commission (1948) and the Atomic Energy Establishment (1954). At TIFR he brought together group of young scientist who were given all facilities and freedom to develop research. While starting this institute he built the organization around people. As he observed: 'No organizational chart of the future development of the Institute was submitted either when it was founded or later, and the philosophy has always being to support ability whenever it is found in the field of work covered by the institute'. He provided optimal opportunities to scientist and technologist for building their own know how and acquiring experience even at the cost of failures. He provided utmost care and freedom to people. Empowerment has also been practiced for the first time in the Indian Industrial settings (R. S. Dwivedi 2001).
In their research in 1960's Burns and Stalker found that empowerment was practiced in laboratories where complex experiments were conducted by multi-disciplinary teams and scientists in UK. Instead of relying on their managers for coordination, they collaborated on work related decision themselves. Indeed their managers merely focused on administration and budgeting (Dwivedi R S 1995).

In their research Robert Excels and Dwight Crone found that empowerment was practiced in investment banks. Instead of relying on their managing directors for coordination on specific deals the associates networked among themselves to get the work done. Likewise in 1988, Zuboff reported similar experiences from the factory floor in certain highly technology intensive industries. In such situations employee were provided greater 'say' in the management of the work place than in the past (Mill D.Q and G.B Friesen 1995).

2.3 Empowerment: a tool to motivate employees.

The concept of empowerment has a positive connotation in the social sciences. Empowerment, writes Jyll Bystydzienski (1992), refers to ‘... a process by which oppressed persons gain some control over their lives by taking part with others in the development of activities and structures that allow people increased involvement in matters which affect them directly'(1992). Similarly, in the field of women's studies, it is thought to imply ways of empowering women and /or women's group to make their own choices, to speak out on their own behalf and to control their own lives' (Wieringa 1994). Empowerment however is a relatively new concept in labour studies, although it would have been expected to enjoy pride of place in research on workers' participation and self-management, an academic growth industry in the seventies and early eighties.
More recently empowerment has come to imply a management stratagem to introduce new forms of work organisation that offer little to workers or their unions. Workers participation or human relations, empowerment in the context of 'lean production' has been associated with quality control clubs, suggestion schemes and kaizening. Shop floor forms of participation has aimed at creating worker loyalty and commitment (Ridgeway & Wallace 1994; Thompson1994), manufacturing workers concept and bypassing the union have all been construed as management experiments in 'empowerment'. With empowerment becoming a euphemism for work intensification (Hyman and Mason 1995), workers and their unions have turned skeptical about the process. The original meaning of Empowerment is giving power to people and enabling people to make their own choices in matters directly affecting them.

In the Indian case studies conducted by E.A.Ramswamy and F. B.Schiphorst (1998) (Institute of social studies, the Hague -The Netherlands "Human Resource Management, Trade unions and empowerment two cases from India) states that in India the position of the trade union is strong, protected by legislation which provides for both job security and union security. Upon independence in 1947, India placed its faith in centralized economic planning and built a command economy which had few parallels outside the soviet block. Industrial enterprises were protected from external competitions by tariff barriers and outright prohibition of imports, and from each other by the policy of industrial licensing. The public sector in particular could not fail as it was thought to serve a social rather than economic purpose. Capital made monopolistic profits from which labour grabbed a share for itself. All this changed in 1991 when in conformity with the conditionalties imposed by international financial institutions for extending credit, the
country embarked on the programme on structural adjustment and industrial liberalization.

Competition has been stepping up in the years since these changes were introduced but the trade union power remains more or less unaffected. In one case where Boehringer Mannheim engaged in the drugs and the pharmaceutical business, with a plant on the outskirts of Mumbai, the Managing Director decided to experiment with employee empowerment, with not only aiming at better productivity but also improved relations. Oppositions came from middle managers and more from the trade unions. What company wants from employee is concentrate on quality, productivity, safety and efficient use of resources for which it empowers its employees. Middle level managers were not enthusiastic for shop-floor empowerment. The union was hardly in a mood to discuss worker empowerment. Boehringer was running into serious financial difficulties because of cheap imports from China. The union refused to attend works which later resulted in taking over of the company to an unknown employer, after two years of turmoil all the workers were made to retire.

E.A.Ramswamy (1998).states another case relating to Bharath Electronics in Bangalore, an enormous manufacturing facility employing over 10,000 people which produce radar and sonar for defence forces and host of other electronic devices and components. Employees have better cordial relations with management, but productivity has been abysmal. When changing government policies began to threaten plants already precarious existence, management decided to experiment workers participation, a shop council was set up for each of the 16 divisions and a plant council was installed to oversee their work. In addition to the familiar issues of quality and productivity the councils were asked to take a look at production planning and inventory levels. It was a
high power team. The shop council had the power to decide. The company called this participatory management but the response of the workers and managers bore a distinct similarity to that of Boehringer. The only difference was that Bharath Electrics union did not kill participation: they simply let it wither away. Monks (1996) asks, trade unions know how to fight the bad employer but do they know how to address the good one?

Empowerment, Efficiency and Innovation

Thomas and Velthouse (1990) argued that empowerment will increase concentration, initiative, and resiliency and thus heighten managerial effectiveness. Furthermore, each of the individual dimensions of empowerment has been found to be related to behaviors conducive to managerial effectiveness. Meaning results in high commitment and concentration of energy (Kanter 1983). Competence results in effort and persistence in challenging situations (Gecas 1989) coping and high goal expectations (Ozer and Bandura 1990) and high performance (Locke, Frederick, Lee and Bobko, 1984). Self determination results in learning, interest in activity, and resilience in the face of adversity (Deci and Ryan 1987). Impact is associated with an absence of withdrawal from difficult situations and high performance (Ashforth, 1990) thus given the effect of each dimension on effectiveness related outcomes.

Innovative behaviors reflect the creation of something new or different. Innovative behaviors are by definition change oriented because they involve the creation of a new product, service, idea, procedure, or process (Woodman, Sawyer and Griffin, 1993). Most generally, intrinsic task motivation contributes to innovative behaviors (Redmond, Mumford, and Teach 1993). More specifically, because empowered individuals believe they are autonomous and have an Impact, they are likely to be creative they feel less constraint than others by technical or rule bound aspects of work. (Amiable 1988,
Redmond et al., 1983). Conger and Kanungo (1988) suggested that psychological empowerment is important for stimulating and managing change in organizations. Thomas and Velthouse (1990) posited a link between psychological empowerment and individual flexibility, which may contribute to innovative behavior were inextricably linked in her case studies of entrepreneurial organizations.

Kanter (1977) states, when people are empowered, that is, they are allowed to have control over the conditions that make their actions possible then more is accomplished and more gets done. Thus, the meaning of power here is closer to mastery than to domination or control over others. It would lead to enhanced performance.

Dobbs (1993) explains the meaning of empowerment as sharing of responsibility and power at all levels of the organization, helping employees to develop, enabling them to innovate, to take initiative and make independent decisions to satisfy the needs of customers. Lower (1995) states empowerment as the process as a result of which individual employees have the autonomy, motivation and skills necessary to perform their jobs in a way which provides them with a sense of ownership and fulfillment while achieving shared organizational goals. In other words empowerment is the process of giving more scope or power (sharing of power) to exercise control over and take responsibility for their work. It provides greater space for individuals to use their abilities by enabling and encouraging them to take decisions close to the point of impact (Armstrong 1994).

Conger and Kanungo (1988) explains 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. Luthans (1995)
states empowerment as the authority to make decisions within one's area of operations without having to get approval from any one else. Snyder et al. (1994) view empowerment as authority to plan and do work, which the individuals capable of. Empowerment deals with processes like delegation of authority, autonomy, freedom for employees to achieve organizational objectives. This implies that empowerment is a process of sharing power and providing a conductive environment. It is the process of making organizations responsive and flexible, providing a climate for continuous learning, developing a culture which values initiative, honesty and achievement and encourages employees to take more responsibilities through sharing power and responsibility (Gupta and Murari 1996)

Stephen R Covey (1989) States that trust is the highest form of human motivation. It brings out the very best in people but it takes time and patience, and it doesn't preclude the necessity to train and develop people so that their competency can rise to the level of that trust. When there is low trust one has to use control. Empowerment can not be created in such an environment.

Empowerment is a process that transforms people into effective self leaders (Sims and Manz, 1996) and it is a process of helping employees achieve job mastery, providing successful role models, using social reinforcement and persuasion and giving emotional support (Tray Davis 1994).

Some of the significance outcomes of empowerment are increased productivity, sense of responsibility, increased commitment, heightened work performance, greater control over decision about work, creativity and innovations (Robbins, 2003; Luthans 2003, Wilkinson 1998, Duman 1993; Rao, 1992; Scott and Jafee 1992). While empowerment
related cognitions were suggested to be positively related to increased effect on the part of an employee (Marchington, 1993), it was also found to have positive relationship with job satisfaction (Tray 1994). Interestingly, (Argyris 1998; Darraugh 1991) found consistently that it is the organization culture which correlates positively with empowerment.

The concept of empowerment is based on the view that people seek as much as personal satisfaction and fulfillment as possible from all situations that include work responsibility and control which lead to increased level of satisfaction (Scott and Jafee 1992).

In study conducted by S.F. Chandrashekar and P. Anjaiah (2005) on employee empowerment in non-government organizations to ascertain the degree of empowerment perceived to be experiencing in their jobs. The results revealed that employee empowerment varied according to age, gender, designations than according to education, income and years of service.

W. Alan, Randolph and Marshall. Sashkin (2002) in their study states, multinational companies face serious challenges from a dynamic and complex global economy-challenge that compromise the effectiveness of a traditional management method. Empowerment can address these challenges if managers are willing to take the steps to create a culture of structural empowerment while also taking into account the impact of national culture differences. Evidence suggests that empowerment comes to life and has positive impacts on performance and efficiency when managers use the following three inter related keys: sha
efforts in multinational settings, managers must understand several specific issues they will face when using these three keys in such settings, where cultures vary along four dimensions: power distance, uncertainty avoidance, individualism-collectivism and assertiveness focus.

Alan Randolph and Marshall Sashkin offer four guidelines for creating culture of empowerment in multinational settings:

1. Recognise that no matter what the national culture, empowerment must focus on the structural elements that create forces for change to a culture of empowerment.

2. The three interrelated keys to empowerment offers a game plan for creating organizational empowerment conditions when used as a set.

3. Carefully learn about the national culture before attempting to introduce empowerment and learn to understand the impact that each culture dimension will have upon the three keys of empowerment.

4. Gear the empowerment change process to take advantage of the levers offered by certain national culture dimension to counteract the inhibitors offered by other national culture dimensions.

By recognizing that no two empowerment change process will be exactly alike, organizations are more likely to succeed in creating the structural empowerment needed to attain desired level of performance and efficiency in today's complex and dynamic multinational business environment.
Ravichandran T (1997) states, when employees feel empowered, they turnout to be more enthusiastic and creative. As a result they offer suggestions/create new working methods and operating procedures. However, not all creative ideas of the empowerment will prove successful. Members should not be penalized for their failure. They should be encouraged to learn from failure. As it is, it is the members who work that have a better understanding of their jobs and related needs.

- A Vision, Goal and Empowerment

The research findings of Locke and Latham 1984 show that when the goal/objective is clear employees try to achieve it, but if the goal is not clear then the individual effort cannot be channelised in the right direction for its attainment. It is necessary to make empowerment process goal oriented. Unless it helps to achieve or make us move towards goal it has no meaning. So, ideally, the empowerment process should start with a set of goals and a plan that is clearly articulated to the employees involving.

Prabhati Pati (1997) states empowerment is mostly an individual affair it becomes an organizational reality when managers are ready to share their authority, responsibility and accountability with the people through whom they get their work done. Empowerment can only be effective when the mission and the vision of the organization is clearly defined and communicated to the employees. In a free and fare environment employees will be motivated to utilize what skill, knowledge, competence they have for doing a task well and this will go along way in making the organization effective.

Charismatic leadership is characterized by its emphasis on transforming the values, beliefs and attitudes of followers, typically in conjunction with a lofty, stimulating idealized vision for the future (Bass, 1985; Conger and Kanungo 1987). According to
Yukl (1989), the effect of such transformation influenced is to empower subordinates to participate in the transformation of the organization. Empowerment literature recognizes the empowering effect of an idealized vision. Burke (1986) proposed that leaders empower by providing clarity of direction, "but not just indirection-a direction that encompasses a higher purpose a worthy cause, an idea. According to Bennis and Nanus (1985) the feeling of making a difference for the organization is a critical component of empowerment.

- **Empowerment a multidimensional concept**

More recent theoretical and empirical work on empowerment emphasizes the empowering effort of valued ideals and goals. The Thomas and Velthouse modal of empowerment (Thomas and Velthouse, 1980; Thomas and Tymon, 1984 and Spreitzer work on empowerment (Spreitzer 1995; Spreitzer et.al. 1994). Both include the dimension of meaning as an essential component of empowerment. Menon's model of empowerment includes the dimension of goal internalization which captures the empowering influence of valued organizational goals (Menon and Borg, 1995). According to Kanungo and Mendonca (1996) leaders formulate and articulate idealized future goals which serve to energize and hence empower subordinates to the extent that these goals are internalized. Besides articulating and championing and energizing cause, charismatic leaders also empower by providing followers with information about that personal efficacy (Conger and Kanungo 1988). The charismatic leaders convey such information through various means these includes:

1. Expressing confidence in subordinates accompanied by high performance expectations (Bandura 1986, Burke 1986, conger 1989);
2. By providing autonomy from bureaucratic constraints (Conger and Kanungo, 1988; Kanter 1979); and 3. Setting inspirational and highly meaningful goals (Bass 1985, Mc Cleland, 1985) Conger and Kanungo 1988 proposed that such enhanced feelings of self efficacy are critical to the psychological experience of empowerment.

Conger and Kanungo and T Menon (2000) found that feeling of empowerment are mediated through collective identity and perceived group performance, it is the acceptance and endorsement of the leader’s idea by the reference group that provides social confirmation of the appropriateness and worthiness of the vision.

- Impact of workplace empowerment on work satisfaction.

Practitioner believes empowerment as a tool to encourage workers to think for themselves about the requirements of the job, and to move beyond blindly doing what they are told. Empowerment involves learning how to take the initiative and to respond creatively to the challenges of the job (Quinn and Spreitzer 1997). One of the earliest proponents of empowerment was Kanter. In her seminal book, Men and Women of the Corporation (1977), she argued that characteristics of the organisation determine empowerment. More specifically, she argued that both formal job characteristics and informal alliances affect the ability of employees to accomplish their work. Similarly, organisational mobility and the possibility for personal growth influence job accomplishment. These factors together determine the degree to which a person feels empowered. Empowered employees are generally satisfied with their job.

While much of the Kanter’s original work was based on participant’s observations, empirical studies have found the expected relationship between empowerment and job satisfaction (Laschinger, Finegan, Shamian, and Wilk, 2001b)
Kanter (1977, 1993) maintains that characteristics of a situation can either constrain or encourage optimal job performance, regardless of personal tendencies or predispositions. She conceptualizes power as the “ability to mobilize resources to get things done”. Power is ‘on’ when employees have access to lines of information, support, resources and opportunities to learn and grow. When these sources of powers are unavailable power is ‘off’ and effective work is impossible. These lines of power are sources of ‘structural’ empowerment within the organization.

According to Kanter, these lines of power emanate from the formal and informal system within the organization. Jobs that are highly visible permit discretion or flexibility in how work is accomplished and are central to the overall purpose of the organization; describe positions that are high in formal power. When positive relationships among superiors, peers, and subordinates are encouraged the resulting alliances confer in formal power. High levels of formal and informal power facilitate access to the lines of power and opportunity that enable employees to accomplish their work in meaningful ways. According to Kanter the mandate of management should be to create conditions for work effectiveness by ensuring employees have access to information, support and resources necessary to accomplish work and that they are provided on going opportunities for development. Employees who believe their work environment provides access to these factors are empowered. The focus of Kanter’s theory is on the employee’s perception of the actual condition in the work environment, and not on how they interpret this information psychologically. This structural empowerment has been found to predict job satisfaction (Laschinger et al., 2001b).
Mishra and Spreitzer (1998) argue that empowerment is particularly important in work settings that have experienced considerable down size. Employees who are not empowered cannot cope with organizational changes and will, in all probability respond passively. Indeed the reaction of 'down-sizing survivors' can have considerable impact on organizational outcomes (Burke, 2001; Devy, Kinicki and Scheck 1991). And negative reactions in particular may be responsible for the failure of down-sizing to improve productivity (Cascio, 1993).

Heather K. Spence Laschinger, Joan E Finnegan, Judith Shamian and Piotr Wilk (2004) in their study found that empowerment will have an important role to play, given its part in enhancing job satisfaction.

Venkatachalam A and Shanmugam Moni (2006) while studying the attitudes of employees working in various units of Madurai district found that the importance on employee empowerment varies from moderate to very important among the employees in the selected organisation. The important aspects identified by the employees are equal code of conduct, open and fair appraisal system and sharing responsibility. The education and experience of the employees are important criteria on the perception on employee empowerment. The highly educated and young employees give more importance on the empowerment for organisational performance.

David E Bowen and Edward E Lawler (1992), "The Empowerment of service workers: what, why, how and when"- states businesses have rushed to adopt an empowerment approach to service delivery in which employees face customers "free of rule books," encouraged to do whatever is necessary to satisfy them. But that approach may not be right for everyone. Bowen and Lawler, look at the benefits and costs of empowering
employees, the range of management practices that empower employees to varying degrees, and key business characteristics that affect the choice of approaches. Managers need to make sure that there is good fit between their organisational needs and their approach to front line employees.

2.4 Approaches to empowerment in Organizations

Most organizational approaches to empowerment focus primarily on superiors may help empower subordinates (e.g. Conger, 1989, Conger and Kanungo, 1988; Manz and Sims, 1980; Spretizer, 1995, 1996; Thomas and Velthouse, 1990) They somewhat implicitly treat power as something that is given to the employee, internalized by the employee and given back to the organization in the form of increased performance. These approaches tend to treat empowerment as a psychological, cognitively based construct and depending on the specific theorist, refer to developing self efficacy (Conger and Kanungo 1988) intrinsic task motivation (Thomas and Velthouse, 1990) or self leadership (Sims and Manz 1996). Conger and Kanungo's (1988) model for example identifies several leadership and/ or supervision practices, such as setting goals, using feedback systems, modeling empowerment behaviors, enriching a job (through increasing the employees autonomy and decision making capabilities) and offering competency based rewards that are designed to foster a greater sense of self efficacy in employees. Spreitzer (1995, 1996).

- The production-line approach

In two classic articles, the "Production line approach to service," and the "Industrialization of service," Theodore Levitt (1972, 1976) described how service
operations can be made more efficient by applying manufacturing logic and tactics. He argued:

"Manufacturing thinks technologically, and that explains its success... By contrast service looks for solutions in the performer of task. This is the paralyzing legacy of our inherited attitudes: the solution to improved service is viewed as being dependent on the improvements in the skills and attitudes of the performers of that service. While it may pain and offend us to say so, thinking in humanistic rather than technocratic terms ensures that the service sector will be forever inefficient and that our satisfactions will be forever marginal".

Theodore Levitt recommended:

1. Simplification of tasks
2. Clear division of labour
3. Substitution of equipment and system for employees, and
4. Little decision-making discretion afforded to employees.

In short, management designs the systems and employees execute it. The production line approach makes the customer–service interactions uniform and gives the organisation control over them. The gains from production line approach are efficient, low cost, high-volume service operations with satisfied customers.

- **The empowerment approach:** In contrast to the industrialization of service, empowerment very much looks to the "performer of the tasks" for solutions to service problems. Workers are asked to suggest new services and products and to solve problems creatively and effectively.
What, then, really mean- beyond the catchy slogans- to empower employees? We define empowerment as sharing with frontline employee's four organizational ingredients: 1. information about the organizational performance, 2. rewards based on the organization's performance, 3. knowledge that enables employees to understand and contribute to organizational performance, and 4. power to make decisions that influence organizational direction and performance. We will say more about these features later. For now, we can say that with a production-line approach, these features tend to be concentrated in the hands of senior management; with an empowerment approach, they tend to be moved downward to frontline employees.

2.5: The concept of Psychological Empowerment.

In the evolution of strategic HRD, empowerment is one of the six strategies outlined for planned change. Empowerment in most organizations remains a fashionable jargon: a desirable issue which is nevertheless difficult to implement. One of the cul de sacs pointed out by Argyris (1998: 103) about empowerment is put very succinctly: "When it really comes down to practice empowerment, executives and employees are engaged in shadow boxing. Management says it wants employees who participate more; employees say they want to be involved. Meaning of getting involved, from both the parties, appears different from the real understanding of empowerment. Here, as per their meaning employees push for greater autonomy and management tries to keep control through systems, process, and tools... thus the battle between autonomy and control rages on, and meanwhile as companies take transition into the next century, the potential for real empowerment is squandered".

Paradoxically, the strength of empowerment has led to its weakness. As Clutterback and Kernaghan (1999) state, though empowerment releases peoples creativity and
commitment, the same way be the reasons for its failure too, as the cost of persuading employees to give their creativity and commitment freely is the genuine transfer of power and influence that is often too high a price to pay. Research on empowerment has been intensive, but little empirical work has been conducted on empowerment in the work place. As a result, our understanding of the construct of empowerment and its underlying process remains limited (Conger and Kanungo 1988).

Empowerment has been traditionally used in fields like politics, social work, feminist theory and third world aid. The concept of empowerment is not only rooted in Indian philosophy (Dwivedi 1995, 1998b), it has also been practiced in both scientific (from the 1940's) and industrial (from the 1950's) work settings in India (idem 1998a), as also in the UK from the 1960's (Mills and Friesen 1995). Empowerment is used to denote delegation of power and control (Burke 1986), decentralization of decision making (ibid.; Kanter 1983), participative management (Likert 1961; McGregor 1960), creating conditions for heightened motivation (McClelland 1975), content of intrinsic task motivation (Thomas and Velthouse 1990) and task motivation (Spreitzer 1995). Studies on leadership and management skills suggest that the practice of empowering subordinates is a principal component of managerial and organizational effectiveness (Bennis and Nanus 1985; House 1988; Kanter 1983; McClelland 1975). Analysis of power and control within organizations reveals that the total productive forms of organizational power and effectiveness grow with subordinates. Empowerment has thus emerged as a construct which theorists use to explain organizational performance. .

The behavioral effect of empowerment is of significance to organizations. The empowerment process lessens the impact of demoralizing organizational changes, mobilizes in the face of competitive challenges, lets leaders set higher performance
goals and helps employees accept these goals and motivate subordinates to persist under difficult organizational/environment obstacles (Conger and Kanungo 1988)

Analyzing the literature we find two dominant themes: one theme suggests whether empowerment is a mechanistic or an organic process, while the other looks at the relational or a motivational construct. Within the motivational construct lies psychological empowerment.

2.5.1 Mechanistic versus Organic Empowerment

Randolph (1995) found that managers have two diametrically opposite views of empowerment. Managers either associate empowerment with strategies that delegate authority, decentralize controls, decision making and participative management, or they associate empowerment with the empowered experience of employees. The definition and application of the term empowerment to a wide variety of phenomena cause this. Based on this observation Randolph (1995) stated empowerment as a continuum from mechanistic modes of empowerment to organic modes of empowerment. He (idem 2000) has noted that empowerment is based upon external ands internal commitment of managers.

The mechanistic mode is based upon external commitment. Strategies like management by objectives, quality control circles and goal setting by subordinates are also found in the management literature under empowerment. These comprise the mechanistic mode of empowerment and provide structures whereby employees have power to control of the environment, their tasks and their outcomes. The mechanistic mode need not necessarily lead to the experience of empowerment by the employees or increased work performance. Even with shared power, authority and control of outcomes employees’ performance will not be influenced unless they understand the power and control, which
they have over their tasks and outcomes and are enabled to utilize them appropriately. This will lead to the experience of empowerment and hence increased performance.

The organic mode of empowerment is the psychological approach to empowerment, specifically looking empowerment at the level experience of employees. Conger and Kanungo’s (1988) model approaching empowerment as the increase in self-efficacy beliefs, Thomas and Velthouse (1990) model of empowerment defined in terms of the content of intrinsic task motivation, and Spreitzer’s (1995) extension of this to psychological empowerment as task motivation belong to this mode.

2.5. 2 Relational versus Motivational empowerment

Empowerment has been conceptualized as both a relational and motivational construct (Andrews 1994). In relational terms empowerment is the process by which a leader or manager shares power with his subordinates. Burke (1986), House (1988) and Canter (1983) considers empowerment as the delegation of authority and decentralization of decision making power. In a recent study Bhatnagar and Sharma (2002) found statistical data from secondary source in India reflecting the relationship between empowerment and delegation. Yet there is a subtle difference when we look it from the angle of the employee. Delegation is a top down approach while empowerment happens when the employees actually seeks to be a part of the activity voluntarily so it is a bottom up approach (Clutterback and Kernaghan 1989) thus delegation is not empowerment, as some theorist would like to believe. Some researchers equate participating management with empowerment (Likert 1961; McGregor 1960). While taking a different focus Dwivedi (2000b) found that the perceived levels of empowerment in different work organizations in India and Philippians were at a moderate level and there was no real difference in the two countries on the issue.
As a function of power, empowerment can be characterized by a concern to accomplish the task rather than by delegation of formal authority through states (Grieves 2003). In India, recent times have seen that due to increase in competitive forces and the effects of liberalization Indian managers have consciously tried to change their control styles to empowering styles Pareek (1998). Singh and Bhandarkar (1990) based on the consensus of managers found six main characteristics of leaders these were; empowering, risk taking, clarity of mission, team building, equanimity and evolving trust. The same researchers refer to emotional empowerment from significant others to influence managers at a young age (Singh and Bhandarkar 2002).

2.5.3 Psychological empowerment:

According to Grieve (2003), the strategy of empowerment, this is noteworthy in not only attempting to extend the arguments of the excellence moments in seeking to solve the problems of alienation. Strategies of empowerment may include redefining the nature of supervision and management; reward system, job design or even changing nature of working empowerment. The critical determinant, however, is the ability to take control of one’s own situation.

This perceived control over one’s own situation has been termed as psychological empowerment Spreitzer (1995) says:

"Psychological empowerment is defined as a motivational construct manifested in four cognitions; meaning, competence, self determination and impact. Together these four cognitions reflect an active rather than a passive, orientation to a work role. By active orientation it is meant an orientation in which an individual wishes and feels able to share to his or her work role and context".
D.C. Kinlaw (1995) found that outside of organizations, the primary goal of empowerment is the fair distribution of influence. Within organizations the primary goal of empowerment is not the fair distribution of influence, but performance and the improvement of performance.

The failure to give full credence to this difference has led organizations to be uncritical in their endorsement of empowerment and to make a number of mistakes in the way they have fostered empowerment. Organizations always make mistakes when they decouple any initiative or change from the goal of sustained superior performance. Here some of the kinds of mistakes organizations have made are discussed.

First they have given too much attention to distributing power rather than developing and distributing competent influence. When organizations uncritically endorse the notion of empowerment as the distribution of power (using the political and social meaning of empowerment they concentrate on giving people more freedom and latitude in performing their jobs, rather than bringing the full competence of people to bear on every aspect of their individual jobs and the jobs they perform with others.

By emphasizing the distribution of power, organizations unnecessarily confuse their managers and encourage their resistance to the development and deployment of empowerment. Telling managers to give their employees more power causes them to concentrate on what is largely irrelevant. It encourages them to resist losing what they never had namely, the power to control results. Organizations should concentrate their managers on performance and its improvement and then show them how the development and deployment of competent influence can help them achieve new levels of superior performance.
A second mistake that organizations have made (by trying to use the social and political meaning of empowerment) is to associate empowerment almost exclusively with enlarged opportunities for more people to be involved in making decisions. Empowerment in the political and social realm means gaining the opportunity to make or participate in more decisions. When Organizations operate on this understanding of empowerment, they concentrate on changing the process of management to be more participative. The result is that they fail to develop more fully other ways to extend empowerment, for example, improving communication networks, stimulating and facilitating the development of new ideas, building a learning environment, and improving people's interpersonal skills in working easily and well together.

The political and social version of empowerment views power as something that exists in a fixed quantity: one group can gain power only as another group loses power. A third mistake of organization which use this version, is that they treat power as something to be given up or given away as though the power of an organization is limited – rather than thinking of power as something that can be grown, extended and enlarged for the whole organization.

When organizations uncritically take on the political and social meaning of empowerment, they fail to stay single-minded in their pursuit of improved performance. They will tend to concentrate on ways of redistributing power - which may or may not improve performance. What they should be concentrating on is how to extend the competent influence of people.

2.6 Information
In order to be effective, the empowerment practices must directly provide information to employees about their personal efficacy. Bandura (1977, 1986) identified four sources of
such information; enactive attainment, vicarious experience, verbal persuasion and emotional arousal state.

E.E. Lawler (1995) Research suggests that empowerment exists when companies implement practices that distribute power, information, knowledge and rewards throughout the organization. This happens when companies have abandoned the traditional top down, control oriented management model for a high involvement or high-performance approach. High-involvement organizations use multiple management systems to create work environments in which all employees (not just management) are encouraged to think strategically about their jobs and the business and assume personal responsibility for the quality of their work.

Organizational transparency is the most effective tool used to replace formal control; systems and to achieve the objective of empowerment. If the information that was available to the top management was made accessible to the operating level employees, they too would reach the same decisions. An example is ISS (International Service Systems), that has grown from a local office—cleaning contractor into a $2 billion multinational business. The company's entire control process is built around its founder and president Poul Andreassen's belief that people at all levels of the organization will make the right decisions if they are properly informed. In most companies, with global operations, control systems are used in a supporting rather than a dominating role. The systems driven approach of hierarchical review and corrective action has taken a back-seat to a people centered management model. Today, the top management's key role is to create an environment where the employees are able to monitor and correct themselves.
Kanter (1989) suggested that in order to be empowering, organizations must make more information more available to more people at more levels through more devices. Kouzes and Posner stated that “without information, you can be certain that people will not extend themselves to take responsibility or vent their energies”.

Lawler (1992) suggested that two specific types of information are critical for empowerment: 1. Information about an organization's mission and 2) information about performance, with regard to organizational mission. Until people feel informed about where an organization is headed overall, they won't feel capable of taking initiative. Information about mission is an important antecedent of empowerment because 1) it helps to create a sense of meaning and purpose (Conger and Kanungo, 1988) and 2) it enhances an individual's ability to make and influence decisions that are appropriately aligned with the organization's goals and mission (Lawler, 1992).

People need to understand how well their work units are performing in order to make and influence decisions to maintain and improve performance in the future. Performance information is fundamental to reinforcing a sense of competence and believing that one is a valued part of an organization.

2.7 Organizational Performance

As organizations grow in size, geographical size, and complexity: it is increasingly apparent that sponsorship and support of communication of practices (team of people playing in the field of defined by domain skills and techniques) whose member regularly engage in sharing and learning based performance on common interests – can improve organizational performance (E.L. Lesser and J Storck2001).

In a competitive environment in which organizations must be faster, leaner, provide better service, be more efficient, and proactive workforce is thought to be essential
Studies on leadership and management skills suggest that the practice of empowering subordinates is a principle component of managerial and organizational effectiveness grow with superiors sharing of power and control to subordinates. (Tannenbaum, 1968). Level of worker satisfaction and emotional well being are inversely associated with stress. When there is high perceived control, people feel perform better.

Perceived control appears to enhance confidence, make tasks less stressful, and more intrinsically motivating. Perceived control has been associated with physical and mental health, concentration, task persistence, and athletic, academic and job performance (Parker and Price 1994). Employee involvement has been proposed to be critical to reduce costs and improve quality substantially. Employee involvement has been found to increase job satisfaction and increase in productivity. Japanese automobile manufacturers have realized substantial gains in quality and cost reduction by involving the production engineers (Cusumano 1988). Employee participation is found to be associated with positive effect, job performance and reduced turnover. Spector (1986).

Bowen and Schneider (1985) argue that an empowered work force is better able to provide high quality customer service. Empowerment was also found to be a prerequisite for quality focused organizations (Robbins and Fredendall, 1995). Employee involvement was found to be a core value of TQM effort (Gabor and Meunier, 1993) and has congruence with TQM (Freed and Burack, 1996). The people in an organization and how they work are a source of competitive advantage capable of differentiating an organization from others. Pfeiffer (1994) argues that achieving competitive success through people means working with them, not limiting the scope of their activities.
Empowerment facilitates fuller application of human potential, spontaneous commitment of people to organizational goals and innovative response to unexpected organizational problems (Brown and Brown 1995). A new partnership between management, customers and employees based on honesty, trust, caring, support, dignity and mutual respect is at the heart of employee experienced empowerment (Melohn, 1994). Hence it is no wonder that empowerment is considered a perquisite to the survival of the business in the emerging hyper competitive edge in a globalized and liberalized economy (Gosky and Belfry, 1991).

2.7.1 Organisational contexts and empowerment

Organisational context provides efficacy information on task, task environment and task outcomes; and contributes to lowering of self-efficacy among employees. Organisational structure and systems, supervisory style, reward systems and job design influence the feeling of power among employees. Role ambiguity along with span of control, socio-political support, access to information, and work unit climate influences empowerment. Dobbs (1993) suggests that participation, innovation, access to information, and accountability are incongruence between empowerments goal of inclusion and organizational culture, low need for autonomy among people, managerial fear related to distribution of power, among managers.

Bureaucratic structures are characterized by highly established work routines, high rule structure, and low task variety. These increase dependency, encourage rigidity, limit autonomy, and reduce risk taking and innovative behaviour decreasing employees’ faith in their competency to handle tasks and situations. Bureaucracy fosters segments, creates inequalities in distribution of organizational power (Block 1987). Tall hierarchies centralize decision making fostering feelings of powerlessness by decreasing domains of
responsibility and lowering self determination. Hierarchies segregate people creating an impersonal climate with low communication and contact with senior management isolating individuals. Highly centralized organizational resources typical of tall structure reduce the availability and choice of resources to employees. The uncertainty in availability of resources and hence, choice of resources hinder an employees efficacy assessment. Narrow span of control, which denotes the number of people supervised by one manager, allows for close control of subordinates. Employees under close control or micro management tend to feel that the management does not trust their skills and abilities. These feelings ultimately hinder initiation and risk taking.

2.7.2 Organizational performance and empowerment

Srivastava (1986) makes the explicit link between empowerment and organizational performance. He stated, organization with significant number of powerless members will have difficulty in achieving high performance. To be more explicit, there is likely to be a direct relationship between degree of experienced powerlessness by organizational members and the degree of overall organizational performance. The antidote to powerlessness is obviously empowerment.

Evidence from research conducted by Alcorn (1992) demonstrated that empowered culture can enhance productivity. Describing one such company (Lawler Valley Power and Light) Alcorn wrote “performance results comparable to these did not happen by accident. Nor are they the result of any quick fix solutions. Rather they occurred naturally as a part of value driven process emphasizing the dignity of each employee and customer satisfaction. Leaders enthusiastically embraced the philosophy of excellence through empowered followers.”
Michael and Reynolds (1996) emphasized on people's empowerment in the context of globalization of business. They stressed that if employees are offered the ability to achieve responsibility and recognition, they will learn at optimum level. Giving the example of Samsung, they confirmed that these organizations have developed many mechanisms to sustain the freedom for employees to act. Conger and Kanungo (1988) stated that empowerment is an emerging construct used by the theorists to explain organizational effectiveness. Bowen and Lawler (1992) define empowerment as sharing of the four organizational ingredients with frontline employees—information about the organization's performance, rewards based on the organization's performance, knowledge that enables employees to understand and contribute to the organization's performance, and power to make decisions that influence organizational direction and performance.

A number of research projects, summarized below, have identified a clear link between progressive people management policies and practices like empowerment with organizational performance.

The seminal work in this area was produced by Huselid (1995) who examined the relationship between HR practices and corporate turnover, profitability, and market value. He surveyed senior HR executives in a sample of 968 publicly traded corporations in the United States regarding the percentage of employees who were covered by a set of HR practices he considered representative of a high-performance work system. After controlling for a number of variables, he found that his HR index was significantly related to the gross rate of return on assets, a measure of profitability, and Tobin's Q (the ratio of the market value of a firm to its book value). This study provided the foundation for much of the research that followed.
Delery and Doty (1996) examined the relationship between HR practices and profitability in a sample of banks in the U.S. In testing universalistic, contingency, and configurationally approaches to HR, they found that in general, HR practices were positively related to profitability.

Brain Becker and Barry Gerhart (1996) proposed an answer to how HR practices influence firm performance? They said in simplest terms HR practices must either improve efficiency or contribute to revenue growth. Where efficiency is the organisational ability to accomplish its goals, achieve competitive advantage, satisfy all its strategic constituencies.

Thompson (2000) concludes from his UK aero space industry study that modest reform in workplace HR policies and practices can deliver considerable business benefits. He also finds that it is both the number of HR practices introduced and the proportion of employees covered by these practices that appears to be the key differentiating factors between more and less successful firms.

Malcolm Patterson et al. (1997) and colleagues at the Institute of Work Psychology, University of Sheffield conducted work for IPD, on the impact of people management practices on business performance. They assessed the extent to which a range of factors predicted company performance as measured by productivity and profits per employee. A positive relationship was identified between employee attitudes, organisational culture, HRM practices and company performance. The findings emphasized that, if managers wish to influence the performance of their companies, the most important area they should focus is the management of people.

Guthrie (2001) examined the impact of HR practices on turnover and firm productivity among sample of firms in New Zealand. He found both HR practices impacted turnover
and that the relationship between retention and productivity was positive when firms implemented high involvement of HR practices, but negative when they did not.

David Guest et al. (2000) sampled some workplace employee relations survey and also obtained the views of about 28,000 employees. The survey as analysed by David Guest and colleagues on behalf of the IPD (2000) confirmed that in the private sector a strong association exists between human resource management and both employee attitudes and workplace performance.

Guest and Peccei (1994) surveyed 835 private sector organisations, and established that a large number of progressive human resource practices and particularly the efficiency and effectiveness of their application, are associated with higher levels of employee commitment and quality and greater flexibility. These are in turn associated with higher levels of productivity and quality of goods and services and hence financial performance. Guest's work shows a distinct link between HRM, employee attitudes and behaviour and corporate performance.

Further analysis of organisational performance data collected over time is confidently expected to enable still more powerful assertions to be made on cause and effect - going even further than the clear relationship already identified by US researchers such as Arthur (1994), Huselid (1995), Ichnivoski (1990) and Mac Duffie 1995) and many others.

John Purcell et al. (2000) and his team at the school of management, university of Bath indicate that three factors are important to the link between people and performance.

1. Most of the companies they are studying have a big idea or guiding vision that is understood and accepted by everyone. This vision dominates activity that is geared towards its realization.
2. Companies put their big idea into practice through the integration of different functional specialists and unifying measures of success, thus attempting to overcome traditional organisational divides and rivalries.

3. Team-working where people belong to more than one team and hence share ideas and facilitate innovation, problem solving, professional development and the transfer of tacit knowledge.

As a result HRM practices are influencing decision making in two key arenas, at senior level where the big ideas are shaped and at operational level where they are put into practice.

McDuffie (1995) conducted two major studies at the plant level he examined the relationship between HR practice "bundles", he measured were related to quality and productivity on auto assembly lines.

Gerhart B, Wright P, McMahan G and Snell (2000) examined the human resource policies to develop employees' technical and problem solving skills necessary for IM, finding that only AMT and TQM had an impact on training policies, but not on employee section.

Rondeau and Wager (2001) focused on the ability of certain "progressive" or high performance human resource management practices to enhance organizational effectiveness, noting growing evidence that the impact of various HRM practices on performance is contingent on a number of contextual factors, including workplace climate. They conducted a postal survey of Canadian nursing homes, which included questions about human resource practices, programmes and polices impacting on workplace climate. The survey also included a variety of performance indicators. Their results indicated that nursing homes with more "progressive" HRM practices and which
also reported a workplace climate valuing employee participation, empowerment and accountability tended to be viewed as better performers. The best performers overall were those nursing homes that had implemented more HRM practices and also reported workplace climates reflecting a strong commitment to their human resources.

Delaney and Huselid (1996) however, did not find clear effects of HRM systems or bundles of HRM practices on productivity.

Batt (2002) found that HRM practices do not pay off in small firms that operate on local markets with a restricted scope of their market.

Cappelli and Nuemark (2001) found no consistent effects of HRM practices on firm performance.

Wood (1995) stated that the inconsistent findings from the studies on the effects of HRM might also be due to the fact that it is crucial for the effectiveness of HRM that there are no "Taylorist jobs" that restrict workers’ autonomy. If workers are merely involved in perfecting the design of a routinized job, this will not increase a firm’s performance.

Osterman (2000) did not find any benefits of HRM practices for a firm’s core workforce, in terms of a lower layoffs rate and/or higher average real wage increase.

Black and Lynch (2000) found that re-engineering a workplace to incorporate high performance practices “increases worker’s wages”, whereas profit sharing or stock option plans result in lower regular wages.

2.8 Summary
The review of literature as above indicates that empowerment; one of the human resource management philosophy of people management based on the belief that human resources are uniquely important to sustained business success. An organisation gains competitive advantage by using people effectively, drawing on their expertise and ingenuity to meet clearly defined objective. Empowerment is the management strategy
to motivate employees to bring up their potential and is directly linked to information sharing between and among the employees about the important matters relating to their work and its effect would be reflected on organisational performance. Organisational performance is understood as a degree to which an organisation realizes its goals.

Review of literature indicates that if the employees are given more freedom by creating an environment in the working place they can contribute towards the efficient and productive use of resources. Empowerment as Thomas and Velthouse mentioned undoubtedly multifaceted. Anything that is positive, creative and encourages employees and his participation leads to employee empowerment. Empowering the employees leads to job satisfaction. However there is lack of empirical evidences to investigate whether empowerment practices have positive effects on the organisational performance of industries in developed countries like India in the wake of reforms initiated in the 1990's. There are private as well as public sector undertakings that are operating in India. Most of the service organisations are in the public sectors, which needs less control and more trust so as to be empowered. The trade unions are losing their grounds in the wake of multinational and IT related companies getting prominence. Culture and characteristics of organisation plays an important role in deciding to degree of empowerment. The concept of empowering employees is a holistic approach and all systems and people should join hands in working at it, as empowerment is working better in most of the multi-national set up.

The next chapter is related to methodology.
2.9 References


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