

EFFECTS OF EMPOWERMENT OF EMPLOYEES ON ORGANISATIONAL PERFORMANCE: A STUDY OF SELECT COMPANIES OF NATIONAL CAPITAL REGION

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1. Introduction

Empowerment has become the buzzword in recent management circuits. Employees constitute a pivotal part of an organisation's resources as they possess the potential to contribute effectively for the achievement of organizational goals and to make organization globally competitive. Employee empowerment is matter of a growing concern for an increasing number of organizations and employees across the globe.

In today's tumultuous business environment, increasing number of organizations are reaping positive work outcomes associated with employee empowerment. Widespread interest in empowerment is visible as competition and organizational changes have stimulated a need for such employees who can take initiative and display innovative behaviour. Employees are undoubtedly the most pivotal assets of a company. It is imperative that companies develop their employees to unleash their full potential. Employee empowerment is an important step in this direction. This study conceptualizes employee empowerment from a psychological perspective, which measures five cognitions (meaning, competence, self-determination, impact and workplace spirituality) that provides employees with a sense of empowerment.

2. Purpose of the Study

The present study has been envisaged to determine relationship between employee empowerment and organizational performance measured in terms of five indicators viz. Profit Growth Rate, Sales Growth Rate, Dispute Rate, Absenteeism Rate, and Staff Turnover Rate. The differences between groups based on age, gender, level in organization, number of employees, type of industry and sector, presence/absence of employees' association with respect to employee empowerment experienced have been examined. The study has further explored whether employee empowerment can predict organizational performance. Difference between groups based on degree of employee empowerment with

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respect to organisational performance has also been studied.

3. Research Design

A cross-sectional design with a structured, standard, and tested questionnaire has been adopted and relevant additions have been made. The study sample consists of primary data from 400 employees working in 40 companies having varied employee strength, belonging to different industries, and operational in different sectors in National Capital Region.

The correlation analysis and regression analysis have been used to study the relationship between the construct of employee empowerment and indicators of organizational performance. Analysis of variance (ANOVA) and t- test have been used to study difference between groups of demographic variables with respect to employee empowerment experienced. Factor analysis with Principal component analysis method was conducted to determine the factor structure of employee empowerment.

A standard and structured questionnaire given by Spreitzer has been administered in the study along with an additional dimension of workplace spirituality to measure the degree of employee empowerment (independent variable) in forty companies, using five point Likert Scale. For organisational performance (dependent variable), factual information has been gathered (in percentage) and processed using five point Likert Scale, with respect to five different indicators of organisational performance - Profit Growth Rate, Sales Growth Rate, Dispute Rate, Absenteeism Rate, and Staff Turnover Rate.

4. Findings

Results of empirical study indicated that the employee empowerment affects all five indicators of organisational performance. Companies with high degree of employee empowerment have lower Dispute Rate and Staff Turnover Rate as compared to companies with moderate degree of employee empowerment. Statistically significant differences were found between groups based on age, level in organisation, number of employees, type of industry and sector with respect to employee empowerment. However, no statistical differences were found between groups based on gender and presence/absence of employees' association with respect to employee empowerment.

5. Recommendations

Based on results of the study, the following recommendations have been made to

organizations to enhance the degree of employee empowerment.

- (1) Creating an environment of 'workplace spirituality' which transcends individual differences and promotes altruism among employees. The present study shows that workplace spirituality helps in enhancing Profit Growth Rate and Sales Growth Rate and reducing Dispute rate.
- (2) Creating 'meaningful' work so that the job requirements can match personal values and standards. The present study shows that meaningful dimension of employee empowerment helps in reducing staff turnover rate.
- (3) Improving the 'competence' of employees to perform their jobs. The present study shows that competence helps in reducing absenteeism rate.
- (4) Providing a sense of self-determination to employees to initiate and regulate their actions to enhance creativity and self-discipline.
- (5) Allowing a great deal of control to employees over what happens in their workplace so that they have greater sense of having 'impact' on their work.

6. Future Areas of Research

This study contributes to the relatively unexplored area of employee empowerment in the select companies of National Capital Region in India. For future research, the following recommendations can be taken into consideration:

- (1) Research using a qualitative study should be embarked upon in order to improve the depth of understanding of empowerment experienced by an individual. A qualitative research about feelings of empowerment using techniques such as in-depth interviews and observations can help in further understanding of the underlying construct.
- (2) Responses can also be collected from employees of companies operating in different regions of the country to analyse impact of local and cultural issues on degree of employee empowerment within a region and also among regions.

Thus, the research objectives set in the study have been accomplished, concluding purpose of the present study.