

# Employee Empowerment: A Strategic Tool to obtain Sustainable Competitive Advantage

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*Employee empowerment is a much discussed idea in organizational research and in the world of management practice. Some writers and business persons consider empowerment as an optimal strategy to obtain competitive advantage in the changing industrial scenario. Review of various studies and literature gives an idea about employee empowerment which means a process of transferring power, authority with responsibility and accountability to the employees by the managers. This paper explores the concept and definition of employee empowerment, its evolution, its relationship to sustainable competitive advantage and the steps to be taken to improve employee empowerment process. The outcome from the review indicates that some managers so often find it difficult to put empowerment into practice because of some factors like contaminated ego states of the managers, their autocratic approach, power addiction and others.*

## Employee Empowerment: Concept and Definition

Employee empowerment is the process of shifting authority and responsibility to employees at lower level in the organizational hierarchy. It is a transfer of power from the managers to their subordinates. It occurs that when a person works for some years he develops a thorough idea, knowledge, skill, ability over the job and gets everything into his grip. If such person is given overall charge of the work he does, with adequate authority and responsibility he can take decision on his own and can effectively and efficiently accomplish the job. It is the expectation of most human beings that they should have power, authority, recognition, status, responsibility; and when they get all these, they exert drives to utilize their full potential, energy, abilities and competences in an attempt to excel their performance. Empowerment programme is designed to delegate power, authority by managers to their subordinates and share responsibility with them. All this enhances status, recognition of empowered employees. Such employees prepare their mindset to perform, to win and to strive their best to go ahead to achieve individual goals, team goals and organizational goals.

Randolph (1995) asserts that employee empowerment is a transfer of power from the employer to the employees.

Newstrom and Davis (1998) define empowerment as any process that provides greater autonomy through the sharing of relevant information and the provision of control over factors affecting job performance.

Conger and Kanungo (1988) define empowerment as a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness, and through their removal by both formal organizational practices and informal techniques of providing efficacy information. This definition implies

developing people mind set to excel individual and organizational peak performance in order for achievement of company goals.

In respect of empowerment Burke (1986) opines that to empower implies the granting of power, delegation of authority. He emphasizes much more on shifting of power, authority to the employees by the management. Sewell and Wilkinson (1992) are of the view that to make the empowerment process meaningful there must be a genuine shift in the locus of power away from management and to the shop floor.

So, what exactly is empowerment? Empowerment is a planned and systematic process of transferring power, authority with responsibility and accountability, to the employees by the managers.

### **Evolutive Perspectives of Empowerment**

Many firms use empowerment as a means to motivate employees for their growth, development and satiation of social and esteem needs in an attempt to achieve business excellence, goals. Employee empowerment can be viewed from the following perspectives as shown in Figure 1.

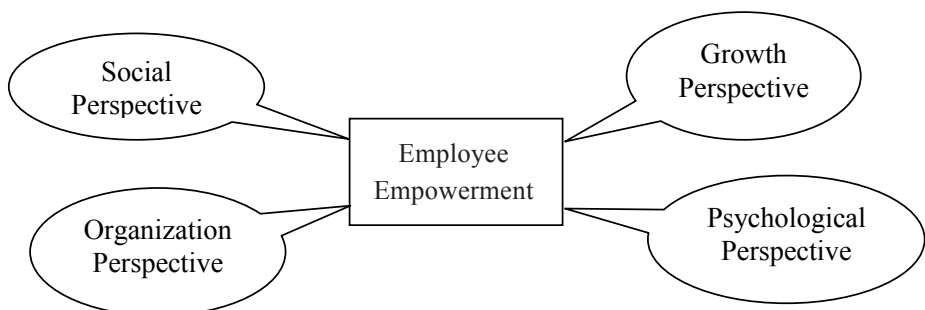
#### **Social Perspective**

People develop their social base during their formative childhood. This is formed through nurturing and bringing up process adopted in a family and also in the society. Participation, involvement in various ritual activities in family and society by the family members forms a different ego pattern that demands similar treatment in work settings. For effective utilization of human resources an urge to shift some authority along with responsibility to the lower level managers arises to satiate social needs of employees to enable them to make quality decision at the shortest possible time. Figure 2 gives a schematic presentation of social approach to employee empowerment.

#### **Psychological Perspective**

It is viewed that for satiation of psychological needs employee empowerment is made. In general, human beings desire for status, recognition, authority, responsibility, challenging

**Figure1: Perspectives of Employee Empowerment**

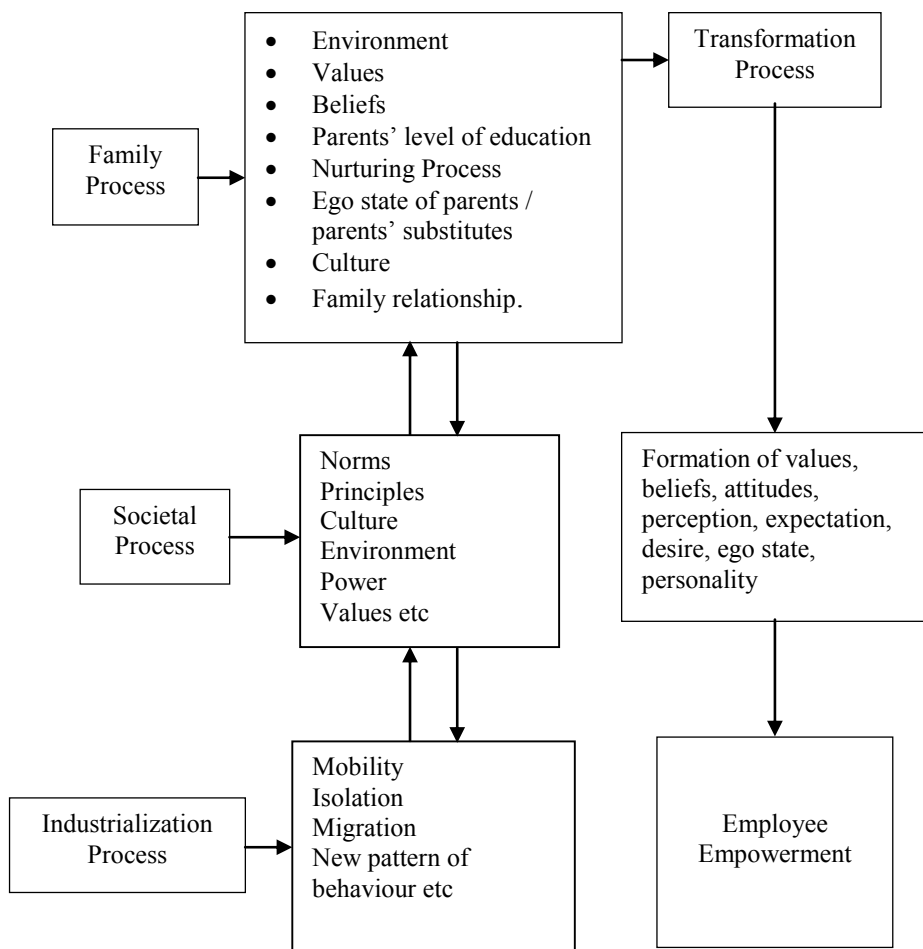


job that come from elevation of position / promotion to the next cadre. So, employees are no exception to the need hierarchical activity. They can give their best, contribute to the achievement of organizational goal if their esteem needs are satisfied. This can be possible through employee empowerment. Lee and Koh (2001) admitted the importance of psychological state of employees in empowerment process.

### Growth Perspective

Peak employee performance is a necessity to contribute to performance excellence of organization. It happens that people can not give their best performance even when they are exceptionally strong in technical activities of their work. They need power, authority,

**Figure 2: Social Perspective of Employee Empowerment**



autonomy in decision making in the area of their activities for their peak performance. All this makes them move for their growth and development. Here, lies the necessity of employee empowerment.

### **Organizational Perspective**

Today, in the changing market environment organizations for their own sustenance, growth and development feel the necessity to shift the authority and responsibility to the lower level employees from the managers. This is a business need for facing stiff competition in the market to deliver quality good and services to the customers at a reasonably lesser price in order to attract new customers and retain present customers. This is possible if value added product and services are provided by the employees to the customers through customer delightment activities. All these are required to be performed by a lot of committed, competent and loyal employees who can work as a large integrated empowered team. Ketchum and Trist (1992) laid emphasis on the necessity of empowered teams for improving organization performance.

### **Employee Empowerment and Sustainable Competitive Advantage: A Relational Approach**

In the liberalized, privatized and globalized economy competition in the market reveals an aggressive, stiff and fierce exposition. To remain in the market, to make a place in the market organizations need to gain competitive advantage. That means to gain an advantage over competitors; may be, by offering customers greater value, either by lowering prices or by providing additional benefits and services that justify similar or higher price. It is not that the organizations aim to have such competitive advantage for a short period of time, they want to have sustainable competitive advantage that may be held for a relatively long period of time. In respect of sustainable competitive advantage Porter (1985) states that such concept arises when a firm creates value for its customers, selects markets in which it can excel and presents a moving target to its competitors through improving position in a continuous manner. Now, the question is, how can a firm obtain sustainable competitive advantage? Is it achievable?

The answer is Yes. This is achievable; and the firm can achieve it through the resource that has some specific, unique characteristics. Resource based theorists Barney and Wright opine that in order for a resource to be a source of sustainable competitive advantage it must possess four characteristics. The resource must be (a) valuable that can create value for the organization (through reducing costs or by differentiating the product or service) (b) rare, (c) almost inimitable. And the fourth characteristic is that the firm must have appropriate structure and systems that can effectively and efficiently utilize the resource (Barney, 1991, 1995) Again, question arises in this context: Do all resources possess these four characteristics? The answer is No. Gloria Harrell-Cook (1996) explains that few of the resources traditionally thought of as sources of competitive advantage possess those characteristics. The human resources, however, possess those four characteristics. They with their specific, unique, rare and qualitative ingredients can make differentiating value addition service/product if the firm can make/design appropriate strategy, structure,

system and develop/create enabling culture, utilize them efficiently and effectively. So, human resources can make things happen and organizations can obtain sustainable competitive advantage through human resources, For this, organizations need to make the human resources committed, competent in a distinctive embedded culture through changing, redesigning appropriate structure and systems to enable them to render much more value added service and product to the customers as compared to the competitors. Barney and Wright (1998) contended that firms must be organized in a manner to take full advantage of the resource. More specifically organizations must have highly integrated and cohesive set of practices to motivate human resources to excel individual performance as well as team performance and to produce value that is rare and inimitable. All this contributes to achieve sustainable competitive advantage. Now, the question arises what should be the HR practices and systems of policies in organizations to make the human resources contribute at their fullest strength to achieve organizational goals? There may have various HR practices that are used by organizations for such purpose. Employee empowerment is considered to be one of the most powerful and effective HR practices that facilitates to make greatest contribution by the people who are capable of creating added value in product and service which is rare and inimitable. It enhances job involvement, job satisfaction, career satisfaction and organizational commitment. (Noorliza et al, 2006)

To make employee empowerment the most efficient and effective HR practice it needs to evolve from an embedded distinctive culture that can make up everything available for the empowered employees through a system to be developed (like getting information, data involving greatly to related job in intra/inter departmental activities, enriching knowledge, idea in a learning process etc) so that they can give their all as highly committed participants in the organizational activities in the macro changing environment. All this can make firms enablers to obtain sustainable competitive advantage. However, barring culture there are some closely inter-related areas that work as keys to success of employee empowerment.

These include:

Spontaneous desire and accepting of empowerment programme both by empowered subordinate and empowering boss

A strong confidence of empowered employee in the matter that higher responsibility assigned to him be efficiently and effectively discharged

A healthy dyadic relationship between boss and subordinate established on the foundation of openness, trust and mutuality

Attitudinal exposition of boss towards subordinate by sharing information, responsibility, offering help, assistance, suggestion for successfully completion of task

A high degree of employee commitment towards work and organization

Honest efforts of firm to enhance level of competence of employee for smooth and effective functioning of performance as also discharging of responsibility

Management support and encouragement to empowered employee for innovative efforts (J.H.Dobbs, 1993)

Prevalence of an effective communication system for exchange of idea, views between employees and management, and also making employees get to know what is taking place in organization.

Empowerment makes systems of working smooth, easy, helping to develop new ideas in work setting in cost effective manner, giving an ample scope to boss to search for a creative, innovative work process through release of strain, stress of overwork, responsibility that can enhance efficiency and efficacy of the managerial personnel.

Figure 3 depicts a model to present relationship between employee empowerment and sustainable competitive advantage. It shows how an empowerment programme can be effective to make a firm gain sustainable competitive advantage in a changing market economy. It becomes obvious that employee empowerment makes the people feel that they have crucial role to contribute to the organization for achievement of its goals. Employees get involved, motivated and committed to work and to the organization in the process of shifting power, authority to them by boss. A strong desire from both subordinate and boss to make the empowerment programme implemented generates a new situation/ environment to help the team move forward for its success. It builds a state of mutuality (i.e. mutual trust, mutual understanding, mutual faith, mutual confidence) between boss and subordinate that promotes communication, openness and dyadic relation. Employee empowerment develops sound relationship between subordinate and customers resulting in promoting good image of the organization in the environment (Potochny, 1998). All these promote organizational strength and capability to face challenges and to gain sustainable competitive advantage in the market.

### **Impediments to effective employee empowerment**

It reveals from the foregoing deliberation that employee empowerment is crucial for the success and survival of organizations. It makes significant contribution to enable organization to gain sustainable competitive advantages. However, it happens that employee empowerment programme often fails to yield results due to some reasons. They are:

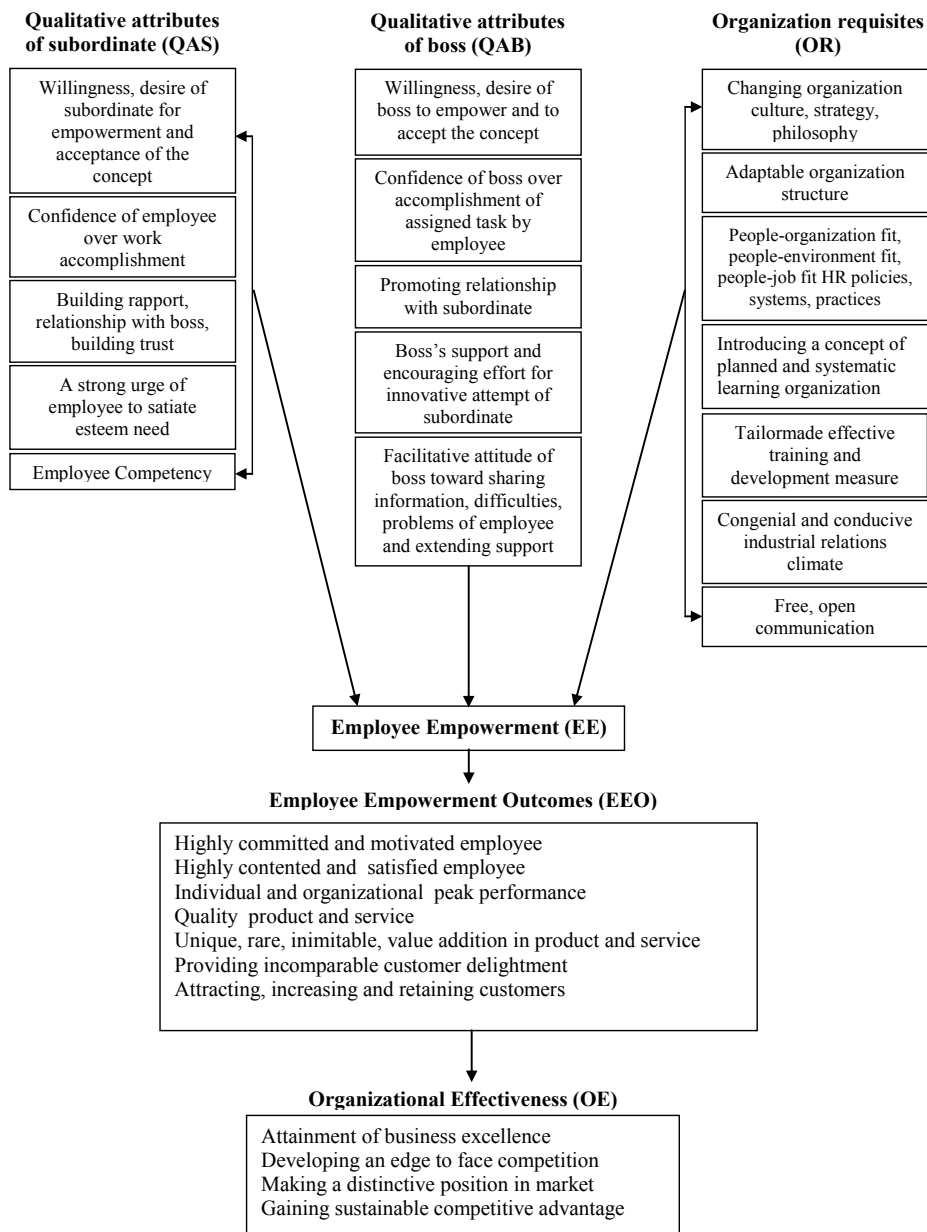
#### **Contaminated ego state**

Ego patterns of both employee and boss make it difficult for organization to implement employee empowerment. Contamination of adult ego of employee and boss by parent/ child ego creates a different mind frame that hinders boss to shift power, authority to subordinate or makes constraint for subordinate to accept any additional power, responsibility from boss. Kaplan (1991) argues that employee empowerment often fails due to entrenched patterns and attitudes of employees.

#### **Absence of urge for a job**

It may happen that some employees accept employment not that they need it for maintaining livelihood; they accept it for involvement or for passing time. They do not

**Figure 3: A model showing relationship between employee empowerment and sustainable competitive advantage**



feel urge for job. In such case employees do not intend to take spontaneously any extra burden, responsibility. They want to maintain status quo at their work activities. So, in such organization if empowerment programme is initiated, it may not be effective.

### **Autocratic management approach**

If organizations run under autocratic approach where whole activities are performed through close supervision and control by boss employee empowerment programme fails to make significant contribution as both boss and subordinate do not accept such programme spontaneously from their core heart. It occurs that management functions arising out of such approach based on theory 'X' result in poor credibility of management, mistrust in management, fearing of loosing jobs and employees unwilling to take responsibility for their actions (Henry Ongori, 2009).

### **Power centric manager**

The power centric manager desires to keep his power, authority with him and does not want willingly to shift his power to his immediate subordinate. The boss finds pleasure to hold all power with him and he gets satisfaction when he exercises authority. Such power addicted manager creates hurdle for effective working of empowerment process.

### **Lack of willingness, desire and competence of employees**

It happens that organizations find it difficult to effectively implement employee empowerment programme due to lack of desire, willingness of employees to accept empowerment and also their poor level of KSA (knowledge, skill and ability). If the subordinates do not want to have authority and to share responsibility with boss spontaneously it is not possible to get results through the use of this process. So, for effective working of the programme it is a necessity:

that subordinate should have competence to deal with activities concerning empowerment.

that subordinate should take an active orientation toward his or her job responsibility that is linked to an internal motivation to satisfy a need (Spreitzer, 1996). It occurs that some organizations can not make empowerment programme effective due to non-acceptance of empowerment by employees and also incompetency of such employees.

### **Cumbersome process activities**

To make employee empowerment effective organizations need to run through a series of activities starting from use of HR planning for assessing exact need for HR, introducing highly intensive selection devices, hiring world class employees, promoting competence, commitment of employees and the like. The whole exercise needs a lot of time, efforts and money for its effective functioning. Many organizations may not find it a worthy proposition to use this process looking to its cumbersome activities and investment needed.

### **Top management priority**

It is needless to mention that top management's attitude, desire, commitment plays most vital role to introduce and implement employee empowerment programme in



organizations. Top management can influence highest corporate body to make appropriate business strategy, structure, system and build enabling culture for effective working of empowerment programme in the organization. For this, it needs to know what level of importance top management places on employee empowerment? If top management gives greatest importance on empowerment and thinks that it is a key priority area for obtaining sustainable competitive advantage, there is the possibility of smooth functioning of this programme, but reverse is the case if top management takes it casually and does not give much importance on implementation of employee empowerment.

### **Unhealthy industrial relations**

Unhealthy industrial relations situation creates a bottleneck in designing and implementation of employee empowerment programme effectively in an organization (Ghosh, A.K., 2011). Unsound employer – employee relations affect whole working process of organization that generates ill feeling, negative perception about employee behaviour and activities. All this makes empowerment ineffective.

### **Organizational culture**

Organizational culture influences employee empowerment process. More specifically, culture determines the use of power that ultimately affects the empowerment process (Caesar Douglas, 2002). The culture having positive values, beliefs, norms and practices of organization makes an impact positively on the functioning of empowerment. Reverse is the case when culture has negative values, beliefs, norms and practices of organization.

Today, in changing LPG economy it makes it difficult for organizations to survive in the market, to face challenges and to obtain competitive advantage if organizational culture fails to make changes in the behavioural activities of employees which are considered essential for effective functioning of empowerment. So, organization should have appropriate culture that suits the present changing environment. This enables organization to introduce empowerment programme and also to function effectively. It happens that in some organizations empowerment process can not work well due to dearth of appropriate culture that is needed to prepare structure, system of policies and to induce people to make distinctive, value added product and service.

### **How to improve the empowerment process?**

Employee empowerment makes a significant contribution to achievement of organizational goals. So, proper and effective functioning of empowerment process is a necessity. But, it occurs that because of some reasons as mentioned in the foregoing deliberations many organizations can not effectively use this process in order for achievement of organizational goals. Now, the question is: What strategic steps empowered organizations have to take for success of employee empowerment process? It may be pointed out that in such situation following steps may be effective for empowered organizations to run empowerment programme smoothly and effectively.

### **Awareness development programme**

It happens that many employees do not have clear idea about employee empowerment,

its application, importance, role for achievement of organizational goals and necessity to use this programme in organizations.

So, it is a necessity to conduct employee empowerment awareness development programme

to generate interest, desire, willingness of employees over empowerment programme and to make them accept it

to make employees aware of the additional responsibilities and authority shifted to them and to perform such activities effectively and efficiently

to give employees thorough idea, understanding on the concept and practice of employee empowerment to enable them to take decision on their own without consultation with boss

to encourage employees for undertaking creative and innovative activities that can be used for effective functioning of empowerment process.

### **Developing competencies of empowered employees**

Tailor-made training should be given to empowered employees to develop competencies so that they can make peak performance in the new work area of activities. Training should be designed in such a form that it enhances operative skill to excel performance and also promotes human skill to get along with people in work setting. It is observed that some subordinates can not work well with people in organization at various levels like dyadic level, team level, interpersonal level, intergroup level because of their negative values, beliefs, thought process and ego states. So, while training programmes are designed this area should invariably be given special emphasis. It is much more important in empowered environment to ensure that subordinates develop a dyadic relationship to make them feel the boss's unique and generous attitude towards them, promote team spirit to make synergic effect in activities, establish a sound inter team relationship to produce collaborative and cooperative understanding amongst members of various teams, and generate a feeling amongst empowered employees to make value addition in service/product that can be rare, inimitable and something significantly separate from others. These areas should be looked to while training is imparted to empowered employees because all these help empowerment process to function effectively.

### **Attitudes and style of functioning of the boss**

Boss's attitudes towards empowered subordinates should be positive, supportive, facilitative, helping and motivating to make them feel that they work in congenial, conducive and comfortable environment. Boss at different times on different issues through behavioural manifestation and actions should make subordinates create a very good impression about him in their mind frame. Also style of functioning of boss should be perfect, unbiased based on facts and data and inspiring to subordinates. All these bring subordinates and boss close together, help them to develop dyadic relationship and make them feel a sense of 'belongingness', 'togetherness' and 'we-ness'. All these help to promote employee commitment that induces employees to give their best to

make a value creation in product and service which ensures smooth functioning of empowerment process.

It happens that some bosses' attitude is negative and is not helpful to make subordinates excel performance in empowered areas of activities. In such situation organizations need to identify the managers and arrange for development programmes to mould their ego-pattern to make best suit in empowered work setting. The training like TA, Johari Window, role playing, sensitivity etc may be useful to facilitate transmission process to yield desired level of change in mindset of empowering managers.

### **Organizational culture**

Organization culture plays an important role for effective functioning of employee empowerment because it helps organization to attain business excellence and obtain sustainable competitive advantage.

Successful employee empowerment process involves a lot of activities like transfer of authority by boss, acceptance of authority with responsibility by subordinate, independent decision making by subordinate, distinctive, significant and value added performance by subordinate. To make employee empowerment process effective organization should generate a culture of openness, trust, experimentation and competitiveness (OTEC culture) that can make people quality oriented, cost conscious, prepare to face challenges, generate value addition in product and service, inspire to create excellence in performance, self-achievement and self-efficacy.

So, for establishing OTEC culture in organization boss and subordinates need to be very frank, open on various issues, problems when they come close, interact each other in the process of work activities. A state of mutuality (ie mutual, understanding, mutual trust, mutual responsibility and mutual faith) should be established between boss and subordinates to overcome issues, problems that stand in the way of effective functioning of empowerment activities. It happens that many employees desire to experiment their new ideas, concept for better results but they can not do it for its probable risks that may emerge out of activities. This situation may not arise if organizations generate a culture that encourages employees to exploit their creative, innovative ideas, thought process through experimentation exercise. In fierce and stiff competitive market empowered employees can make peak performance and attain business excellence if they can generate a spirit of competitiveness. So, for making employees competitive organizations should establish appropriate culture to enable them to confront challenges, overcome problems and obtain sustainable competitive advantages.

### **Conclusions**

Employee empowerment process helps organizations obtain sustainable competitive advantage if it works smoothly and effectively. For this organizations must make employees aware of the concept of empowerment and generate their interest, desire, willingness to accept empowerment through participation in various awareness development programmes. It is a necessity to develop competency of empowered

employees so that they can make value addition in product and service. Attitudes and style of functioning of managers must be positive, helping to make the empowered employees commit to work and to organization for successful accomplishment of empowered activities. Organizations must establish a culture of openness, trust, experimentation and competitiveness (OTEC) to make empowered employees proactive, develop sound dyadic relationship, explore and identify measures to make organization unique, distinct and incomparable from other organizations in terms of cost, quality and customers' delightment. Organizations must use employee empowerment as a strategic tool to attain business excellence and achieve goals. All these make organizations strong, powerful to face competition and obtain sustainable competitive advantages.

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