EMPLOYEE EMPOWERMENT AND ITS INFLUENCE ON EMPLOYEE PERFORMANCE: A CASE OF HAZARA UNIVERSITY

Rahmatullah Khan, Department of Management Sciences, Hazara University, Pakistan. Email: rehmatullah1979@gmail.com
Zia-ur-Rehman, Department of Management Sciences, University of Haripur, Pakistan. Email: zia.rehman@uoh.edu.pk
Mian Shakeel Ahmed, Department of Management Sciences, Abbottabad University of Science and Technology Abbottabad, Pakistan. Email: shakeelx1@gmail.com
Asim Rahman, Department of Management Sciences, Abbottabad University of Science and Technology Abbotabad, Pakistan. Email: rehman_yz@hotmail.com

Abstract. The aim of this study was to analyze the effect of employee empowerment on the performance of faculty members at Hazara University. In this regard survey approach was used and data was collected through self-administered questionnaires. Out of total population of 490 faculty members, 450 were selected as a sample and questionnaires were distributed among them out of which 360 were received back. The findings of the study revealed that trust, reward and communication have a statistically significant and positive effect on employee performance. Additionally, knowledge has a negative relationship with employee performance but it is statistically in significant.

Keywords: Employee empowerment, rewards, trust, knowledge, communication

Introduction

Employee empowerment is a term mostly misunderstood. Most of the employees think that they know the exact meanings of empowerment, but this is not true as most of the researchers including Carter (2009) is of the view that empowerment basically means enabling people to perform their duties efficiently and effectively. The current business environment is very dynamic and the intense competition in the markets demands that our human resources should be trained, skillful, and motivated (Powell, 1995). To make them effective and productive for an organization, different theories have been advocated. In the earlier decades of the twentieth century, financial resources were considered to be the gateway to success for any organization but it proved...
wrong when hundreds of organizations failed despite having a sizable amount of financial resources at their disposal.

Basically, organizations are social systems managed by people to achieve some goals. It goes without saying that people are the most important of all the resources in organizations. Therefore, the productivity of an organization is determined by the quality of its human assets. The success and failure of an organization depend on the performance of its employees (Ali, Kakakhel, Rahman, & Ahsan, 2014) whereas the performance of employees depends on the empowerment of employees. Empowering employees is an important strategy used for motivating employees to perform effectively (Awamley, 2013).

While referring to strategic human resource management theorists Pfeffer (1998) highlighted that incentive compensation, training, and development and employee participation are extremely important for enhancing the performance of employees. While recognizing the importance of committed employees, Nwankwo and Richardson (1996) argued that many business leaders of the world's reputable organizations are of the view that people are the key to success for an organization. The reason being, that nowadays trained, skillful, knowledgeable, and motivated employees are considered as human capital that plays an important role in the success of an organization (Markman & Baron, 2003).

Management Guru went a step ahead and labeled human capital as important for an organization as is hardware and software for a computer. This implies the level of significance that has been assigned to the human resources of an organization.

In the current business environment, since employees, their skills and knowledge are regarded as the company's assets therefore, it is obvious that every organization is aware of the importance of a trained and motivated workforce. No organization can afford to allow its trained and skillful employees to switch over and join their competitors. Hence, the retention and motivation of employees is the primary task of human resource managers as well as top management of the organization (Delaney & Huselid, 1996). In this respect, a number of theories have been developed and researches conducted to explore how to retain and motivate employees.

One common theme of the researches in this particular area has been employee empowerment to be used as a tool to motivate and retain employees. Studies from Chow, Lo, Sha, and Hong (2006) and Thomas and Velthouse (1990) explained that empowerment is a motivational construct manifested in cognitions reflecting in employees’ orientation to his or her work roles. It
measures the extent to which employees perceive that they are allowed to use their own initiatives in performing their jobs efficiently and effectively. Conger and Kanungo (1988), on the other hand, asserted that modern empowerment theory believes that empowerment is the process of releasing the knowledge, experience, and motivation which the workforce themselves possess but do not practice. Carter (2009) viewed empowerment as a process through which managers enable and help others to achieve influence within an organization. Salazar, Pfaffenberg, and Salazar (2006) demonstrated that, "only meaningfulness and trust significantly predicted satisfaction level-the more meaningful the job, the higher degree of trust".

This study aimed to analyze the influence of employee empowerment on the performance of faculty members at Hazara University. Most of the empirical studies on employee empowerment have focused on business organization and there is insufficient empirical evidence concerning public service organizations like Universities. Faculty members play an important role in disseminating knowledge to the students in Universities. Since most of the public sector universities are following HEC guidelines concerning their course contents etc. it would be interesting to see the level of employee empowerment in Hazara University (public sector) and how it influences the performance of faculty members. Khan, Saboor, Ahmed, and Ikram (2011) argued that empowering employees lead to an improvement in the quality of their performance in service sector organizations. Similarly, Yao, Chen, and Cai (2013) concluded that empowerment makes employees more loyal to their organization. And in this way employees become more committed which is good for the long-term interest of the organization.

**Literature Review**

Employee empowerment, basically, means empowering employees by imparting them the necessary skills and knowledge, trusting them by making them independent, communicating with them, and motivating them by providing incentives and rewards to perform (Khan et al., 2011). Empirically, the relationship between employee empowerment and its influence on firm performance has been investigated in different contexts. Most of these empirical studies point to the fact that employee empowerment has a positive effect on the performance of employee (Ghani, 2009; Indradevi, 2012; Kirkman, Rosen, Tesluk & Gibson, 2004; Lee & Koh, 2001; Salazar et al., 2006; Sutherland, Bruin & Crous, 2007).

In a study aimed at exploring the relationship between employee empowerment and employee performance, Sutherland et al., (2007) concluded that empowerment positively influences the performance of employees.
et al. (2006) highlighted that empowerment gives independence and authority to employees. Employee empowerment leads to motivation and gives confidence to employees that enables them to perform well on their respective jobs. While looking at employee empowerment from different angles Khan et al., (2011) argued that empowering employees leads to improvement in the quality of services provided by an organization. They further elaborated that trust in employees is an important determinant of empowerment and if implemented will have positive effects that will benefit the organization in the long run. Yao et al., (2013) argued that empowerment makes employees more loyal to their organizations; hence, they become more committed towards their work which is good for the long-term interests of the organization. The findings of Yao et al., (2013) support the findings of Hasan and Thamizhmani (2010) in which they also concluded that the empowerment of employees has a positive influence on the productivity levels of the organization. Lee and Koh (2001) on the other hand, argued that empowerment results in better cooperation and understanding between supervisors and their subordinates and makes them more responsible for their job duties. Samad (2007) in a study aimed at analyzing the effect of empowerment on the competitive strength of the organization concluded that empowerment enables an organization to effectively compete in the market place. The reason being committed and empowered employees are more productive, better equipped with skills and knowledge to do their jobs effectively and efficiently. In literature, we find four common factors that lead to psychological empowerment.

**Knowledge**

Nkebem (2010) conducted an empirical analysis of the effects of training on employee performance. The study was focused on the performance of employees of Nigerian University and concluded that training was positively correlated with the job performance of those employees. Sergio, Salvador, and Jose (2002) investigated empirically the relationship of training with the performance of employees of small and medium enterprises. They studied 202 SME’s and concluded that training had affected their performance positively.

Dokko, Wilk, and Rothbard (2009) put forward a psychological theory that focused on cognitive factors that mediate the transfer of knowledge acquired during prior work and their assigned role performance. The study demonstrated that job-related knowledge mediates between prior job experience and their assigned role performance. The study also proposes that the knowledge and skills gained by employees from previous experience help in the increasing level of employee performance. Experience is the source of acquisition of knowledge and skill in respective job-relevant roles and results in enhancing the competence of employees that allows them to be efficient and productive.
(NikKamariah, 1997). In the view of Vandenberg (1996), knowledge in the context of an organization refers to three things; (a) competencies required for a role; (b) understanding the procedure of work itself; (c) understanding organization in the context of its business. Steinecke (1993) further explains that knowledge is meant the knowledge of employees about the mission, vision, and targets of their organization. Senge (1990) emphasizes that employees must know the goals of their organizations if they are to perform up to the expectations of their organizations. Khan et al., (2011) argued that the acquisition of knowledge about mission, vision, and plans of the organization is important for their empowerment. He further stresses that even the participation of employees in developing the strategic goals of their organization is also important in the context of employee empowerment.

**Rewards**

Employees play an important role in the success of an organization. Qualified, skillful experienced, and motivated employees are an asset for organizations. It gives a competitive edge to an organization over its competitors. The performance of employees can be improved through different motivational factors among them is rewards and every organization in the service sector can retain high performers by providing incentives on successfully achieving their targets (Carraher, Whitney & Buckley, 2006).

From the academic point of view, equity theory has a stronger empirical validity than many other organizational behavior theories because it views incentives to employees as a useful and powerful indicator of work outcomes (Hatton, Emerson, Rivers, Mason, Mason & Swarbrick, 1999; Miner, 2003). The theory assumes that employees feel de-motivated when they think that their contribution is not recognized and rewarded (Adams, 1963; Adams, 1965). Bishop (1987) studied the relationship between reward and employee performance and concluded that reward relates to performance positively.

Gunbayi (2009) explored the factors of employee empowerment and concluded that appreciation of employees on a job well done and promotion are important ingredients that lead to employee employment and enhancing his/her performance. Lawler (2003) is of the view that reward is the ingredient of empowerment and argues that the success of employee involvement is linked to reward. The reason is that employees consider themselves to be important with the acknowledgment of their contributions.

**Trust**

Trust is another important factor and outcome of employee empowerment that plays a significant role in enhancing the performance of employees. Gilaninia
(2011) investigated trust as a factor of empowerment defined trust as "the expectation of employees to be treated equally without any discrimination". Rousseau, Sitkin, Burt, and Camerer (1998) argue that by trust we mean the good intention of supervisors about their employees on their respective jobs. Lewicki, Tomlinson, and Gillespie (2006) believe that trust is the perception of a party that the other party will be positive that results from the action of the later party. Ellis and Shockley-Zalabak (2001) define trust as a positive expectation of outcomes from the dealings and mutual interaction of two parties. They further elaborated that as supervisor starts trusting his employee it affects the perception of an employee to identify himself with organization and employee start owning their role and shows better results. Moreover, the role of trust between supervisor and subordinate relationship create a synergetic environment and enables an organization to thrive and achieve its goals, promoting cooperation and increasing the efficiency and productivity of employees (Findikli, Gulden & Semercioz, 2010).

Communication

Communication with employees also plays an important role in enhancing the performance of employees in an organization. Mayfield, Mayfield, and Sharbrough (2015) expressed that no organization can achieve its targets without effective communication. Holtzhausen (2002) conducted an empirical investigation to dig out the impact of communication on the performance of an employee's assigned role and concluded that communication has a direct effect on employee performance. Goris, Vaught, and Pettit (2000) also supported the findings of Holtzhausen (2002) by concluding that there exists an important relationship between effective communication and job satisfaction. Researchers (e.g., Chen, Reilly, & Lynn, 2005; Rahman, Rahman, Ali & Fawad, 2016) while highlighting the importance of communication argued that very few investigations have focused on the relationship between the quality of communication and its impact on organizational performance.

Methodology

The aim of the study was to empirically examine the effect of employee empowerment through its ingredients i.e. knowledge, trust, rewards, and communication on the performance of faculty members at Hazara University, Mansehra. Since the objective of the study was to find out the effect of employee empowerment on employee performance of faculty members of Hazara University, therefore, a survey approach was used for this purpose. The total population for this study comprised of all regular faculty members of Hazara University, Mansehra. Currently, Hazara University has 490 regular faculty members serving in different grades.
The sample size was determined based on the rule of thumb given by a famous statistician, Roscoe (1975) that states that if the total population is above 30 and less than 500, the researcher can choose any sample size. A sample of 450 faculty members was considered for this study and data was collected based on convenience sampling. 450 questionnaires were distributed among faculty members, out of whom 360 questionnaires were received back, making the response rate of 80%.

Model

\[ PER = \alpha + \beta_1 \text{Know} + \beta_2 \text{Trust} + \beta_3 \text{Reward} + \beta_4 \text{Comm} + \mu \]

Since the survey approach was adopted for this study, a five-point Likert scale was used in this study. "Likert scale is one of the most commonly used scales in surveys" (Wuensch, 2005). Respondents have to choose from five choices starting from Strongly Disagree (1) and ending at Strongly Agree (5). Data were collected through self-administered questionnaires. In this regard, a standardized questionnaire used by Light (2004) in his study on employee empowerment and its influence on employee performance was used. The questionnaire comprised 21 questions that measured the ingredients of employee empowerment i.e. knowledge, trust rewards, and communication as well as employee performance.

Results/Discussion: Descriptive Statistics

Table 1

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge</td>
<td>1.5</td>
<td>5</td>
<td>3.754</td>
<td>0.61</td>
</tr>
<tr>
<td>Trust</td>
<td>2</td>
<td>5</td>
<td>3.987</td>
<td>0.601</td>
</tr>
<tr>
<td>Reward</td>
<td>1.75</td>
<td>5</td>
<td>3.823</td>
<td>0.581</td>
</tr>
<tr>
<td>Communication</td>
<td>2</td>
<td>5</td>
<td>3.747</td>
<td>0.585</td>
</tr>
<tr>
<td>Performance</td>
<td>2</td>
<td>5</td>
<td>3.746</td>
<td>0.552</td>
</tr>
</tbody>
</table>

Table 1 gives information about the descriptive statistics of the variables used in this study. From the above table, we can see that the mean value of the knowledge is 3.754 and its standard deviation is 0.610. The mean value for the trust is 3.987 and standard deviation 0.601 which indicates that faculty members are agreeing to the fact that trusts from top management in their subordinates significantly influence employee performance. The mean value of rewards in the above mentioned is 3.823 and the standard deviation is 0.581. This means that the incentives and rewards being paid to employees are also very important for the faculty members at Hazara University. Similarly, the
mean values for communication are 3.747 and the standard deviation is 0.585 indicating that faculty members give due importance to the value of communication in enhancing employee performance. Lastly, the mean value of performance is 3.746 whereas its standard deviation is 0.552.

**Regression Analysis**

Structural empowerment is basically a way of management by which job-related knowledge is shared with employees, they are rewarded for performance, they are trusted and positive communication is established in organizations with employees. Basically, what the concept of empowerment says is that if employees are given a chance to prove their skills, resources, authority, and responsibility they will be more satisfied with their job and hence, perform well.

Multiple regression analysis was used to measure the effect of employee empowerment on employee performance at Hazara University. In this regard, each independent variable was regressed with dependent variable Performance.

<table>
<thead>
<tr>
<th>Model</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.022</td>
<td>0.212</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge</td>
<td>-0.063</td>
<td>0.039</td>
<td>-0.07</td>
<td>-1.60 0.11</td>
</tr>
<tr>
<td>Trust</td>
<td>0.198</td>
<td>0.042</td>
<td>0.22</td>
<td>4.74  0.00</td>
</tr>
<tr>
<td>Reward</td>
<td>0.152</td>
<td>0.048</td>
<td>0.16</td>
<td>3.18  0.00</td>
</tr>
<tr>
<td>Communications</td>
<td>0.424</td>
<td>0.046</td>
<td>0.45</td>
<td>9.29  0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.640$^a$</td>
<td>0.41</td>
<td>0.404</td>
<td>0.426</td>
</tr>
</tbody>
</table>

* a. Predictors: (Constant), Communication, Trust, Knowledge, Reward

From Table it is clear that there is a negative relationship between knowledge and employee empowerment. It is unlike the findings of previous empirical studies where knowledge had a positive relationship with employee performance. Theoretically, an increase in level knowledge should positively influence employee performance and vice versa, whereas in our case increase in knowledge has a negative effect on the performance of employees. However, the relationship between knowledge and employee performance is statistically insignificant and therefore can be ignored. The rest of the three ingredients of
employee empowerment have a positive relationship with employee performance. It means that increase in trust level, rewarding good performance, and communicating with employees increase the performance of employees. Moreover, the relationship is statistically significant. Maintaining good communication with employees and trusting employees increases the confidence of employees and allow them to feel that they are important for the organization hence, results in better performance. Our findings are further supported by the findings of empirical studies of Holtzhausen (2002), Mayfield et al., (2015) where they also found a positive effect of communication on the performance of employees. With regards to trust our findings are supported by the findings of empirical studies of Rousseau et al., (1998), Lewicki et al., (2006), and Gilaninia (2011) where they found a positive effect of trust on the performance of employees.

Additionally, the rewarding good performance also enhances employee performance. It increases the motivation level of employees which in turn leads to better performance in the future. The incentives and rewards for good works and all other related things also provoke the desire to perform well. Hence, it is also a key factor to increase the performance of employees. Our findings are further supported by the findings of empirical studies of Salazar et al., (2006), Sunderland et al., (2007), Khan et al., (2011), Yao et al., (2013) where they also found a positive effect of rewards on the performance of employees.

Results from Table 2 further revealed that faculty members of Hazara University consider communication as the most important factor that can enhance their performance. In educational organizations, faculty members are at the forefront as they are the ones who are directly interacting with students, who are the main customers of an educational institute. Proper communication about job-related issues as well as overall organization's mission objectives etc. with faculty members will add to their job satisfaction and can play a significant role in enhancing their performance. The reason is proper communication with a faculty member will allow faculty members to know what is expected of him, how important their roles are in the context of achieving the organization's overall goals and objectives.

Conclusion

The study aimed to examine how employee empowerment influences the performance of faculty members at Hazara University. In this regard, four ingredients of employee empowerment i.e. knowledge, trust, rewards, and communication were used in this study. The findings of the study revealed that rewards, trust, and communication not only have a positive relationship with employee performance but the relationship is also statistically significant. The
relationship between knowledge and empowerment is negative ironically but the results are not statistically significant. The findings of the study prove a point that if faculty members are empowered to do their jobs, they will be more motivated to deliver and perform well on their assigned tasks. Hence, the management of the university must empower faculty members in their respective domains to perform well on their assigned tasks.

References


