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Employees Empowerment and their Performance in Private Sector: An Analytical Study

Miss Richa Aryan [α], Dr. Surat Singh [σ] & Dr. Amrinder Singh [ρ]

Abstract- The purpose of this paper is to explore the different dimensions of employee empowerment and to determine the impact of employee empowerment tools on performance of private sector employees in Punjab. Structured questionnaire is used to collect the required primary data from 80 respondents in private sector in Punjab. Descriptive statistics, correlation, regression analysis, factor analysis and t-test are used as statistical tools in analysis. The study found that Performances of employees are significantly affected by independent decision making and open communication in the organization. Getting equal rights in organization is the most important factor which improves performance of the private sector employees. The first factor 'communication empowerment 'explained 25.90 percent of the total variance and it comprises five variables namely encouragement of open communication, authority to correct problem, input is solicited in planning changes and job gives sense of accomplishment. The research offers a more precise way to understand the impact of different factors of empowerment on performance of employees'. Management of private sector organizations can recognize the importance of empowerment to improve the productivity and performance of organization.

Keywords: empowerment, employee performance, factor analysis, descriptive statistics, rotated component matrix.

I. Introduction

Motivated and empowered employees have the capability which can help the organizations to reach at top. A good manager can use empowerment techniques to enhance the quality and quantity of performance of employees. Empowerment arise when independence in decision making, freedom, power and autonomy is given to employees for innovation and creativity. Empowerment can also be used as a motivational tool to make the employees more satisfied in terms of non monetary rewards. Empowerment allows a worker to follow a self directed path towards journey of organizational success. An organization can make the efforts of employees more successful by making their employees innovative in getting new ideas and in rational decision making by giving them power and authority. Employee empowerment is important because of shorter span of time for taking decisions, Employees directly connected to work need to take decisions. In addition to these Satisfaction and performance of employees depends on the authority that has been given to the individual.

Three levels have been used to study empowerment: At initial level encouraging employees to play a more effective role in their work, at next level involving the employees so that ways can be improved in which things can be done and at the highest level enabling the employees to make bigger decisions without referring to seniors. Employee empowerment can be done by Inspiring creativity and innovation, Equal distribution of power, Independence in executing the duties, Giving equal rights in organization, Allowance of independent decision making, Authority to correct problem, Input is solicited in planning changes ,and when organizations encourages feedback. In 21st century of advance technology and where human talent is the key to progress for an organization, employee empowerment is as necessary as any other resource in the organization so that employees can take quick decisions and respond in time to any changes. Organizations that are committed to employee empowerment they are in a position to motivate and retain their employees, even though it's a multifaceted management tool which needs to be nurtured and handled with a lot of care. Employee empowerment is a positive element in an organization. But it depends on the situation & circumstances. Empowering employees develops self confidence & loyalty in them & helps in enhancing customer satisfaction.

II. Significance of the Study

This study examines the impact of Employee empowerment on performance of employee and determines to what extent it is successful in private sector organizations. This paper tries to make the managers and top management realize the importance of Employee empowerment as a means of enhancing performance of employees. This study suggests that companies using the Employee empowerment approach can gain new insights. Employee empowerment can improves performance of

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employees. The study will provide guidance top management in the development of Employees work.

III. Objectives of the Study

The objective of this study is to throw light towards a very vital aspect of Employee management, known as Employee empowerment. The research will analyze the relationship between the Employee empowerment and its effects on employee's performance at private sectors in Punjab. The ultimate objective is to determine the impact of Employee empowerment on performance of employee. The study will reveal the relationship between employee performance and employee empowerment. It explores effect of different dimensions of Employee empowerment on employees.

IV. Review of Literature

Bradley and Benson (1990) explore the forebear, bridging and central role of employee empowerment. Sample of 111 employees in 4 organizations have been collected for research. Their result indicated that actions of external leaders, the responsibilities given to Employees, Personnel policies, and social structure of Employees all worked to enhance employee–empowerment experiences. Their study reveals that empowered Employees were also more productive and proactive than less empowered Employees, and had higher levels of customer service, job satisfaction and Employee commitment.

Pilar, Angel Martinez and Mauela (2005) explores in their research survey of university research and development employees about the mediator role on the relationship between performance of organization and employee empowerment. The results reveal that employee empowerment has positive impact on performance of organization and on its attitudes.. The moderator role indicated that Employee labor flexibility and age diversity decreased the positive affect of Employee empowerment on Organizational performance. Perceived work based social support positively, moderated the impact of Employee empowerment on productivity of employees; on the other hand work-based organizational support moderated its effect on customer service. Finally, perceived fairness and Employee gender's diversity were also positively related to the job satisfaction.

Martin and Hans (2001) explore that importance of Employees work to success of innovative projects. They developed a comprehensive concept of collaboration in Employees, called Employees work quality. Six facets of Employees work quality construct were specified: communication, coordination, balance of member contribution, mutual support, effort, and cohesion. The result reveals that Employees work quality was significantly associated with Organizational performance as rated by Employee members, Employee leaders and Employee external managers. Furthermore, Employees work quality showed strong association with Employee members' personal success.

Meyerson and Dewettinck (2012) in their research on effect of empowerment on employees performance reveals that empowerment and its implementation in organization do impact the performance of employees .They explores that delegation of authority ,reward based on performance and suggestion system have the most powerful impact on performance of employee. Empowerment is the cause of improvement in employee's performance .If employees are allowed to get involved in decision making in choosing a job. They will perform the job with more competence and with more enthusiasm.

Celik et.al (2014) evaluates the effect of employee empowerment applications on organizational creativity and innovativeness in enterprise .They found that there is positive and meaningful relationship of employee empowerment tools and organization creativity and innovativeness. Organization which uses employee empowerment techniques for creativity and open communication, employees of that organization seems to be more productive .Need is to set up a system of empowerment according to the needs of the organization.

V. Research Methodology

The scope of the study will be limited to private sector employees in Punjab. This research will cover the aspects related to the activities related to empowerment in private organizations and different tools that are used by private organizations for empowerment. This study was conducted in private organizations in Punjab region. The data was collected from top level and middle level employees as the target group of the study. This research took a period of two months during which data was collected from the field, organized, analyzed and presented in analytic form. The study employed the use of self structured questionnaire to collect the required primary data. Descriptive statistical analysis technique was employed to obtain useful summary of responses. Simple random sampling is used and total sample population of eighty employees. Simple random sampling was used since no complexities were involved. Simple random sampling is used and total sample population is eighty respondents. Primary data was collected through the use of self-structured questionnaires. The factor analysis technique with rotated method was employed in order to extract the important factors (variables) which have been given in table 1 below. The 21 version of SPSS has been used to analyses the data.

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Table 1

Sr. No	Variables used for factor analysis
1	My organization Inspires creativity and innovation
2	Power is equally distributed in the organization
3	Non-managers have power and authority to execute their duties
4	Employees have independence in executing their duties
5	All should have equal rights in the organization
6	My organization allows for independent decision-making
7	Open communication has been encouraged in my organization
8	Power is centralized in the organization
9	Managers helps to improve confidence in task performance
10	My organization encourages feedback from the employees
11	My manager consults me before making decisions that will affect me
12	This is the type of job in which I can feel a sense of accomplishment
13	I have the authority to correct problems when they occur.
14	The work I do makes a difference here.
15	I feel valued as a team member.
16	My input is solicited in planning changes.
17	Involved in creating vision for future.
18	Highly satisfied with recognition.

The variables (factors) have been extracted on the basis of Eigen values greater than one. From this we designed a questionnaire to solicit employee's views on a five point scale where 1= Strongly agree, 2 = agree, 3 = neutral, 4= disagree, 5 = strongly disagree. After identifying the list of variables, the correlation matrix was designed and the factors have been extracted on the basis of Eigen values by using the Principal component analysis and the rotation method varimax with Kaiser normalization.

VI. Interpretation of the Output

1. *Descriptive Statistics:* The first output from the analysis is a table of descriptive statistics for all the variables under consideration as shown in the following table 2

Table 2: Descriptive Statistics

	Mean	Std. Deviation	Analysis N
organization inspires creativity and innovation	1.86	.807	80
equal distribution of power	2.66	1.006	80
powers of non managers to execute their duties	2.79	.924	80
independence in executing their duties	2.56	.939	80
equal rights in organization	2.20	.802	80
allowance of independence decision making	2.64	1.022	80
encouragement of open communication	2.46	1.030	80
power is centralized	2.20	.906	80
managers help to improve confidence	2.21	1.052	80
organization encourages feedback	2.33	.952	80
managers consults the employees	2.74	.896	80
job gives sense of accomplishment	2.66	1.018	80
authority to correct problem	2.53	.968	80
employees work make difference	2.44	.966	80
feel valued as a team member	2.25	.907	80
input is solicited in planning changes	2.58	.839	80
involved in creating vision for future	2.44	.953	80
highly satisfied with recognition	2.48	1.031	80

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As is obvious from the above table, the mean, standard deviation and number of respondents(N) who participated in the survey are given .From an analytical look on the mean column of the table ,one can conclude that the variable 'powers of non managers to execute their duties ' is the most important variable that influences the performance of employees. It has the highest mean of 2.79.

2. *Correlation Matrix:* The next output from the analysis is the correlation coefficient matrix. The principal diagonal of the correlation matrix contains 1s, because the correlation coefficient between a variable and itself is always one .The correlation coefficients above and below the principal diagonal are the same. The value of the determinant of the correlation coefficient matrix is given at the foot of the table below. The value of the determinant should be at least 0.00001 for carrying the factor analysis. The value of the determinant in our study being 0.003 allows us to carry with factor analysis .The value of the determinant (0.178) being greater than necessary value (0.00001) shows that multi co linearity is not a problem for the present dataset. Furthermore by applying 1\3 rule, it can be concluded that there is positive correlation among the variables. In other words, if at least 33 percent of the correlation coefficients are positive, we say that the correlation among the variables is positive .This condition has also been used in our study as shown in the following table 3
3. *Kaiser meyer olkin (KMO) and Bartlett's Test:* The KMO measures the sampling adequacy the value of which should be greater than 0.5 for a satisfactory factor analysis to Proceed. In our study, this value is 0.687, which is approximately equal to 0.7 that also allows us to proceed for factor analysis.

Bartlett's test is another measure of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix. We would like to reject this null hypothesis, because for factor analysis to work, we need some relationship between variables and if the R matrix were an identity matrix then all correlation coefficients would be zero. Therefore, we want this tests to be significant (i.e have a significance value less than 0.05).From the same table given below, we can see that the Bartlett's test of Sphericity is significant. That is, its associated probability is less than 0.05.In fact it is actually .000 in the present study, i.e. the significance level is enough to reject the null hypothesis .Therefore, we reject the null hypothesis of identity matrix. The results are shown in following Table 5.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.687
Bartlett's Test of Sphericity	Approx. Chi-Square	426.320
	Df	153
	Sig.	.000

As is obvious from the above table, Bartlett's test is highly significant (P<0.001), and therefore, factor analysis is appropriate.

4. *Communalities:* The next item from the output is a table of communalities which shows how much of the variance in the variables has been accounted for by the extracted variables (factors). For instance about 73 percent of the variance in the variable, organization inspires creativity and innovations is accounted for by the extracted factors, while 75 percent of the variance in the variable ,the power is centralized is accounted for by the extracted factors and so on, as shown in the table -5 given below.

Table 5: Communalities

	Initial	Extraction
organization inspires creativity and innovation	1.000	.731
equal distribution of power	1.000	.665
powers of non managers to execute their duties	1.000	.639
independence in executing their duties	1.000	.607
equal rights in organization	1.000	.622
allowance of independence decision making	1.000	.667
encouragement of open communication	1.000	.701
power is centralized	1.000	.759
managers help to improve confidence	1.000	.572
organization encourages feedback	1.000	.446
managers consults the employees	1.000	.706
job gives sense of accomplishment	1.000	.727

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authority to correct problem	1.000	.655
employees work make difference	1.000	.709
feel valued as a team member	1.000	.680
input is solicited in planning changes	1.000	.530
involved in creating vision for future	1.000	.665
highly satisfied with recognition	1.000	.617

Extraction Method: Principal Component Analysis.

5. *Total variance Explained:* SPSS output 5 lists the Eigen values associated with each linear component (factor) before extraction, after extraction and after rotation. Before extraction SPSS has identified 18 linear components within the data set. We know that there would be as many eigen values as there are variables .The eigen values associated with each factor represent the variance explained by that particular component and SPSS also displays the Eigen values in terms of the percentage of variance explained .The first few factors explain relatively large amount of variance whereas subsequent factors explain only small amount of variance. SPSS then extracts all factors with Eigen values greater than 1, which leaves us with six factors .The Eigen values associated with these factors are again displayed in the columns labeled extraction sums of squared loadings. Eigen values of the factors after rotation are displayed. Before rotation ,factor 1 accounted for considerably more variance than the remaining five (25.9%, compared to 10.72 %, 8.59%, 7.52%, 6.26%, 5.96%), However, after extraction, it accounts for 14.89% of variance compared to 11.73%, 11.64%, 10.50%, 9.37% and 6.82% respectively). Thus it is obvious from the table 6 given below that about 64.98 percent of the total variance has been explained by the factors and all the remaining factors are not significant.

Table 6: Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.664	25.908	25.908	4.664	25.908	25.908	2.681	14.897	14.897
2	1.930	10.723	36.632	1.930	10.723	36.632	2.112	11.735	26.632
3	1.547	8.594	45.226	1.547	8.594	45.226	2.096	11.642	38.274
4	1.355	7.527	52.754	1.355	7.527	52.754	1.891	10.508	48.782
5	1.128	6.268	59.021	1.128	6.268	59.021	1.688	9.378	58.161
6	1.074	5.967	64.988	1.074	5.967	64.988	1.229	6.828	64.988
7	.920	5.112	70.100						
8	.805	4.475	74.575						
9	.769	4.270	78.845						
10	.689	3.825	82.670						
11	.653	3.628	86.298						
12	.489	2.719	89.017						
13	.474	2.632	91.650						
14	.435	2.416	94.066						
15	.362	2.013	96.079						
16	.270	1.498	97.577						
17	.239	1.328	98.905						
18	.197	1.095	100.000						

Extraction Method: Principal Component Analysis.

6. *Rotated component (factor) matrix:* There are several things to consider about format of this matrix. First, factor loadings less than 0.5 have not been displayed because we asked for these loadings to be suppressed. Second, the variables have not been listed in the order of size of their factor loadings because we have not asked for the output to be sorted by size.

The idea of rotation is to reduce the number of factors on which the variables under investigation have high loadings as shown in Table 7

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Table 7: Rotated Component Matrix[a]

	Component					
	1	2	3	4	5	6
encouragement of open communication	.793					
authority to correct problem	.749					
input is solicited in planning changes	.636					
job gives sense of accomplishment	.506					
managers consults the employess		.787				
powers of non managers to execute their duties		.726				
allowance of independence decision making		.542				
organization encourages feedback						
equal rights in organization			.762			
highly satisfied with recognition	.517		.570			
feel valued as a team member			.503			
involved in creating vision for future						
organization inspires creativity and innovation				.814		
equal distribution of power				.695		
employees work make difference					.831	
independence in executing their duties					.533	
managers help to improve confidence					.510	
power is centralized						.858

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

Using the factor loadings, the empowerment attributes were grouped into their respective factors and were named according to their collective representation. The main findings of the study have been summarized as follows:

Factor 1

First factor consist of five variables, namely encouragement of open communication, authority to correct problem, input is solicited in planning changes, and job gives sense of accomplishment. The total variance explained by factor 1 is 25.90 percent. This is named as 'communication empowerment'.

Factor 2

This factor includes three variables namely the managers consults the employees, powers of non managers to execute their duties, allowance of independence decision making. The total variance explained by factor 2 is 10.72 percent .This is called as 'consultation empowerment'.

Factor 3

This factor comprises three variables namely equal rights in organization, highly satisfied with recognition, feel valued as a team member. This factor is termed as 'motivational empowerment' which explains 8.59 percent of the total variance.

Factor 4

This factor includes two variables namely organization inspires creativity and innovation, equal distribution of power. This factor is named as 'co - determination empowerment' which explains 7.52 percent of total variance.

Factor 5

This factor consist three variables namely employees work make difference, independence in executing their duties, managers help to improve confidence. This factor is named as 'autonomy empowerment' which explains 6.26percent of total variance.

Factor 6

This factor consist one variable namely power is centralized. This factor is named as' control empowerment', which explains 5.96 percent of total variance.

VII. Conclusion

The study made an attempt to identify the factors affecting the empowerment of private sector employees in the Punjab state by analyzing the sample of 80 employees who have been interviewed personally through a structured questionnaire. The 21st version of SPSS has been used for analysis purposes. The factor analysis technique has been used and the factor analysis using principal component extraction method with varimax rotation has extracted six factors which explained 64.98 percent of the total variance. All the six factors 'communication empowerment', consultation empowerment', motivational empowerment', 'co-determination empowerment', 'autonomy empowerment', 'control empowerment' represents different empowerment attributes important to employees. The first factor 'communication empowerment 'explained 25.90 percent of the total variance and it comprises five variables namely encouragement of open

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communication, authority to correct problem, input is solicited in planning changes, and job gives sense of accomplishment. The second factor 'consultation empowerment' explains 10.72 percent of the total variance and it includes three variables namely the managers consults the employees, powers of non managers to execute their duties, allowance of independence decision making. The third factor 'motivational empowerment' comprises three variables namely equal rights in organization, highly satisfied with recognition, feel valued as a team member and it explained 8.59 percent of the total variance. The fourth factor 'co determination empowerment includes two variables namely organization inspires creativity and innovation, equal distribution of power and explained 7.52 percent of the total variance .The fifth factor 'autonomy empowerment' explained 6.26 percent of the total variance and it also includes three variables namely employees work make difference, independence in executing their duties, managers help to improve confidence. The sixth factor explained 5.96 percent of the total variance and it includes one variable namely power is centralized. The variable, Power of non managers to execute their duties having the highest mean 2.79 is most important to employees as concerned to empowerment followed by the variables, managers consult the employees and equal distribution of power, job gives sense of accomplishment and allowance of independent decision making.

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