

The Effects of Employees Empowerment on Organizational Performance: A Case of Hotel Industry in Pakistan

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Abstract

The main objective of the study is to explore the effect of employee's empowerment on organizational performance. The study results show that employee's empowerment explained a significant relation with organizational performance also with the mediator variable that is motivation. Convenience sampling is used as the sampling strategy. This survey is based on questionnaire and data is collected from 150 managers of Hotel sector organizations located in Faisalabad. To analyses the data, SPSS version 23.0 is used. To check the relationship between the variables correlation analysis is used and to checks the effect between variables linear regression analysis is used. Thus, all the hypotheses showed significant results.

Keywords: Employees empowerment, Motivation, Organizational performance

1.Introduction:

The idea of employee participation has been awareness for research and practice for a long time. There has been taken various shapes, developing through employee participation, in basic leadership ideas into the contemporary strengthening point of view (Garfield, 1993). The concept of empowerment involves maximum flexibility and freedom to make work related decisions (Goetsch & Davis, 2014). A competent and active service worker is necessary in the competitive world that organizations should accelerate, improve service quality, be more efficient, and more profitable (Green, & Heywood, 2008). The priority of empowerment and the empowerment of service staff needs very useful basics including rewards, information, knowledge and power are needed (Gilbert, 1993). Many organizations have faith in empowering employees that ultimately the client's satisfaction likely increases the profit in the end (Keller, & Dansereau, 1995). The empowered staff also increases the maximum level of satisfaction in staff, while empowered employees can provide fast and friendly service to customers (Kim, & Beehr, 2017).

The organizations are varying frequently its internal and external atmosphere which make challenges for the development and management of human capacity. If the organization maintains good time facing new challenges, it maintains good business performance (Mishra, & Garg, 2016). it is necessary for continuous improvement in the balance organization in balance between creative stress and capacity development. There are managers who are motivated by marketing accountability to identify and apply effective management methods to stress incredible trend and increase profits (Motamarri, Akter, & Yanamandram, 2017).

According to Sharma and Bhati (2017) states that it is necessary to identify factors that enhance the proficiency of employees' empowerment and to enhance effectiveness of a firm. This point of view proposes that an empowered organization is one where directors administer a greater number of individuals than in a customary chain of importance and assign extra choices to junior staff. Work as a supervisor and enable employees to solve problems, Employees, he finishes up, have expanded duty (Ugboro, & Obeng, 2000). Bosses empowering subordinates by appointing duties to them prompts subordinates who are happier with their pioneers and view them as reasonable and thus to achieve the predominance desires. The growing number of profits and non-profit organizations is implementing the employee's empowerment system to achieve better outfit results (Movahedi, & Azarpira, 2016).

1.1. Problem Statement

The most difficult problem in promoting a general measurement model is to find the indicator or control

indicating, the dimension measurement of different amplitude appears in the form of production. An ideal measure must be employed to empower and expect future performance expectations (Baird, Su, & Munir, 2018). Future performance expectations depend on the steps taken in strategic alternatives and opportunities to create opportunities

Research Questions

1. What is the relationship of employee's empowerment on organizational performance?
2. What is the relationship between employee's empowerment and organizational performance under the mediation role of motivation in the hotel sector of Pakistan?

1.2. Objectives of Study

- To evaluate the effect of employee's empowerment on organizational performance.
- To examine the relationship between the employee's empowerment and organizational performance under the mediation role of motivation in the hotel sector of Pakistan.

1.3. Significance of the Research

This study focuses on the role of employee's empowerment in firms' competitive performance by assuming that empowerment process outcomes lead to superior organizational performance. Accordingly, it contributed towards filling the gap regarding organizational practices and empowerment process and provides understanding to the academicians about employee's empowerment. Secondly, this study provides empirical evidence to practitioners regarding the effectiveness of employee's empowerment process, and how these in turn contribute to organizational creativity and performance.

2. Literature Review

2.1. Employees empowerment

Empowerment as a demonstration of building, creating and expanding power by working with others, which is called "intuitive empowerment" and has the ability to influence their own behavior, Call "self-empowerment" (Barroso Castro, Villegas Perinan, & Casillas Bueno, 2008). An important aspect for any organization to empower employees is to seek a high level of employee involvement, flexibility, and market response (Aydogmus, Camgoz, Ergeneli, & Ekmekci, 2018). Empowerment and its organizational effects both of the scholars and staff members get enough attention in the past decade (Ali, & Ali, 2018). Psychological empowerment, is consider as "increased intrinsic task motivation", is shown to show people and to improve the performance of individual works (Hechanova, Regina, Alampay, & Franco, 2006).

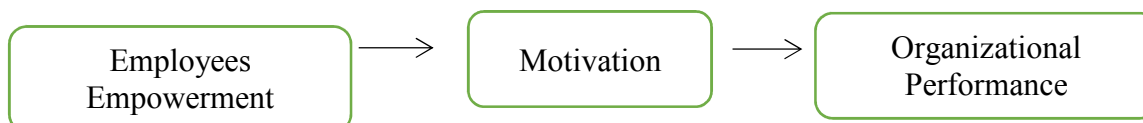
2.2. Motivation

According to Benedetti, Diefendorff, Gabriel, and Chandler (2015) the difficulties for organizations moving down the knowledge management way come from settled practices of accumulating learning, previously, were all around compensated. Employees were being encouraged to compete, because with competitive advantage he personally gave them inside his organization (Gerhart, & Fang, 2015). Exploring the attitudes that employees hold concerning factors that encourage them to work is essential to making a situation that cultivates employee motivation (Hu & Kim, 2018). The impacts of rewards on undertaking interest and execution of work and with encouragement include both intrinsic and extrinsic motivation (Kuvaas, Buch, Weibel, Dysvik, & Nerstad, 2017). In internal motivation there is task itself it's not any incentive reward (Morosan, & DeFranco, 2017). In the extrinsically motivated behavior reward and recognition programmed that comes when an activity is rewarded by incentives not essential in the task (Morosan & DeFranco, 2017).

2.3. Organizational Performance

The organization's ability to maintain quality products and services for long-term success is necessary (Anderson, 1995). Dess and Robinson (1984) state that trust this ability is a learnable organizational capability. In the event that the ability to manage elite is a learn capable skill. The execution of businesses (estimated through efficiency, productivity or business pointers) relies upon their practices as for work contracts (García-Sánchez, García-Morales, & Martín-Rojas, 2018). The strain to increase profits has encouraged staff to distinguish and actualize managing methods (Gary, Yetton, & Serman, 2017). Effectiveness of the process to improve the success, skills and capabilities of both financial and non-financial targets, and improvement in implementation of the process. (Loosemore, & Lim, 2017). Organizations have focus on organizational performance either than individual performance. It also focuses on consolidation of performance measurement and measurement results (Para-González, Jiménez-Jiménez, & Martínez-Lorente, 2018).

Conceptual Frame work



H1: There is significant association between employee’s empowerment on organizational performance.
H2: There is significant association between employee’s empowerment and organizational performance under the mediation role of motivation.

3. Methodology

The Nature of this study is empirical. Data is collected from the hotel industry in Faisalabad. The respondents of this study are managers of the hotel industries. Samples size of this study is 150 that are easily collected from managers of industrial sector. Samples are in the form of questionnaire. SPSS 23.00 software is used for testing hypothesis and to check the relationship between variables and their strength correlation test and Regression analysis used.

3.1. Scales and measurement

Employee empowerment is adopted from Pardo del Val and Lloyd’s (2003) and measured by four items. Motivations were measured with (Vallerand & Bissonnette, 1992) by using 16-items. Organizational performance was measured by using 6-items and adapted from Kaynak and Kara’s (2004). The Variables were measured based on 5 Likert scale.

Table 1: Demographics results.

Variables	Scale	Frequency	Percentage
Age	20-30years	17	25.3
	31-40years	25	34.7
	41-50years	26	28.7
	Above 50	17	11.3
Education	Matric	21	14.0
	Intermediate	33	22.0
	Bachelor	39	26.0
	Master	41	27.3
	MPhil	16	10.7
Department	HRM	23	15.3
	Accounting	28	18.7
	Management	44	29.3
	Other	55	36.7

Age, there were 17 Participation fell in the class of 20-30 with 25.3%, 25 respondents fell in the class of 31-40 with 34.7%, 26 respondents fell in the class of 41-50 with 28.7%, and 17 respondents fell in the class of above 50 with 11.8%.

Education, there were 21 respondents fell in the class of matric with 14.0%, 33 respondents fell in the class of intermediate with 22.0%, 39 respondents fell in the class of Bachelor with 26.0%, 41 respondents fell in the class of Master with 27.3% and 16respondents fell in the class of MPhil with 10.7%.

Department, there were 23 respondents fell in the class of HRM with 15.3%, 28 respondents fell in the class of accounting with 18.7%, 44 respondents fell in the class of Management with 29.3%, and 55 respondents fell in the class of others (IT, Finance...etc.) with 36.7%.

Table 2: Reliability Test and Correlations

	α	Employees Empowerment	Motivation	Organizational performance
Employees Empowerment	.824	1		
Motivation	.764	.574**	1	
Organizational performance	.798	.688**	.734**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Table 2 shows Cronbach's Alpha (α) the value of Employees empowerment is 0.824, Motivation value is .0764 and the Organizational performance value is 0.798. The value of Cronbach's Alpha (α) is the reliability of data which is above 0.7.

Tables also shows correlation analysis that the strongest relationship exists between variables as Employees empowerment is positively associated with Motivation and Organizational performance with the value of .574, which is strongly significant at 1% and Motivation is positively significant with Organizational performance with the value of .734.

Table 3: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.624 ^a	.370	.373	.32154	1.755

a. Predictors: (Constant), Employee empowerment

b. Dependent Variable: Organizational performance

Table 3.1: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.722	.247		11.000	.000
	Employee empowerment	.303	.060	.424	5.082	.000

a. Dependent Variable: Organizational performance

The regression model explores the effect of employee's empowerment as independent variable that explain the variance in the organizational performance as dependent and with the mediator variable that is motivation. The regression analysis (Baron & Kenny, 1986) method is used.

Above Table 3 shows R square that employee empowerment on organizational performance has 37.0% impact on organizational performance which shows that a significantly impact of employee empowerment on organizational performance. To check the nature of correlation among the variables Durbin-Watson is calculated, which describes either correlation is negative, zero or positive. The value of Durbin Watson is less than 2.5 which is 1.755. It describes that there is significant correlation among employee empowerment and organizational performance.

$$Y = b_0 + bX$$

$$\text{Organizational performance} = 2.722 + .624 (\text{employee empowerment})$$

This equation shows that one unit change in employee empowerment is increased the 3.346 units of Organizational performance.

Table 4: Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.624 ^a	.370	.373	.32154	
2	.632 ^b	.393	.379	.32248	1.768

a. Predictors: (Constant), Employee's empowerment

b. Predictors: (Constant), Employee empowerment, Motivation

c. Dependent Variable: Organizational performance

Table 4.1: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	2.722	.247		11.000	.000
	Employee empowerment	.303	.060	.424	5.082	.000
2	(Constant)	2.950	.276		10.688	.000
	Employee empowerment	.253	.070	.353	3.614	.000
	Motivation	.296	.069	.335	4.388	.000

a. Dependent Variable: Organizational performance

Table 4 shows R square that employee empowerment on organizational performance and motivation has 39.42% impact on organizational performance which shows that a significantly impact of employee empowerment and motivation on organizational performance. To check the nature of correlation among the variables Durbin-Watson is calculated, which describes either correlation is negative, zero or positive. The value of Durbin Watson is less than 2.5 which is 1.768, it represents that there is significant correlation among employee empowerment, motivation and organizational performance.

$$Y = b_0 + bX$$

$$\text{Organizational performance} = 2.950 + .632 (\text{Employee empowerment and Motivation})$$

This equation shows that one unit change in employee empowerment and motivation is increased the 3.582 units of Organizational performance

5. Conclusion

From the analysis of this study it can be concluded that employee's empowerment can positively affect performance within an organization. Higher the employee's empowerment trait higher will be organizational performance. There is research-based evidence to show that these activities do provide the expected results or hoped for return on the, sometimes, large amounts of money that organizations invest in them. If organizations wish to know whether they have good performance, it is vital to both measure if they are effectively promoting employee's empowerment with motivation in their employees it positively affect organizational performance.

5.1. Recommendation

To get better organizational performance and get competitive advantage. The results show that employees empowerment is correlated positive with organizational performance in hotel industries. Based on the results of this study, motivation is associated with enhanced organization performance. Our results suggest that employees empowering practices which, in turn influences organizational performance. Therefore, supervisors could influence the occurrence of empowered behaviors with regard to their work role in the organization. Managers in the same industry may learn from this experience. Hotel managers can use the results of improving the performance and will ensure their existence in this competitive market.

5.2. Future Implications

Our study presents some limitations and points to some future research areas. The current study shows that employees empowerment is important to enhance organizational performance with mediator motivation. There are a number of factors which this study compromised on which a reader should be aware of. First, since this study used a limited sample size which suggests readers to generalize the findings with caution. Second, the respondents of this research were drawn from managerial levels in the major city of hotel industries in Faisalabad. Due to time and cost limitations. The population size is 150 managerial employees, future researcher can be extending the size of the research and collect data from different cities to increase organizational performance and for future study may include more variables such as HRM practices to increase the extent of strategy, which is aimed at exclusively specific issues and events outside of the event.

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