Empowerment

Meaning of Empowerment

Employee empowerment is a management strategy that aims to give employees the tools and resources necessary to make confident decisions in the workplace without supervision. Empowerment is a long-term, resource-intensive strategy that involves significant time and financial investment from the organization's leaders.

Some of the perceived benefits of employee empowerment include greater job satisfaction and motivation, reduced supervisory requirements and increases in innovation and creativity. Disadvantages include increase risk as staff become more entrepreneurial and more likely to take chances. Security can also be a problem because all important information must be shared for employees to take decisions on their own.

Definitions of Empowerment

- Hammer and Champy (1993) suggest that empowerment of front-line workers is crucial if organisations want to understand core business processes, because front-line workers are closest to these processes and are the only ones who really understand how they work.
- According to Richard Kathnelson, 'empowerment is the process coming to feel and behave as if one is in power and to feel as if they owned the firm'.
- According to Bowen and Lawler, 'employee empowerment refers to the management strategies for sharing decision-making power'.

Importance of Employee Empowerment

1. The investment in employees can improve productivity, which can reduce the costs.

2. Individual employees experience a feeling of self-esteem, self-efficacy and self-confidence.

3. Employee empowerment also helps in making employees more self-reliant.

4. It allows independent decision-making by the employees.

5. Empowerment of employees helps a firm to assign different projects to hone the competence of employees.

6. More freedom given to employees can be utilized for taking judicious decisions.

7. Assigning proper authority can improve the organizational effectiveness.

8. Independent decision-making can improve self-confidence among the employees.

9. It can boost up the morale of the employees.

10. The overall efficiency of an organization can be multiplied due to empowerment of the employees.

Types of Empowerment

According to Bower, and Lawler, three types of employee empowerment are possible.

These are as follows:

1. Suggestion Involvement:

It represents a small shift away from the traditional control model. Employees are encouraged to contribute ideas through formal suggestion programs or quality circles. They can only offer suggestions, the power to accept suggestions and implement those rests with the management.

2. Job Involvement:

In this type of empowerment, the jobs are redesigned so that employees use a variety of skills. Employees believe their tasks are significant, they have considerable freedom in deciding how to do the work, they get enough feedback about their performance and each handles a whole identified piece of work.

However, despite the heightened level of empowerment that it brings, the job involvement approach does not cover strategic decisions concerning organizational structure, distribution of authority and allocation of rewards. These remain the prerogative of the top management.

3. High Involvement:

High involvement organizations give their lowest level employees a sense of involvement not just in how they do their jobs or how effectively their group performs, but in the total organization's performance. Information on all aspects of business performance is shared horizontally across the organization as well as up and down the structure.

Employees develop extensive skills in team-work, problem-solving and participate in management decisions. High involvement organizations often use profit-sharing and employee stock option plans (ESOP) to motivate their workforce.

Human Capital

Human capital is the asset that an organization has in form of its employees. It takes into account the value that the knowledge, skills and experience of the employees adds to the organization. The skills are acquired by an employee on the job, or through training. With the addition of skills the human capital increases.

The concept of human capital recognizes that all kinds of employees and the value that they add to the company is not the same. For example: The value of human capital of a worker is different than the value of human capital of a senior executive.

Human capital management is the responsibility of the HR department of an organization. This includes staffing and training the employees to increase the human capital.

Human Capital and HR

Human capital is not solely the people in organizations— it is what those people bring and contribute to organizational success. Human capital is the collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organizational workforce. Sometimes human capital is called intellectual capital to reflect the thinking, knowledge, creativity, and decision making that people in organizations contribute. For example, firms with high intellectual capital may have technical and research employees who create new biomedical devices, formulate products that can be patented, or develop new software for specialized uses. All these organizational contributions illustrate the potential value of human capital. A few years ago, a Nobel prize-winning economist, Gary Becker, expanded the view of human capital by emphasizing that countries managing human capital better arc more likely to have better economic results.'

The importance of human capital in organizations can be seen in various ways. One is sheer costs. In some industries, such as the restaurant industry, employee-related expenditures may exceed 60% of total operating costs. With such significant levels comes an increasing need to measure the value of human capital and how it is changing through HR metrics.