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## Editorial Note

In the last six months the business sector in India is experiencing a slow growth phase. The favorable policy environment put in place by the Government does not seem to be encouraging the entrepreneurs. In such a slowdown of economic activity there is a need for multi pronged strategy to revive to business activity in the different sectors.

Accordingly in the present issue articles pertaining to various issues of management have been incorporated for the benefit of the readers. As a mark of respect to the Founder Director of CSIBER, we publish an article on Prof. Dr. A. D. Shinde. His life and experiments in higher education is an example for the current and future generations.

The research articles included in the issue are employee empowerment, domestic capital formation, savings and investment preference of retail investors. The unique feature of the articles is the use of advanced statistical techniques for analyzing the primary / secondary data. These articles show a direction to young researchers regarding the method in which analysis can be performed with the help of statistical tools.

As the journal is published from Kolhapur it becomes the duty of the publisher to highlight the case studies from industrially rich belt of Kolhapur. The case of turnaround story of Kolhapur steel in included to fulfill this requirement. The last feature of journal is the book review on marketing. The reviewer systematically presents the highlights of the sixth edition of the book exhaustively.

The present issue of the journal is therefore expected to be a good asset for young researchers as well as management teachers in different functional areas.

**Dr. T. V. G. Sarma**  
Editor

# AN ANALYTICAL STUDY OF VARIOUS DIMENSIONS LEADING TO EMPLOYEE EMPOWERMENT IN MANUFACTURING AND SERVICE SECTOR ORGANIZATIONS IN INDIA

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**Abstract :** Empowerment is particularly relevant in today's globalized corporate world. There is a growing realization that flatter organizations working in empowered teams are more effective. It is also noticed that empowered employees are able to make quick decisions and implement actions much faster, and thereby contribute to achievement of organizational goals efficiently. Empowerment is seen as an effective technique of managing the operations of the organization. While the degree of empowerment can vary from organization to organization, the importance of empowering employees has been generally accepted. Empowerment is critical in a world characterized by innovation and an ever increasing need of responding to the fast changing external and internal environment. Empowered employees can be a source of sustainable competitive advantage both in the service sector and manufacturing sector organizations. However, empowering employees can be challenging as managers can view it as diluting their power and giving it to their subordinates. Empowerment also requires an administrative will, suitable environment and also the factors leading to empowerment. This study focuses on the various dimensions which lead to empowerment in an organization. This study also aims to find the level of empowerment in service sector and the manufacturing sector organizations. It also attempts to find the correlation between various dimensions of Empowerment. The questionnaire was administered to 281 employees of 8 companies belonging to manufacturing and service sector organizations of Mumbai & Pune. The findings of the study indicate that the manufacturing sector employees are more empowered than the service sector employees. It also indicates that there is a positive correlation between empowerment and various dimensions leading to Empowerment.

**Key words:** Empowerment, Meaning, Competence, Self-determination, Impact.

## 1.0 Introduction

Earlier in the industrial setting, employees were only involved in physical activities and had to only work on machines. However, now with a dynamic service sector and knowledge economy, the role of employees is not limited to producing predetermined number of units of products in a factory. Today employees are required to perform under challenging and ever changing environment. They need to take quick decisions and actions to achieve organizational goals. Empowerment has gained tremendous importance in today's globalized world. Empowerment is a very important Management and Leadership theme

in the dynamic world of business. Empowerment is the authority to take decisions independently, concerning one's own area of work. Empowerment is the process where employees are not just delegated the work but also given the authority and responsibility to perform work effectively. Employees are also given the resources required to perform their jobs. Hence what differentiates mere delegation of work from empowerment is that empowered employees are given authority, responsibility and resources on a routine basis, to perform their job effectively. Empowerment gives adequate freedom to employees to do their jobs and solve job related problems, in order to achieve the

goals of the organization. The underlying assumption is that the employees have the necessary skills, understanding and the capability to perform their job without much supervision. Normally Empowerment is considered to be a process where the power flows from a superior to a subordinate; it cannot be concluded as unilateral action of a superior. It needs to be understood that there are many factors that contribute to empowerment of employees in an organization. Effective implementation of empowerment programs requires strong organizational commitment, administrative will and an appropriate policy. It is important to educate managers at all levels and all the subordinate employees across the organization. Empowerment can be a source of intrinsic reward and can substantially motivate employees to perform better. There are several factors that leads to empowerment of employees in an organization. These factors can also be referred as Micro Components or dimensions which leads to overall empowerment in an organization.

Quinn & Spreitzer (1997) suggests that there are two schools of thought, one being, empowerment is about delegation and accountability, a top-down process where senior leaders articulate a vision and specific goals, and hold followers responsible for achieving them. Whereas others believe that empowerment is more of a bottom-up approach that focuses on intelligent risk taking, growth, change, trust and ownership; followers act as entrepreneurs and owners who question rules and make intelligent decisions. Leaders tolerate mistakes and encourage cooperative behavior in this approach to empowerment. These conceptualizations of empowerment have very different implications for leaders and followers. This confusing conceptualization of

empowerment is the very reason for empowerment initiatives to fail.

Ford & Fottler (1995) argues that empowerment is a matter of degree rather than an absolute. Some employees or teams may be more empowered than others in the same organizations. Greenberg (2011) states that an important trend has been occurring in organizations these days: power is shifting downward. Top managers are granting more and more power to lower-level managers and supervisors are putting power into the hands of employees themselves. Hughes, Ginnett & Curphy (2009) Empowerment has been used by many companies to improve results, yet the success of these programs has been mixed. One of the reasons for the mixed results is that empowerment often means different things to different people.

## **2.0 Review of Literature**

### **2.1 Employee Empowerment Defined**

Empowerment is a process in which power is delegated to subordinates to bring about greater responsibility in balancing the achievement of both personal and organizational goals (French, Rayner, Rees & Rumbles 2011).

Hersey, Blanchard & Johnson (2008) suggests that employee empowerment is a popular management theme, which is an extension of delegation. It entails reduction in the authority of the supervisor and distributing it to the employees.

Empowerment is the process by which senior managers help and support subordinates to acquire and use power needed to make decisions affecting themselves and also their job (Schermerhorn, Hunt, Osborn & Uhl-Bien, 2011)

Hughes, Ginnett & Curphy (2009)

defines empowerment as having two components. First, for leaders to truly empower employees they must delegate leadership and decision making down to the lowest level possible and the second component is to equip followers with the resources, knowledge and skills necessary to make good decisions.

Spreitzer (1995) defines psychological empowerment as a motivational construct manifested in four cognitions: meaning, competence, self-determination, and impact. Together, these four cognitions or dimensions reflect an active orientation to a work role, in which an individual wishes and feels able to shape his or her work role and context. These four dimensions combine additively to create an overall construct of psychological empowerment. These four dimensions of empowerment are explained below.

**Meaning:** Meaning is the value of a work goal or purpose which an employee associates to his work, judged in relation to an individual's own ideal or standards (Thomas & Velthouse, 1990).

**Competence:** Competence or self-efficacy is an individual's belief in his or her capability to perform activities with skill (Gist, 1987).

**Self-determination:** Self-determination is an individual's sense of having choice in initiating and regulating actions (Deci, Connell, & Ryan, 1989)

**Impact:** Impact is the degree to which an individual can influence strategic, Administrative or operating outcomes at work (Ashforth, 1989)

Atchison(1991) defines empowerment as giving employees both responsibilities and authority to make decisions pertaining to all aspects of their work, including product

development or customer service. The employees are then held accountable for the product or services they produce. In turn the employees are compensated by sharing the resulting profits or losses of the company. Randolph & Sashkin (2002) also states that empowerment is the process of giving all the employees, the authority to make decisions and to be responsible for their outcomes. Self-managed teams are good examples of empowered employees who are given the responsibility of leading their own teams and ensuring that they achieve the desired goals and objectives.

## **2.2 Employee Empowerment Perspectives**

Empowerment focuses on liberating employees and not controlling them and balancing the attainment of personal and organizational goals. The management implements these processes by delegating and encouraging employees to take up leadership roles in the organization (French, Rayner, Rees& Rumbles 2011).

The results of empowerment are more rewarding and useful. Empowerment will allow the supervisors to focus more on the important tasks and will make the employees more effective and happier (Ransom, 1992).

Conger & Kanungo (1988) identifies four important stages in the process of empowerment: 1. identify the conditions that contribute to low self-efficacy like poor communication or authoritarianism. 2. Implement empowerment strategies and techniques that transfer power and responsibility in the hands of employees who are closest to the problem or job. 3. Provide self-efficacy information directly to the concerned employees. 4. Create a 'can do' mentality or positive attitude and a real experience and feeling of empowerment.

Nelson & Quick (2011) emphasizes that empowerment requires the development of some skills like Competence Skill, process skills, cooperative behavior and Communication skills. Harari (1993) views empowerment as a tool to liberate employees from organizational constraints, which brings about proactive behavior and accountability. Empowerment is a feeling and an experience as a consequence of liberation. Power cannot be transferred from one person to other, it is condition where people feel powerful and choose to create power for themselves.

The concept of empowerment focuses on the ability to get things done. Power is relational, in terms of problems and opportunities, not just individuals. Hence each empowerment attempt must be evaluated in the light of how power in the organization will be changed. (Schermerhorn, Hunt, Osborn & Uhl-Bien, 2011). Pfeffer (2005) suggests that the goal of the organization must transcend beyond empowering people to link employees with organizational strategy. In order to achieve this level the organization needs to develop job security, pay higher wages, incentives & ownership, encourage information sharing and participation, train and develop employees, organizing employees into self-managed teams and pursue symbolic egalitarianism.

The important assumption of empowerment is that everyone has an internal need for self-determination and a need to cope with environmental demands directly (French, Rayner, Rees & Rumbles 2011). Hughes, Ginnett & Curphy (2009) argues that, although the motivational benefits of empowerment can be debated, there is no doubt that empowerment leads to learning and stress reduction. Properly designed and implemented empowerment programs helps employees to learn more about

their jobs, company and industry. This collective knowledge and skill of employees can improve the intellectual capital of the company and can be a competitive advantage for the organization. Mullins (2010) argues that trust and confidence in subordinates, manager's own performance and also system of delegation contributes to empowerment and is a key ingredient of effective management. Schermerhorn, Hunt, Osborn & Uhl-Bien (2011) argues that the top level managers don't have to give up their power in order to empower subordinates. They just have to give up the illusion of control- the false belief that they can control and monitor the activities of employees much lower in rank. Greenberg (2011) emphasizes that when employees are empowered, their supervisors are more likely to be like teachers or facilitators who guides their work groups by using their knowledge and experience and not like bosses who use coercive power to push people around. Mullins (2010) emphasizes that the empowerment facilitates the removal of constraints and grants autonomy to employees for taking independent actions without having to consult their supervisors. Atchison (1991) states that the purpose of empowerment is not just listening to employees or giving them a feeling of participation but also allowing employees to make decisions in their own areas of work and truly sharing the power in the organization. Johnson, Scholes & Whittington (2011) argues that instead of having only a top-down approach to empowerment, the only way to truly empower employees, is to accept responsibility at every level in terms of bringing in fresh ideas, for innovation and also for managing change. This would naturally call for more employee participation in an effort to bring about change. Schermerhorn, Hunt, Osborn & Uhl-Bien (2011) argues that in an empowered

environment, higher authority and sanctions must be replaced by reason, friendliness must replace coercion and negotiation & mutual agreement must replace orders for compliance. Leaders also play a very crucial role in empowering employees. Hughes, Ginnett&Curphy (2009) suggests six best practices of empowerment, do we really want or need empowerment?, Creating a clear vision, goal and accountabilities, Developing others, Delegating decision making to followers, Leading by example and Empowerment must be systematic to be successful. Noe, Hollenbeck, Gerhart& Wright(2009) states that apart from other factors, the success of employee empowerment will also depend on sound HR practices like performance management, training, work design and appropriate compensation. Empowered employees will also require timely feedback to evaluate their work. Empowered employees are able to achieve best results if they are fully engaged in their work. With the ever increasing need of knowledge workers, employee empowerment leads to a change in focus from technical skills to general cognitive and interpersonal skills. George & Jones(2008) argues that managers and other employees of the organization needs to change the way they think about decision making in order to create empowered employees. One of essentials of empowerment is to spread the responsibility of decision making among all the employees of the organization. Johnson, Scholes & Whittington(2011) argues that though lower level empowered employees can take initiatives and can experiment at their end, in the long run this may lead to incoherence. Schermerhorn, Hunt, Osborn &Uhl-Bien (2011) argues that the important factor in empowerment is to change the way people view empowerment, from power over

others to use of power to make things happen or to get things done in the organization. Under this new definition of empowerment all employees can be more empowered and the chances to succeed can be highly improved. It is also important to have a clear, specific and transparent definition of roles and responsibilities of each employee in the organization to help managers to empower subordinates.

Anonymous(1991) argues that though it may be difficult to achieve, this change in thinking about decision making will bring about the desired results and truly empower employees. Many companies use empowerment to improve their group decision like McDonald's, Federal Express, Citibank& Xerox. Gabor(1991) states that Xerox has gone to the extent of even insisting on suppliers to use empowerment and other Total Quality Management practices to improve the quality of parts Xerox from them because of a firm belief that empowerment and sharing decision making authority can bring about improvement in the quality.

### **3.0 Objectives of the Study**

1. To evaluate the level of Empowerment in service sector and the manufacturing sector organization.
2. To study the relationship between Empowerment and organizational structure.
3. To study the role of various Dimensions leading to empowerment.

### **4.0 Hypothesis of the study**

1. The level of Empowerment differs between manufacturing and service sector organizations.
2. The Dimensions of Empowerment such as Meaning, Impact, Competence, Self

Determination and overall Empowerment differs between different levels of structure.

3. The Dimensions of Empowerment leads to overall employee Empowerment.

## 5.0 Methodology

### 5.1 Tools of data collection

#### 5.1.1 Empowerment Scale

Spreitzer (1995) defines empowerment as increased intrinsic task motivation in a set of four cognitions reflecting an individual's orientation to his work role: Meaning, Competence, Self-determination and Impact.

Spreitzer (1995) Employee Empowerment scale contains four dimensions: Meaning, Competence, Self Determination and Impact. The scale is five point Likert Type. Every dimension has five point response categories. A five point rating scale that ranged from 1 (very low) to 5 (very high) was used. The higher the score more empowerment and lower the scores less empowerment.

Reliability of the Scale: The Cronbach

Alpha Reliability coefficient for the overall empowerment construct was .72 for the industrial sample.

#### 5.1.2 Units and sample for the study (Primary Data)

The data was collected from 4 organizations of manufacturing sector and 4 organizations of the service sector. These organizations are from Mumbai and Pune in India. The sample constitutes lower, middle and higher level managers covering 141 samples from manufacturing sector and 140 samples from service sector. The sample constituted 10% of the universe of the sample in each unit. The samples were identified on the basis of convenience.

#### 5.1.3 Design of Research and Statistical Analysis

2 x 3 factorial design was used to analyze the data, 2 represents the two sectors i.e. Service and Manufacturing sectors. 3 represents the three levels of management i.e. lower, Middle and Higher level managers. 1%, 5% & 10% level of significance has been considered.

Table 1 : ANOVA Related to Meaning Dimension of Empowerment

Source of Variation	Sum of Squares	Degree of freedom	Mean Square	'F' value	Significance of 'F'	
					5%	10%
Structure	23.624	2	11.812	2.195*	-	.144
Sector	.335	1	.335	.055	-	-
Two Way Interaction (Structure X Sector)	9.717	2	4.859	.802	-	-
Residual	1666.384	275	6.060	-	-	-
Total	1699.110	280	6.068	-	-	-

\*  $P \leq 0.10$

## 6.0 Data Analysis and Interpretation

**Table 1** is the ANOVA related to meaning Dimension of Empowerment. The obtained 'F' value at the structure level (Lower level, Middle Level and Higher Level) is 2.915 which is significant. At the sector level and the

interaction level the obtained 'F' value is .055 and .802 respectively which is not significant. It indicates that the Meaning Dimension of empowerment is largely dependent on structure than on sector.

Table 2 : Structure wise Analysis of Meaning

Structure	Manufacturing			Service			Mean Difference
	Cases	Mean	S.D.	Cases	Mean	S.D.	
Lower Level	58	11.706	2.043	65	11.400	2.416	.306
Middle Level	55	12.072	2.713	53	11.886	2.722	.186
Higher Level	28	11.964	2.531	22	12.681	2.524	.717

**Table 2** relates to Mean & Standard Deviation of Meaning Dimension of Empowerment. There are three level of Structure i.e. Lower Level, Middle Level and Higher Level. It shows a comparison of Mean between Manufacturing and Service Sector. In the Manufacturing Sector the mean of Lower Level is 11.706, Middle level is 12.072 and Higher Level is 11.964. This indicates that the value of a work goal or purpose, judged in relations to an individual's own ideals or standards is demonstrated more in case of middle level employees than the lower level employees and Higher Level employees. Similarly the work goals and objectives of the organizations are more meaningful to the

employees of Higher Level than the Lower Level employees of the Manufacturing Sector. In the Service Sector the Mean of Lower Level, Middle Level and Higher Level is 11.400, 11.886 and 12.681 respectively. It is noticed that the value of goals and objectives of the organization for the employees are more demonstrated as the Level of Structure increases i.e. Middle Level employees demonstrate more value for the goals and objectives of the organization than the Lower level employees. Similarly the Higher Level Employees demonstrates a greater degree of value for the organizational goals and objectives than the i.e. Lower Level, Middle Level employees.

Table 3 : ANOVA Related to Impact Dimension of Empowerment

Source of Variation	Sum of Squares	Degree of freedom	Mean Square	'F' value	Significance of 'F'	
					5%	10%
Structure	16.641	2	8.321	1.221	-	-
Sector	29.821	1	29.821	4.376*	.037	.037
Two Way Interaction (Structure X Sector)	.942	2	.471	.067	-	-
Residual				-	-	-
Total				-	-	-

\*  $P \leq 0.05$

**Table 3** is the ANOVA related to the Impact Dimension of empowerment. The obtained 'F' value at the structure level is 1.221, which is not significant; however at the sector level the 'F'

value is 1.376 which is significant at 5% level of confidence. It means that the Impact Dimension of Empowerment differs between manufacturing and service sector.

Table 4 : Sector wise Analysis of Impact

Sector	No. of cases	Mean	Standard Deviation	Mean Difference
Manufacturing	141	11.801	2.600	
Service	140	11.092	2.608	.709

**Table 4** indicates sector wise analysis of Impact Dimension of Empowerment. This tabulation is carried in order to further investigate which sector has got more influence on the Impact Dimension of Empowerment. Mean value of service sector is 11.092 and manufacturing sector is 11.801. The standard deviation of

manufacturing and service sector is 2.600 and 2.608 respectively. It is found that the employees of the Manufacturing sector influence strategic, administrative or operating outcomes more than their counter parts in the Service sector.

Table 5 : ANOVA Related to Self Determination Dimension of Empowerment

Source of Variation	Sum of Squares	Degree of freedom	Mean Square	'F' value	Significance of 'F'	
					5%	10%
Structure	12.433	2	6.217	1.022	-	-
Sector	12.368	1	12.368	2.033*	-	.84
Two Way Interaction (Structure X Sector)	1.419	2	.710	.117	-	-
Residual	1672.900	275	6.083	-	-	-
Total	1702.320	280	6.080	-	-	-

\*  $P < 0.10$

**Table 5** is the ANOVA related to Self Determination Dimension of Empowerment. The obtained 'F' value at the structure level is 2.900, which is significant. This means that the self-determination dimension of

empowerment differs between Manufacturing and Service Sector. At the sector level the obtained 'F' value is 2.033 which is not significant. At two way interaction the obtained 'F' value is .117 which is also not significant.

Table 6 Sector wise Analysis of Self Determination

Sector	No. of cases	Mean	Standard Deviation	Mean Difference
Manufacturing	141	12.014	2.354	
Service	140	11.542	2.559	.472

**Table 6** indicates Sector wise analysis of Self Determination Dimension of Empowerment. The Mean Value of Manufacturing Sector is 12.014 and the Service Sector is 11.542. It indicates that the employees of the Manufacturing Sector are more involved in their own work and they want to make sure that their

individual performances and their contribution to the organization is maximized. The individual sense of having choice in initiating and regulating actions are found to be more in Manufacturing Sector the Service Sector Organization.

Table 7 : ANOVA Related to Empowerment

Source of Variation	Sum of Squares	Degree of freedom	Mean Square	'F' value	Significance of 'F'	
					5%	10%
Structure	192.703	2	96.352	1.830*		
Sector	107.365	1	107.365	2.039		.059
Two Way Interaction (Structure X Sector)	56.952	2	28.476	.541		
Residual	14477.155	275	52.644	-	-	-
Total	14934.470	280	53.337	-	-	-

\*  $P \leq 0.10$ 

**Table 7** is the ANOVA pertaining to Empowerment. The Hypothesis to be tested is *"The level of Empowerment differs between Manufacturing and Service Sector Organizations"*. The Hypotheses is accepted on the basis of the obtained significance of 'F' value between Manufacturing and Service sector organizations. It shows that empowerment differs between Manufacturing and Service Sector. Another Hypothesis tested is *"The*

**Multifaceted component of Empowerment such as Meaning, Impact, Competence, Self-determination and overall Empowerment differs between different levels of structure"**.

At the structure level the obtained 'F' value is 1.830, which is not significant. The obtained 'F' value at the sector level is 2.039 which is significant a 10% level of confidence. This indicates that empowerment depends largely on sector than on structure.

Table 8 : Sector wise Analysis of Empowerment

Sector	No. of cases	Mean	Standard Deviation	Mean Difference
Manufacturing	141	48.056	7.003	
Service	140	46.264	7.510	1.792

**Table 8** indicates Sector-wise Analysis of Empowerment. The mean value of Manufacturing Sector 48.056 and Service Sector is 46.264. This indicates that the employees of Manufacturing Sector have got more authority to do their jobs without any direction or intervention from their superiors. They are capable of taking decisions regarding any matter concerning their own work. It also indicates that the employees of Manufacturing Sector have more sense of value for their own

ideals or standards and they also influence the activities of the organization. The employees believe firmly on their capability to perform their work. The employees of manufacturing Sector have a greater sense of choice in initiating and regulating actions.

**Table 9** indicates the co-relation between all the dimensions of Empowerment. The correlation values suggest that there is a direct relationship between all the dimensions of Empowerment.

Table 9 : Co-relation between all the Dimensions of Empowerment

Sr. No.	ITEM	Manufacturing		Service		1	2	3	4	5
		Mean	S.D.	Mean	S.D.					
1	Meaning	11.90	2.41	11.79	2.52					
2	Competence	12.34	2.28	11.84	2.72	.425*				
3	Self-Determination	12.01	2.35	11.54	2.56	.389*	.476*			
4	Impact	11.80	2.60	11.09	2.61	.145#	.262*	.461*		

\*  $P \leq 0$ , #  $P \leq 0.05$

### 7.0 Summary:

Empowerment is a multifaceted concept encompassing 4 main dimensions or micro components i.e. 'Meaning', 'Competence', 'Self-determination' and 'Impact'. These 4 main dimensions together contribute to overall employee empowerment.

Empowerment depends largely on sector than on the structure of an organization. There is a clear difference in the degree of empowerment in manufacturing and service

sector organization.

The employees of manufacturing sector are more empowered than their counterparts in the service sector organizations. The employees of employees of the manufacturing sector have got more authority to do their jobs without any intervention from their superiors. The employees of manufacturing sector have a greater sense of choice in initiating and regulating work related activities.

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