Abstract
The following review paper has the purpose to clarify the term empowerment, show the advantages of this concept and furthermore its special meaning for companies operating within the service sector.
Directory

Directory ................................................................................................................................................. 2
List of figures .......................................................................................................................................... 3
1.0 Key words ......................................................................................................................................... 4
2.0 Introduction ....................................................................................................................................... 4
3.0 Theory .............................................................................................................................................. 5
   3.1 Definition of the term empowerment ........................................................................................... 5
   3.2 Different interpretations of employee empowerment ................................................................. 5
   3.3 Advantages of employee empowerment in general ................................................................. 8
   3.4 Advantages of employee empowerment referred to services ......................................... 9
3.0 Conclusion ....................................................................................................................................... 13
Bibliography .......................................................................................................................................... 14
Useful internet literature: .................................................................................................................... 16
List of figures

Figure 1: The Empowerment Continuum ....................................................... 7

Figure 2: Empowerment-Service Recovery Relationship .............................. 11
1.0 Key words

Empowerment, services, empowered employees, service sector, review paper, meaning of empowerment for service companies.

2.0 Introduction

Initiatives, which are trying to involve employees in the organizational decision making, are as old as industrial democracy\(^1\) and the latest method which is trying to encourage workers is employee empowerment.\(^2\) Based on research over the past 40 years on delegation of authority and participation management, the concept of employee empowerment emerged from the total quality management (TQM) approach, which is based on the work of quality professionals like for example Deming and management visionaries such as Peters and Waterman, who emphasized pushing decision-making authority to an minimum/the lowest possible level.\(^3\)

In the 1990s, there were many empirical and applied researches carried out dealing with the topic of employee empowerment and therefore this decade was labelled the empowerment era.\(^4\) But what does the omnipresent term empowerment actually stand for?

The different ways of understanding empowerment will be elucidated in the next chapter.

---

\(^1\) Cf. Hancock, Logue & Schiller (1991).

\(^2\) Cf. Lichtenstein & Harris (1993).


3.0 Theory

3.1 Definition of the term empowerment

The word “to empower” simply signifies to give power to someone but power itself, however, can have several meanings:

- In the literal or legal meaning power is equal with the word authority and empowerment therefore means authorization.\(^5\)

- Power also may be used to describe capacity, as in the self-efficacy definition by Conger and Kanungo. In their opinion self-efficacy, or competence, is a belief that one has the necessary skills and abilities to perform a job well.\(^6\)

- And last but not least power also implies energy and thus to empower can also mean to energize.\(^7\)

3.2 Different interpretations of employee empowerment

The points mentioned above applied on an organization/company suggest that employees at any level can show initiative to successfully complete a task or service or to support the corporate mission. This way of thinking is illustrated by the following cite:

“When you see something that needs to be done, do it! Don’t wait to be told to do it, don’t sweep the problem under the rug, and don’t blame it on someone else”.

S.H. Appelbaum, K. Honeggar\(^8\)


But there are also other interpretations of empowerment and no consensus has been reached regarding which one is the “right one” and how far companies should take the empowerment program. Some definitions of empowerment suggest complete and almost uncontrolled power in the hands of the employees.

In practice many managers, although they recognize the importance of flexibility and fast decision making, have concerns giving the employees that much power like the dictate: “If something needs to be done, the go ahead and do it” claims to. Managers with this mind-set think this kind of empowerment is almost a license for the employees to act irresponsible and interpret it more like “Real empowerment is telling people what you want form them, giving them the tools to do it, and leaving them alone”. In this way the management sill initiates communication, sets tasks, determines the appropriate resources and assigns employees to the job.

The different approaches to empowerment can be viewed as a continuum, as shown in figure 1. On the far right, there is the full license to act, and on the other end, the limited empowerment suggested by the critical theory.

The critical theory suggests that empowerment programs should make it possible for disenfranchised members to overcome being dominated by others. To do this, these programs have to identify the way the disenfranchised are being dominated, as well as who is controlling their behavior. In this concept, for individuals or organizations, empowerment is a process of gaining control over one’s own situation.

But such critical forms of empowerment are typically outside the field of management, where they have been applied to a broad spectrum of groups, such as women, ethnic, minorities and consumers.

---

The problem of empowerment, which also can’t be solved by the empowerment continuum, is that it is intangible and not absolutely measurable and each person in touch with empowerment envisions what it means to him/her and attaches a personal meaning to the concept. Therefore it can’t astonish that empowerment means something quite different to most managers than it does to critical theorists. Cullen

---

and Townley\textsuperscript{14} claim that managers have emphasized a transitive use of empower as a verb: to grant or bestow power. On the opposite, the critical theorists, however, have adopted the reflexive usage: to gain or assume power over someone else.\textsuperscript{15}

Furthermore, it should be considered that some theories of organizational behavior suggest that empowerment can create beliefs and expectations that the organization simply cannot meet. If it is not managed carefully, it can actually lead to the destruction of the entire power structure.\textsuperscript{16}

With these critical aspects, and also the elusive and intangible nature of services, in mind, the question arises why companies all over the globe are trying to implement empowerment. Some arguments advocating the decision (and explaining the necessity) to implement empowerment within the organization will be shown in the following chapter.

### 3.3 Advantages of employee empowerment in general

Nowadays, the environment changes rapidly and exhibits a challenging situation to organizations and companies. In order to be successful and stay competitive in the future, they have therefore to look beyond the traditional directive management. The contribution of more than a single individual (manager) is necessary, and employees are not only expected but also needed to assume an active rather than a passive role in the organization.

Further advantages initiated by a successful implementation of empowerment in the organization:

- Increased productivity
- Greater employee enthusiasm
- Increased morale and creativity
- Higher quality products and services

\textsuperscript{14} Cf. Cullen & Townley (1994).


• Improved teamwork
• Increased speed and responsiveness
• Lessened emotional impact of demoralizing organizational changes and restructuring\(^\text{17}\)

After looking on these miscellaneous advantages, the implementation of the empowerment seems very reasonable to companies and employees likewise. There is a special impact of empowered employees in the service sector which will be displayed in the following.

### 3.4 Advantages of employee empowerment referred to services

In the previous chapters the term empowerment, the different understandings and the general advantages for the company and the employees have been displayed and elucidated. But when it comes to services employee empowerment is even more important than in for example producing industries because as Horovitz and Cudenne-Poon (1990) pointed out service deliverers(front-line people) play a crucial role in determining the extent and quality of customer experience and satisfaction.\(^\text{18}\)

The fact that empowerment of employees and customer service quality are strongly interwoven is also claimed by WJ Marriott Snr with his famous cite:

"It takes happy employees to make happy customers"\(^\text{19}\)

Thus employee commitment to meet service quality pledges to customers results in more responsive service interactions, because employees are committed to "delighting the customer" and will do whatever it takes to ensure successful service encounters. Given the unpredictability of customers, service employees are best placed to respond to customer wants. Thus rather than the organization attempting to


second guess customer needs, the empowered employee is ideally placed to both interpret and deliver the service needed.\(^{20}\)

The improved service quality due to the empowered employees is perceived by the customers and leads according to Rafiq/Ahmed (1998b) and Siegall/Gardner (2000) to a competitive advantage for the entire company.\(^{21}\)

Parson (1995) pointed out that those organizations which prioritize customer service quality objectives and the value of the customer repeat visit turn to empowerment as an appropriate technique.\(^{22}\)

The importance of empowerment increases for services further in special cases of service breakdowns, when the breakdown is complex, and if it has a great financial, psychological, or physical impact, empowered employees are important to solve the occurring problem fast and sufficient.

As shown in figure 2, the appropriate level of customization and employee empowerment goes hand in hand with the severity of the service failure.

This can be easily clarified with 2 examples:

The response to a service failure can frequently be standardized if the mistake has a low impact on customer satisfaction or if the problem can be easily corrected. A typical example is a restaurant order that was filled incorrectly. Let’s say the customer ordered a baked potato with his steak and got French fries instead. It can be annoying and inconvenient, but this kind of mistake does not have a dramatic impact on the safety or health of the customer. However, the customer expects fair treatment, and speed of recovery is of the utmost importance. In this kind of case a standardized response is appropriate. The employee does not have to use his or her own judgment to create a solution to the problem on an individual basis. Instead the server should implement the standard procedure learned in training: For example,


remove the incorrect dinner and replace it quickly and cheerfully with exactly what the customer ordered.\textsuperscript{23}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure2.png}
\caption{Empowerment-Service Recovery Relationship} \textsuperscript{24}
\end{figure}

On the other hand if the severity of the service failure is more complex and especially if it has a greater financial, psychological, or physical impact on the customer, then the employee may need to go beyond basic training and use personal judgment and imagination to solve the problem. He or she may draw on standard response procedures for part of the solution, to achieve a quick resolution. However to ensure that the customer’s needs have been met in spite of the service breakdown, a customized approach is often needed to supplement the standardized part.

For example, assume that Bankston, Inc., a large stock brokerage firm, has installed a new information technology system and needs to train most of its employees on the new system. Bankston has contracted with Acme Training Company to conduct a 4-day introductory training for its staff on how to use the new system. After the 4 days


of training, direct feedback from the employees showed that they have felt the training was poorly handled, and they were dissatisfied. In addition, individual performance tests showed that the employees were unable to complete the required tasks using the new system, so the training program was definitely a service failure.

Think about an appropriate service recovery strategy for this situation. Would Bankston be satisfied with just a refund of the training costs? No, because its employees would still not have the skills they need to perform their jobs using the new system. Would offering another 4-day training session without charge be a good solution? Probably not. It would be very difficult and costly for any company to take its employees away from their jobs for another 4 days to repeat the training- and the company, in this case Bankston, would have no reason to believe that the results of the repeated training session would be any better.

Is there any way Acme can recover from this serious service failure? Acme employees need to exercise initiatives and creativity to analyze what can be done to recover from the failure and to secure future business from Bankston. In this case, a combination of several different tactics may be offered with customized delivery options- all designed in close cooperation with the customer so that the customer feels involved with the solution and predisposed to accept it. The standardized part would be to use off-the-shelf training packages as compensation, instead of a refund. The customized part could be the way it is delivered. Acme could agree to send its top trainers to coach the staff one-on-one or in small groups as their job schedule permits until the staff and administration feel confident that the skills have been well learned. Because Acme is going to great lengths to satisfy the customer and guarantee the results of the retraining, there is a much greater chance that the business relationship would be repaired and perhaps even strengthened as a result of the recovery paradox.25

3.0 Conclusion

Summing up the literature research discussed before, it can be said that employee empowerment has been introduced in recent years as a powerful tool to improve service performance. Empowerment, which gives employees the power (encourages them to do more than just wait for things to happen) to make work-related decisions, has various additional service specific advantages:

- Enhanced responsiveness to customer needs
- Better handling of service breakdowns
- Enhanced job satisfaction\(^{26}\)

Empowerment can create a competitive advantage for the entire company and also enhances the job satisfaction, motivation and the commitment.

Additionally it has to be said that the highest level of employee empowerment is necessary in cases of complex service breakdowns because these situations require special, creative solutions and the empowered employees have to think totally out of the box—that is, creatively and unhindered by standardized quick fixes.

After studying all the relevant literature concerning the topic of empowered employees with the service sector it can strongly be recommended to every service providing company to think about implementing empowerment with its structure in order of gaining the elucidated advantages.

Bibliography


Useful internet literature:

While the research for this paper furthermore many interesting further internet references for additional information occurred:

http://www.entrepreneur.com/tradejournals/article/17802783_1.html

http://fekon.unand.ac.id/icbe/images/Paper/The_Relationship_Between_Psychological_Empowerment_And_Organizational_Commitment_A_Study_Among_Employees_In_Construction_Sector_In_Kota_Kinabalu,_Sabah,_Malaysia.pdf
