

Understanding the role of Employee Empowerment in Employee Performance with the Mediation effect of Performance Appraisal in IT Organizations – A Study

Phalguna Reddy.k^{1*}, Prof. Dr. Ramakumar Ambatipudi²

¹Research Scholar, KL University, Vijayawada.

²Professor, Pro-Vice Chancellor, KL University, Vijayawada.

*author1 phalgunareddy.1947@gmail.com

ABSTRACT

Many IT companies are facing employee performance issues in the technological era. Human Resources Management is taking initiatives by empowering them to improve the performance of employees. The present paper sought to examine the impact of employee empowerment on the performance of employees with the mediation effect of the performance assessment in IT companies. The study considered empowering factors and, with an exploratory factor analysis, examined the most influential factors in the performance of employees and found that knowledge sharing was highly influenced and knowledge sharing identified in the study enhanced work operations. Updating new skills and being able to organize more informatively with their colleagues will boost staff empowerment, which is found to be moderately influenced. The study used the Andrew F Hayes Mediation effect to assess the impact of employee empowerment on employee performance in relation to the assessment and found that staff empowerment influences their performance and can be mediated through a performance assessment. It is therefore very important that each company improves its capacity building activities and a good performance assessment in order to increase the performance of its employees.

Keywords

Appraisal, Empowerment, Information, Knowledge, Performance, Rewards and Organizations.

Introduction

Many companies are experiencing a number of challenges in today's technical age, and this impacts the efficiency of workers. Employee empowerment by information exchange, knowledge sharing, power, reward and decision-making allows employee success very successful in their work. In order for organization's to accomplish their goals and objectives, they must continuously adapt to their climate. In an intensely dynamic and changing field of business, companies need successful solutions to handle business, provide services and products to consumers. Markets, goods, technologies and competitive dynamics are evolving rapidly. Both organization's must also have the capacity to respond successfully to these shifts. Performance improvement techniques seek to produce greater operational productivity, improved outcomes for individuals and teams, and a higher degree of skills, knowledge, engagement and inspiration.

The word empowerment itself is a new addition to Management Vocabulary and may be viewed as yet another buzzword. The basic idea, though, has been reflected in the usage of terms such as engagement and interest for several decades. Empowerment of people is a significant contributor to the growth of subordinates by encouraging them to perform exceptionally well by trusting in themselves, often at the cost of making errors. Servant Leadership Philosophy stresses inspiring, helping and dedicated to nurturing workers. Empowering people to behave can lead followers to do a great job and make them mindful of their full ability.

Nowadays, more companies like to rely on achieving a sustainable business edge. Advanced facilities, advanced technologies, a strong communications plan, outstanding customer services and several other aspects can be reasons

to draw on the advantages. However, human capital are the most valuable assets in an organization, and their progress or loss relies on their skills and efficiency. Employees are a source of information, talents and abilities that cannot be imitated by rivals. Technologies, products and procedures are readily imitated by competitors; at the end of the day, though, employees are the company's most competitive assets. Employee ownership or participatory management involving the individuals accountable for the job systems is a modern form of handling – people that know most about the processes are where consistency begins. Some people think the workers just operate for a financial gain. If they are reluctant to be an important part of the organization, this might be so. Allowing workers to provide flexibility and input inside the company is what makes the empowering phase a success.

REVIEW OF LITERATURE

Lockwood (2007): The researcher has concentrated on Employee Engagement which is defined as positive, work-related psychological state operationalized by intensity and direction of cognitive and behavioural energy. The research mainly focussed to imply the worth of employee empowerment in the Employee's life. The author found that discovering the formal mentoring have the impact on the employee engagement and psychological capital.

Clardy (2008): The author has discussed regarding the employee empowerment that is a crucial mechanism to arouse optimistic behaviour in entities and influence their understanding, skills and approaches, which will improve the output and recital. The major system of employee empowerment indicates the impact of employee empowerment upon the increasing the employee

commitment. The finding implies there are programs designed to gain the strategic oriented employee empowerment in regards to achieve the Human resource to enhance the success of the organization.

Singh S.K (2008): The paper resembles regarding the employee empowerment: Interventions and challenges deliberated the use of workers including for survivors of the organization. It is found that Training and Development, usage of assessment performance method had noticed to be significant effect upon the Human Resources Development and implied that this challenge is focused for the efficiency performance of organisation. The study concluded that employee empowerment ought to approve in a suitable way.

Singh, Anil Kumar (2009): The research has focused on the employee empowerment and Organizational Culture in India HR practices. It has developed in the perspective of industrial modification and evolving role. The study found that human resources development activities in the public sector and private sector organisations in India are a strong pointer of organisational culture. Author concluded that there is a good example of the practical link between the activities of the employee empowerment and the organisational culture.

Youjae Yi (2011): This paper explains employee performance while raising awareness about the importance of customer behaviour in service delivery and accepting employee-related consequences. Additionally, the study investigates how similarity and congeniality limit the impact of customer participation and citizenship behaviour on employee satisfaction. The study discovered that including a laboratory experiment and providing advance support for a causal path provides advance support for a causal path. This article discusses the marketing implications of the findings.

Alharbi Mohammad Awadh (2013): The foremost objective of research article is to categorize and measure tough relationship in the middle of performance and organizational culture. The goal of an organization is to rise level of performance by planning strategies. The study found strong culture of an organization based upon managers and leaders help in refining level of performance. Managers share organization performance and culture to each other as they benefit in providing modest benefit to firms.

Colbert, A.E., Barrick (2014): The goal of this study is to see if the top management team's (TMT) personality and leadership are related to organisational efficiency, in addition to the effects of the CEO's personality and leadership, as suggested by upper echelons theory. The study discovered that TMT associates' mean levels of self-control, as well as CEO conscientiousness and transformational leadership, were related to lag displays of organisational performance. The findings, on the other hand, show that the CEO plays a different role in promoting financial performance and cooperative organisational assurance.

Rajalingam, Yasothai, Junaimah Jauhar, Abdul Ghani, Bashawir (2015): This study explores the effect of empowerment on the progress of an organization, as well as its role as a mediator. The results of this study indicate that empowerment mechanisms such as strength, expertise, information sharing, and incentives influence worker productivity. Meanwhile, performance management, as a moderator, has promoted the relationship between

empowerment and employee performance. This study investigates the impact of employee empowerment in the Penang manufacturing sector in detail.

Kurt Kraiger (2017): In this paper, the author examines the evolution of training and development and state that, it is main lens to determine what people have learned and identify where prospect analysis is needed. Then, in greater detail, discuss the progress of four main research themes: training criteria, trainee characteristics, training design and execution, and training history. In each area, we explain how research effort has shifted above phase and highlight key developments. The study concludes with some recommendations for future training and growth studies.

Nana, Frank & Mishra, Mridula. (2018): The determination of this paper is to observe the effect on employee efficiency of the production of human resources in small and medium-enterprises. The results specify that any alteration in human resources has an outcome on the yield of employees. This study encompasses the literature by providing empirical confirmation that human capital enlargement has an influence on the output of employees of small and medium-sized enterprises in Ghana.

Indranil Bose (2018): A company's primary goal in human resources is to effectively manage its workers by cultivating positive attitudes toward them, such as increased productivity, work satisfaction, loyalty, and corporate citizenship, as well as removing negative attitudes toward them, such as rising unemployment, absenteeism, and deviancy. The aim of this study was to see how employee empowerment affected the performance of the UAE banking sector, particularly since the sector has recently experienced a series of crises. Further reform was proposed based on the report's findings on the issue of worker empowerment. Finally, the connection between employee empowerment and performance is frequently dismissed as irrelevant in today's banking environment.

Akriti Chaubey, Chandan Kumar Sahoo, (2019): This paper investigates the impact of employee empowerment on employee innovation in order to promote organisational development in the Indian automotive industry. According to the findings, HR initiatives have an impact on employee creativity, which contributes to an increase in organisational innovation. The study has advanced in its attempt to enumerate the creativity for organisational change by incorporating existing worker imagination.

OBJECTIVES OF THE STUDY

1. To identify the influencing factors of Employee empowerment
2. To study the impact of employee empowerment on employee performance in relation to performance appraisal.

HYPOTHESES OF THE STUDY

The study has framed the following hypothesis based on the structured objective.

H0: There is no Impact of employee empowerment on employee performance in relation to performance appraisal.

SCOPE OF THE STUDY

The study has been focused on the employee empowerment impact on the employee performance with the mediation effect of performance appraisal. The study has considered the IT companies located in Hyderabad. The companies were selected based on the higher workforce.

RESEARCH METHODOLOGY

The study has adopted the qualitative research with the primary data. The primary data were collected directly from the employees through a well-devised interview schedule. Incomplete and inaccurate schedules were dropped and only fully completed schedules were taken up for analysis.

Sampling Design

The study is confined to Hyderabad region. Since, the size of universe is relatively large, the sample size was limited to 120 respondents – employees of TCS, Wipro, TechMahindra. The study applied the convenient sampling method for the collection of primary data.

Questionnaire structure: The study framed the 5 point likert scale oriented questionnaire relating to the employee empowerment impact on employee performance in relation with the employee performance appraisal.

Statistical tools

The processing, classification, tabulation, analysis and interpretation of data were done with the help of SPSS package. The following statistical techniques had been applied depending on the nature of data collected from the respondents. For analyzing the data collected during the investigation, the following statistical tools were used according to the relevance of its application namely Exploratory Factor Analysis and Andrew F Hayes Mediation Effect.

Exploratory Factor Analysis: The study applied the exploratory factor analysis to extract the high and lower loading factors among the framed parameters of influencing factors of employee empowerment.

Andrew F Hayes Mediation Effect: The study has considered the Andrew F Hayes Mediation Effect to know the employee empowerment impact on the employee performance with the Mediation effect of performance appraisal.

TABULATION OF DATA ANALYSIS

Objective 1: To identify the influencing factors of Employee Empowerment

In order to identify the influence factors of Employee Empowerment, the Exploratory Factor Analysis is used to identify the highly influential factors determined by the standard loading score above 0.50. In simple, variable which is found to be above 0.50, that variables are highly loaded which are influential factors of employee empowerment.

Table No-1: Sample Adequacy test

“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		0.846
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	166.782
	“df”	119
	“Sig.”	0.003

Source: Primary data

Table represents the sampling adequacy of the variable which is derived by using Kaiser – Meyer – Olkin and Bartlett's Test of Sphericity is used to know the significant of the sample. The result indicates the KMO calculated value is 0.846 which is above the recommended level (0.70). Further, from Bartlett's test, chi square calculated value is 166.782 which is greater than critical value at DF 119 (i.e., 145.461), implies the sample is significant at 5 percent level. Hence, the sample is adequate and significant.

Table No-2: Empowering Factors

	Component						
	1	2	3	4	5	6	7
I am allowed to make decisions in my job	0.442						
I have a lot of control over my job	0.376						
I have the authority to make autonomous decisions		0.563					
I have opportunities to express my ideas		0.503					
Sharing power			0.512				
							Power

increases my autonomy							
Knowledge sharing would improve the work operations				0.594			
Knowledge influences my performance because it leads to better performance				0.411			
I will perform better if am trained on new skills related to my job undertakings					0.518		
I organize to be more informative with my fellow colleagues in the future					0.506		Knowledge
I have access to information that is						Information	0.653

necessary for our work				
I can easily store data that helps me to work with a team			0.636	
I can easily share information to help one another work together			0.632	
Information sharing is important for team performance			0.548	
I am satisfied with the rewards I receive				0.642
I will be compensated for doing something to improve my work				0.582
My pay encourages me to improve the quality				0.412
			Rewards	

of my work		
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Source: Primary data

Table represents the sixteen influential factors with respect to Employee Empowerment; these sixteen factors are head under the four employee empowerment scale namely Power, Knowledge, Information and Rewards. Among sixteen factors, twelve factors are loaded high (which are above 0.50 loading score) and stated that these factors are mostly influencing factors on Employee empowerment. It is found that, under the Employee empowerment scale "Power", three factors are observed to be mainly influential on employee empowerment: the ability to make decisions independently, an employee's ability to express their thoughts, an employee's ability to increase their autonomy through share, being observed to be influential on this scale. Under the Employee Empowerment "Knowledge" heading, three factors are observed to be mostly influenced in which knowledge sharing is found to be highly influenced and the knowledge sharing identified in the study will enhance work operations. Updating with new skills and being able to organize more informatively with their colleagues will boost the employee empowerment which are found to be moderately influenced. Able to access the information, Able to share information easily, Able to share data easily and sharing information to team are the factors under head of Employee Empowerment scale "information" which are influenced on employee performance. Two factors under the head of Rewards are found to be highly influenced and state that the compensation of employees as performance assessment is one of the key factors that enhance employee empowerment.

Objective 2: To study the impact of Employee Empowerment on Employee performance in relation to Performance Appraisal.

In order to determine the mediation effect of performance appraisal on employee performance and Employee Empowerment, Andrew F Hayes Mediation Analysis is applied and hypothesis is framed as follows.

Null hypothesis: There is no impact of Employee Empowerment scale "Power" on Employee performance in relation to Performance Appraisal.

Mediation Analysis with respect to Employee Empowerment scale "Power" on Employee Performance in relation to Performance Appraisal.

***** DIRECT AND INDIRECT EFFECTS OF X ON Y *****

"Direct effect of X on Y"

Effect	se	t	p	LLCI	ULCI
.2071	.0923	2.2448	.0266	.0244	.3898

"Indirect effect(s) of X on Y":

Effect	BootSE	BootLLCI	BootULCI
Performance Appraisal	.6052	.0120	.1329 .8174

"Partially standardized indirect effect(s) of X on Y":

Effect	BootSE	BootLLCI	BootULCI
Performance Appraisal	.5041	.0095	.1257 .7138

"Completely standardized indirect effect(s) of X on Y":

Effect	BootSE	BootLLCI	BootULCI
Performance Appraisal	.5050	.0116	.1324 .6863

Null hypothesis: There is no impact of Employee Empowerment scale "Knowledge" on Employee performance in relation to Performance Appraisal.

Mediation Analysis with respect to Employee Empowerment scale "Knowledge" on Employee Performance in relation to Performance Appraisal.

***** DIRECT AND INDIRECT EFFECTS OF X ON Y *****

"Direct effect of X on Y"

Effect	se	t	p	LLCI	ULCI
.2368	.0821	2.8845	.0047	.0742	.3994

"Indirect effect(s) of X on Y":

Effect	BootSE	BootLLCI	BootULCI
Performance Appraisal	.7069	.0155	.1171 .9460

"Partially standardized indirect effect(s) of X on Y":

Effect	BootSE	BootLLCI	BootULCI
Performance Appraisal	.5055	.0124	.1133 .9368

"Completely standardized indirect effect(s) of X on Y":

Effect	BootSE	BootLLCI	BootULCI
Performance Appraisal	.5075	.0169	.1186 .9506

Null hypothesis: There is no impact of Employee Empowerment scale "Information" on Employee performance in relation to Performance Appraisal.

Mediation Analysis with respect to Employee Empowerment scale "Information" on Employee Performance in relation to Performance Appraisal.

***** DIRECT AND INDIRECT EFFECTS OF X ON Y *****

"Direct effect of X on Y"

Effect	se	t	p	LLCI	ULCI
.2423	.0889	.4759	.6350	.1337	.2184

"Indirect effect(s) of X on Y":

Effect	BootSE	BootLLCI	BootULCI
Performance Appraisal	.6108	.0170	.1185 1.0503

"Partially standardized indirect effect(s) of X on Y":

Effect	BootSE	BootLLCI	BootULCI
Performance Appraisal	.6086	.0136	.1150 1.0404

"Completely standardized indirect effect(s) of X on Y":

	Effect	BootSE	BootLLCI
BootULCI			
Performance Appraisal	.6112	.0176	.1195
1.0517			

Null hypothesis: There is no impact of Employee Empowerment scale "Rewards" on Employee performance in relation to Performance Appraisal.

Mediation Analysis with respect to Employee Empowerment scale "Reward" on Employee Performance in relation to Performance Appraisal.

***** DIRECT AND INDIRECT EFFECTS OF X ON Y *****

"Direct effect of X on Y"

Effect	se	t	p	LLCI	ULCI
.1753	.1017	1.7234	.0874	-.0261	.3767

"Indirect effect(s) of X on Y":

	Effect	BootSE	BootLLCI
BootULCI			
Performance Appraisal	.4033	.0139	.0337
.8273			

"Partially standardized indirect effect(s) of X on Y":

	Effect	BootSE	BootLLCI
BootULCI			
Performance Appraisal	.3326	.0110	.0269
.8217			

"Completely standardized indirect effect(s) of X on Y":

	Effect	BootSE	BootLLCI
BootULCI			
Performance Appraisal	.3629	.0122	.0295
.7244			

Source: Primary data

From the table mediating effect of Performance Appraisal on Employee Performance and Employee Empowerment. The coefficient value of indirect effect is 0.6052, implies that direct effect has lesser impact than indirect effect, implies The study stated that Empowerment tool of Power is positively and significant impact on Employee performance in relation to Performance appraisal. The coefficient value of indirect effect of Performance appraisal on Employee performance and Empowerment tool "Knowledge" is 0.7096, implies knowledge in sense of helping and knowledge self-efficacy significantly improve individual's innovation capacity and performance Hsiu Fen Lin (2007). The coefficient value of indirect effect of performance appraisal on Employee performance and Empowerment tool "Information" is 0.6108, implies knowledge sharing among IT workers will help to determine the developing skills and high employee performance Kentaro (2002). The coefficient value of indirect effect of performance appraisal on Employee performance and Empowerment tool "Rewards" is 0.4033, implies Rewards is positively and significantly impact on Employee performance. The study shows that the empowerment of employees influences their performance and can be mediated by a performance appraisal. It is therefore very important that each company, in order to increase employee performance, enhances its capacity building activity and a good performance evaluation. Hence,

it concluded that Reject the Null hypothesis and accept the Alternative hypothesis.

FINDINGS OF THE STUDY

- The study examined the influencing factors among the employee empowering in IT companies and found that under the Employee empowerment scale "Power", three factors are observed to be influential on employee empowerment: The ability to make decisions independently (0.563), an employee's ability to express their thoughts (0.503), an employee's ability to increase their autonomy through share (0.512).

- The study extracted under the empowerment segment of Knowledge - Knowledge sharing would improve the work operations (0.594) and followed by the employee perform better provided they trained on new skills related to my job undertakings (0.518).

- It has been found under the employee empowerment segment that compensated for doing something to improve in employee work has been extracted with the loading value of (0.582).

- It has been found with the coefficient value of indirect effect of Performance appraisal on Employee performance and Empowerment tool "Knowledge" is 0.7096, implies knowledge in sense of helping and knowledge self-efficacy significantly improve individual's innovation capacity and performance Hsiu Fen Lin (2007)

- The study observed with the coefficient value of indirect effect of performance appraisal on Employee performance and Empowerment tool "Information" is 0.6108, implies knowledge sharing among IT workers will help to determine the developing skills and high employee performance Kentaro (2002).

- The study shows that the empowerment of employees influences their performance and can be mediated by a performance appraisal. It is therefore very important that each company, in order to increase employee performance, enhances its capacity building activity and a good performance evaluation.

CONCLUSION OF THE STUDY

The study has focused on the employee empowerment impact on the employee performance in relation with the performance appraisal in IT companies. The study has considered the Hyderabad region based on the high workforce organizations. The study has considered the convenient sampling methodology for the collection of primary data through the drafted questionnaire. The study has considered the four influencing factors of employee empowerment such as Power, Knowledge, Information and rewards with the support of statistical method of exploratory factor analysis. The study observed that empower factors under the head of Power segment "authority to make autonomous decisions" followed by the "Sharing power increases employee autonomy". The study extracted the empowering factor – Information indicated easily store data that helps employee to work with a team and Information sharing is important for team performance. Rewards

segment compensated for doing something to improve employee work. The study applied the Impact of Employee Empowerment on Employee Performance in relation with the performance appraisal. The study result indicates that indirect effect is observed to be higher than the direct effect on the employee performance by the employee empowerment. The result reveals that employee empowerment impact is observed higher on the performance with the mediation effect of Knowledge factor.

Further Research Scope:

The study examined the employee empowerment impact on employee performance in relation to the performance appraisal in IT companies of Hyderabad. It has been suggested to expand the present nature of study to state level. The study also recommends to focus the financial services sector to improve the employee performance with employee empowerment. The study also suggests to examine the employee empowerment in startup organizations.

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