The Mechanism of Employee Empowerment in Enhancing Service Innovation

Mohammed Saeed Alahbabi[1], & Hassan Saleh Al-Dhaafri[2]

[1] Hamdan Bin Mohammed Smart University and Dubai Police Force, Dubai, United Arab Emirates

[2] Dubai Police Force, Dubai, United Arab Emirates

Correspondence: Mohammed Saeed Alahbabi, Hamdan Bin Mohammed Smart University and Dubai Police Force, Dubai, United Arab Emirates.

Abstract

The paper explores the value of employee empowerment as a technique for enhancing service innovation. The goal of this research is to examine some of the most notable studies on empowerment and its impact on service innovation. As part of soft TQM, empowerment has become one of the most widely employed competitive techniques in the internal environment of organizations to improve performance through enhancing service innovation. The primary purpose of empowerment is to provide employees a sense of involvement in decision-making inside organizations to help them achieve their objectives. In the literature, some investigations explored the correlation between employee empowerment and service innovation. Hence, the purpose of this article is to review previously published studies in the literature to pave the way for future empirical studies in various settings.

1. Introduction

Service innovation is a type of innovation that is related to the service industry. This form of innovation, according to Nanda, Kuruvilla, & Murty (2013), as well as Gremyr et al. (2014), is aimed towards the customers. Total Quality Management (TQM) is one of the many variables that might lead to the creation or enhancement of innovation. Importantly, TQM is seen as an essential internal organizational resource, as highlighted in the resource-based review theory (Al-Dhaafri & Alosani, 2020). The TQM concept emphasizes the significance of intrinsic motivation in employees, and this form of motivation is considered essential to solving organizational issues and problems to enhance overall quality. Consequently, various quality management techniques have been implemented in various departments, including research and development (R&D), sales, and service departments, to accomplish various goals of ISO management systems. Emergent challenges and problems regarding implementing and improving the quality management approach and obtaining ISO 9000 certification have been a mainstay. Hence, a new approach of employee empowerment rather than the old approach of documentation and formalities was introduced by management, demonstrating remarkable improvement in process control, products, and services (Mangelsdorf, 1999).

Many researchers have delved into TQM and its human aspects, such as employee empowerment, in terms of service innovation. Employee empowerment is a crucial component of TQM since it gives workers autonomy and encourages workplace accountability. Furthermore, modern business practice allows for rapid changes in innovation patterns by empowering employees to make decisions and improve the quality of their work (Amin & Ahmad, 2015; Aneta, 2016), hence boosting the innovation process.

Previous research has indicated a correlation between TQM's human component and service innovation. For instance, various scholars have concluded that employees assist firms in achieving TQM activities, boosting and promoting innovation (Bon & Mustafa, 2013; Dedy et al. 2016, Zandhessami & Jalili, 2013; Yusr, 2016). By reviewing previous scholarly works, the current study intends to elucidate and emphasize the fundamental role of employee empowerment in fostering service innovation.

2. Empowerment

While employee empowerment is a common concept in literature, it lacks an aggregate definition; hence the

reason why various scholars have coined numerous approaches to enhance the comprehension of the concept. One of these definitions is coined by Elmuti (1997), who indicates that employee empowerment is a critical paradigm for empowering subordinates to make decisions on behalf of a conglomerate to bolster individual motivation and performance. The empowering of employees also falls under the human side of TQM; it refers to the power and freedom given to workers at all levels within the firm. This empowerment offers employees a sense of pride in self-amelioration, production, innovation, and self-inspection (Thiagarajan & Zairi, 1997). Organizations with diverse teams and groups need empowered employees with high self-directing and self-managing behaviors in group situations. Because of the power given to employees, their sense of membership to the organization is heightened, resulting in their high commitment and eagerness to innovate and execute their jobs at best possible levels. The relevance of employee empowerment has been proved by numerous studies (Bhat & Rajashekhar, 2009; David & Bishnu, 2009; Thiagarajan & Zairi, 1997).

This principle of employee empowerment focuses on their role, given that employees are an organization's most invaluable asset. Employees at all levels of management are essential because of the various roles they play in increasing an organization's overall performance. As a result, managers must understand personnel dynamics and apply them to business operations. According to Daily & Bishop (2003), employee empowerment can take several forms, including communication, problem-solving, financial incentives, and representative engagement. Financial incentives, for example, could entail creating a bonus plan. Such activities can help people become more engaged at work (Daily & Bishop, 2003). As a result, numerous components of employee empowerment exist, and each company should choose the best fit to reap the benefits.

Employee empowerment is a concept that is commonly utilized in management circles. Employee empowerment, according to Honold (1997), has several elements that make it difficult to define, as other scholars have articulated it differently. According to Bishop & Daily (2003), it is the practice of improving organizational members' sentiments of self-efficacy by recognizing adverse situations that engender impotence and eradicating them through both formal organizational approaches and unofficial effectiveness communication techniques. It implies that organizational behaviors determine empowerment. Employee empowerment, according to Ugboro & Obeng (2000), focuses on ways that increase worker confidence in executing diverse duties. Management, for example, uses training to align employee abilities with company goals. Employee empowerment, in other words, is a strategy used by businesses to encourage employees to respond to quality-related difficulties.

Several studies have broken down the concept of empowerment into various categories to show how it affects the business setting. The first is leadership, which establishes a climate that encourages people to take the initiative. According to Honold (1997), in an empowered firm, managers are more involved in overseeing employees than in a traditional organization, and they delegate more choices to subordinates. They serve as coaches, assisting individuals in overcoming obstacles in the workplace while also encouraging personal growth. Beyond that, the second perspective relates to the individual state; it focuses on improving employees' cognitive abilities to accomplish various functions or roles. According to Honold (1997), higher autonomy and purpose results in higher empowerment, which improves performance. The third viewpoint is collaborative work, which focuses on improving workplace relationships because most job tasks are interconnected. As a result, it promotes collaboration, allowing the company to fulfill its goals. The fourth viewpoint is premised on G. Edwards Deming's work on quality, focusing on structural improvements such as empowerment. Companies use structural changes to improve staff capabilities and productivity. Quality researchers have undeniably dissected empowerment via many lenses that stress quality.

Empowerment is crucial in TQM because it outlines the role of leadership, structural changes, and personal development. This concept enables a company to implement TQM concepts and reap the benefits that come with it. Ultimately, empowerment is an essential factor in TQM, with apparent consequences in today's firms. Employee empowerment has been studied extensively, focusing on its overall importance and impact on organizational development and commitment, organizational performance, and employee satisfaction in achieving successful TQM in an organization (Hanaysha, 2016; Meyerson & Dewettinck, 2012). Pradhan et al. (2014) denoted that employee empowerment extends beyond delegating decisions or actions to lower-level employees, emphasizing the necessity of allowing individuals to see their value in the workplace. Consequently, employee empowerment indicates higher motivation levels in the workplace, as evidenced by four factors: meaning, influence, competence, and self-determination (Pradhan et al., 2014).

Meaning elucidates the worth of the task assigned to or completed by employees, while competence refers to the capacity to achieve desired tasks and responsibilities. While exploring self-determination, it is seen as a person's decision to take charge of their actions, whereas impact refers to an individual's ability to direct and achieve strategic focus and desired degrees of work completion (Pradhan et al., 2014). Employee empowerment,

according to GanjiNia et al. (2013), is the key to organizations' long-term success because it enables employees to tap into their full potential.

Employee empowerment, in other words, allows a company to increase the productivity of its most valuable asset: its employees. Employees can be more creative and productive, have more influence over their actions and decisions, and feel more pride and responsibility for the organization. As a result, an organization can ensure that its human resources and competencies are put to the best possible use for the business and its goals (GanjiNia et al., 2013; Saremi, 2015).

Empowerment includes several significant and immediate benefits. Employees' self-confidence and self-reliance are strengthened when empowered and get a sense of responsibility and autonomy in decision-making, contributing to job satisfaction (Kumar & Kumar, 2017). Employee empowerment, according to Berraies et al. (2014), is critical for employee trust and engagement in organizational innovation as well as overall corporate performance. Employee empowerment in organizational development for any specific or overall job function, according to Paynevandy (2016), is critical in maintaining a certain level of consistency in human resource performance and development initiatives.

Moreover, Sivaprakasam & Hasan (2010) proclaim that employee empowerment adds to TQM by increasing employees' overall involvement. Employees' talents and ability to work efficiently require empowerment as well. As a result, empowered individuals make better decisions in their jobs, resulting in increased levels of TQM commitment in an organization. It also encourages employees to be more innovative in their behaviors and reduces resistance to change, which are necessary for successful TQM implementation (Sivaprakasam & Hasan, 2010).

Overall, because of its link to overall organizational outcomes, employee empowerment is a crucial part of TQM. It comes from various sources, that is, leaders, the collaborative atmosphere, motivation, and overall engagement, and leads to the successful implementation of TQM.

3. Service Innovation

There have been some disagreements on what the term service entails. Several previous studies, including those by Rathmell (1966), Hill (1977), Zeithaml, et al. (2008), Hoffman & Bateson (2011), have defined services as acts, deeds, performances, endeavors, or processes. As a result, services can be determined based on acts, ownership, or characteristics. The characteristics-based definition indicates the services given per customization, simultaneous production, and consumption. It also denotes services that are not able to be stored. Quinn & Gagnon (1986) defined services as economic activity where the principal output is not a product or a structure (Kayastha, 2011). This definition, however, has a significant flaw: it does not explain why constriction services are not deemed services. According to Gronroos (2007), service comprises a set of intangible activities that take place most often through interactions between customers and staff or consumers and service provider resources, allowing customer problems to be handled in the process. According to Kotler (2009), service refers to performance or act that one party can provide to another, with the offering being intangible in nature and hence not held by either party (Kayastha, 2011).

There is a plethora of research on innovation, which is an essential aspect in organizational success and survival nowadays, coupled with high-performance quality. Over the years, numerous versions of the concept's definition have been established, examined, re-developed, and understood. Individuals and groups have consistently devised novel solutions to existing challenges, demonstrating their ability to address daily life and work issues (Taylor, 2017). Schumpeter described innovation in the 1930s as the generation of different combinations of ideas, products, or services premised on currently available resources (Schumpeter, 1935; Taylor, 2017). According to international guidelines, innovation entails the development of new or improved processes or products. The Australian National Audit Office defines innovation as the process of developing and implementing new ideas and processes. As a result, the most common component is the use of something new in a product, service, or process, which reflects improvement and solves current problems (Taylor, 2017). According to Taylor (2017), innovation is the successful implementation of unique ideas that can be adopted by other businesses (Taylor, 2017). Kogabayev and Maziliauskas (2017) noted that technology perspectives and market factors were considered by several early researchers in defining the concept and theory of innovation.

The phrase "service innovation" refers to a new invention or service that has yet to be successfully launched to the market (Schumpeter, 1934). Furthermore, according to Toivonen & Tuominen (2009), service innovation is a new service or a renewal of an existing service that enriches the creator organization because of the added value the regeneration provides clients.

The complex concept of service innovation has sparked much research (Hanif & Asgher, 2018). Because of its centralized spot in business, innovation has a wide range of definitions. According to Witell et al. (2016), the notion and comprehension of service innovation contribute significantly to business, notably in marketing, management, and operations. Other researchers, on the other hand, have presented different interpretations from various perspectives. For instance, Witell et al. (2016) assert that assimilation, demarcation, and synthesis are three critical viewpoints that underpin the notion and definition of service innovation.

According to the assimilation viewpoint, service innovation can be understood as focusing on new and sophisticated technology and its implications, which are investigated as crucial drivers of organizational service innovation. Earlier innovation studies, according to the demarcation approach, failed to realize how services contribute significantly to products; thus, service innovation differs from product innovation. Furthermore, critiques from the assimilation and demarcation views were common from the synthesis perspective. As a result, service innovation must consider both manufacturing and service innovations (Witell et al., 2016).

According to Toivonen & Tuominen (2009), service innovation refers to a new or revised service ready to be supplied to customers as a value addition while also benefiting the company. The newness in the service goes beyond how the developer would receive it to a broader context of innovation. Service innovation, according to Schumpeter (1934), is a new synthesis of existing knowledge that is distinct from other innovations (Witell et al., 2016).

As a result, the process of defining and redefining service innovation has changed over time, guided by the recognition that service innovation differs from product-based innovations. Service innovation, according to Oke (2007), is defined as new activities that are used to supply essential and novel services that fulfill a variety of client needs. As such, various resources are integrated and recombined to provide additional value. Skålén et al. (2014) define service innovation as "the transformation of services and service processes to solve existing problems and produce something new over current services to provide added value."

Further, Hanif & Asgher (2018) found that different dimensions and factors of service innovation allow predictions on service innovation performance, new service products, new service processes, and new service business models; however, increased levels of competition and uncertainty that prevail in the business environment affect the moderating relationship between service innovation and its performance. These dimensions were measured individually per the items created by Yen et al. (2012). Thus, service innovation is a multidimensional construct encompassing various perspectives and approaches, making it significantly complex (Hanif & Asgher, 2018). That is, it is challenging to measure a construct like innovation without second-order dimensions to explain the construct better.

Furthermore, service innovation is carried out to rejuvenate existing services. Because of the stakes and involvement of stakeholders, the process is multidisciplinary, influencing the design of service innovation, the service system, and the delivery and implementation of service innovation (Vos, 2010). Carlborg, Kindstrom, and Kowalkowski (2014) examined the progression of service innovation, moving away from the conventional focus on product innovation and toward a new approach to more multidimensional service functions that connect internal and external elements of an organization.

4. The Relationship between Empowerment and Service Innovation

A plethora of scholarly works have explored the interaction between the variables, that is, employee empowerment and service innovation. For example, academic discourses by Berraies et al. (2014) & Aneta (2016) investigated the interplay and discovered that empowering employees provides them a great sense of responsibility and the ability to make critical decisions, which helps organizations innovate. Furthermore, empowering staff augments and enhances the linkage between service innovativeness and TQM, according to Sok & Ocass (2015), since workers contribute significantly to effective customer interactions.

Various scholarly works, including those by Rafiq & Ahmed (1998) and Martin & Bush (2006), have emphasized that empowerment contributes to augmented performance levels in conglomerates as employees are involved in decision-making, allowing them to use their capabilities to achieve various goals. Furthermore, the concept of empowerment has four fundamental conceptions: meaning, employee skill, a sense of self-determination, and a perceived job influence (Thomas & Velthouse, 1990). Generally, empowerment is seen as a hands-on approach that accounts for employee expectations, allowing them to have a substantial impact on business decisions (Spreitzer, 1995). As such, the concept's significance cannot be understated, especially when it comes to the innovativeness of service organizations (Gómez & Rosen, 2001). According to the studies by Rafiq & Ahmed (1998) & Luria et al. (2009), innovation in the operating service sectors provides organizations with increased capacity to implement various strategies while responding to consumer requests, resulting in the

accomplishment of high-performance goals, as well as improve the competencies of employees, thus, resulting in professional advancement. When firms pursue integrated service innovation, employee empowerment becomes even more critical, as it offers individuals significant policymaking authority to build customized solutions to improve their ability to deliver excellent services and create services.

Several studies have looked at the impact of employee empowerment on service sector innovation. The study of Sok and O'Cass (2015) reviewed the consequences of service innovation exploration using the quality of services. According to the findings, innovation improves service quality while also improving financial performance. Furthermore, the results revealed that employee empowerment was linked to innovation and service excellence.

According to Aneta (2016), in today's corporate environment, wherein the demand for innovation is continuously changing, people must be empowered and given a stronger feeling of responsibility to make significant decisions that contribute to an organization's innovation capabilities. Employees' subjective roles can contribute to the general improvement of the organization's social potential when given the authority and power to apply their leadership and decision-making capacities (Aneta, 2016). As a result, an organization's overall innovation process and capability tend to improve.

Furthermore, in today's company environment, where open innovation is required, it is critical to acquire and share new knowledge, which is enhanced when people are empowered (Aneta, 2016). Employee empowerment is also vital in developing and providing trust inside an organization, which is necessary to provide and accomplish better levels of innovation in an organization (Berraies, Chaher, & Yahia, 2014). Consequently, organizations must put a premium on employee empowerment to improve their internal competitiveness and innovation capabilities (Berraies, Chaher & Yahia, 2014).

Sok & O'Cass (2015) went on to explain that to accomplish service innovation, an organization must provide high-quality services, and employee empowerment is critical. Because employees are crucial in service delivery and customers interact directly with employees, when employees are empowered, the overall relationship between TQM and service innovation strengthens (Sok & O'Cass, 2015). Employee empowerment, according to Alkhodary (2016), has a substantial association with innovation and innovative behaviors because empowerment helps employees to gather and share more information and expertise, which prepares the organization as a whole for innovation.

5. Conclusion

The scope of this discourse has been on the impact of employee empowerment as a critical soft aspect of TQM on service innovation. The interaction between the employee empowerment component of TQM and service innovation is investigated in this study through a review of earlier studies to understand the theoretical foundation of the variables' correlations. Some studies, including those by Arshad & Su (2015), Sadikoglu & Olcay (2014), Iqbal et al. (2017), Ratny, Arshad & Gaoliang (2018), Bon & Mustafa (2013), Khan & Naeem (2016), & Lin (2013), to mention a few, have thoroughly examined the relationship; however, a gap remains in literature. This research lays the groundwork for future scholars to investigate the nature of the relationship between empowerment and service innovation empirically. The studies examined only cover a small gap in the existing literature on the human side of TQM, leaving areas such as empowerment and service innovation largely unexplored.

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