EMPLOYEE’S PERFORMANCE AS A RESULT OF SATISFACTION, INNOVATION AND EMPOWERMENT BY MANAGERS

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Abstract: This paper investigates the relationships between satisfaction, empowerment, innovation and employee performance. A number of studies prove that employee’s empowerment can be used to enhance and improve the organizational performance of the enterprise by involving employees in development processes, influencing satisfaction and innovation in its overall performance.

These empirical studies have analyzed the direct effects of employee empowerment through satisfaction and innovation by supporting the mediating role of employee attitudes and management behaviors.

This paper contributes to the literature on employee empowerment by proposing and testing the direct effect of employee empowerment on performance, as well as the effects mediated by job satisfaction and innovation influenced by Kosovo managers in changing dynamic and unsafe conditions.

The empirical analysis relies on the data collected through the questionnaire in Kosovo public and private enterprises. The results support the structure of hypotheses presented. Empowering employees has a direct impact on performance through the impact of job satisfaction and innovation.

Keywords: empowerment, attitudes, involvement, performance, satisfaction.

1. INTRODUCTION

This study focuses on analyzing and exploring the practices of employee empowerment and managers’ attitudes, including innovation and their impact on employee performance in Kosovo enterprises.

Kosovo has faced radical changes during the past decade. Moreover, because of its special political condition, it had extremely difficult business conditions affecting entrepreneurship development during various stages.

In order to organize a company effectively, companies in Kosovo must rethink how they hire, train and reward their employees; therefore, the employees could and should be encouraged to be competitive. Undoubtedly, there is an important factor in organization’s human resources. One of the main management strategies of Kosovo organizations must be investment in employees.

Work satisfaction experienced by employees will encourage people to give their best to the organization. Organizational behavior managers should be interested in the nature of attitudes and behaviors of their employees towards their work, their careers, and the organization itself.

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Employee attitudes and behaviors are very important for achieving both individual and organizational objectives through their performance.

Organizations should adopt practices of the performance management that are consistent with the requirements of the organization policy and that best fit the nature of the work performed and the mission of the organization. Each organization’s policy should specify how the performance management system will be carried out.

Thus, performance management should be an important step in the Kosovo organization’s HRM system that influences employee performance and organizational performance.

Organizations have also used these processes to support or dive into culture change and to shift the emphasis to individual performance and self-development. The business environment in Kosovo is becoming one of the most competitive in the region, Kosovo has the youngest population in Europe with 70 percent of the population under the age of 35; Krasniqi B. A. (2012) argued that entrepreneurs are more concerned with constraints related to the external environment rather than internal factors such as managerial skills.


All of these empirical studies analyzed the direct effects of employee empowerment on work performance and attitudes, managers’ behavior in workplaces, the impact of satisfaction, innovative practices, regardless of each other, and regardless of indirect or mediating effects.


Other important areas of management research, including motivation theory (Latham, 2012. Herzberg, F., 2009) and leadership theory (see Bass and Bass 2008), show a similar structure and managerial interventions that affect attitudes of employees, which, in turn, affect their behavior.

Thomas and Velthouse, (1990), defined empowerment as a higher level of internal motivation of office or commitment and internal engagement in a task as is evident in the four assessments of that task: impact, competence, understanding and choice. As an employee makes positive evaluations for these four aspects of the assignment, he or she will feel more internal motivation and empower.
Spreitzer, 1996 described the empowerment of employees as a motivational structure with four dimensional elements composed of: knowledge - understanding, competence, self-determination and influence - reflecting an active orientation towards the role of work.

From a managerial perspective, employee empowerment is a relational construct that describes how power-loving organizations share energy, information, resources, and rewards with those who miss you. The intellectual origin of this concept dates from the fundamental contributions to the movement of human relations in the theory of organization (e.g. Argyris, 1957, Likert, 1967, McGregor, 1960, Potterfield, 1999).

Kanter (1979) developed a structural theory of organizational power that describes how power comes from three sources: supply lines, information lines, and support lines, including top management support and discretion to engage in innovative behaviors.

To the extent that managers provide employees with access to these three sources of power, they manage to empower them. Arnold et al. (2000) and Ahearne, Mathieu and Rapp (2005) created multi-dimensional definitions of empowering employees who treat power as an approach or style of leadership. Ahearne, Mathieu and Rapp’s Empowering Styles Leadership include leading behaviors that enhance understanding of work, promote decision-making, express confidence in high performance, and ensure autonomy from bureaucratic restrictions. Arnold et al. defined empowerment as an approach to leadership that includes the following leadership behaviors: guided by example, including others in decision-making, training, and information and showing concern for others.

Bowen and Lawler (1992, 1995) recognized that a key component of empowerment is the division of power and authority with lower-level employees and allowing them to make decisions about how to provide services. However, they noted that “many empowerment programs fail to focus on power without redistributing information, knowledge, and rewards.”

According to them, employee empowerment is an approach to providing services that involves managers to share their employees with these organizational components:

- Information on the organization’s performance,
- Rewards based on the organization’s performance,
- Enabling employees to understand and contribute to organizational performance, and
- The power to make decisions that affect organizational direction and performance.

2. REVIEW OF LITERATURE

2.1. Empowerment and performance

An employee empowerment approach by managers consisting of practices aimed at exchanging information, rewards, work knowledge, the ability to acquire knowledge, new experiences and authority with employees are expected to be positively related to the performance, opportunity and freedom of adding and giving to authorized employees that provides them with flexibility to adapt to unforeseen circumstances, improve the quality of interactions with recipients and use more productivity of their time (Bowen and Lawler 1992, 1995, Langbein, 2000).
Empowerment also increases the technical knowledge and skills of employees, enabling them to perform more efficient tasks (Bowen and Lawler 1992, 1995; Lawler, Mohrman and Ledford 1995). Establishing goals and responses, highlighted activities in an empowerment approach, also have a significant impact on employee efforts and performance.

UNDP Report (2012) seeks to understand what policy adjustments need to be made to enable wealth creation to enhance human potential. According to the UNDP Human Development Index (HDI), Kosovo ranks 87th in the world, behind all the rest of Europe:

<table>
<thead>
<tr>
<th>Human Development Index (HDI)</th>
<th>Life expectancy at birth (years)</th>
<th>Mean years of schooling</th>
<th>Expected years of schooling</th>
<th>Gross national income (GNI) per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>0.884</td>
<td>79.3</td>
<td>11.6</td>
<td>16.9</td>
</tr>
<tr>
<td>Croatia</td>
<td>0.796</td>
<td>76.6</td>
<td>9.8</td>
<td>13.9</td>
</tr>
<tr>
<td>Montenegro</td>
<td>0.771</td>
<td>74.6</td>
<td>10.6</td>
<td>13.7</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>0.771</td>
<td>73.4</td>
<td>10.6</td>
<td>13.7</td>
</tr>
<tr>
<td>Serbia</td>
<td>0.766</td>
<td>74.5</td>
<td>10.2</td>
<td>13.7</td>
</tr>
<tr>
<td>Albania</td>
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<td>76.9</td>
<td>10.4</td>
<td>11.3</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>0.733</td>
<td>75.7</td>
<td>8.7</td>
<td>13.6</td>
</tr>
<tr>
<td>Macedonia (The former Yugoslav Republic)</td>
<td>0.728</td>
<td>74.8</td>
<td>8.2</td>
<td>13.3</td>
</tr>
<tr>
<td>Kosovo</td>
<td>0.713</td>
<td>70.0</td>
<td>11.2</td>
<td>11.3</td>
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</tbody>
</table>

Training and development can serve as a channel for disseminating innovations when employees learn and present ideas successfully implemented in other organizations. Training and development improve an employee’s ability to diagnose and solve technical problems (Damanpour, 1991, Hurley and Huit, 1998), thus increasing the likelihood that innovative proposals will be designed and implemented successfully (Dewar and Dutton, 1986).

Goal setting follows organizational priorities and encourages accomplished job-seekers to seek new strategies and tactics to achieve these goals. Importantly, negative responses to failure may encourage a search for innovative solutions to the problems (Fernandez and Wise, 2010).

Spreitzer, De Janasz and Quinn (1999) showed that empowered managers are more likely to be perceived as innovative and inspiring by employees than other managers.

2.2. EMPOWERMENT AND SATISFACTION OF WORK

Some studies on the implementation and use of empowerment in public organizations show that an employee empowerment approach is among the most powerful job satisfaction forecasters for public employees (Lee, Cayer and Lan, 2006, Wright and Kim, 2004).

Empowerment practices are designed to encourage employees through their influence on the different internal characteristics (assistance, sharing of responsibilities, and exchange of auton-
omy experiences) and external (merit-based wages, training opportunities, career development and acquisition of new knowledge).

The research based on the model of work characteristics (Hackman and Oldham 1976) has shown strong correlations between internal characteristics of the work and job satisfaction and other employee attitudes, especially when using subjective measures of the internal characteristics of the work (Fried and Ferris, 1987; Glick, Jenkins, and Gupta, 1986; Glisson and Durick, 1988).

Empirical research based on self-determination theory suggests that factors such as response, training, and development and delegation opportunities encourage satisfaction of psychological needs for autonomy and competence, enhancing satisfaction and well-being (Gagne and Deci, 2005, Illardi et al 1993).

2.3. PROBLEM STATEMENT

Performance management is important for an organization, specifically for the circumstances of Kosovo enterprises, as it helps organizations ensuring employees are working hard to contribute to achieving the organization’s mission and objectives.

Performance management sets expectations for employee performance and motivates employees to work hard in ways that is expected by the organization. Moreover, performance management system provides a completed and professional management process for organizations to assess the performance results of organizations and employees, and many of Kosovo enterprises must learn and practice performance management system. Therefore, improving employee performance by using performance management system is a way to improve organizational performance. So, in this research study, we investigate the relationship between performance management system and employee performance empirically.

3. OBJECTIVES OF THE STUDY

The measurement of organizational performance is not easy for business organizations with multiple objectives of profitability, productivity, employee satisfaction, employee development and growth. Meanwhile, financial measures have been traditionally conceptualized as performance; this study proposes a broader construct that incorporates non-financial measures such as productivity, quality, employee satisfaction and development, satisfaction, etc.

The main object of the study is to examine the relationship between empowerment and performance and the specific objectives are:
1) To find out the impact of attitudes of managers on employees’ performance,
2) To suggest the organization to increase the performance of employees.

4. RESEARCH QUESTIONS AND HYPOTHESIS

Work satisfaction experienced by employees will encourage people to give their best to the organization. Organizational behavior of Kosovo managers should be interested in the nature of attitudes and behaviors of their employees towards their work, their careers, and the organi-
zation itself. Employee attitudes and behaviors are very important for achieving both individual and organizational objectives through their performance.

The following research questions are formed based on the literature previously discussed and research gap:

Is there a positive relationship between employee empowerment and performance?
Is there a positive relationship between satisfaction, job involvement and innovation?

In fact, those question seeks to identify realistically what the practices of empowering labor force in Kosovo public sector and SMEs are. In the theoretical part of the review of the bibliography, the views of different authors regarding the empowerment and involvement of personnel in performance matters have been presented.

To understand what is happening in Kosovo’s reality, this issue has also been addressed with some of public enterprises and private small and medium-sized enterprises. Of course, it is not easy to answer the questions raised, but the hypothesis formulated on the basis of this issue will help to clarify the reality in the businesses surveyed, and how much priority is given to this process.

The following hypotheses are formulated in the study:

Hypothesis 1: Employee empowerment will have a positive effect on performance,
Hypothesis 2: Empowering employees will have a positive effect on innovation.

5. RESEARCH METHODS, SAMPLING DESIGN AND CONCEPTUALIZATION

The methodology in this study is designed to provide the information needed to achieve the study objectives.

Primary and secondary data were used for the study. Primary data have collected through the questionnaire developed by the researcher after the review of literature. The above hypothesized relationships are tested using data collected through self-administered, structured questionnaires containing essentially close-ended questions and questionnaire will be conducted on a sample of 150 public and private organizations and enterprises in Kosovo, and secondary data were collected from the books reports and journals etc.

The samples for the study were the public sector organizations and some private small and medium enterprise in Kosovo. Thus, the following organizations have been selected for the purpose of the study. The list of these enterprises was made available by Kosovo Tax Administrations, the Agency of Statistics and the Kosovo Business Registration Agency, operating within the Ministry of Trade and Industry, as only institution responsible for registering businesses in Kosovo.

The questionnaire was designed for the opinion of managers and employees about their job. The questionnaire is administered to chief executives and marketing directors, owners or in some cases other directors from selected small and medium companies in Kosovo. The questionnaire is refined in light of the experience.
The study data were processed through statistical methods, mainly linear and logistic methods applied in the SPSS program. The interpretation of the results is illustrated through the inputs in the form of charts and graphs.

The sampling technique involved in this research is a mix of both simple random probability sampling and non-convenience sampling. The point was to select organizations which had a mature HRM process in place and had experienced diverse situations in regard to its employees and human resource management in the organization.

Likewise, the following variables are taken for measuring performance:
- Completion of work within the time,
- Independent work,
- Creativity,
- Innovation,
- Initiative skill,
- Training.

Based on the above variables attitudes and performance were measured and quantified with the five (5) point scale. From the above variables, a conceptual model was formulated to reveal the relationship between the variables and hypotheses testing.

The study is confined only to the selected public sector organizations, and some to private enterprises.

Empowerment, satisfaction and involvement have been considered in the study.

The use of the questionnaire as a means of collecting the data can also bring with it doubts about the honesty of those who responded to the questionnaire, because in some cases the administered questionnaire was used, meaning that the interviewee answered the questions even if they have had their own doubts about them.

The finding and recommendation should be considered within the limitations and the context of the research.

6. RESULTS AND CONCLUSIONS

This study makes an effort to prove its impact on organizational performance in the Kosovo environment. To carry out the necessary analysis of the relationships that are the subject of this study, we have relied on these statistical indicators: the level of significance, which preserves only the statistically important variables in the model; the regression coefficient, through which the substantiation of statistical hypotheses is tested; and analysis of variance by which we have reasoned the reliability of the test.

Hypothesis 1: Employee empowerment will have a positive effect on performance.

Employee empowerment is a broad term that have been variously referred to as involvement, participative management and engagement. It covers different approaches to gain participation in relevant decisions in an organization.
The results of the regression analysis for the variables *I participate in the process of defining business strategies*: from the level of significance we can see that this hypothesis is accepted, because, if the participation process in defining the strategic plan by the employees grows by a unit, then this would result in a growth of 3.03% of the overall organizational performance.

Results for *‘I am actively participating in business planning’* are presented, whereby it can be seen that active participation in business planning has a positive impact on the organization’s performance, as the statistical values are significant to one another. If participation in business enterprise planning increases by 1%, then this increase will affect the overall performance level by 3.39%. Therefore, these variables have a linear relationship with each other.

**Hypothesis 2: Empowering employees will have a positive effect on innovation.**

According to the results, the development of innovative practices and new management systems are closely linked with an innovative workforce in Kosovo.
The level of employee satisfaction has a positive relation with the involvement in various management processes. The formation of workgroups plays a positive role and the results of its application are very good. In the case of Kosovo enterprises these workgroups and the adequate remuneration according to the results of their work, have a positive impact on the overall organizational performance.

As our analysis has shown, there are gaps where much more empirical work needs to be done in Kosovo’s case. Managing employee performance is a key part of effective leadership. Research has shown that effective performance management behavior positively impacts employee engagement and results.

The study showed that human resources and processes that are relevant to this field have a major impact on the progress and success of organizations. Managers, leaders and owners of businesses are advised to pay attention to each element or aspect that affects the creation, growth, empowerment, satisfaction and consolidation of human resources in their institutions and enterprises.

It can be concluded that the factors studied to measure the organizational performance proved to be very important factors. These factors are:

- Innovation-based advantage to offer/develop new products/services or adapt them, good customer service and a high level of customer satisfaction,
- Ability to raise and advance the professional skills of employees through trainings or involvement in different workgroups.

Managers engagement for building a positive environment of cooperation and trust between workers and management, means that the vision and mission of the organization should be realized. Therefore, the performance and the results of the work will not be lacking.

Learning encourages and equips employees to make desirable changes to their work behavior.

The effectiveness of organizational structure depends on the involvement of organization members. Communicating the purpose, procedures and participation reward can promote employee involvement and this participation can increase commitment to realization of planned objectives and initiate the innovative ideas.

REFERENCES:


