

## THE ROLE OF EMPLOYEE EMPOWERMENT IN OVERALL MARKETING SUCCESS OF RETAIL FIRMS

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### ABSTRACT

*In a dynamic world of business, empowerment of employees is of strategic importance to all internal activities of an organization. The corporate world is fast moving away from bureaucratic structure of organizations to a flatter and team oriented structure. Empowerment of employees is especially important to marketing as it needs to respond to the ever-changing demands of the market. It is also observed that retailers are challenged by turbulent business environment, where the ability of the employees to take quick decisions is of prime importance. Empowerment enables employees to take up responsibilities as they are given authority coupled with the resources to take decisions and act immediately. There is a growing realization that employee empowerment is positively related to job satisfaction and organizational commitment. Empowerment focuses on liberating employees and facilitates the attainment of organizational goals. The study aims to explore the role of employee empowerment in a retail organization and also to find the relationship between employee empowerment and employee's involvement in marketing decisions of retail organizations. It further investigates the perception of employees towards empowerment. The questionnaire was administered to 100 employees of 5 retailers located in Pune. The findings of the study indicate that employee empowerment plays a vital role in the success of overall marketing strategies of retail organizations and also shows that there is a positive perception among employees towards employee empowerment.*

**KEYWORDS:** Empowerment, Marketing Strategy & Employee involvement.

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### INTRODUCTION

It is observed that these days retailers operate in a very competitive environment; the business conditions are changing dramatically quiet often and to sustain business they need to design newer and newer strategies every now and then to achieve success in the market. This is a big challenge before retailers operating in this turbulent business environment. The challenges

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are coming from many fronts that many be from organizational level, strategic level, or may be from competitors and customers. The retailers are always engage most of their time in developing strategies in attracting customers at their outlets. The retailers are coming with different kind of formats, offerings, and different strategies to win over other customers. The retailers plan overall guiding path to be followed by the employees to achieve success at market place. The strategy adopted by the organization influences or plays major role in the firm's business. This affects business activities and its response to the market forces including competition and prevailing economy. Every retailer adopts to define his business in terms of goods or service category. Then retailers focus on long-term and short term goals to be achieved. Set targets for profit market share image and many things. Retailers study consumer demographics and needs of the target market. After this retailers devise long term plans and general guidelines and it provides general guideline to the employees to perform. The retailers integrated strategy including product or service offering, store location, assortment, pricing, advertising and overall objectives to be achieved. Retailers evaluate the performance and regularly keep a watch on activities performed by the retail out let and monitor the results.

The marketing strategies adopted by any retailer are concentrated to achieve success in the targeted market and get the desired success in the business. The marketing programs and their targets set may be designed by the talented marketing professionals but the success of the marketing program is totally dependent on the manner in which they are executed and reached to the customer by the employees of the organized. How effectively they are able to convince the customer about store offerings. How enthusiastically they have participated in the overall execution of the marketing task, how much they are involved in the designing of the marketing strategies and the way they interact with customer and get his feedback on the offering of the retail out let and his feedback on the strategies adopted by the retailer. There is a term in retail business 'total retail experience' by the customer. Here retailers need to check with the customer that how far they have been successful in delivering the total retail experience for the customer. The total retail experience includes all the elements of the retail offering that encourage customers during their contact with the customer. There are many elements of this total retail experience which includes, everything in the retail out let, i.e. sales people, brands carried, displays, inventory in hand, signage, parking, speed of the transactions, behavior of the staff, information about taxes and many others. If some part of the total retail experience is unsatisfactory, retailer has to pay a heavy price by way of losing the customers, repeated purchases and his opinion about the outlet.

In this process of execution of these tasks it is observed that the employees who are engaged in these activities with customers to achieve organizational goals are capable of bringing success to the retailer provided they are with the retailer. In any organization human resources are the most important living resource available with the business. They are the people who are involved in the entire business operations. It starts from the planning, decision making, and execution of the given task. People working with organization must be aware about the business they are operating, objectives of the firm, business of the firm, product offering, marketing strategy design and overall internal communication in the organization. This helps employees to deal with the customer and convince him about the offerings of the retail out let. This is possible in the organization when employees own the firms business. Only highly motivated employees can deliver best results for the organization.

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. 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. It is becoming increasingly clear that the engine for bringing success is the managers and people who do the work. Without altering human knowledge, skills, and behaviour, change in technology, processes, and structures is unlikely to yield long-term benefits. Managing retail business productivity has essentially become synonymous with managing people effectively. There are lot many challenges in the process of achieving success. Organisations must know how to do and how to get it done and how employees will react to it. In this regard, the role of Human Resource Management working with retail out let is most important. Employee management is now moving to a more strategic one (Oram and Wellins 1995). "Employee empowerment" is one of its critical success elements (Cane 1996, Albert and Bradley, 1997 & Agarwal 1998).

According to Looy (2003) with reference to the specific nature of marketing service delivery, "Empowerment becomes a very important issue to organizations producing services." Which includes retail services, Grönroos (2001) points out that employees' need to be empowered to perform, but they also need the support of good management, support systems, technology, and information. Entrepreneurs, managers and researchers in the field of management regard the employee as the major resource bringing competitive advantage to establishments, and they are of the opinion that the involvement and empowerment of employees is key to the success of establishments (Etzioni, 1961; Siegall and Gardner, 2000).

In this study, based on service related literature, the authors indicate that empowerment, service training, and service reward are positively related to job satisfaction and organizational commitment. Empowerment is a key factor to enhance job satisfaction and organizational commitment of contact employees, because thereby they obtain the flexibility to make on-the-spot decisions (Lee et al., 1999). First, role-prescribed customer service is a service provider's expected behavior derived from implicit norms in the workplace or from

explicit obligations as specified in organizational documents such as job description and performance evaluation forms (Brief and Motowidlo, 1986). These expected customer services include exhibiting common courtesy, demonstrating accurate knowledge of policies and products, addressing customers by name, and greeting and saying “thank you” to customers (Bettencourt and Brown, 1997). This behavior also improves customer satisfaction, service quality perception, loyalty, and sales performance (Bitner et al., 1990; George, 1991; Keaveney, 1995).

## REVIEW OF LITERATURE

### EMPLOYEE EMPOWERMENT DEFINED

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. 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.

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.

### 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). 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 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). 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. 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. 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.

## **RESEARCH METHODOLOGY**

### **OBJECTIVES**

The research was specifically designed to:

- To study the role of employee empowerment in a retail organizations.
- To study relationship between employee empowerment and their involvement in marketing decision of a retail organizations.
- To know the perception of employee towards the employee empowerment.

### **PROBLEM STATEMENT**

Employee empowerment in the retail organizations plays a significant role in achieving marketing objectives.

### **HYPOTHESIS**

H1: There is a positive perception in the mind of retail employee about the employee empowerment (requires a rating of 4 or higher on five point scale).

H2: Positive perception towards employee empowerment of employee leads high level of participation in the overall marketing activity.

### **RESEARCH DESIGN**

The research tries to determine the role of the employees in achieving the overall marketing success of the retail firm also trying to understand the role of employee empowerment in retail. The relationship between employee empowerment and success of a retail firm is to be studied hence a descriptive research design has been used.

### **METHODS OF DATA COLLECTION**

Secondary data regarding retailer's profiles, outlets, and their marketing activities menu items was obtained from company websites.

The primary data collected for the research was by means of questionnaires administered to the employees working with the organized retail firms in Pune city. During lunch breaks/ tea breaks of the employees data was collected outside the retail stores. The questions were related to their involvement in the marketing decision of the firm, Employees involvement while taking suggestions for improvements in marketing functions of the firm, participation in setting the goals and objectives for my job considering marketing objectives

Five point Likert scale use for measuring the response of respondent.

### **SAMPLE DESIGN**

The sampling design used for the research study is “Purposive sampling”.

### **TYPE OF UNIVERSE**

An infinite universe shall be taken into consideration because we have no idea about the total number of employees working with the retail outlets at any given day.

### **SAMPLING UNIT**

The study was carried out at various retail located in the city of Pune, This includes the following areas where organized retail outlets were located

1. Ferguson College Road
2. M.G. Road
3. Ganeshkhind road
4. Law College Road
5. Koregaon Park

### **SAMPLE SIZE**

Based on the sampling unit, which includes five retail outlets, we decided on an average sample of 20 employees per outlet. Our total sample size, therefore, constitutes 100 employees.

### **SAMPLING PROCEDURE**

The survey was conducted at organized retail outlets and only employees coming out during breaks were considered because the employees were very busy and there was no time in responding to the researchers' questions as employees are always busy in retail outlets. The purposive sampling is used because one can be sure that the respondent is employee of the retail outlet and chances of getting a proper response without any bias increases.

## DATA PROCESSING AND ANALYSIS

Statement on employee empowerment	Response Rate				
	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1) Employees should participate in decision making.	1	2	6	51	40
2) Employees should have responsibility and authority to break the rules to enable excellent service and total customer satisfaction.	-	7	10	44	39
3) Organization should provide upgraded knowledge for employee empowerment.	1	5	12	27	55
4) Employees should set and monitor their marketing goals.	-	3	8	50	39
5) Employees should decide when to start and finish work.	2	2	18	37	41
6) Employees should be free to restructured the marketing activity	-	-	14	69	17

S.No.	N	Dimension	Mean Score
1.	100	Employees should participate in decision making.	4.2700
2.	100	Employees should have responsibility and authority to break the rules to enable excellent service and total customer satisfaction.	4.1500
3.	100	Organization should provide upgraded knowledge for employee empowerment.	4.3000
4.	100	Employees should set and monitor their marketing goals.	4.2500

5.	100	Employees should decide when to start and finish work.	4.1300
6.	100	Employees should be free to restructured the marketing activity	4.0300
<b>Total mean score for</b>			<b>4.1833</b>

**TABLE-3: MEASURES FOR ACTUAL PARTICIPATION OF EMPLOYEES IN MARKETING ACTIVITIES**

S. No.	N	Dimension	Mean Score
1.	100	Employees Involved in making marketing decisions.	4.3700
2.	100	Employees set and monitor their marketing goals.	4.0300
3.	100	Employees collected and works on all the information required executing the tasks.	3.5200
4.	100	Employee's suggestions and new ideas are well received by seniors.	4.0200
5.	100	Employee's gain expertise and they are more involved in the decision making of marketing functions.	4.0500
6.		Our Employees decided when to start and finish work.	4.0300
<b>Total mean score for</b>			<b>4.0033</b>

**TABLE-4: CORRELATION ANALYSIS BETWEEN PERCEPTION OF EMPLOYEE TOWARDS EMPLOYEE EMPOWERMENT AND ACTUAL PARTICIPATION OF EMPLOYEES IN MARKETING ACTIVITIES**

Variables		Employee empowerment	Success of Marketing
Employee empowerment	Pearson Correlation	1	<b>.874<sup>**</sup></b>
	Sig. (2-tailed)	-	.000
	N	100	100
Success of Marketing	Pearson Correlation	<b>.874<sup>**</sup></b>	1

	Sig. (2-tailed)	.000	-
	N	100	100
*Correlation is significant at the 0.01 level (2-tailed).			

## RESULT

Table 1 shows the Response Data for Perception of employee towards the Employee Empowerment. This response rate measures on five point Likert scale from 1- strongly Disagree to 5- Strongly Agree. The purpose of use of Likert scale is, the Likert scale is the best measures for attitudinal statement. Table 2 also shows that the response given by all respondents for the 6 statement of employee empowerment, which suggests that maximum number of retail employees respond positively that is strong agreement for the employee empowerment.

Table 2 proves the hypothesis 1 that is there is a positive perception in the mind of retail employee about the employee empowerment. It shows that total mean score of 6 statements related to employee empowerment is calculated 4.1833, which is more than 4 on 5 point Likert scale.

Table 4 exhibits the correlation between employee empowerment and actual participation of employees in marketing activities, it show that these two elements that is, employee empowerment and actual participation of employees in marketing activities, are highly (positively) correlated each other. The employee empowerment and actual participation of employees in marketing activities show the value of correlation is 0.874, which means that there is a strong (positive) relationship between these two variables. This implies that Positive perception towards employee empowerment of employee leads high level of participation in the overall marketing activity. Pearson's  $r$  is 0.874; this number is very close to 1. For this reason, we can conclude that there is a strong relationship between perception of employee towards employee empowerment and actual participation of employees in marketing activities. The Sig. (2-tailed) value is 0.000 shows that there is a statistically significant correlation between these variables.

The interesting interpretation by above data is that the average of perception of employee towards employee empowerment and actual participation of employees in marketing activities is not identical. The mean score of perception of employee towards employee empowerment is higher than actual participation of employees in marketing activities, it means that some employees has a positive perception towards employee empowerment but they are not actually participate in marketing activities, and other decision making activities, even though these things enhance employee empowerment.

## CONCLUSION

Result shows that the employee empowerment plays a vital role in the success of overall marketing (strategies) of the organization (retail). Result also shows that there is a positive perception of retail industry employees towards the employee empowerment. Strategy (marketing) maker must know that, it is important to involve employees of the organization

while formulate the strategy (marketing), this things are helpful for the employee empowerment. Result shows that that employee has positive perception towards the employee empowerment they are also highly participate in different marketing activities. It is necessary for the retailers to increase the interest or create a positive perception of every retail employee towards the employee empowerment.

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