

The Role of Empowering Leadership in Enhancing Employee Performance

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Abstract

This study examines the impact of empowering leadership on employee performance, focusing on its role in enhancing motivation, engagement, and innovation across various industries. Empowering leadership, characterized by providing autonomy and fostering trust, has been identified as a key factor influencing employee outcomes such as in-role performance, work engagement, and psychological empowerment. Through a qualitative approach, the research conducts a comprehensive literature review to analyze existing studies on empowering leadership in various sectors. Data analysis is performed descriptively, synthesizing findings to identify key themes and relationships between empowering leadership and employee performance. The review highlights how empowering leadership facilitates innovation, supports adaptation to technological changes, and contributes to overall organizational sustainability. Additionally, the study emphasizes the importance of psychological empowerment and intrinsic motivation as mediators in the leadership-performance relationship. The findings suggest that organizations that implement empowering leadership practices can enhance employee performance, foster innovation, and improve adaptability, thereby contributing to long-term organizational success.

Keywords

Empowering Leadership, Employee Performance, Work Engagement, Psychological Empowerment, Organizational Sustainability.

1. Introduction

The development of the industry is increasing rapidly, which is marked by humans who are able to utilize technology to be part of humans themselves or what is called the industry 4.0 era. digital transformation has brought great changes to society and especially in the industrial world (Oztemel & Gursev, 2020). The development of industry 4.0 has made the globalization of the world economy cause a high level of competition for companies. This high competition will have an impact on the quality and quality of human resources. Industry 4.0 has resulted in the role of managing human resources becoming very important. Human resources themselves are one of the important keys in the movement of the company's wheels. According to Magasi (2021) stating that employees are valuable assets as the most important human resources for the company's run. Of course, if the employees themselves do not have competence and creativity that are superior to others, they will be left behind in the fierce competition. The more qualified employees that the company has, the more performance output produced by the company will increase. It is also supported (Krishnan & Loon, (2018) which says that employee performance is one of the most important in the development of an organization or company (Quyen, 2020).

The dynamic increase in the application of Industry 4.0 technology makes the company's orientation towards dehumanization result in many concerns of employees, the community, and even the government (Grabowska et al., 2022). This dehumanization worries employees, the community, and even the government, as the excessive use of technology has the potential to reduce the role of humans in the work environment. Widiantom (2021) also highlighted that the digital transition brings changes in society in general and the industry in particular, so much so that the concept of Industry 4.0 is currently widespread and consolidated. However, there is a risk that too much of a focus on technology could lead to a loss of view of the centrality of human resources. In this case, it is important for companies to maintain a balance between the use of technology and attention to the needs, well-being, and contributions of people in the organization. Dantas et al. (2021) Raising the problem of digital transformation in manufacturing companies requires employees to learn new technologies. Dantas et al. (2021) highlighting that many employees do not have the necessary digital skills to adapt to new technologies. Additionally, there is a feeling of uncertainty and anxiety among employees, who sometimes resist digital change if they don't feel confident in its benefits to their work which can ultimately affect their motivation and engagement.

2. Literature Review

Empowering leadership has outputs that have an impact on employees. In social exchange theory, it is shown that the support and empowerment of leaders increases the mutual relationship between employees and the organization (Kundu et al., 2019). Based on table 1 in the study Hao et al. (2018) Empowering leadership plays

an important role as a reinforcing factor in improving employee performance, especially in in-role performance, through its role in high-performance human resources practices (HPHRP) (Hai & Park, 2024). In the findings of the study Hao et al. (2019) explained that a leadership style that gives autonomy and trust to employees helps organizations achieve greater effectiveness in implementing HPHRP and improve employee performance in serving customers in the hospitality industry. By providing autonomy and trust, empowering leaders can increase the psychological empowerment and intrinsic motivation of employees, which in turn encourages them to perform better in carrying out their duties, which in turn can increase employee performance (Ali et al., 2018). In the findings of (Saleh, 2022) Empowering leadership can improve employee psychological empowerment, which includes feelings of competence, meaning, autonomy, and impact at work. When leaders give employees autonomy and trust, it increases their intrinsic motivation to be actively involved in their roles. Leaders who empower employees have a sense of work engagement. According to research Ahmed et al. (2022) When a leader provides autonomy and support in decision-making and facilitates the achievement of their work goals, it will create a sense of involvement. This sense of involvement comes from increasing the intrinsic motivation of employees from their empowering leadership role. Another finding is that empowering leadership can cause a sense of Organizational Citizenship Behavior (OCB) in employees. Empowering leadership helps create a conducive and trust-based work environment (Cheong et al., 2019). When employees feel trusted by their leaders, they feel more valued and motivated to contribute more, including behaving altruistically and proactively which is a characteristic of OCB. In research Oztemel & Gursev (2020) Leaders who empower behave in a way that fosters motivation and efficacy among followers, which they feel compelled to "repay" the kindness through actions that support the organization, such as helping colleagues, taking the initiative in tasks, or doing other positive things that are not formally required (Cheong et al., 2019).

Further findings, empowering leadership brings out a sense of innovative behavior among employees. Leaders who empower employees increase their intrinsic motivation to innovate, by providing autonomy and supporting employee initiatives in creating new solutions in the workplace. Empowering leaders act as role models, provide constructive feedback, and encourage employees to think creatively. Zhang et al. (2021) In his research, small and medium enterprises (SMEs) in Russia also support that where empowering leadership creates a collaborative, innovative work environment, and supports the implementation of environmentally friendly practices to achieve sustainable performance. In other sectors, such as education, this leadership has also proven to be effective in improving adaptive abilities, especially when the relationship between leaders and employees is supported by strong psychological support. In findings Popkova (2019) Emotionally empowered and supported employees are better prepared for change and able to adapt well, making empowering leadership an essential approach in a dynamic and challenging work

environment. Furthermore, employee empowerment plays a significant role in improving employability skills (Awan et al., 2021), especially in the context of Industry 4.0 which requires adaptation to rapid technological changes. By providing autonomy opportunities, opportunities to grow, and adequate training, these enablement's support digital transformation in manufacturing companies, reduce fear of change, and encourage innovation. As a result, employees are able to adapt to digitalization in the workplace more effectively and contribute more optimally to the success of the organization (Cheong et al., 2016).

Empowering leadership plays a crucial role in maintaining a balance between the application of Industry 4.0 technology and the centralization of human roles in the work environment, which is often threatened by dehumanization. In the digital transformation process, empowering leadership provides autonomy, trust, and support to employees, which not only reduces anxiety and uncertainty related to new technologies but also increases their motivation and engagement (Asif, 2021). By increasing psychological empowerment and encouraging innovative behaviors, empowering leadership helps employees feel they have an important role to play in the change, so they are better prepared and motivated to adapt to new technologies and contribute to the success of the organization. In addition, empowering leadership strengthens job skills in the industry 4.0 era, ensuring employees have the capacity to innovate and evolve with technology, ultimately supporting inclusive and sustainable digital transformation without sacrificing human values.

3. Methods

The aim of this study is to explore the impact of empowering leadership on employee performance across various organizational settings, with a focus on its role in enhancing motivation, adaptability, and innovation. The study also seeks to understand the mechanisms through which empowering leadership influences employee behavior and organizational outcomes. To achieve this, the research employs a qualitative approach, utilizing a literature review methodology combined with data analysis. The literature review is conducted to gather relevant studies that examine the relationship between empowering leadership and employee performance. This includes reviewing academic articles that highlight the effects of empowering leadership in different industries such as hospitality, manufacturing, and IT. The analysis aims to identify key patterns, themes, and findings from existing literature to provide a comprehensive understanding of the subject. Data analysis is performed in a descriptive manner, focusing on summarizing and interpreting the results and insights from the reviewed literature. The findings are synthesized to offer practical recommendations for organizations seeking to implement empowering leadership practices to improve employee outcomes.

4. Results

Hao et al. (2018) explore the role of empowering leadership in enhancing hotel employees' performance, specifically focusing on how it moderates the relationship between high-performance HR practices (HPHRP) and employee performance. Their study reveals that empowering leadership strengthens the link between these HR practices and employee performance, particularly in in-role tasks. By providing autonomy, trust, and decision-making power, empowering leadership fosters an environment where employees can perform optimally, especially in roles that require a high level of initiative and responsibility. This finding underscores the importance of leadership styles in maximizing the benefits of HR practices and employee contributions in the hospitality sector. Similarly, Kim & Beehr (2021) expand on the concept of empowering leadership by examining its impact on employee psychological empowerment and performance. They suggest that while empowering leadership positively influences psychological empowerment, its effects can be attenuated by lower levels of social structural empowerment. This indicates that empowering leadership, although beneficial, requires an organizational context that provides adequate support and structure to fully leverage its potential.

In line with Hao et al. (2018) findings, Kim and Beehr further emphasize the need for both effective leadership and an enabling organizational environment to drive improved employee performance. Building on these insights, Hoang et al. (2021) investigate how empowering leadership influences employee performance at Ethio-Telecom, with work engagement acting as a mediator. Their research corroborates the idea that empowering leadership can enhance employee performance by fostering motivation and deeper engagement with work (Shah, 2022). This supports the notion that leadership practices that provide autonomy and trust contribute to higher performance, particularly when employees are encouraged to take ownership of their work. Together, these studies demonstrate the critical role of empowering leadership in shaping employee performance across diverse organizational settings.

Ali et al. (2018) explores the impact of empowering leadership on employee performance, emphasizing the mediating role of "thriving at work." Their research highlights that empowering leadership, which fosters autonomy and trust, encourages employees to feel more engaged and alive in their roles. This sense of vitality leads employees to continue learning and developing their skills, which in turn positively influences their performance. The study underscores that thriving at work, as facilitated by empowering leadership, is a key driver of improved employee outcomes, suggesting that leaders can significantly enhance performance by creating a supportive and empowering work environment. Building on this idea, Ahmed et al. (2024) investigate the role of empowering leadership in enhancing contextual performance within organizations, highlighting the importance of organizational support and commitment. Their study introduces a serial mediation model, which suggests that empowering leadership can improve employee performance by fostering

a greater sense of support and commitment within the organization. This finding aligns with Ali et al. (2018) work by further emphasizing that leadership practices that empower employees not only boost individual performance but also strengthen the overall organizational environment, facilitating higher levels of engagement and commitment. In a similar vein, Dantas et al. (2021) examine the impact of empowering leadership on innovative behavior, particularly in the context of companies in Russia during the COVID-19 pandemic. Their study shows that empowering leadership plays a crucial role in enhancing employees' intrinsic motivation to innovate, which is essential for organizational success during challenging times. By providing autonomy and support, empowering leaders encourage employees to engage in innovative thinking, thereby driving sustainable economic performance. This aligns with both Ali et al. (2018) findings by illustrating how empowering leadership not only enhances performance but also fosters a culture of innovation that is critical for organizational adaptability and growth.

Saleh (2022) explore the influence of empowering leadership on the sustainability performance of small and medium-sized enterprises (SMEs), particularly through the lens of knowledge transfer. Their research demonstrates that empowering leadership creates an environment that fosters collaboration, innovation, and the adoption of green practices, all of which are essential for SMEs to improve their sustainability performance. The findings underscore the importance of empowering leadership in driving organizational change, where leaders not only guide employees but also enable them to take initiative and contribute to the organization's long-term goals. Similarly, Jung et al. (2020) focus on the tourism and hospitality industry, emphasizing the role of empowering leadership in fostering intrinsic motivation and proactive performance. Their moderated mediation model suggests that empowering leadership, which provides employees with autonomy and encourages initiative, enhances their internal motivation. This intrinsic motivation, in turn, leads to proactive performance, especially in customer service. Employees who feel empowered are more likely to respond to customer needs independently, illustrating the significant impact of leadership practices on employee behavior and organizational success. Expanding on the theme of empowering leadership, Alotaibi et al. (2022) investigate its effects on the adaptive performance of teachers. Their research highlights that empowering leadership is particularly effective in enhancing teachers' ability to adapt to changing circumstances, supported by strong relationships between leaders and employees and positive psychological support.

Hoang et al. (2021) examines the intersection of sustainable human resource management practices and Industry 4.0 technologies, highlighting the pivotal role of employee empowerment in enhancing employability skills. As organizations adopt Industry 4.0 technologies, empowering employees becomes crucial for their ability to adapt to evolving job demands. Empowered employees are better equipped to acquire and apply new skills, making them more adaptable in a rapidly changing technological landscape. This study underscores the importance of empowerment in

fostering the workforce's readiness for the challenges presented by Industry 4.0. In a similar vein, Muchiri et al. (2019) explores the impact of visionary leadership on innovative performance in the context of SMEs within the IT industry, particularly focusing on organizational sustainability. Their research reveals that psychological empowerment plays a key role in improving employee performance and adaptability, particularly in industries that require constant innovation and responsiveness to technological advancements. The findings suggest that empowering employees psychologically enables them to be more innovative and effective, especially as they navigate the fast-paced changes of the digital era, further contributing to organizational sustainability. van Assen (2020) also delve into the significance of employee empowerment, focusing on its role in supporting the digital transformation in manufacturing enterprises. Their case study illustrates how empowering employees not only fosters innovation but also ensures the successful implementation of digital technologies. This empowerment provides employees with the autonomy and confidence needed to embrace new technologies and processes, which is crucial for successful digital transformation in the manufacturing sector. Similarly, Kearney et al. (2019) argue that empowering employees is essential in managing the challenges of digitalization. By offering autonomy, opportunities for growth, and comprehensive training, employee empowerment helps mitigate the negative effects of digitalization, such as resistance to change, while encouraging innovation and adaptation to new technological environments.

In conclusion, the studies reviewed underscore the critical role of empowering leadership in enhancing employee performance across various sectors and contexts. Empowerment not only improves in-role performance but also boosts innovation, adaptability, and proactive behavior, contributing to both individual and organizational success. From improving employability skills in the context of Industry 4.0 (Alotaibi et al., 2020) to fostering innovation in IT SMEs (Naqshbandi et al., 2019), empowering leadership enables employees to thrive in dynamic and technology-driven environments. Furthermore, empowerment is essential for facilitating digital transformations in manufacturing (Kim & Beehr, 2021) and supporting sustainability in SMEs (Saleem et al., 2019), as it promotes collaboration, trust, and intrinsic motivation. These findings highlight benefits of empowering leadership, which creates an environment conducive to growth, learning, and adaptability. Whether through increasing psychological empowerment, enhancing work engagement (Popkova, 2019), or enabling employees to respond proactively to customer needs (Naqshbandi et al., 2019), the importance of empowering leadership remains clear. Organizations that invest in empowering leadership practices are likely to see improved performance, innovation, and sustainability, positioning themselves to succeed in an increasingly complex and competitive business landscape.

5. Conclusion

The findings emphasize the transformative power of empowering leadership in boosting employee performance across various organizational contexts. Empowering leadership fosters an environment where employees feel motivated, trusted, and supported, which enhances their ability to perform their roles effectively and adapt to new challenges. This leadership approach not only improves in-role performance but also encourages innovation, proactive behavior, and collaboration, all of which are critical for organizational success. Moreover, empowering leadership plays a pivotal role in improving employees' psychological empowerment, work engagement, and adaptability, enabling them to thrive in dynamic and evolving environments. Whether in the context of technological advancements, sustainability initiatives, or customer service, empowering leadership helps employees feel more autonomous and intrinsically motivated, leading to better outcomes for both individuals and organizations. Organizations that prioritize empowering leadership are better positioned to navigate change and foster a culture of continuous learning and growth. This leadership style is particularly beneficial in today's fast-paced, technology-driven world, as it helps employees remain adaptable, innovative, and resilient in the face of uncertainty. Ultimately, empowering leadership serves as a cornerstone for long-term organizational success, fostering a motivated and high-performing workforce.

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