EMPLOYEES’ PSYCHOLOGICAL EMPOWERMENT VIA INTRINSIC AND EXTRINSIC REWARDS

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ABSTRACT

In recent years, empowerment is considered to be a panacea for many organizations in the modern competitive and turbulent business environment, especially in the service sector where employees come into contact with customers. Moreover, rewards play an important role in motivating employees and leading them to have an appropriate attitude to the customers. Although rewards are one of the most fundamental human resource policies, there is a dearth regarding the systematic study of the whole range of them and their effect on the employees’ psychological empowerment. The purpose of this paper is to contribute to this gap by providing a review of the studies on the relationships between rewards and psychological empowerment and proposing a research agenda concerning the examination of the impact of four intrinsic (information, trust, skill variety, recognition) and four extrinsic rewards (financial rewards, job security, relationships with supervisor, relationships with co-workers) on employees’ psychological empowerment.

INTRODUCTION

In a competitive and turbulent environment in which organizations are anticipated to be faster, leaner and provide more qualitative services, empowering employees is considered to be a sine qua non work practice (Bowen & Lawer, 1995; Fulford & Enz, 1995). Particularly, in the tertiary sector where employees and customers interact, the development of an empowered workforce is of utmost importance. Employees that will come into contact with customers are responsible for customers’ satisfaction and therefore are a crucial part of the entire organization’s