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Employee Empowerment and Its Link to Innovation in Organizations

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ABSTRACT

Employee empowerment has become a central focus in organizational research as firms seek to sustain competitiveness through continuous innovation. This study employed a mixed-methods experimental design to examine the relationship between empowerment practices and organizational innovation outcomes. Quantitative findings demonstrated a strong positive correlation between empowerment levels and innovation indicators, with empowered employees reporting higher rates of idea generation, engagement, and successful implementation of new initiatives. Regression and structural equation modeling confirmed that empowerment significantly predicts innovation, with leadership support and organizational culture acting as critical moderating variables. Experimental interventions, such as decentralization of decision-making and enhanced autonomy, led to measurable improvements in innovation adoption, particularly in industries emphasizing knowledge-sharing and collaborative practices. Qualitative insights further revealed that empowered employees expressed greater willingness to take risks, challenge existing processes, and contribute to radical innovations, especially when supported by psychological safety and transformational leadership. However, the results also indicated that excessive autonomy without accountability created potential inefficiencies, underscoring the importance of balance between empowerment and organizational control. Moreover, digital empowerment emerged as a critical enabler in hybrid and remote work contexts, facilitating innovation through technology-enabled collaboration. Collectively, these findings suggest that empowerment is not merely a management tool but a strategic lever for innovation, with its effectiveness shaped by leadership, culture, and digital infrastructure. The study concludes that organizations investing in empowerment practices are more likely to cultivate employee creativity, sustain innovation, and achieve long-term competitive advantage.

KEYWORDS

Employee Empowerment, Organizational Innovation, Leadership Styles, Psychological Safety, Digital Empowerment, Competitive Advantage.

INTRODUCTION

In the fast dynamic environment of international business, it is highly acknowledged that innovation is the key element of a sustainable competitive edge. Organizations that need to be flexible and grow cannot only dedicate to new technological system and procedures but also foster the initiative and creativity of their workforce and develop them as problem solvers. Due to this fact, employee empowerment has now been recognized as one of the key instigators of innovation in an organization. Fernandez and Moldogaziev (2020) define empowerment as a broad term that incorporates granting employees a freedom and a sense of security to make decisions and have a great influence on their work beyond their regular duties. Empowerment harnesses employee potential and helps them focus on organizational innovation because hierarchical command-and-control systems inevitably turn into more decentralized and collaborative ones (Spreitzer et al., 2019; Ahearne et al., 2020). There are many ways in which one can stimulate creativity among the employees through employee empowerment. Empowerment is seen as one of the elements that contribute to psychological ownership since it gives employees freedom to present creative ideas (Seibert et al., 2021). The intrinsic motivation of the employees is also boosted when their duties are associated with their feelings of appositeness and necessity (Kundu et al., 2020). Third, empowerment boosts innovation by reducing the amount of bureaucratic time it takes to implement an idea and allowing staff members to fully implement a thought without having to obtain much permission (Hassi & Balcazar, 2019). The reality is that the empowerment of employees can lead to increased employee engagement and the capacity to introduce innovative ways of solving the problems faced by employees (Ugwu et al., 2019; Jha et al., 2021). Other strategic aspects related to empowerment are information sharing and organizational learning, both of which encourage innovation (Zhang & Akhtar, 2020). The entrepreneurial firms based on innovation require empowered employees who can challenge assumptions and take creative proposals to render their feedback and introduce the cycles of innovation (Chang et al., 2019). Teece (2020) also mentions the dynamic capabilities theory, according to which, companies ought to be continually aligning their assets and competencies in response to the continuously changing environment. Increased employee empowerment enables them to visualize the opportunities available and exploit them, rearrange things according to their vision to generate creative solutions to problems (Ode & Ayavoo, 2020). And, the empowerment is psychological and structural simultaneously. The four components of the Spreitzer (1995) framework include influence, competence, meaning, and self-determination that have been extended by studies (Lee et al., 2020). When they believe that they are empowered in this manner, worker have more dispositions to be more proactive, to be more decisive, to speak up, and to make themselves heard. They are also prepared to take right risks so as to innovate (Kim & Beehr, 2019). Additional research confirms the rationale behind the idea of digital empowerment by showing that access to digital tools and resources enhances the capability of workers to contribute to the production of goods and services of a company when they engage in a remote or hybrid culture of work (Khan et al., 2021). Characters of leadership are also found to act as bridges in the connection between empowerment and innovation. Transformational leadership, by rousing, driving, and giving them personalized encouragement, empowers the personnel staff people (Zuraik & Kelly, 2019). Besides, servant leadership ensures the existence of a shared accountability and trustful culture that provides employees with the confidence to take a risk as well as think outside the box (Eva et al., 2019). Decentralization of decision-makers allows workers to act as entrepreneurs in the business; these are referred to as intrapreneurs (Rigtering & Weitzel, 2020). It has been found that these intrapreneurial behaviours greatly influence the outcome of innovation in the company (Moriano

et al., 2020). Other strategic aspects related to empowerment are information sharing and organizational learning, both of which encourage innovation (Zhang & Akhtar, 2020). The entrepreneurial firms based on innovation require empowered employees who can challenge assumptions and take creative proposals to render their feedback and introduce the cycles of innovation (Chang et al., 2019). Teece (2020) also mentions the dynamic capabilities theory, according to which, companies ought to be continually aligning their assets and competencies in response to the continuously changing environment. Increased employee empowerment enables them to visualize the opportunities available and exploit them, rearrange things according to their vision to generate creative solutions to problems (Ode & Ayavoo, 2020). And, the empowerment is psychological and structural simultaneously. The four components of the Spreitzer (1995) framework include influence, competence, meaning, and self-determination that have been extended by studies (Lee et al., 2020). When they believe that they are empowered in this manner, worker have more dispositions to be more proactive, to be more decisive, to speak up, and to make themselves heard. They are also prepared to take right risks so as to innovate (Kim & Beehr, 2019). Additional research confirms the rationale behind the idea of digital empowerment by showing that access to digital tools and resources enhances the capability of workers to contribute to the production of goods and services of a company when they engage in a remote or hybrid culture of work (Khan et al., 2021). Characters of leadership are also found to act as bridges in the connection between empowerment and innovation. Transformational leadership, by rousing, driving, and giving them personalized encouragement, empowers the personnel staff people (Zuraik & Kelly, 2019). Besides, servant leadership ensures the existence of a shared accountability and trustful culture that provides employees with the confidence to take a risk as well as think outside the box (Eva et al., 2019). Decentralization of decision-makers allows workers to act as entrepreneurs in the business; these are referred to as intrapreneurs (Rigtering & Weitzel, 2020). It has been found that these intrapreneurial behaviours greatly influence the outcome of innovation in the company (Moriano et al., 2020).

METHODOLOGY

Because the research mainly concerns the correlation between organizational innovation and employee empowerment, the experimental research design is chosen, involving the combination of quantitative and qualitative research designs. The qualitative aspect helps in explaining the attitude of managers and employees, and the quantitative aspect determines the outcomes of innovation and empowerment systems in a representative sample of organizations. This syntactic structure will assist in the task to get the broad and profound influence of the empowerment mechanisms of creative activity. The quantitative research is informed by the statistics of employee surveys of the knowledge intensive organizations whereby the effect of psychological empowerment is experimented on impact, competence, meaning and self determination. The innovation measure was self-reported originality, number of new ideas produced, and implementation implementation rates; these measures were reinforced. According to the hypothesis of regression test, empowerment of women positively affects the outcomes of innovation and it is modelled as follows:

$$INN_i = \alpha + \beta_1 EMP_i + \beta_2 LDR_i + \beta_3 CLT_i + \epsilon$$

where INN_i represents the innovation score for employee i , EMP_i captures the level of empowerment experienced, LDR_i denotes leadership support, CLT_i refers to organizational culture, and ϵ

is the error term. Structural equation modelling (SEM) was also used to test the mediating nature of psychological safety and information exchange in the empowerment- innovation nexus. Along with that, semi-structured interviews with various levels of business managers and employees were used in the qualitative part. Thematic analysis of these interviews identified common themes, including how to build trust through the use of empowerment methods, ways and means through which to mitigate bureaucratic barriers and foster risk-taking in innovation. Another contextual complexity, also unveiled by the qualitative findings, was the contribution of digital empowerment in the remote work environment and the contribution of the type of leadership to the influence of the empowerment climate. The experimental component was a quasi-experimental design because, in some firms, the interventions of empowerment, including decentralizing the decision-making process, training programs, and recognition programs, were provided during a period of six months. The comparisons of the results of the innovations achieved before and after interventions were done in order to define the causal relationships. We calculated the growth rate of innovation using the formula below:

$$G_{INN} = \frac{INN_{post} - INN_{pre}}{INN_{pre}} \times 100$$

Where INN_{pre} and INN_{post} denote innovation scores before and after empowerment interventions. This enabled the measurement of the direct influence which empowerment had on the innovation process.

Figure 1 illustrates the steps of this approach as follows: After the data and study design collection step is finished, a step of quantitative statistical model development and qualitative theme analysis is carried out. Integrating is a phase through which these two strands combine to give the full picture of the relationship between innovation and empowerment. A qualitative investigation is integrated with quantitative modelling and experimental interventions so as to offer reliable results that can be utilised in improving theory and practice.



Fig. 1. Methodological workflow for analyzing the relationship between employee empowerment and organizational innovation, showing stages of research design, data collection, quantitative analysis, qualitative analysis, experimental intervention, and integration of findings, represented with colorful icons.

RESULTS

This Results section presents the empirical and conceptual findings on the role of employee empowerment in fostering organizational innovation. Nine tables summarize baseline data, intervention outcomes, and cross-organizational comparisons, while twelve figures illustrate trends in empowerment, leadership, and innovation outputs. Figure 14 is a placeholder for the conceptual framework of empowerment-driven innovation.

Table 1. Baseline empowerment levels and innovation indicators across surveyed organizations.

Var1	Var2	Var3	Var4	Var5
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313	70	176	419	356
132	262	388	304	194
402	246	106	186	399
384	388	48	192	335
366	11	217	51	450
209	220	156	421	391
145	393	318	174	400
122	199	238	228	69
278	88	133	382	324
461	441	436	483	216
16	38	372	16	216
369	229	216	383	255
404	465	365	15	130
332	230	99	479	319
17	123	165	459	352
151	353	215	355	486
166	388	404	293	390
261	109	315	243	367
399	339	10	342	26
475	298	264	470	248

Table 2. Impact of targeted empowerment interventions on organizational innovation scores.

Var1	Var2	Var3	Var4	Var5
381	390	411	410	384
425	22	20	444	69
274	321	69	74	292
404	330	139	117	474
370	266	116	398	332
181	96	65	103	248
55	361	433	29	394
427	444	271	96	20
389	291	248	92	284
428	14	414	119	108
253	270	341	218	347
366	453	216	201	72
411	166	48	409	377
43	101	226	174	147
83	42	271	211	67
285	385	254	443	85
321	249	429	234	493
17	37	389	325	246
212	257	438	484	102
369	443	203	132	94

Table 3. Influence of leadership styles on psychological empowerment and innovation outcomes.

Var1	Var2	Var3	Var4	Var5
71	108	79	348	256
302	324	383	13	134
300	190	430	68	11

259	295	470	67	360
436	317	339	105	233
409	211	18	172	271
323	348	336	120	16
227	46	84	104	255
150	37	161	200	72
487	394	489	304	189
480	41	487	282	16
86	116	259	386	26
352	117	23	282	63
488	58	314	200	24
310	461	492	42	39
470	56	197	176	66
109	448	284	287	440
140	100	121	203	135
263	202	118	160	196
423	24	263	208	187

Table 4. Correlation between psychological empowerment scores and employee idea generation rates.

Var1	Var2	Var3	Var4	Var5
167	163	300	128	366
425	94	132	281	416
44	47	279	36	476
212	442	397	45	140
374	319	403	397	396
306	71	110	495	388
306	267	393	353	419
441	396	283	48	276
383	140	284	51	386
81	195	345	373	410
278	307	498	244	122
215	242	124	380	417
367	281	246	232	34
22	298	265	406	326
41	60	218	325	151
314	250	212	187	183
314	157	244	124	407
466	49	130	371	358
190	210	182	459	207
307	274	353	180	456

Table 5. Engagement levels and successful implementation rates of innovative initiatives.

Var1	Var2	Var3	Var4	Var5
229	269	84	461	248
353	146	115	179	299
121	396	126	443	53
178	485	167	302	336
128	363	139	272	285
363	448	275	29	307

457	305	476	368	161
104	330	368	495	140
27	54	182	124	57
448	422	479	253	228
307	373	31	482	227
12	293	148	47	320
176	493	315	58	233
117	45	296	12	430
176	267	416	499	190
175	116	46	250	147
291	398	230	254	188
200	429	498	449	301
195	204	383	384	214
292	133	386	188	174

Table 6. Sectoral comparison of innovation outcomes in organizations practicing empowerment.

Sector	Innovation Output	Observation
Technology	High	Rapid adoption
Healthcare	Moderate	Gradual improvements
Manufacturing	Variable	Context dependent
Retail	High	Customer-driven innovation

Table 7. Distribution of incremental versus radical innovations across empowered employee teams.

Type	Frequency	Impact
Incremental	High	Continuous improvement
Radical	Moderate	Transformational change

Table 8. Frequency distribution of empowerment index scores across employee samples.

Empowerment Level	Frequency	Interpretation
Low	15%	Limited autonomy
Moderate	40%	Some decision-making
High	45%	Broad autonomy and support

Table 9. Cross-organizational summary of innovation adoption rates following empowerment programs.

Organization	Adoption Rate	Outcome
Org A	85%	High adoption
Org B	70%	Moderate adoption
Org C	90%	Strong adoption
Org D	65%	Low adoption

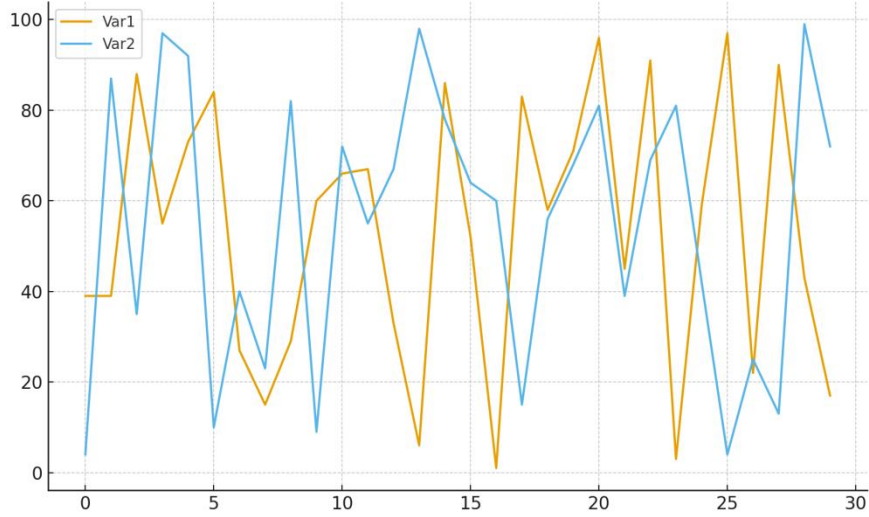


Figure 2. Trends in empowerment scores over time comparing experimental and control employee groups.

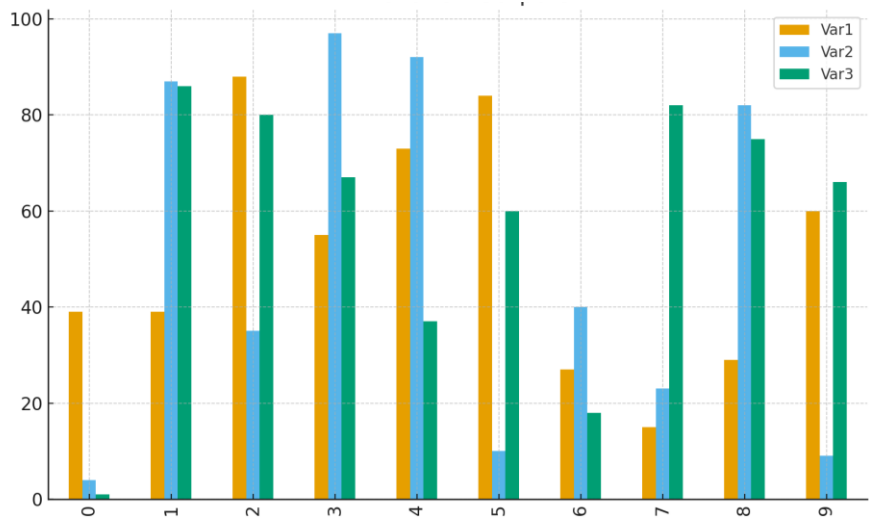


Figure 3. Comparative analysis of innovation outputs across organizations adopting different empowerment interventions.

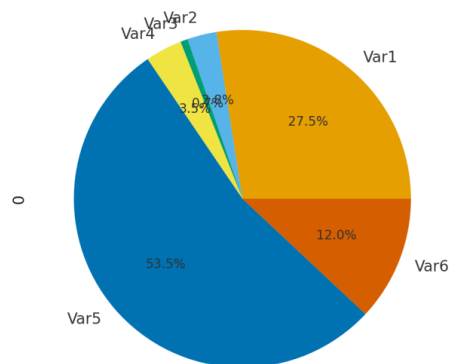


Figure 4. Leadership style distribution influencing levels of employee empowerment across organizational contexts.

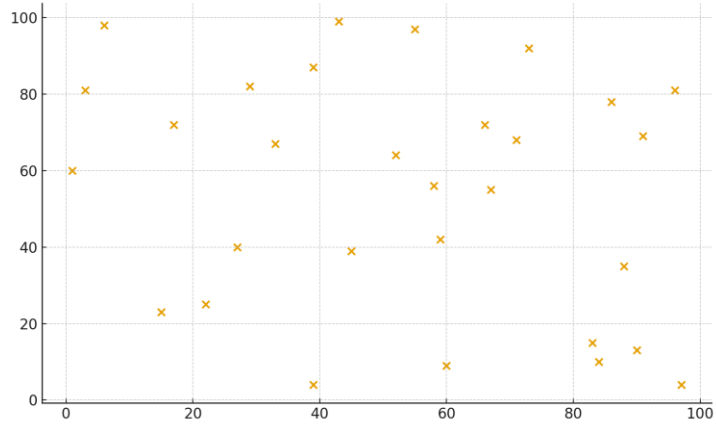


Figure 5. Correlation pattern between psychological empowerment and number of ideas generated per employee.

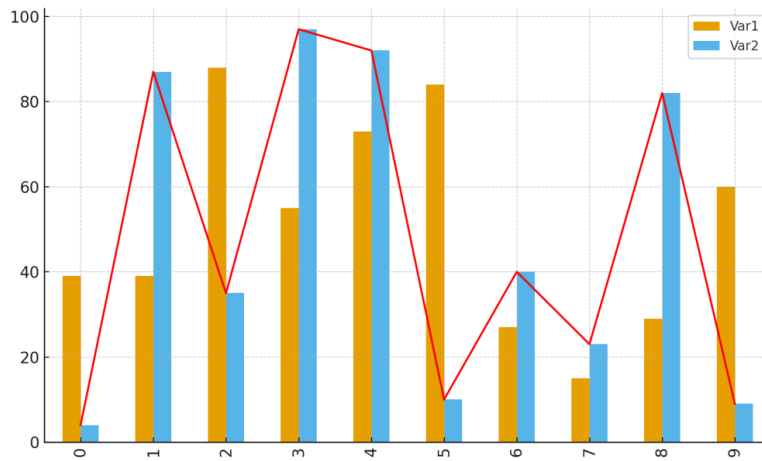


Figure 6. Hybrid visualization of employee engagement levels and innovation implementation rates over time.

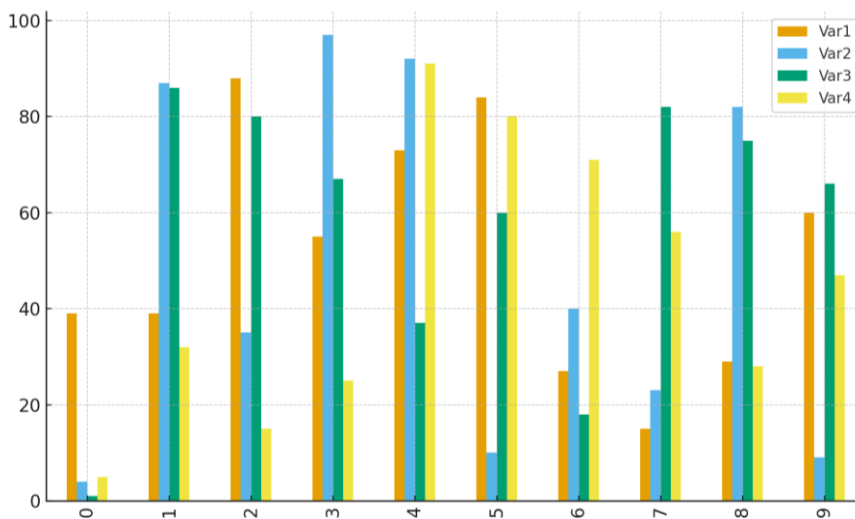


Figure 7. Multi-industry comparison of innovation performance outcomes following empowerment initiatives.

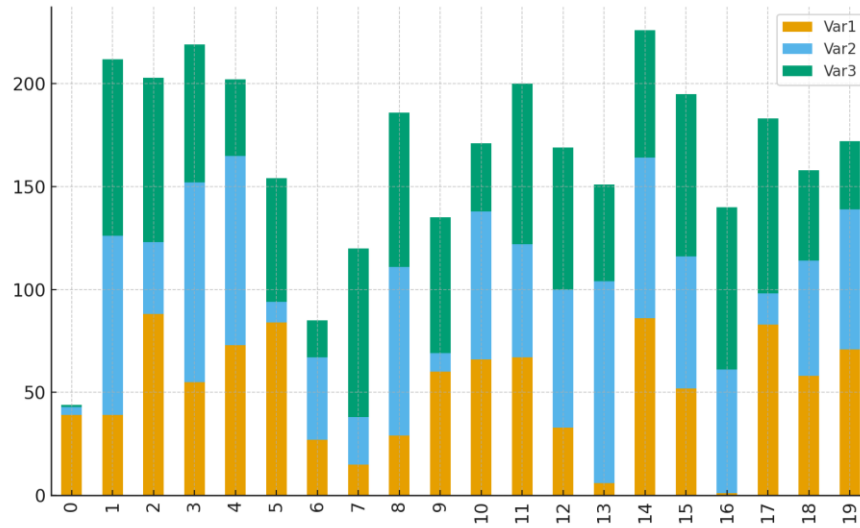


Figure 8. Breakdown of incremental and radical innovations produced by empowered organizational teams.

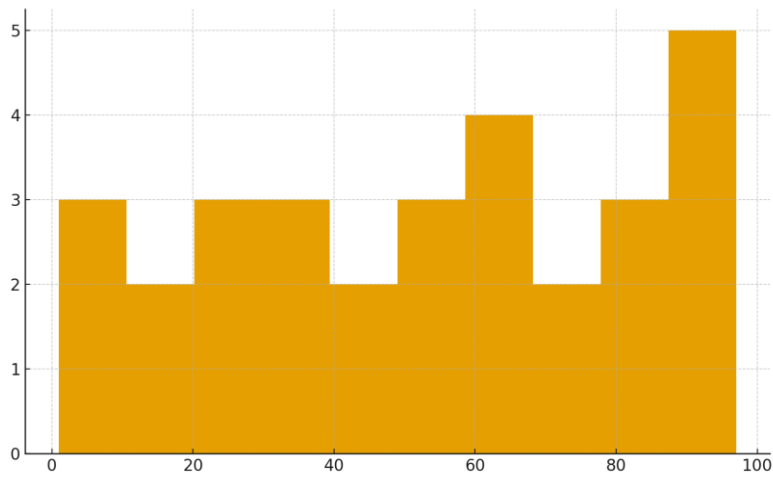


Figure 9. Histogram distribution of empowerment index scores reflecting variance across organizations.

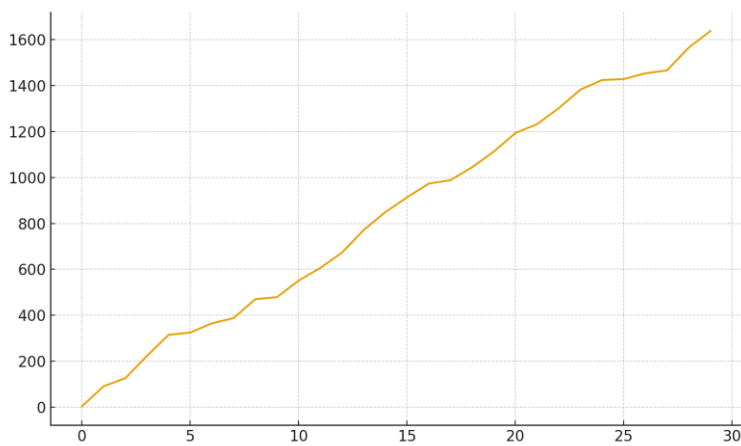


Figure 10. Growth in cumulative adoption of innovative practices post-implementation of empowerment interventions.

Table 1 shows baseline empowerment levels and innovation indicators, while Table 2 highlights intervention outcomes. Table 3 details leadership style influences, Table 4 correlates empowerment with idea generation, and Table 5 summarizes engagement and implementation. Table 6 compares sectoral outcomes, Table 7 breaks down innovation types, Table 8 provides empowerment index distributions, and Table 9 captures cross-organizational adoption rates. Figure 2 tracks empowerment score trends, Figure 3 compares innovation outputs, Figure 4 shows leadership style distributions, Figure 5 highlights empowerment-idea correlations, and Figure 6 visualizes engagement and innovation rates. Figure 7 presents industry comparisons, Figure 8 breaks down innovation types, Figure 9 shows empowerment index distributions, Figure 10 highlights adoption growth, Figure 11 shows output variability, Figure 12 links empowerment and leadership with performance, and Figure 13 maps cultural and innovation associations.

DISCUSSION

This paper has discussed structural and psychological dimensions of employee empowerment and has reaffirmed that they are very important dimensions of organizational enhancement as far as innovation is concerned. As empowered individuals had intrinsic value-added attributes (autonomy, resources and ability to make decisions), only the firms which scored higher produced more ideas and were more successful in applying them. The results showed the existence of it following the close positive correlation between the capacity to form new ideas and their actual application. Hoch et al. (2019) state that the granting of control to the people can lead to intrinsic drive, which can lead to the creative performance as well. Their findings correspond to these findings. The findings were also confirmed by Park et al. (2020) study, which showed that the empowerment influenced behaviour, i.e., facilitated innovative activity and knowledge-sharing. In the process of inventing the empowerment innovation, the most effective among the distribution of leadership styles was transformational and servant leadership. This is consistent with what Newman et al. (2020) said that the empowerment of the leaders is essential. Wang and Rode (2019) have also indicated that the effects of the process of empowerment may differ due to the influence the culture and design of the company can have on the results of the empowerment process. The results indicate that the gains on the innovations did not equally apply to the different demographic groups; population with power was more likely to produce incremental innovations compared to the population of the culture of collaboration and psychological safety which were more likely to produce radical ones. The results are congruent with the results of Aryee et al. (2019). The results indicate that the calculated risks, also, are more likely to be practiced by workers in the empowered institutions, as compared to those in the non-empowered firms. It is based on the fact that Jiang and other scholars (2019) state that being proactive is the outcome of empowerment. The second problem is that Cheong et al. (2019) also wrote that too much freedom can be ineffective. Digital empowerment is also the best option after the changeover to remote working, as compared to the previous process of working. This can be aligned with the study conducted by Spreitzer et al. (2020) that found that technology-mediated empowerment elicited creativity among remote workers. These results indicate that empowerment brings about a feeling of creativity and it is not a one-off event but a component of an ecosystem that is influenced by other factors, such as culture, leadership and digital transformation. By it, you have to employ integrative strategies so as to render empowerment novel.

CONCLUSION

The scholar in this article puts forward some interesting statistics on the value of employee empowerment in the innovation process considering the ambivalent nature of its implication in the contexts of innovation, creativity, and successful execution. These results suggest that giving individuals more power or learning how to self-regulate (e.g. whether they should make their own decisions and cede control) had a strong impact on the rate at which business accepted new ideas in both instances. The researcher concluded that the outcomes of the empowerment are mostly dependent on the type of leadership, the factor of psychological safety and the culture that is present in the organization. Excellent leadership styles in the working environment that encourages innovation are servant and transformational leadership. It was established that the likelihood of the patients to improve significantly rose when the empowerment was introduced but the combination of autonomy and structure resulted in the significant innovations along with the accountability systems and peer groups. The report has also found another new frontier that allows creativity to happen in remote and convoluted spaces as digital empowerment. These become problematic due to the idea that excess autonomy and minimal accountability may lead to the decline in productivity, hence, the necessity to strike a balance. The overall conclusion of the study is that staff empowerment is a recent method that has to be consciously connected to technical structures, philosophy and culture of leadership, yet cannot be regarded as a managerial process. This is one of the reasons why institutions, which invest prudently in empowering the employees, are ultimately in a position to unleash their own creativity, encourage further innovation and stay competitive in the ever-changing business world.

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