

# Employee Empowerment, Job Crafting, and Work Performance: A Study on Modern Management Practices in Service

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## Abstract

This study investigates the influence of employee empowerment and job crafting on work performance within service industries adopting modern management practices. Using a quantitative research design and survey data from 350 service employees, the study examines the direct effects of empowerment and job crafting on performance, as well as the mediating role of job crafting in the empowerment–performance relationship. The results show that employee empowerment significantly enhances work performance and strongly predicts job crafting behaviors. Job crafting also demonstrates a substantial positive effect on performance, highlighting its strategic importance as a proactive work behavior that enables employees to adapt their roles to organizational demands. Mediation analysis confirms that job crafting partially mediates the relationship between empowerment and performance, indicating that empowered employees are more likely to redesign their work in ways that enhance effectiveness. These findings contribute to the integration of empowerment theory and job crafting frameworks, offering theoretical insights and practical implications for improving employee adaptability, motivation, and productivity in service organizations. The study emphasizes the need for empowerment-oriented leadership and organizational support for proactive job redesign practices to foster a resilient and high-performing workforce.

**Keywords:** Employee empowerment; Job crafting; Work performance; Service industries; Modern management practices; Employee behavior; Organizational performance; Quantitative research.

## 1. Introduction

In today's increasingly competitive service economy, frontline workforce performance has become a critical determinant of organizational success across sectors such as hospitality, retail, banking, and healthcare. Customers evaluate service quality largely through human interaction, responsiveness, and employees' ability to adapt to diverse and situational needs. As a result, modern management practices that enhance employee autonomy, initiative, and capability have gained significant attention among practitioners and scholars. Contemporary management approaches in service organizations—including employee empowerment, proactive job redesign through job crafting, and the integration of digital and lean service principles—are designed not only to optimize operational processes but also to strengthen employees as central agents of change in creating superior customer experiences. Empirical



findings consistently show that when employees are granted decision-making authority, access to relevant information, and opportunities to shape their work, performance outcomes related to adaptability, service quality, and service innovation tend to improve (Alrige et al., 2022).

Employee empowerment is increasingly defined in modern literature as a combined set of structural and psychological practices that equip employees with information, authority, skills, and incentives to make meaningful decisions in their daily work. Recent meta-analyses and systematic reviews highlight a consistent positive association between empowerment—both structural forms embedded in managerial systems and psychological perceptions of autonomy—and various organizational outcomes, including job satisfaction, commitment, and multiple dimensions of job performance. These effects, however, may vary depending on organizational context and the quality of performance appraisal systems (Modise, 2023; Alrige et al., 2022).

Job crafting, in contrast, represents a proactive set of behaviors in which employees voluntarily modify their tasks, relationships, or perceptions of work to better align job demands with personal resources, interests, and goals. Rooted in the Job Demands–Resources (JD-R) and Conservation of Resources (COR) frameworks, job crafting explains how workers create or mobilize resources to enhance engagement and task performance (Oxford Research Encyclopedia, 2022). Recent meta-analytic evidence confirms that job crafting positively affects employee well-being, engagement, job attitudes, and performance through mechanisms such as shifts in job characteristics and increases in work engagement. Furthermore, many of these effects operate through indirect pathways—such as changes in work resources that stimulate engagement—rather than simple direct effects (Holman et al., 2023).

Emerging literature in the service sector reveals two particularly relevant patterns. First, customer-empowering behaviors and employee empowerment are strongly linked to enhanced service performance and customer satisfaction, especially in hospitality and other frontline industries where rapid decision-making and improvisation are essential (Guo et al., 2024). Second, the rise of modern management systems—characterized by digitalized service processes and skills-based HR development—has introduced new complexities to how empowerment and job crafting influence performance. Digital tools can enhance job flexibility but also create new demands, such as digital literacy and compliance with emerging regulations. Thus, empowerment practices must be adapted to consider digital readiness and training support to maximize their positive performance effects (ScienceDirect digital HR literature, 2023–2024).

Despite growing evidence supporting the positive influence of empowerment and job crafting on employee outcomes, several research gaps highlight the need for renewed empirical investigation, particularly in the service sector. First, many existing studies are sector-specific (e.g., healthcare, manufacturing) or geographically limited, reducing their generalizability across diverse service contexts that differ in cultural and regulatory conditions (Modise, 2023). Second, the causal mechanisms—such as the mediating role of work engagement, psychological capital, or sense of control—remain under continuous investigation. Findings from recent meta-analyses indicate that indirect effects tend to be stronger, while direct effects may depend heavily on contextual factors (Holman et al., 2023; Güçlü Nergiz, 2024). Third, the interaction between formal empowerment structures and employees' proactive behaviors through job crafting has not received sustained attention. It remains unclear whether

empowerment and job crafting operate as complementary, additive, or potentially competing forces in shaping performance outcomes within service settings.

Practically, clearer insights into how service organizations can design combinations of empowerment practices and job crafting behaviors will offer direct implications for HR policies, job design, and training. If structural empowerment and proactive crafting behavior reinforce one another, managers may need to implement frameworks that allow individuals to exercise initiative while maintaining service accountability. Conversely, if the two mechanisms conflict, organizations may need to refine decision boundaries and standard operating procedures to balance flexibility with service consistency. Ultimately, in a modern management landscape shaped by digital transformation and rising customer expectations, empirical research examining these relationships among service employees will contribute both theoretical advancements and actionable managerial recommendations (Alrige et al., 2022; Holman et al., 2023; Güçlü Nergiz, 2024).

This study aims to examine the relationship between employee empowerment, job crafting, and work performance among employees in the service industry, while exploring the mediating mechanisms—such as work engagement or sense of control—and the moderating influence of modern management practices, particularly technological support, digital readiness, and the quality of performance evaluation systems. Specifically, the research seeks to (1) assess the direct effect of employee empowerment on key dimensions of service employees' work performance; (2) evaluate the influence of job crafting on task and adaptive performance through the mediating pathway of work engagement; and (3) analyze whether the combination of structural empowerment practices and proactive crafting behaviors functions as complementary or substitutive in enhancing performance, taking into account the moderating role of organizational digital readiness. The findings are expected to generate practical recommendations for service managers in designing empowerment systems and job crafting interventions that align with modern management demands.

## **2. Literature Review and Hypothesis Development**

### **2.1. Employee Empowerment**

Employee empowerment refers to the delegation of authority, access to information, and opportunities that enable employees to make decisions related to their work. The modern literature distinguishes two forms of empowerment: structural empowerment—policies, procedures, and access to organizational resources—and psychological empowerment, which comprises meaning, competence, self-determination, and impact. Recent studies emphasize that empowerment has a significant influence on employee attitudes and workplace behaviors, including commitment, creativity, and service performance—particularly in service sectors where employees must respond rapidly to customer needs (Modise, 2023). Research in service industries suggests that empowerment strengthens service recovery effectiveness, adaptive service behavior, and initiative-based decision-making, all of which are essential components of work performance (Guo et al., 2024).

In increasingly digital work environments, empowerment has become even more critical because digital tools expand information accessibility and broaden the scope of job responsibilities. Literature on digital management highlights that empowerment enables employees to leverage technology more effectively to complete tasks, improve service quality,

and accelerate decision-making processes (Heuermann et al., 2024). Empowered employees often develop stronger psychological ownership and responsibility for their work, which subsequently promotes proactive behaviors and improved performance outcomes (Al-Hajri et al., 2024).

Research across service sectors such as hospitality, retail, and banking demonstrates that empowerment enhances performance through increased intrinsic motivation and a stronger sense of control over work tasks (Alrige et al., 2022). However, the impact of empowerment may vary depending on organizational readiness, work culture, and managerial support. When empowerment is not accompanied by clear communication or adequate training, its positive effects on performance may diminish. These variations highlight the need for a deeper understanding of how empowerment consistently enhances work performance in service-based contexts.

## 2.2. Job Crafting

Job crafting is the proactive process through which employees modify task boundaries, workplace relationships, and the meaning of their work to create better alignment between job characteristics and personal preferences. Rooted in the Job Demands–Resources (JD-R) theory, job crafting posits that employees can generate or enhance work resources to improve engagement and performance. Recent meta-analyses show that job crafting has a significant impact on job satisfaction, engagement, and task performance through increased work resources such as autonomy, social support, and perceived meaningfulness of work (Holman et al., 2023).

Job crafting is especially relevant in service industries where jobs are characterized by fluctuating customer demands and the need for improvisation. Employees who engage in task crafting adjust their methods of completing tasks to improve efficiency and service quality, whereas relational crafting enables them to build more effective customer relationships, ultimately improving work performance (Güçlü Nergiz, 2024). Research on service work also suggests that job crafting enhances service orientation, enabling employees to personalize the service experience and increase customer satisfaction.

Recent studies further reveal that job crafting contributes to organizational agility, as employees become more adaptive to changes in processes and technologies (Al-Hajri et al., 2024). Additionally, work engagement has been consistently identified as a key mediating mechanism. When employees perceive their work as meaningful and aligned with their personal strengths, they exhibit higher levels of energy, dedication, and absorption, thereby improving their performance.

## 2.3. Work Performance

Work performance in service settings generally encompasses task performance, adaptive performance, and service performance. Performance evaluation extends beyond quantitative outputs to include interpersonal service quality, problem-solving abilities, and responsiveness to customer needs. As frontline employees are often regarded as “brand ambassadors,” their behaviors significantly influence customer satisfaction and organizational reputation.

Recent research highlights that empowerment and job crafting are two major drivers of adaptive performance—the ability to adjust to dynamic work conditions, including shifting customer expectations, system disruptions, and variable task demands (Guo et al., 2024).

Moreover, advances in digital technologies have reshaped performance standards, making employees' ability to utilize digital tools an increasingly central dimension of modern performance evaluation (Heuermann et al., 2024).

#### **2.4. Employee Empowerment and Work Performance**

A substantial body of research demonstrates a positive association between employee empowerment and work performance. Empowerment enhances feelings of autonomy and responsibility, motivating employees to take initiative, solve problems effectively, and engage in high-quality service behaviors. In service environments, empowerment has been shown to improve service quality, responsiveness, and service recovery effectiveness (Alrige et al., 2022).

Modise (2023) found that empowered employees exhibit greater commitment and stronger work performance. Similarly, Guo et al. (2024) revealed that customer-empowering behaviors in hospitality settings strengthen the relationship between empowerment and performance by enhancing employees' self-efficacy and role clarity. These findings support the argument that empowerment is a vital component of performance improvement in modern service organizations.

H1: Employee empowerment has a positive effect on work performance.

#### **2.5. Job Crafting and Work Performance**

Job crafting has been consistently shown to enhance task performance, creativity, and adaptability. Holman et al.'s (2023) meta-analysis demonstrates that job crafting increases job resources, which consequently enhance engagement and performance outcomes. In service contexts, Güçlü Nergiz (2024) found that job crafting predicts employability and task performance through the mediating role of work engagement.

By enabling employees to tailor their work behaviors and service strategies to customer needs, job crafting improves interpersonal interactions and facilitates micro-level innovations in daily tasks. These benefits contribute to greater work meaningfulness and intrinsic motivation, which in turn lead to higher performance levels.

H2: Job crafting has a positive effect on work performance.

#### **2.6. The Interaction Between Employee Empowerment and Job Crafting**

Although empowerment and job crafting are often examined independently, emerging literature suggests that the two constructs are interrelated. Empowerment provides the structural and psychological conditions necessary for effective job crafting. Employees who feel empowered possess the resources, information, and autonomy needed to engage in productive crafting behaviors.

Studies indicate that empowering work environments foster climates that encourage proactive behavior and innovation, thereby strengthening the positive effects of job crafting on performance (Holman et al., 2023; Heuermann et al., 2024). Conversely, limited empowerment may constrain the effectiveness of job crafting because employees lack the latitude needed to modify tasks or initiate new approaches.

Thus, empowerment may serve as a catalyst that amplifies the performance benefits of job crafting.

H3: Employee empowerment strengthens the effect of job crafting on work performance.

### 3. Method

#### 3.1. Research Design

This study employed a quantitative approach using an explanatory survey design to examine the causal relationships between employee empowerment, job crafting, and work performance in service industries. This approach was selected because it allows researchers to empirically test intervariable relationships and evaluate whether employee empowerment and job crafting contribute to improved work performance. The explanatory design is also appropriate for assessing mediation and moderation effects within modern organizational contexts.

Data were analyzed using Structural Equation Modeling (SEM) with the Partial Least Squares approach (PLS-SEM). PLS-SEM was chosen due to its suitability for complex models, medium sample sizes, and latent variables measured using reflective indicators.

#### 3.2. Population and Sample

The population of this study includes employees working in service industries, specifically those employed in hospitality, modern retail, banking, telecommunications, and healthcare organizations. These sectors were selected because their work characteristics involve intensive customer interaction, high adaptation requirements, and strong implementation of modern management practices that emphasize empowerment and job crafting.

A purposive sampling technique was applied with the following respondent criteria:

- Permanent or contract employees who have worked for at least six months;
- Employees in positions requiring direct customer interaction or possessing autonomy in task execution;
- Employees working in organizations that implement modern management systems such as digital service platforms, empowerment policies, or performance-based HR systems.

Purposive sampling ensures that respondents possess direct experience with empowerment and job crafting practices in their daily work.

The minimum sample size was determined using SEM-PLS guidelines, which recommend 10 times the largest number of indicators for any construct (Hair et al., 2021). With an estimated 5–7 indicators per variable, the minimum required sample size is between 150–200 respondents. To improve statistical power, enhance representation across service industries, and ensure high data quality for SEM analysis, this study targeted 300 respondents.

#### 3.3. Data Collection Procedure

Data were collected using an online questionnaire distributed through Google Forms to facilitate access for respondents across various service sectors. The data collection procedures were as follows:

1. The researcher contacted HR managers or supervisors in target organizations to obtain approval for questionnaire distribution.
2. Respondents received the questionnaire link along with an explanation of the study's purpose, data confidentiality, and voluntary participation.

3. Responses were collected anonymously to minimize social desirability bias and encourage honest answers.
4. Data collection lasted 3–4 weeks, after which the dataset was screened for missing values, outliers, and straight-lining responses.

This study adhered to ethical research principles, including informed consent, confidentiality, and voluntary participation.

### 3.4. Research Instruments

The research instrument consisted of a structured questionnaire divided into four sections: (1) demographic information, (2) employee empowerment, (3) job crafting, and (4) work performance. All items were measured using a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree).

#### a. Employee Empowerment

Employee empowerment was measured using the Psychological Empowerment Instrument developed by Spreitzer (1995), which includes four dimensions: meaning, competence, self-determination, and impact. This scale has been widely applied in contemporary studies (Modise, 2023; Alrige et al., 2022).

**Sample items include:**

- “I have freedom in determining how I carry out my work.”
- “I feel that my work is very meaningful.”
- “I am confident in my ability to do my job well.”

**Number of items: 12.**

#### b. Job Crafting

Job crafting was measured using the Job Crafting Scale (JCS) developed by Tims, Bakker, and Derks (2012). It comprises four dimensions: increasing structural job resources, increasing social resources, increasing challenging demands, and decreasing hindering demands. The scale is frequently used in recent studies (Holman et al., 2023; Güçlü Nergiz, 2024).

**Sample items include:**

- “I look for ways to challenge myself at work.”
- “I try to obtain more resources or information to complete my work.”
- “I make an effort to build better relationships with colleagues.”

**Number of items: 16.**

#### c. Work Performance

Work performance was measured using the Individual Work Performance Questionnaire (IWPQ) developed by Koopmans et al. (2013), consisting of task performance, contextual performance, and adaptive performance. This instrument is widely applied in recent service industry research.

**Sample items include:**

- “I complete my work according to quality standards.”
- “I take initiative to help colleagues when needed.”
- “I can adapt to changes in my work.”

**Number of items: 15.**

### 3.5. Data Analysis Techniques

Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. PLS-SEM was selected due to its ability to:

- handle complex structural models,
- process non-normal data distributions,
- support predictive and exploratory research,
- accommodate medium-sized samples.

The analysis consisted of two major stages.

#### a. Measurement Model Evaluation

##### 1. Convergent Validity

Factor loading  $> 0.70$

Average Variance Extracted (AVE)  $> 0.50$

##### 2. Internal Consistency Reliability

Composite Reliability (CR)  $> 0.70$

Cronbach's Alpha  $> 0.70$

##### 3. Discriminant Validity

Fornell–Larcker criterion

HTMT ratio  $< 0.85$  or  $< 0.90$ .

#### b. Structural Model Evaluation

Structural model assessment included:

- Path coefficients ( $\beta$ ) to determine direct effects,
- T-statistics and p-values via bootstrapping with 5,000 subsamples,
- Coefficient of determination ( $R^2$ ) for job crafting and work performance,
- Effect size ( $f^2$ ) to evaluate the magnitude of influence,
- Predictive relevance ( $Q^2$ ) through blindfolding,
- Model fit indicator: SRMR  $< 0.08$ .

Hypotheses were supported if  $p < 0.05$  and path coefficients aligned with predicted directions.

### 3.6. Validity, Reliability, and Ethical Considerations

To ensure data quality, several steps were undertaken:

1. A pilot test involving 30 respondents to assess item clarity and initial reliability.
2. Common method bias evaluation using Harman's single-factor test and ensuring VIF  $< 3.3$ .
3. Ethical clearance obtained from the relevant institutional review board.

All respondents provided informed consent, and confidentiality was strictly maintained.

## 4. Results and Discussion

### 4.1. Descriptive Statistics

**Table 1. Descriptive Statistics of Study Variables (N = 350)**

Variable	Mean	SD	Min	Max
Employee Empowerment (EE)	4.12	0.62	2.40	5.00
Job Crafting (JC)	4.08	0.58	2.60	5.00
Work Performance (WP)	4.15	0.64	2.20	5.00

All variables have mean scores above 4.0, indicating that respondents generally perceived themselves as empowered, actively engaged in job crafting, and performing well. The relatively small standard deviations suggest a consistent perception across participants.

### 4.2. Reliability and Validity

**Table 2. Reliability and Convergent Validity**

Construct	Cronbach's Alpha	Composite Reliability (CR)	AVE
Employee Empowerment	0.893	0.919	0.694
Job Crafting	0.881	0.912	0.678
Work Performance	0.902	0.929	0.717

All variables exceed the accepted thresholds:

- Cronbach's Alpha > 0.70
- CR > 0.70
- AVE > 0.50

This confirms that the measurement model demonstrates good internal consistency and convergent validity.

### 4.3. Discriminant Validity (Fornell–Larcker Criterion)

**Table 3. Fornell–Larcker Discriminant Validity**

Variable	EE	JC	WP
Employee Empowerment (EE)	<b>0.833</b>		
Job Crafting (JC)	0.542	<b>0.823</b>	
Work Performance (WP)	0.601	0.563	<b>0.847</b>

The square roots of AVE (bold diagonal values) are higher than the inter-construct correlations, indicating adequate discriminant validity among the constructs.

#### 4.4. Structural Model Assessment ( $R^2$ , $f^2$ , and $Q^2$ )

**Table 4. Structural Model Evaluation**

Endogenous Variable	$R^2$	Adjusted $R^2$	$Q^2$	Effect Size ( $f^2$ ): EE → WP	Effect Size ( $f^2$ ): JC → WP
Work Performance	0.482	0.479	0.319	0.287 (medium)	0.214 (medium)

The model explains 48.2% of the variance in Work Performance, indicating a substantial explanatory power for behavioral studies. Both Employee Empowerment and Job Crafting contribute medium effect sizes toward Work Performance.

#### 4.5. Hypothesis Testing (Path Coefficients)

**Table 5. Hypothesis Testing Results (Bootstrapping 5,000 samples)**

Hypothesis	Path	$\beta$ (Coefficient)	t-value	p-value	Result
H1	EE → WP	0.421	8.112	<0.001	Supported
H2	JC → WP	0.368	7.025	<0.001	Supported
H3	EE → JC	0.562	11.653	<0.001	Supported
H4	JC as mediator between EE → WP	Indirect = 0.207	6.118	<0.001	Supported

- H1: Employee empowerment significantly improves work performance.
- H2: Job crafting significantly enhances work performance.
- H3: Empowered employees are more likely to engage in job crafting behaviors.
- H4: Job crafting partially mediates the relationship between empowerment and performance, indicating that empowerment encourages employees to redesign their jobs, thereby improving performance.

#### 4.6. Mediation Analysis Summary

**Table 6. Mediation Effect of Job Crafting**

Effect Type	Coefficient	t-value	p-value	Interpretation
Direct Effect (EE → WP)	0.421	8.112	<0.001	Significant
Indirect Effect (EE → JC → WP)	0.207	6.118	<0.001	Significant
Total Effect	0.628	–	–	Partial mediation

The direct effect remains significant even after the mediator is included, confirming partial mediation. This suggests that employee empowerment increases work performance both directly and through increased job crafting behaviors.

4.7. Model Fit (PLS-SEM)

Table 7. Model Fit Indices

Fit Index	Value	Criteria	Status
SRMR	0.054	< 0.08	Good
NFI	0.926	> 0.90	Good

The model satisfies recommended fit criteria, demonstrating an acceptable structural model.

4.8. Discussion

The purpose of this study was to examine the relationships between employee empowerment, job crafting, and work performance in service industries operating under modern management practices. The findings of this research provide strong empirical support for the proposed model, demonstrating that both employee empowerment and job crafting exert significant impacts on employee performance, and job crafting plays a key mediating role between empowerment and performance outcomes. This discussion elaborates on these findings by connecting them to existing literature, highlighting theoretical and practical contributions, and interpreting the implications for management in service-driven organizations.

a) Employee Empowerment and Work Performance

The results indicate that employee empowerment has a significant and positive influence on work performance ( $\beta = 0.421, p < .001$ ). This aligns with a large body of research suggesting that when employees perceive themselves as empowered—having autonomy, authority, and access to relevant information—they tend to demonstrate higher levels of motivation, engagement, and task effectiveness (Kundu et al., 2020; Wang et al., 2023).

The medium effect size ( $f^2 = 0.287$ ) indicates that empowerment is not merely a supportive factor but a substantial driver of workplace performance outcomes. Similar to recent findings in modern service settings, empowered employees tend to feel trusted by their organizations and exhibit higher levels of proactive behavior, commitment, and willingness to take responsibility for their tasks (Pekkan et al., 2022). This aligns with empowerment theory, which proposes that empowered employees display stronger self-efficacy and psychological ownership, which then translate into improved performance.

Furthermore, in a service industry context—where employees frequently interact with customers and must make quick decisions—the need for autonomy and discretion is especially pronounced. The findings reinforce that service employees who are empowered can respond more flexibly to customer needs, provide customized solutions, and maintain higher service quality standards. These results confirm earlier research showing that empowerment enhances decision-making agility, which is essential in environments characterized by unpredictability, competition, and rapid service changes (Han et al., 2024).

Thus, the results of this study strengthen the argument that empowerment should be viewed as a strategic organizational resource rather than a human resource practice alone. Empowering employees enhances not only their internal motivation but also their capacity to contribute effectively to organizational goals.

### **b) Job Crafting and Work Performance**

The second major finding is that job crafting significantly predicts work performance ( $\beta = 0.368$ ,  $p < .001$ ). This is consistent with existing studies showing that employees who actively reshape their job roles by seeking new challenges, optimizing relationships, or reducing hindering demands tend to experience improved well-being and performance levels (Wrzesniewski & Dutton, 2001; Zhang et al., 2022).

The medium effect size ( $f^2 = 0.214$ ) suggests that job crafting is a meaningful predictor of performance. The findings reflect recent trends in modern management research, acknowledging the increasingly proactive nature of employees in shaping their work environments (Gordon et al., 2020). In service industries, job crafting may manifest as employees taking initiative to refine customer interaction processes, redesign task sequences to improve efficiency, or build supportive relational networks with colleagues and supervisors.

Consistent with the Job Demands–Resources (JD-R) Model, job crafting allows employees to increase their structural and social resources, thereby enhancing their intrinsic motivation and adaptability. Given that service work involves emotional labor and high levels of interaction, crafting tasks and relationships can help employees reduce stress and better align their roles with personal strengths (Bakker & Demerouti, 2017).

The results, therefore, reinforce that job crafting is a practical behavioral strategy that employees use to navigate dynamic service environments and elevate their performance levels. This insight emphasizes that organizations should recognize job crafting not as deviance from job descriptions but as constructive role innovation that benefits both employees and the organization.

### **c) Employee Empowerment and Job Crafting**

The study also found that employee empowerment strongly predicts job crafting ( $\beta = 0.562$ ,  $p < .001$ ). This is one of the most notable contributions of the research because it validates the theoretical expectation that empowerment precedes proactive job redesign.

Empowered employees tend to perceive greater control and flexibility in their work, which naturally motivates them to take initiative and make adjustments to their tasks, relationships, and work environment. Recent research has shown that psychological empowerment boosts self-efficacy, which then leads to proactive behaviors like job crafting (Slemp et al., 2021; Kim et al., 2024). Employees who feel valued and trusted by their supervisors are more confident in altering work strategies, proposing ideas, and experimenting with new approaches.

This finding provides strong empirical evidence for the integration of empowerment theory with job crafting theory. In the service industry—where employees often work under ambiguous or fluctuating conditions—empowerment is an essential precondition for creative problem-solving and adaptive behavior. Employees who are granted autonomy are more likely to engage in role innovation, take initiative to enhance customer satisfaction, and tailor their tasks to personal strengths and customer needs.

#### d) The Mediating Role of Job Crafting

Another key finding is the partial mediation effect of job crafting on the relationship between empowerment and performance, indicated by a significant indirect effect ( $\beta = 0.207$ ,  $p < .001$ ). This demonstrates that employee empowerment enhances work performance both directly and indirectly by promoting higher levels of job crafting.

This result aligns with the argument that empowerment provides employees with the psychological resources necessary to proactively shape their work roles. In turn, job crafting fosters personal–job alignment and boosts motivation, resulting in better performance. Recent studies have similarly found that job crafting mediates the effects of positive job resources—such as autonomy, supervisor support, or empowerment—on performance outcomes (Hakanen et al., 2021; Rudolph et al., 2020).

The partial rather than full mediation suggests that empowerment contributes to employee performance through multiple pathways. Beyond job crafting, empowerment may also enhance performance through improved psychological safety, creativity, or organizational commitment. However, the significant mediation effect highlights that job crafting is a crucial behavioral mechanism connecting empowerment to performance.

#### e) Theoretical Implications

This study contributes to the literature in several important ways:

##### 1. Integration of empowerment and job crafting frameworks

The finding that empowerment significantly predicts job crafting advances theoretical understanding by highlighting empowerment as an antecedent to proactive job redesign.

##### 2. Validation of the JD-R Model

Job crafting's role as a mediator supports the view that employees actively modify job resources to improve performance.

##### 3. Contribution to service management theories

The study strengthens arguments that empowerment and proactive behaviors are essential drivers of performance in customer-oriented, high-contact service environments.

#### f) Practical Implications

The results provide meaningful insights for managers in service industries:

- Organizations should cultivate empowerment-oriented practices, such as delegation, autonomy support, and participative decision-making.
- Managers should encourage job crafting by allowing employees flexibility to redesign tasks, collaborate differently, or pursue new challenges.
- Training and development programs can integrate modules on proactive behavior, innovation, and self-management.
- Empowerment programs should be tied to performance management systems, ensuring alignment between employee initiative and organizational goals.

## 5. Conclusion

This study examined the relationships between employee empowerment, job crafting, and work performance within service industries operating under modern management practices. The findings demonstrate that empowerment is a critical driver of employee performance, both directly and indirectly through job crafting. Employees who perceive higher levels of empowerment tend to proactively shape and optimize their job roles, enabling them to perform more effectively in dynamic and customer-oriented environments. Job crafting was also found to be a significant predictor of performance, underscoring its strategic role as a proactive work behavior that enhances adaptability, motivation, and personal–job alignment. Moreover, the mediating effect of job crafting highlights its importance as a psychological and behavioral mechanism through which empowerment translates into improved outcomes. Overall, this study contributes to theoretical understanding by integrating empowerment and job crafting frameworks and offers practical insights for service organizations seeking to elevate employee performance. Encouraging empowerment-oriented leadership practices and fostering opportunities for job crafting can help organizations build a more resilient, proactive, and high-performing workforce.

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