

AN EMPIRICAL STUDY ON ACHIEVING COMPETITIVE ADVANTAGE THROUGH EMPOWERING EMPLOYEES

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ABSTRACT

Today, Employee empowerment is considered as an important issue in human resource management organizations and in this regard, it is important that each of the individuals feel about their competence. Human resources consider as strategic asset of the organization and empowerment of employees is a new approach in order to human resource development that cause increase productivity improve quality, and profitability of products and services of organizations. Empowerment is a concept that links individual strengths and competencies, natural helping systems and proactive behavior to social policy and social change. This research aims to illustrate the role of empowering employees on the gaining competitive advantage. For this purpose, an innovative conceptual framework are used and presented. Data are gathered from academicians and experts associated with the financial services. In this research, three main dimensions of competitive advantage that are Efficiency, Innovation and Responsiveness are investigated and examined. Results showed that the dimensions of employee's empowerment are positively affected on gaining sustainable competitive advantage for organizations.

Keywords: Empowerment, competitive advantage, strategic approach, empirical study.

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INTRODUCTION

The definitions of empowerment itself vary widely across scholars. Many studies define empowerment as intrinsic task motivation (e.g., Conger & Kanungo, 1988; Thomas & Velthouse, 1990) or motivation reflective of the person–environment fit (Zimmerman, 1990). In other literature, empowerment has been defined as perceptions (Parker & Price, 1994) and as commitment-based designs (Spreitzer, 1996). Researchers have also defined empowerment in terms of job structure—the transfer of power or authority (e.g., Burke, 1986; Kanter, 1977) and/or job support structures such as the sharing of resources and information (e.g., Blau & Alba, 1982; Hardy & Leiba-O’Sullivan, 1998). Empowerment has also been described as dependent on management or leadership actions (e.g., Bennis & Nanus, 1985; Block, 1987) and human resource practices such as training programs or reward systems (e.g., Conger & Kanungo, 1988; Lawler, 1986). And, finally, empowerment has been used with reference to behavioural or performance-related outcomes (e.g., Zimmerman, 1990). Employee’s empowerment facilitates the creation of an integrated quality environment, where superior products and services become practical. In order to increase effectiveness in the banking industry, management must become active in empowering their employees. This is done by sharing information, creating autonomy, and establishing self-directed teams.

On the other hand, Competitive advantage is a management concept that has been so popular in the contemporary literature of management nowadays. The reasons behind such popularity include the rapid change that organizations face today, the complexity of the business environment, the impacts of globalization and unstructured markets, the ever changing consumer needs, competition, the revolution of information technology and communications, and the liberation of global trade (Al-Rousan and Qawasmeh, 2009).

This research aims to highlights the main three dimensions of competitive advantage and examines the impact of empowering employees on these dimensions. Therefore, the most important purpose of this research is to identify the impact of empowering employees on the gaining sustainable competitive advantage.

LITERATURE REVIEW

Employees Empowerment

Empowerment has become an important theme over the course of recent years. There is general encouragement to give employees sufficient latitude in their work-definition and authority to be able to apply the full breath of ability to the overall aims of the company. Recently, the usefulness of empowerment has started to become recognized in the different environment. of project management(Williams 1997) . Rutland discusses its importance both between companies, leading towards an increase in structures such as partnering (Which implies a level of trust between the companies) and more relevantly to this research, for individuals within a firm, he discusses the importance of employee motivation as a differentiating factor between countries. (Rutland, 1994)

Empowerment is often defined as the act of giving people the opportunity to make workplace decisions by expanding their autonomy in decision making (Vogt, 1997). Also, empowerment has been described as the breaking down of traditional hierarchical structures (Blanchard, 1997). From a service perspective, empowerment gives employees the authority to make decisions about customer service. In industrial and organizational psychology and management, empowerment is the enhancement of the autonomy of employees in their work or increased involvement that results in increased decision making more generally within the wider agenda and interests of the organization (Wall et al, 2004). Geroy et al. (1998) emphasized the organizational aspect of empowerment, calling it the process of providing employees with the necessary guidance and skills to enable autonomous decision making (including accountability and responsibility for making these decisions within acceptable parameters) that is part of an organizational culture. An empowered and committed workforce is generally claimed to be essential for the effective functioning of modern organizations (Bowen et al, 1992; Sparrowe, 1995; Kirkman et al, 1999). Empowerment have been proposed and found to facilitate a worker's commitment to the organization (Kirkman et al, 1999; Locke et al, 1979). Empowerment can be measured through two constructs. One is psychological empowerment construct which has received much attention from researchers in many business fields (Thomas and Velthouse, 1990; Spreitzer, 1995).

The focus of psychological empowerment is an individual's psychological empowerment state. The other construct is empowerment climate which focuses on work environment. Concept of empowerment climate proposed by Scott and colleagues (2004) is a shared perception regarding the extent to which an organization makes use of structures, policies, and practices supporting employee empowerment. It refers to work environment. Blanchard et al. (1995) and Randolph (1995) identified three key organizational practices associated with empowerment climate: autonomy through boundaries, information sharing, and team accountability. As the focus of our study is on work environment we take the empowerment climate construct. Moreover, organizational climate perceptions are related to individual attitudes and behaviours (Schneider et al, 1980; Hofmann and Stetzer, 1996; Glisson and James, 2002), we, therefore, study its relationship with leadership behavior in projects (Shazia et al, 2010). Based on the prior literature this research take the three dimensions autonomy through boundaries, information sharing, and team accountability as the organizational practices associated with the empowerment climate of project teams having varying degree of virtuality. Autonomy through boundary dimension (Shazia et al, 2010).

Competitive Advantage

Competitive advantage is a management concept that has been so popular in the contemporary literature of management nowadays. The reasons behind such popularity include the rapid change that organizations face today, the complexity of the business environment, the impacts of globalization and unstructured markets, the ever changing consumer needs, competition, the revolution of information technology and communications, and the liberation of global trade (Al-Rousan and Qawasmeh, 2009).

Despite the fact that interests in this subject has started many decades ago, it wasn't till the 60's of the twentieth century that the concept has spread out when Edmund Learned & Kenneth Andrews described SWOT analysis denoting strength as a competitive advantage (Schendel, 1994:1). Kotler also defined competitive advantage as an organizational capability to perform in one or many ways that competitors find difficult to imitate now and in the future (Kotler, 1997:53; Kotler, 2000).

Nevertheless, Porter recognized competitive advantage as a strategic goal; that is a dependent variable and the reason behind this is that the good performance is related to achieving a competitive advantage (Read & Difillipi, 1990:90).

Others see competitive advantage as an ability to produce products or offer services different to what competitors do, by utilizing the strengths that organizations possess so as to add value in a way that competitors find it difficult to imitate (Pitts & Lei, 1968:68).

It is believed that the framework presented by Michael Porter is one of the most well-known tools that are used in theoretical as well as empirical research, since it pays attention to all activities carried out by an organization with respect to its external environment (Al-Rousan and Qawasmeh, 2009).

Competitive Dimensions

One of the organizations' major concerns is to care about customers' needs and wants and transform such needs and wants into targeted aptitudes or areas called "*competitive dimensions*". These dimensions that organizations focus on and show great interest in, while providing services and products so as to meet market demand, can help organizations achieve competitive advantage (Krajewski & Ritzman, 1999). These competitive dimensions, as we claim, are four: **cost, quality, time, and flexibility, innovation and Responsiveness** which are defined and explained in the following sections.

Cost

Organizations must make some kind of compromise between the cost and the characteristics of their products and services. In general, most organizations choose to cut total cost by stripping fixed costs and applying continuous control on raw materials, reducing employee compensation rates, and by achieving higher levels of productivity (Dilworth, 1992).

Quality

Quality can be achieved by adding unique attributes to products to enhance their competitive attractiveness so as to benefit customers in the final stage (Best, 1997). Also, quality can be

achieved through a couple of dimensions such as the quality of design which means to adapt product design to its function (Adam & Ebert, 1996), and the quality of conformity which stands for the organizational capability to transform inputs to conformable outputs (Hill, 1993:35) or outputs in accordance to the specific design characteristics, and the focus on quality will be reflected in competitive advantage and profitability of the organization.

Time

Organizations can consider the time factor to compete among each others. Delivery time can be a source of competitive advantage when organizations try to reduce the period of time between receiving and accepting customer orders and provisions of products or services to customers (Stonebrake & Leong, 1994). It is also a measure of the organizations' adherence to delivery schedules agreed upon with customers. The speed of product development also refers to the time factor; that is the time period between product idea generation till achieving the final design or production (Evans, 1993).

Flexibility

Flexibility can be viewed as the ability of the processes to switch from one product to another or from one customer to another at the least cost or impact. Flexibility also can be defined as the ability to adapt the production capacity to changes in the environment or market demands (Evans, 1993).

Flexibility also encompasses product flexibility in the first place which is defined as the ability of the organization to trace changes in consumers' needs, tastes and expectations so as to carry out changes in product designs. The second flexibility has to do with volume which stands for the organization's capability to respond to changes in consumer demand. It is believed that such flexibility can yield benefits such as introducing new products along with product variety, and controlling volume and delivery time (Stack et al, 1998).

Innovation

Finally, empowered employees will be a source of new ideas and innovation. High performance

employees are born in the empowered organization which will increase in its efficiency and productivity.

If time, training and resources are given for the process to evolve, employees are expected to develop feelings of self-efficacy, job satisfaction, security, confidence and job meaningfulness (Hammunda et al, 1997).

Customer Satisfaction

The last decades have spawned a number of studies on customer satisfaction. A key motivation for the growing emphasis on customer satisfaction is that highly satisfied customers can lead to a stronger competitive position resulting in higher market share and profit (Fornell, 1992). Customer satisfaction is also generally assumed to be a significant determinant of repeat sales, positive word-of-mouth, and customer loyalty (Bearden and Teel, 1983; Fornell et al., 1996). As a result, there is increasing attention among academics and business practitioners to customer satisfaction as a corporate goal (e.g. Bolton and Drew, 1991; Crosby, 1991; Oliva et al., 1992). Partly, this increasing focus on customer satisfaction is rooted in contemporary managerial tools such as total quality management (TQM) and business process reengineering. The TQM movement has especially led to more focus on the measurement of the complex construct of customer satisfaction. Most research on customer satisfaction has focused on satisfaction with consumer goods and services.

Hypotheses

Competitive advantage for organizations are encompasses the three main dimensions as follow: efficiency, responsiveness and innovation. In this research the dimension of efficiency is including the four criteria's as follow: quality cost, time and customer satisfaction. These three criteria's are constructing one of the most important and applicable laws in the management activities and work that called: *Law of Efficiency*. This means that all of the managers in their activities or decisions should apply this law in the all of these aspects.

Table 1: The Research Hypotheses

Hypotheses	Description
H1	Efficiency is the affective dimension of competitive advantage for organization.
H1a	Quality is the affective dimension of efficiency for competitive advantage.
H1b	Cost is the affective dimension of efficiency for competitive advantage.
H1c	Time is the affective dimension of efficiency for competitive advantage.
H1d	Customer Satisfaction is the affective dimension of efficiency for competitive advantage.
H2	Responsiveness is the affective dimension of competitive advantage for organization.
H3	Innovation is the affective dimension of competitive advantage for organization.
H4	Employees Empowerment is positively affected on the competitive advantage for the organization.
H4a	Employees Empowerment is positively affected on the Responsiveness for competitive advantage in the organization.
H4b	Employees Empowerment is positively affected on the Innovation for competitive advantage in the organization.
H4c	Employees Empowerment is positively affected on the Efficiency for competitive advantage in the organization.

Table 1 describes the main research hypotheses that highlight the affectability of the empowering employees on the dimensions of the competitive advantage.

METHODOLOGY

The method of this research are Applied Research in goal, and in the view point of data gathering is Descriptive-Analytic (non-experimental) that is implemented with the research format. This

model presents the demonstrated relationship between the research variables and shows the clear insights for the both academic researchers and practitioners of the field.

Research Procedure and Sampling

Data has been gathered from the academicians and experts of the field of financial services. Data by means of a questionnaire has been gathered for research hypotheses test. The numbers of respondents are 55.

Reliability of the Research

Table 2 show the results for reliability test for each of the hypotheses tests. As mentioned in the table 2, the questionnaire for each of the hypotheses has been reliable. The Alpha Cronbach for these hypotheses is 0.786.

Table 2 Reliability test results

Hypotheses	Number of questions	Alpha Cronbach
H1	3	0.760
H1a	2	0.880
H1b	2	0.668
H1c	2	0.900
H1d	2	0.830
H2	3	0.745
H3	3	0.688
H4	3	0.860
H4a	2	0.777
H4b	2	0.854
H4c	2	0.689
	= 26	Average = 0.786

Analysis

In this section the statistical analysis for test the research hypotheses are investigated and presented. For investigation the affectability of the each of the dimensions of the competitive advantage and also each of the dimensions of the efficiency and the affectability of the empowering employees on the competitive advantage, the one-sample t-test will run and implemented.

Table 3 The results of t-test for hypotheses 1 and it's sub hypotheses

Hypotheses	T-Statistic	d.f	Sig*	mean	Test-Value	Confirm / Reject
H1	12.300	54	0.000	4.125	3	Confirm
H1a	14.230	54	0.000	3.887	3	Confirm
H1b	10.680	54	0.000	4.040	3	Confirm
H1c	9.540	54	0.000	4.567	3	Confirm
H1d	13.350	54	0.000	5.001	3	Confirm

* $\alpha=0.05$

As clear in the table 3, the four dimensions of efficiency including —quality, cost, time and customer satisfaction are highly affected on the competitive advantage for the organizations in the financial services sector. Therefore, for achieving highly competitive advantage it's necessary for organizations in the financial services sector to attend highly in the above 4 dimensions.

Also the results show that the first main dimension- efficiency- is highly affected on the competitive advantage.

Table 4 The results of t-test for hypotheses 2

Hypotheses	T-Statistic	d.f	Sig*	mean	Test-Value	Confirm /Reject
H2	14.688	54	0.000	5.050	3	confirm

* $\alpha=0.05$

As clear in the table 4, the results show that the second main dimension- responsiveness- is highly affected on the competitive advantage.

Table 5 The results of t-test for hypotheses 3

Hypotheses	T-Statistic	d.f	Sig*	mean	Test-Value	Confirm /Reject
H3	11.200	54	0.000	5.000	3	Confirm

As clear in the table 5, the results show that the third main dimension- innovation- is highly affected on the competitive advantage

Table 6 The results of t-test for hypotheses 4 and it's sub hypotheses

Hypotheses	T-Statistic	d.f	Sig*	mean	Test-Value	Confirm / Reject
H4	12.300	54	0.000	3.988	3	Confirm
H4a	11.444	54	0.000	4.000	3	Confirm
H4b	13.660	54	0.000	4.700	3	Confirm
H4c	11.045	54	0.000	4.850	3	Confirm

* $\alpha=0.05$

As clear in the table 6, the empowering employee is positively affected on the three main dimensions of competitive advantage including —responsiveness, innovation, and efficiency for the organizations in the financial services sector. Therefore, for achieving highly competitive advantage it's necessary for organizations in the financial services sector to attend highly in the above 3 dimensions. Empowering employees positively affected on the 3 main dimensions of the competitive advantage.

Also the results show that the employee's empowerment is highly affected on the gaining competitive advantage for the organizations.

CONCLUSION AND RECOMMENDATIONS

Empowerment is a concept that links individual strengths and competencies, natural helping systems and proactive behaviour to social policy and social change. In other words, empowerment links the individual and his or her well-being to the wider social and political environment in which he or she functions. From a psychological perspective, empowerment links mental health and well-being to mutual help and to the creation of a responsive community. Indeed, personal and social change relies extensively on various methods of empowerment.

In the other hand, achieving sustainable competitive advantage or organizations that activate in the turbulent environment and market is so important and vital. This research investigates the impact of employee's empowerment on the gaining sustainable competitive advantage for the organizations in the financial service sector.

In this research the 3 main dimensions of competitive advantage has been consider and the affective ability of the employee's empowerment on these dimensions has been investigated. These 3 main dimensions for competitive advantage in this research were including: responsiveness, innovation and efficiency.

Results of data analysis has been showed that employee's empowerment is highly positive affected on the competitive advantage and also high positively affected on the main 3 dimensions

It is highly recommended that organizations especially those organizations that activated in the financial services sector for gaining sustainable competitive advantage should attend to the empowerment of employees in the appropriate form. Empowerment enables both employees and managers to gaining updated knowledge and abilities to gaining sustainable competitive advantage in their work and after that competitive advantage for the organization will provide.

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