

## The Effect of Human Resource Empowerment on Organizational Effectiveness

Noushin Qaderi-Sadi

Department of Industrial Management,  
Fars Science and Research Branch,  
Islamic Azad University, Fars, Iran

Abdolmohammad Taheri

Department of Educational Administration,  
College of Economics and Management,  
Shiraz Branch, Islamic Azad University, Shiraz, Iran

**Abstract.** The present study aimed to assess the effects of human resource empowerment on the organizational effectiveness. The nature of the study was descriptive-survey research method with functional purpose of correlation. The study population consisted of 700 staff of Fars Electricity Distribution Company, among whom 155 were determined by Cochran, who were selected by cluster randomization considering the coefficient. Measurement tools in this study included: Spritzer and Mishra empowerment questionnaire (1997), and Parsons organizational effectiveness questionnaire (1998). Despite the standardization, validity and reliability of the tools were re-evaluated that resulted in coefficients of 0.95, and 0.89, respectively. Inferential statistics, used to test the hypothesis, showed that empowerment (sense of competence, self-determination, impact, meaning, and trust) of employees have a significant relationship with their organizational effectiveness. And, empowerment predicted organizational effectiveness. The findings also showed that the most important role among empowerment

dimensions in predicting effectiveness is associated with components of competence, trust and effectiveness.

**Keywords:** Empowerment of Human Resources, Organizational Effectiveness.

## 1. Introduction

Today, experts believe that human resources are one of the key dimensions in the creation of real value for organizations and companies. A real organizational competition and survival is based upon functionality of objectives and performing appropriate strategies. These goals are only achieved when human resources are empowered. The general goal of empowerment in organizations is to activate the staffs' brains like their arms to succeed in business arena. As empowerment results in staff's promotion to suitable job position and consequently increased people's motivation. Smith believes that empowerment can improve service quality, increase employees' motivation and commitment, as well as sense of evaluation by the customer and ultimately ensure the effectiveness of the organization (Smith, Andrusyszyn, & Spence Laschinger, 2010). It seems that empowerment is an acceptable grand strategy for continuous improvement and a short sign of application of practices for people's competence in creative and new methods for all dimensions of the organization's performance (Kinlaw, 1995). With respect to the above, human resources is an important factor for organizational development. Therefore, organizations need effective, creative, and committed managers who can continue organizational development through the hardships and conditions of today's world and use their new managerial techniques in line with their culture (Burma, 2014). In this regard, one of the important tasks of managers in organizations is to identify the potential skills of the employees and provide the background for growth and prosperity for psychological empowerment of employees (Al-Hassan, Chan, & Metcalfe, 2000). Accordingly, psychological empowerment is a robust tool of human resources management in order to establish organizational excellence model, as empowerment causes effective involvement, increases motivation, staffs' satisfaction and encouragement that allows them to stay in the organization, have commitment and

loyalty to the organization, and finally move the organization toward excellence. Empowerment is defined as the process by which the manager helps the staff achieve the necessary ability for independent decision-making. This process is not only effective on the individual's performance, but also in their personality. The most important concept of empowerment is delegation of authority to the lowest levels of the organization. The decision process should have the highest degree of decentralization and individuals or groups should be responsible for a complete part of the business processes (Lawler, 1994). Spreitzer identified four dimensions for empowerment. Based on the study by Mishra, one dimension has been added to his model (Mishra & Spreitzer, 1998). Thus, five key dimensions of empowerment have been explained. Managers should create these five characteristics to successfully empower others. Successful empowering means: Competence (self-determination), sense of having a choice (self-determination), impact (personal acceptance of the result), sense of meaning or importance (value), and sense of trust. The managerial principles in correct direction of staff influence the organization's goals and using the best principles of the staff is a strategy to collect their business needs and behaviors of to cause stronger relations with them; because a strong relationship in this context is the most important key to the success of any business (Eklof et al., 2012). According to the issues raised above, the main question is how empowerment of human resources affects organizational effectiveness in Fars Electricity Distribution Company and the amount of this effect is analyzed by research objectives and the proposed package. Ghanbari (2015) in a research, entitled "Clarifying the mediator role of psychological empowerment in the relationship between effective management and organizational excellence" based on description data gathering by survey-research method showed that the expression of the results and effects of the activities of the organization's staff influences promoting the goals of the organization and expression of the social effect of activities in increasing the sense of meaning (Ghanbari, Ardalan, Nasiri, & Karimi, 2015). Raisi (2014) conducted a research, entitled "Relationship between empowerment of human resources with organizational effectiveness in schools" with descriptive-correlation method of research and concluded direct and meaningful relationship in

99 hundredths between two variables of empowering teachers with schools' effectiveness; two variables of personal trust in others and personal activity's result had the greatest important role in predicting the effectiveness of schools (Raisi, 2014). Gounagouni (2012) showed in a study, entitled "Empowerment of human resources in companies and strategies and challenges in Electricity Distribution Company in Isfahan" that empowerment can lead to productivity and continuous improvement by analyzing effectiveness models, and assessed the factors affecting the process of employees' empowerment, analyzed the shortcomings and obstacles, and provided practical solutions (Gounagouni, 2012). Young Sok (2014) concluded in a study, entitled "Analysis of the empowerment path and effectiveness of nurses' work" that empowerment has a direct association with increased organizational effectiveness and in addition to the occupational characteristics, is an influencing factor on empowerment and effectiveness. Fernandez (2013) conducted a study, entitled "Causal Model of the Empowerment Process A: Exploring the Links between Empowerment Practices, Employee Cognitions, and Behavioral Outcomes" and showed the direct effect of empowerment of employees in the public and the private sectors on employees' performance and also indirect mediator effects of empowerment in organization's effectiveness and innovation (Fernandez & Moldogaziev, 2011). Ozaralli (2003) conducted a study on the relationship between transformational leadership with psychological empowerment factors and team effectiveness and discussed them in eight different industries in Turkey, such as banking industry and evaluated 152 employees. The results indicated significant relationship of transformational leadership with each factor of psychological empowerment, as well as team effectiveness (Özaralli, 2003). It is noteworthy that organizations require to pay enough attention to human resources to achieve the established goals, among which perhaps people's attitude has the greatest effect on the organization's performance. Evidence suggests that capable individuals have higher job performance, if not in all cases, at least in most positions. They are conscientious people that use their highest effort to achieve higher levels of job knowledge, which leads to higher levels of job performance and organizational effectiveness.

## **2. Research Hypotheses**

1. Empowering human resources affects the organizational effectiveness among the staff of Electricity Distribution Company in Fars Province.
2. Sense of competence affects the organizational effectiveness among the staff of Electricity Distribution Company in Fars Province.
3. Sense of self-determination affects the organizational effectiveness among the staff of Electricity Distribution Company in Fars Province.
4. Sense of impact affects the organizational effectiveness among the staff of Electricity Distribution Company in Fars Province.
5. Sense of meaning affects the organizational effectiveness among the staff of Electricity Distribution Company in Fars Province.
6. Sense of trust affects the organizational effectiveness among the staff of Electricity Distribution Company in Fars Province.

## **3. Method**

This descriptive-survey research had a functional purpose. The study population consisted of 700 staff of Fars province's Electricity Distribution Company, among whom 155 were determined by Cochran, who were selected by cluster randomization considering the coefficient. The tools used in this study, included Mishra and Spritzer Empowerment questionnaire to measure independent variables of the research, and Parsons organizational effectiveness questionnaire to measure dependent variables. In this study, the tools used to assess the first independent variable, employee empowerment, five-factor model empowerment of Mishra and Spritzer was used to assess independent variable of the research that is frequently used in scientific research. To increase validity of the questionnaire, the written and verbal views of expert professors in this field and experts of Fars Electricity Distribution Company were applied considering the conditions and policies ruling the organization. And to determine the reliability of the questionnaires, first 30 of the study population were selected and were provided with the questionnaire and then Cronbach's alpha was used to determine reliability of the questionnaire; the Cronbach's alpha, calculated at 0.95, showed that the questionnaire has acceptable stability and reliability.

The next tool was a questionnaire for measuring organizational effectiveness based on Parsons' four essential functions of the social system (AGIL) that is a standard questionnaire with validity and reliability approved by various researchers. The content validity of the questionnaire was assessed with the help of respected professors of the relevant section and experts that proved its validity as desirable. Data analysis was performed by descriptive statistics such as mean, median, mode, skewness and related charts and inferential statistics such as Pearson's correlation, regression, ANOVA, regression and correlation, and multiple regression regarding the research hypotheses.

#### 4. Findings

The demographic information of the study population was as follows: Among 155 employee of Electricity Distribution Company, participating in this research, 74% were male and 17% were female, 59% had a Bachelor's degree, and 27% a master's degree. In terms of age, 25% of the participants aged 20-30 years, 51% aged 30-40, 16% aged 40-50, and only 7% of them were older than 50 years old. Regarding the work experience of the staff, 39% of employees had less than five years' work experience. The distribution of empowerment and organizational commitment of the employee of Electricity Distribution Company was normal.

**Table 1:** The correlation coefficient between empowerment and organizational effectiveness

Empowerment of human resources	The correlation coefficient	Effect Sectional Organizational
	P-value	0.000
	Total	155

To examine the hypothesis of the impact of empowerment on organizational effectiveness among the staff of Electricity Distribution Company in Fars Province, with assumption of normality of the data, Pearson's correlation test was used. This test measured the amount or degree of linear relationship between two variables of empowerment and

organizational effectiveness. Thus, according to Table 1, the correlation coefficient between these two variables was 0.52 at a significance level of 0.001 that is smaller than 0.01 and shows a significant and direct relationship (because of positive correlation coefficient) between empowerment and organizational effectiveness.

**Table 2:** Correlation between sense of competence and effectiveness

Sense of competence	The correlation coefficient	Organizational effectiveness
		0.405
	P-value	0.000
	Total	155

The correlation coefficient between sense of competence, one of the dimensions of human resources empowerment, and effectiveness in employees of Fars Electricity Distribution Company is 0.41, according to table 2. This number represents a relatively good linear relationship between the two variables of competence and effectiveness. In addition, since the correlation coefficient was positive, the two variables have a direct relationship. This correlation is also significant, as its p-value is 0.001 that is less than 0.01, so there is a significant and direct relationship between sense of competence and organizational effectiveness of the staff.

**Table 3:** The correlation coefficient between self-determination and organizational effectiveness

self-determination	The correlation coefficient	Organizational effectiveness
		0.205
	P-value	0.011
	Total	155

The correlation coefficient between self-determination, one of the dimensions of human resources empowerment and effectiveness of employees of Fars Electricity Distribution Company is 0.02, according to the table 3. This number represents a relatively good linear relationship between the two variables of self-determination and effectiveness. In

addition, since the correlation coefficient was positive, the two variables have a direct relationship. This correlation is also significant, as its p-value is 0.01 that is less than 0.05, so there is a significant and direct relationship between self-determination and organizational effectiveness of the staff.

**Table 4:** The correlation between impact and organizational effectiveness

Impact	The correlation coefficient	Organizational effectiveness
		0.399
	P-value	0.000
	Total	155

The correlation coefficient between impact, one of the dimensions of human resources empowerment and effectiveness of employees of Fars Electricity Distribution Company is 0.39, according to the table 4. This number represents the degree of the linear relationship between the two variables of impact and effectiveness. In addition, since the correlation coefficient was positive, the two variables have a direct relationship. This correlation is also significant, as its p-value is 0.001 that is less than 0.01, so there is a significant and direct relationship between impact and organizational effectiveness of the staff.

**Table 5:** The correlation coefficient between meaning and organizational effectiveness

Meaning	The correlation coefficient	Organizational effectiveness
		0.299
	P-value	0.000
	Total	155

The correlation coefficient between meaning, one of the dimensions of human resources empowerment and effectiveness of employees of Fars Electricity Distribution Company is 0.29, according to the table 5. This number represents the degree of the linear relationship between the two variables of meaning and effectiveness. In addition, since the correlation coefficient was positive, the two variables have a direct relationship.

This correlation is also significant, as its p-value is 0.001 that is less than 0.01, so there is a significant and direct relationship between meaning and organizational effectiveness of the staff.

**Table 6:** The correlation between trust and organizational effectiveness

Trust	The correlation coefficient	Organizational effectiveness
		0.380
	P-value	0.000
	Total	155

The correlation coefficient between sense of trust, one of the dimensions of human resources empowerment and effectiveness of employees of Fars Electricity Distribution Company is 0.38, according to the table 6. This number represents the degree of the linear relationship between the two variables of trust and effectiveness. In addition, since the correlation coefficient was positive, the two variables have a direct relationship. This correlation is also significant, as its p-value is 0.001 that is less than 0.01, so there is a significant and direct relationship between sense of trust and organizational effectiveness of the staff.

**Table 7:** The correlation coefficient of multiple regression

Model	Regression Model	Multiple correlation coefficient (R)	Coefficient of determination (R <sup>2</sup> )	The modified correlation coefficient by Regression (R <sup>2</sup> )	Standard deviation of residuals
1	Competence and effectiveness	0.405	0.164	0.159	0.67564
2	Competence, trust, and effectiveness	0.500	0.250	0.240	0.64194
3	Competence, trust, impact, and effectiveness	0.540	0.291	0.277	0.62629

To determine which of the dimensions of empowerment of human resources (competence, self-determination, impact, meaning, and trust) predicts organizational effectiveness better, the stepwise regression model

was used. Thus, as shown in Table 4-30, in the first step, sense of competence, one of the aspects of empowerment, which is an independent variable here, had a multiple regression correlation coefficient of 0.40, and could predict the dependent variable, organizational effectiveness, more than other dimensions (self-determination, impact, meaning, and trust). In the second step, both competence and trust could predict impact as much as 25% (Coefficient of determination). Finally, in the third step, the three variables of competence, trust, and meaning could predict the dependent variable, organizational effectiveness of Electricity Distribution Company with power of 29% (coefficient of determination).

## **5. Discussion and Conclusion**

In the first hypothesis of the research, there was a significant and direct relationship (because of positive correlation coefficient) between two variables of empowerment and organizational effectiveness of Electricity Distribution Company. As a result, the linear regression model could predict the relationship between empowerment and organizational effectiveness. These findings are consistent with the results of the studies by Ghanbari (2015), Rahi and colleagues (1392), Hozouri (2013), Doitinic and Amayjid (2011) and Carlos (2004). In explaining the above hypothesis, it is understood that the managers of organizations, in order to empower employees, can use legal and formal actions, and strategies such as partnerships, delegating, providing information, group formation and freedom, and changing organizational factors, such as the reward system, formulation of clear and achievable goals, providing the necessary resources and developing appropriate organizational structure, to eliminate state of powerlessness and inability of the staff, so that employees feel that they are important members of the organization and are a valuable asset. According to the results of this study, managers and administrators, through informal interventions, can act in self-supervision, innovative roles, agent, director, producer, coordinator, supervisor, facilitator, and mentor so that employees feel more freedom and meaning. In the second hypothesis, there was a significant association between the sense of competence and organizational effectiveness. These findings are consistent with the results of the studies

by Ghanbari (2014), Rahi and co-workers (2013), and Aghdasi (2013). In explaining the above findings, it is concluded that staff who assess themselves qualified in their organizations directly increase organizational effectiveness. In the third hypothesis, there was a significant association between the self-determination and organizational effectiveness. These findings are consistent with the results of studies by Ghanbari (2014), Rahi and co-workers (2013), and Aghdasi (2013). In explaining the above findings, it is concluded that staff who assess themselves qualified in their organizations directly increase organizational effectiveness. In the fourth hypothesis, there was a significant association between the impact and organizational effectiveness. These findings are consistent with the results of studies by Ghanbari (2014), Rahi and co-workers (2013), and Aghdasi (2013). In explaining the above findings, it is concluded that staff who assess themselves qualified in their organizations directly increase organizational effectiveness. It is also postulated that staff who assess themselves qualified in their organizations directly increase organizational effectiveness. Strong individuals have a sense of control over the results of their work. They believe they can create a change by influencing the environment or results of the work. These formidable staff do not believe that the external environment's obstacles control their activities, but that they can control these obstacles and this belief of the staff affects the organization's effectiveness remarkably. In the fifth hypothesis, there was a significant association between meaning and organizational effectiveness. These findings are consistent with the results of studies by Ghanbari (2014), Rahi and co-workers (2013), and Aghdasi (2013). It is concluded that employees who consider themselves meaningful in the organization directly increase organizational effectiveness. Employees respect the goals and activities they are engaged in and acquire a sense of personal value and importance in the work. Thus, meaning is related to value-focused attitude. Significant activities create a sense of purpose, excitement or mission for the individuals. So that the income or just doing a job exactly does not only make them feel significant, but also more fundamental and valuable issues become important in the field, resulting in organizational effectiveness in line with the objectives of the organization. In the sixth hypothesis, there

was a significant association between the sense of trust and organizational effectiveness. Given the lack of literature in this regard, the researcher provides a more detailed explanation of these findings. Since feeling is an inner component, it is hard to assess what is self-assessment and what is other-assessment. Another reason for lack of attention to this factor in the organization's environment is the individual and the employer. This issue has totally caused no certain findings in this regard. Of course, in general, employees with a sense of trust are confident that they will be treated fairly and equally, are confident that the end result of their work will not harm the justice and sincerity, even at low positions. Usually this feeling means they are confident that authorities will not damage them or will not treat them impartially. However, even when powerful people do not show correctness and flexibility, resilient people maintain a sense of personal trust. The employees express interest in others, while they try to work with others and be an effective part of the group. They are research-oriented, autonomous and eager to learn and increasing this sense leads to increased organizational effectiveness. In general, research shows that implementation of empowerment process and continuity of staffs' education can achieve organizational effectiveness. The benefits of empowerment include increased profit, quality, customer satisfaction, sense of belonging, and property in the staff regarding the organization, as well as improved work conditions and reduced costs, waste, nervous pressure, accidents, and direct monitoring of the supervisor. Increased components of organizational empowerment is the process to achieve organizational performance continuously by improvement and development of individuals' influence, competent teams, accomplished in most dimensions and tasks that will, in turn, influence their function and the entire performance of the organization and enhance organizational effectiveness. Managers provide conditions with special actions so that all employees at all levels could use their valuable thoughts and experience in line with achieving the organization's goals. An organization that wishes to proceed in economy and in the competition arena and be effective in their goals should have expert, creative, and highly-motivated human resources. Human resources are the basis of real wealth of an organization; effective education with upgraded working

and individual skills results in the efficacy of human resources and effectiveness. It is expected that to achieve excellence of the organization, employees' choice should increase for their work freedom. Increased participation of employees in the organizational decisions and increased sense of responsibility of the employees through fair remuneration system can thereby facilitate the excellence of the organization.

### References

- Al-Hassan, K., Chan, J. F.-L., & Metcalfe, A. V. (2000). The role of total productive maintenance in business excellence. *Total Quality Management, 11*(4-6), 596-601.
- Burma, Z. (2014). Human resource management and its importance for today's organizations. *International Journal of Education and Social Science, 1*(2), 85-94.
- Fernandez, S., & Moldogaziev, T. (2011). *A Causal Model of the Empowerment Process: Exploring the Links between Empowerment Practices, Employee Cognitions, and Behavioral Outcomes*. Paper presented at the Prepared for the National Public Management Research Conference.
- Ghanbari, S., Ardalan, M., Nasiri, F., & Karimi, I. (2015). [Clarifying the mediator role of psychological empowerment in the relationship between effective management and organizational excellence]. *Organizational culture management, 13*(2), 487-514.
- Gounagouni, E. (2012). [*Empowerment of human resources in companies and strategies for it and challenges in electricity distribution company in Isfahan*].
- Kinlaw, D. C. (1995). *The practice of empowerment: making the most of human competence*: Gower Publishing, Ltd.
- Lawler, E. E. (1994). Total quality management and employee involvement: are they compatible? *The Academy of Management Executive, 8*(1), 68-76.

- Mishra, A. K., & Spreitzer, G. M. (1998). Explaining how survivors respond to downsizing: The roles of trust, empowerment, justice, and work redesign. *Academy of management Review*, *23*(3), 567-588.
- Özaralli, N. (2003). Effects of transformational leadership on empowerment and team effectiveness. *Leadership & Organization Development Journal*, *24*(6), 335-344.
- Raisi, B. (2014). [*Relationship between empowerment of human resources with organizational effectiveness in schools*].
- Smith, I., Andrusyszyn, M. A., & Spence Laschinger, H. K. (2010). Effects of workplace incivility and empowerment on newly-graduated nurses' organizational commitment. *Journal of nursing management*, *18*(8), 1004-1015.