

## **EMPOWERING EMPLOYEES TO PROMOTE ORGANIZATIONAL LEARNING**

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### **ABSTRACT**

In contemporary business, the organizations are confronted to a fierce competition, within a highly changing environment. In response to these changes, learning appears as a vital key successful strategy that would increase the organizations' performance, sustain competitive advantage and thus guarantee its survival. Individuals are the core of the learning process. It's through individual learning that the organizations develop their organizational learning, which demonstrates the importance of the human resource management and its impact on promoting organizational learning. This research explores the impact of employee empowerment as a recent human resource management approach on the promotion of organizational learning.

Using a hypothesis testing approach, this research aims to assess the impact of employee empowerment dimensions: meaningfulness, competence, choice and impact on promoting organizational learning within Algerian banks. A multiple regression analysis is conducted to explore the influential dimensions on organizational learning. With a response rate of 83%, results show that meaningfulness, competence and choice have a significant positive effect on banks' organizational learning. Competence is has strongest influence on promoting organizational learning. However, impact is found to have no effect on organizational learning.

This research may be first of kind exploring the relationship between organizational learning and empowerment, studying the impact of the four dimensions on promoting learning within an Algerian business context. Finally, researchers provide some recommendations for banks' managers.

**Keywords:** *Employee empowerment, Organizational learning, meaningfulness, competence, choice, impact.*

## 2. INTRODUCTION

Nowadays, People are the most important assets of the contemporary organizations. They are the core of their survival. Attracting and retaining the most competent, committed and motivated individuals has become the engine of differentiation between organizations. This is why, the organizations are conscious of the importance of getting a fit between their corporate strategies and their strategic management of their human resources. Developing an alignment between the organizations' strategies and human resources management would allow the establishment of the human resources best practices and thus increase their performance which in turn means reach the intended results.

Employee empowerment is one of these new best practices. Generally, empowerment is the shifting of authority and accountability for decision making and performance of work tasks from managers to employees who perform daily the work.

In the other hand, individuals are the core of organizational learning. It is through employees that individual learning can be developed, transformed into team learning and then into organizational learning. This later represents the most difficult and superior process that not any business organization can developed. It is the only source of competitive advantage within an environment where change is the only constant. (senge, 2006).

This study investigates *the impact of employee empowerment on the development and promotion of organizational learning in the Algerian banks*. It explores the influence of empowerment four dimensions of meaningfulness, competence, choice and impact on organizational learning.

The originality of this research lies in the uniqueness of such study in the Algerian business context, more specifically in the banks, because of their continuous and direct contact with customers in providing their financial services. This makes sense of the need of empowering employees in front dealing directly with banks' customers either individuals or companies. Thus, to what extent empowering banks' employees may influence the development and promotion of organizational learning?

### 3. THEORETICAL FRAMEWORK

#### 3.1. *Organizational Learning*

Senge (2006: p.13) said that learning “involves a fundamental shift or movement of mind” and this what he referred to the meaning of the word ‘metanoia’. (Senge, 2006: p.364) argued by citing the Society for organizational Learning (SoL)’s definition of learning: “a process of enhancing learners’ capability, individually or collectively, to produce results they truly want to produce”. He added “real learning gets to the heart of what it means to be human. Through learning we re-create ourselves. Through learning we become able to do something we never were able to do. Through learning we re-perceive the world and our relationship to it. Through learning we extend our capacity to create, to be part of the generative process of life. There is within each of us a deep hunger for this type of learning.” (Senge, 2006, p.13-14).

McCafferey (2008: p.64 as cited in Dahou, 2010) presented learning as a key source of change. It is through learning that individuals and organizations set adaptive changes to cope with their environment.

Organizational learning (OL) is the most developed form of learning and the essence of a Learning Organization. Transcending Learning from individual level which represents the core of organizational learning, and then from team level, Organizational Learning has been defined as: “OL is a metaphor whose spelling out requires us to reexamine the very idea of organization” ... it “occurs when members of organization act as learning agents for the organization, responding to changes in the internal and external environment of the organization by detecting and correcting errors in organizational theory-in-use, and embedding the results of their inquiry in private images and shared maps of organization” (Argyris and Schon, 1978: p.28-29).

Slater and Narver (1995 as cited in Jones, 2006) added that organizational learning “includes information acquisition, dissemination, shared interpretation and organizational memory”. The process includes four sub-processes. The acquisition enables the organization generates new knowledge and information, either internally or externally, through interactions and communication processes and experiences of its members. The obtained knowledge is then diffused to all the organization’s members, and transformed from its tacit nature to more explicit form. The third phase is the development of a shared interpretation of the diffused knowledge at the individual and organizational level, through formal networks and databases or informal interactions, making from it a common knowledge integrated in routines and enhanced through single or double-loop learning. The fourth is the organizational memory, in which knowledge is embedded in the theory

of use of the organization, transformed into action and stored and committed in declarative and procedural memory for prospective use (García-Morales et al., 2011; Jiménez-Jiménez & Sanz-Valle, 2011; Santos-Vijande et al., 2011; Jones, 2006).

Research has demonstrated the relationship between empowering employees and promoting organizational learning (McCafferey, 2008; Song, 2008; Marquardt, 1996; Watkins & Marsick, 1993; Pedler et al., 1991).

### 3.2. *Empowerment*

Empowerment is the one of the newest human resource management practices. It is one technique of employee involvement, a strategy giving to employees more responsibility and accountability, prompting the authority to make decisions down to the first level of qualified people in the organization.

Defined by Thomas and Velthouse (1990), empowerment, and mainly psychological empowerment, is increased intrinsic motivation manifested in a set of four cognitions, reflecting an individual's orientation to his or her work role. It is a situation in which a supportive and interactive environment encourages employees to seek out and implement more efficient business methods. The four factors, described as independent and distinct, but mutually reinforcing and related, are:

- ↳ *Meaningfulness* is “the value of the task goal or purpose, judged in relation to the individual's own ideals or standards; the individual's intrinsic *caring* about a given task” (Thomas & Velthouse, 1990).
- ↳ *Competence* is “the degree to which a person can perform task activities skillfully when he or she tries” (Thomas & Velthouse, 1990).
- ↳ *Choice* refers to the causal responsibility for a person's actions and whether behavior is perceived as self-determined.
- ↳ *Impact* is “the degree to which behavior is seen as “making a difference” in terms of accomplishing the purpose of the task, that is, producing intended effects in one's task environment” (Thomas & Velthouse, 1990).

The higher an individual “scores” in each of these elements, the greater the sense of empowerment.

Literature on organizational learning indicated its relationship with empowerment, and how this later could promote it within organizations. Correlated to organizational learning, Watkins & Marsick (1993, p.18) said that empowerment is “a deliberate decision to allow others to take the risks that might create mistakes but that might also lead to learning”, whereas Marquardt (2002) argued that empowering people, as an interesting subsystem of the organizations,

would enable them to learn and share learning with one another, the act that represents the core of the process of developing organizational learning. Making the organizations decentralized workplaces, networked and flatter, empowerment raised employees to control their learning in order to fulfill their jobs' needs, requiring new knowledge and skills (Dahou, 2010), "encouraging in them a habit of continuous learning and development" (Watkins & Marsick, 1993).

Throughout this research, researchers explored the impact of empowerment on organizational learning and developed the following research principal hypothesis:

H1. Empowerment has a strong positive impact on promoting organizational learning.

From H.1, four sub-hypotheses emerge for investigation and which are:

H1.1. Meaningfulness has a strong positive impact on promoting organizational learning.

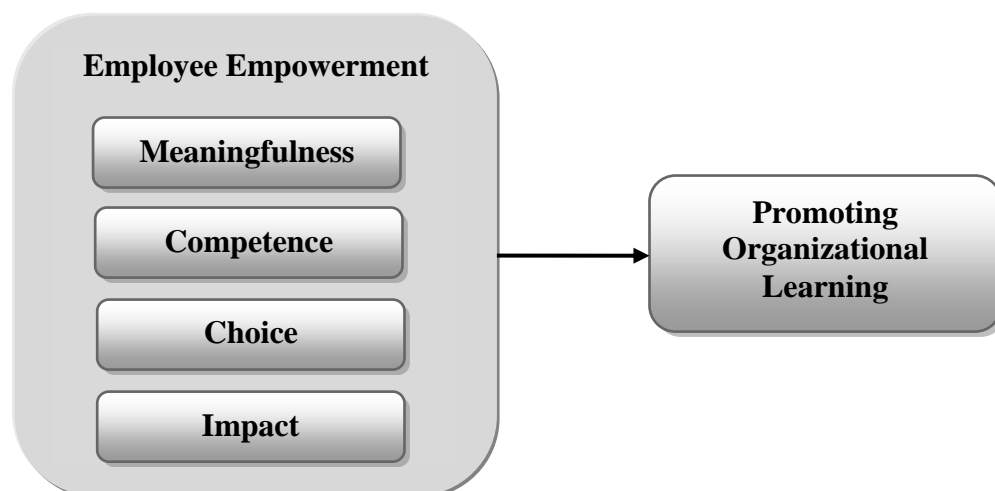
H1.2. Competence has a strong positive impact on promoting organizational learning.

H1.3. Choice has a strong positive impact on promoting organizational learning.

H1.4. Impact has a strong positive impact on promoting organizational learning.

Figure (1) exhibits research model:

**Figure.1. Research Model**



#### 4. RESEARCH METHODOLOGY

The researchers aim to identify the impact of empowerment on organizational learning. A hypothesis testing approach is utilized, using a quantitative analysis, based mainly on questionnaires, targeting the banks situated in the west region of Algeria as the research unit of analysis.

Items to measure employee empowerment in the questionnaire were taken from Klidas, van den Berg & Welderom (2007), Yulk & Becker (2006), Bodner (2005), Melhem (2003), Seaborne (2003); when organizational learning measures were adopted from Camisón & Villar-López (2011), García-Morales et al. (2011), Jime´nez-Jimenez et al. (2011) and Wang and Ellinger (2011).

A total of 80 questionnaires were distributed. 67 questionnaires were recuperated and valid for analysis. 58% of respondents are males, having approximately between 20-39 years old, with an academic level of bachelor (95%), getting a revenue ranging between 20000D.A and 40000 D.A, and working in the banks for 3 to 7 years.

## 5. DATA ANALYSIS AND RESULTS

### 5.1. Reliability

The reliability for this study was measured by using Cronbach Alpha-coefficient in the statistical package for social science (SPSS) software. The values range from 65.4 % (Memory) to 90.5% (Impact). All variables in our research model demonstrated acceptable reliability (more than 60%). These coefficients are represented for each of the variables in Table.1 as follow:

**Table.1. Reliability**

Variables	Cronbach's alpha (%)
Meaningfulness	81.3
Competence	70.8
Choice	66.2
Impact	90.5
Acquisition	78.6
Distribution	81.9
Interpretation	87.3
Memory	65.4

### 5.2. Hypotheses Analysis

Before conducting a regression analysis, a correlation test looked necessary to test the fit of the model and if there are relationships between independent variables and the research dependent variable. Table.2 reflects the results of Pearson Correlation test:

**Table.2. Correlation between Research independent and dependent variables**

	Meaning-fulness	Competence	Choice	Impact	Empowerment
empowerment Pearson Correlation	.549**	.671**	.619**	.055	.711**

\*\* . Correlation is significant at the 0.01 level (2-tailed).

From Table.2, all variables are significantly correlated to organizational learning, except for impact which has no relationship with the dependent variable.

Then, a multiple regression analysis is conducted to test the research hypotheses. Results of the test are exhibited in the following Table.3:

**Table.3. Multiple Regression Results**

<b><i>R-squared : .591</i></b>		F-statistic: 22.363 Probability : 0.0000	
Variable	Coefficient	T-Statistic	Probability
Meaningfulness	.216	2.028	<b>.047</b>
Competence	.312	2.813	<b>.007</b>
Choice	.290	4.220	<b>.000</b>
Impact	.035	0.583	.562

As the results show, R square equals 59%, significant at 1%, meaning that the four dimensions of empowerment participate in explaining the variance in the organizational learning. Meaningfulness, competence and choice have all an impact on promoting organizational learning, except for impact which has no influence on promoting organizational learning, which logical when impact have no statistical significant correlation in the first time with organizational learning. Therefore, H.1.1, H.1.2, H.1.3 are accepted hypotheses where Competence ( $\beta=31.2\%$ ) has the stronger effect on organizational learning, whereas as said before, impact has no effect on OL in the Algerian banks which means that H.1.4 is rejected.

Generally, the research findings reveal that having an employee empowerment practice within Algerian banks would promote organizational learning. Consequently, H.1 is accepted.

### **5.3. Discussion**

Developing and promoting organizational learning has become one of the major interests of the organizations. Having a learning orientation has transformed into a must in order to survive and compete in a highly turbulent and changing environment. The exploration of factors that would promote and permit the development of organizational learning within the organizations appears an exigency that managers have to know. Based on previous studies, human resource management practices have shown impact on the organizational learning within organizations. Empowerment appears as one of the modest HR practices with strong positive results on HR and the entire organization performance. This research investigates the impact of such practice on promoting organizational learning within Algerian banks.

As findings argued, Meaningfulness is perceived as having a direct positive effect on organizational learning. By persuading the meaning of their jobs, employees will be energized and would provide their best and learn for new more effective and efficient ways in doing their works. So, making jobs meaningful would encourage individuals to acquire, search for, and learn new or modified knowledge or practices; share and transfer their learning to their peers, supervisors, teams, and to the entire organization, interpret this leaning and then memorize it.

Another interesting finding, supported in this research, is the impact of competence on promoting organizational learning. Having competences gives Algerian employees a sense of capability to perform skillfully their tasks and activities. Developing employees' competencies will enhance their capacities to learn and therefore promoting organizational learning within the banks.

Choice was found to have an effect on promoting organizational learning. Of course, having the choice of his/her own responsibilities and in initiating and regulating actions and work may give them an opportunity to perform their jobs effectively without pressures. Also having the choice in his/her own work would make job more challenging and pushing them to learn more efficient ways to accomplish them and convince their supervisors with their right choices. So, if each empowered employee has the chance of choosing his/her own job



responsibilities and taking work's initiatives, he/she engages in a continuous individual learning process, searching for new ways to learn and apply to challenge decisions of his/her choice and realize them effectively, which in turn would be transferred to the team level and then organizational level.

These three positive results are supported by Bryan, 2009; Demers, 2009; Martinez, 2009; Ngwenya-Scoburgh, 2009; Haque, 2008; McCafferey, 2008; Song, 2008; Chajnicki, 2007; Piercy 2007.

Finally, employees in Algerian banks perceived "impact" as having no effect on promoting organizational learning in contrast to meaningfulness, competence and choice.

## **6. CONCLUSION**

Until now, empowerment has been attracted the interest of huge number of studies and research, for the major and important antecedents of organizational involvement, employee satisfaction, decreased turnover, and all advantages that can be realized when adopting such strategy. In the other hand, organizational learning has proved its importance as a source of competitive advantage for organizations in order to compete in an extremely competitive environment. This research explores the impact of initiating an employee empowerment approach on promoting organizational learning.

Research findings argued that three dimensions of employee empowerment dimensions which are: making employee's job meaningful, backing up and developing his/her competencies and giving him/her more choice in doing work; have an impact on the development and promotion of organizational learning process within Algerian banks; while impact has no influence on it.

Researchers recommend Algerian banks' managers to recognize the foremost prominence of such HR management approach of empowerment and its antecedents on the organizational level. In addition to the high individuals' performance, this practice would engage employees in a continuous learning process of acquiring new knowledge, sharing this knowledge with others in different departments, interpret this knowledge and then memorize it within the entire organization.

In the second place, managers have to put more intention on developing their employees' competencies before empowering them. Having competent employees would ameliorate their performances, which yield to the realization of

the banks' strategies and missions, which in turn strengthen the banks' capability to learn and cope within their external environment. So, establishment a continuous powerful training and development system should exist within banks to keep up with the continuous changes in all field of interest of their employees. In addition, designing meaningful challenging jobs and providing more choice to employees in accomplishing their tasks should intrinsically motivate employees, should create a trustier inspirational involving environment, and thus increase their citizenship. These consequences are primordial in the successful realization of the Banks' strategies and goals, yielding to sustainable competitive advantage.

Banks' managers must sensitize employees of the importance of their impact on their banks performance by initiating more participative programs or practices like brainstorming, quality circles, establishment of departments objectives or why not the formulation of the as an example.

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