

## Investigation of Relationship between Organizational Learning and Employees' Empowerment in Melli Bank Branches in Western Mazandaran Province

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### Abstract

The present research aims to investigate relationship between organizational learning and employees' empowerment. Research methodology was correlation. Statistical population included all employees in Melli Bank branches in western Mazandaran Province. 250 employees were selected by means of single-stage random cluster sampling. Gomenz organizational learning questionnaire (2001) and Spearterz (1999) empowerment questionnaire were used for data collection. Both questionnaires had appropriate validity and reliability. SPSS software was used for analyzing data by means of Pearson correlation coefficient and multivariate regression analysis. Results showed that there is positive relationship between managers' commitment, systematic viewpoint, open atmosphere for experimentation, knowledge transfer and integration and employees' empowerment.

**Keywords:** organizational learning, managers' commitment, employees' empowerment.

### 1. Statement of Problem

Large organizations with traditional structures do not have enough flexibility to adapt to environmental changes and especially globalization and they have to be equipped with instruments to be able to fight against global changes. One of these instruments is creation of learning organizations and institutionalization of organizational learning. Organizational learning refers to all methods, mechanisms and processes which are used for implementation of learning within organizations (Khelghati and Hayati, 2013). Schermehorn (1998) believes that organizational learning is the process of acquisition of knowledge, distribution of information, paraphrase of information and organizational memory which helps an organization adapt to conditions successfully. Therefore, successful organizations are those which learn faster and earlier than competitors. This is why organizational learning and learning organization concepts have been propounded within the past few years and grown well. Organizational learning is a dynamic process which enables an organization to adapt to changes rapidly. This process involves production of new knowledge, skills and behaviors. Organizational learning is the main way for improving organizational efficiency. Therefore, a successful organization must be successful in learning (Zhang, 2009).

According to studies and ideas of Marsic&Vatcins (1996), capabilities of a learning organization include:

- Creation of opportunities for continuous learning: learning is a continuous activity at work using new opportunities for education, growth and promotion of individuals.
- Improvement of conversation and research in organization: individuals learn constructive reasoning skills for expression of their ideas, abilities, listening and conversation with others and try to create a feedback culture, trial and experience use culture.
- Encouragement of employees to cooperate and learn in groups: organizational energy goes to group work and achieving different methods. Collaboration morale and participation culture is improved.
- Empowerment of employees to reach a collective insight: employees accept each other's beliefs in order to reach a shared insight and take feedback from each other. They participate in decision-making and are motivated for achieving favorable situation (what should be done).
- Preparation of strategic leadership in learning: in a learning organization, leaders support learning and use

learning as an strategic instrument for development and improvement of business.

- Linking an organization to its environment: employees are encouraged to link their activities to their internal and external environment and adapt to their environments. Such an organization is always in communication and contact with its society and persuades its employees to think widely.
- Creation of systems for receiving and sharing learning among members: a learning organization uses high-tech and low-tech systems for sharing learning in order to obtain knowledge and information and store and transfer it (Demers, 2009).

However, organizational learning is obtained when a group learns to have interaction, share knowledge and act collectively so that synergy is reached and actions are taken effectively (Benent and Benent, 2008).

Senge (1990) considers a learning organization as one which increases its capacity continuously for creating results which are sought. In such organizations, new and valuable models of thinking are formed. There is a free collective atmosphere in such organizations and individuals continuously learn how to learn collectively (as quoted from Weldy, 2009).

Organizational learning leads to employees' empowerment. Empowerment means giving power to employees. By empowerment, we help employees with improving their self-confidence and overcoming their inabilities and give energy to them to do their tasks (Huczynski& Buchanan, 2001). Lawler (1994) believes that empowerment means design of organizational structure so that individuals are prepared to take more responsibilities. Empowerment enables employees to control their working life and take more responsibilities in future (Lawler, 1994).

In empowerment, more autonomy and freedom of action and decision-making power is given to employees. In other words, vertical enrichment and other similar methods which are used for increasing freedom of action in employees are called empowerment (Huczynski& Buchanan, 2001).

Herrera (2007) showed that organizational learning influences on psychological empowerment (sense of competency, organizational commitment, job meaningfulness and trust). This can be a base for formulation of appropriate human resource strategies for improvement of learning and psychological empowerment and organizations can use the positive consequences of organizational learning to survive in competition and excel their competitors.

From Demers viewpoint (2009), knowledge is one of the factors which results in employees' empowerment. We can empower individuals by collecting and managing knowledge. Integration and transfer of knowledge depends on attraction capacity.

Results of Demers study (2009) showed that application of characteristics and dimensions of a learning organization in a firm can improve its performance and organizations with average to high financial performance accept the seven dimensions of a learning organization easier than those with average to low financial performance.

Cesnovar (2010) conducted a research titled "the influence of implementation of learning organization on financial and non-financial performance of organization" and showed that a learning organization has positive impacts on financial and non-financial performance of organizations. Implementation of learning organization in an organization helps the organization to get involved in learning and information systems and understand the importance of search for knowledge.

Considering the above contents, the author tries to investigate relationship between organizational learning (as a predicting variable) and employees' empowerment in branches of Melli Bank in western Mazandaran Province in Iran.

The following hypotheses are proposed for investigation:

1. there is a relationship between management commitment and employees' empowerment.
2. there is a relationship between systematic viewpoint and employees empowerment.
3. there is a relationship between open atmosphere for experimentation and employees' empowerment.
4. there is a relationship between knowledge integration and transfer and employees' empowerment.

## **2. Research Methodology**

The present research is a correlation study. Population included all employees of Melli Bank branches in western Mazandaran province. Single-stage random cluster sampling was used to pick 250 employees having bachelor degree and above.

### **2.1 Measurement instrument**

Gomez's organizational learning questionnaire (2001) and Speartzer's empowerment questionnaire (1995) were used for data collection.

Gomez et al's organizational learning questionnaire (2001) evaluates four dimensions of organizational learning: managers' commitment, systematic viewpoint, open atmosphere for experimentation and knowledge transfer and integration. This questionnaire has 14 questions which are based on 4-point Likert scale from completely agree to completely disagree. Scores assigned to items are 1, 2, 3, and 4. A high score indicates a high level of organizational learning.

First, corrective ideas of professors and experts were used for determination of validity of the questionnaire. Then, the questionnaires were distributed among 30 employees to obtain reliability. SPSS software was used to calculate Cronbach's alpha. Alpha was equal to 0.81 for managers' commitment, 0.76 for systematic viewpoint, 0.75 for open atmosphere for experimentation and 0.79 for knowledge integration.

Speartzer empowerment questionnaire (1995) has 12 questions and four subscales: significance, competency, autonomy and effectiveness. The questions are based on 7-point Likert scale from completely agree to completely disagree. Questions on significance dimension have been extracted directly from Taimon (1988) and competency questions are based upon Jones' self-efficacy scale (1986). Maximum obtainable score in this questionnaire was 84 and minimum score was 12. Reliability coefficient of empowerment scale was calculated to be 0.86.

Pearson correlation coefficient and multivariate regression analysis was used for data analysis.

### 3. Data analysis

Descriptive indicators of the variables under study are summarized in table 1.

**Table 1.** Descriptive statistical indices for research variables (n=250)

Variables	Mean	SD
Empowerment	60.3760	10.63197
Managers' commitment	9.1520	4.48210
Systematic viewpoint	8.7520	1.33628
Open atmosphere for experimentation	9.2080	1.37853
Knowledge transfer and integration	10.1840	1.93004

As it can be seen in the above table, mean score of empowerment variable is equal to 60.37 and its SD is equal to 10.631. the maximum mean value for learning dimensions belongs to knowledge transfer and integration (10.18) with SD equal to 1.930 and the minimum mean value belongs to systematic viewpoint (8.75) with SD equal to 1.336.

Results of correlation coefficient were used for testing research questions. Results of correlation coefficients for research variables have been presented in table 2.

**Table 2.** predicting variables and empowerment variable correlation coefficient matrix

Variables	1	2	3	4
Empowerment	0.112*	0.241**	0.451**	0.396**
Predicting variables				
1. managers' commitment	-	-0.019	0.022	-0.012
2. systematic viewpoint	-0.019	-	0.165**	0.307**
3. open atmosphere for experimentation	0.022**	0.165	-	0.337**
4. knowledge transfer and integration	-0.012	0.307**	0.337**	-

\*P<0.05, \*\*p<0.1

According to table 2, there is a positive and significant correlation between organizational learning and empowerment. In order to determine the best predictor of employees' empowerment, we answer one basic question:

1. To what extent do organizational learning dimensions can predict employees' empowerment?

Results of simultaneous regression analysis and partial correlation have been summarized in table 3.

**Table 3.** Multiple correlation coefficient and multiple correlation square for managers' commitment, systematic viewpoint, open atmosphere for experimentation, and knowledge and transfer integration in prediction of empowerment

Dependent variable	Model	Predicting variable	Multiple correlation coefficient	Multiple correlation coefficient square	Adjusted multiple correlation coefficient square	F coefficient (2, 245)	Sig.
empowerment	1	Managers' commitment, systematic viewpoint, open atmosphere for experimentation, knowledge transfer and integration	0.524	0.293	0.293	25.424	0.000

Results showed that organizational learning dimensions predict a significant ratio of the variance of empowerment ( $R^2=0.293$ ,  $F=(4, 245)=25.424$ ,  $p=0.000$ ). these results show that dimensions of organizational learning can predict employees' empowerment.

Therefore, it can be concluded that organizational learning dimensions can predict the dependent variable and the regression equation can be generalized to the whole statistical population.

Results of regression analysis coefficients and determination of predicting power for independent variables and formulation of regression equation have been summarized in table 4.

**Table 4.** Standard and non-standard regression analysis coefficients for prediction of empowerment

Dependent variable	Model	Statistical index of predicting variable	Non-standard coefficients	Standard error	Standard coefficient	t	Sig.
empowerment	1	constant	11.831	5.217	-	2.268	0.024
		Managers' commitment	0.260	0.127	0.110	2.042	0.042
		Systematic viewpoint	0.873	0.450	0.110	1.940	0.54
		open atmosphere for experimentation	2.683	0.441	0.347	6.080	0.000
		Knowledge transfer and integration	1.357	0.327	0.246	4.155	0.000

Considering the results of the above table and significance of F in variance analysis table (4-4) and t value, regression equation for model 1 is as follows:

$$Y=a+b_1x_1+b_2x_2+b_3x_3$$

Therefore, after substitution of coefficients in the above formula, equation of prediction of empowerment out of organizational learning variables is as follows:

Empowerment prediction= 11.831 + 0.260 (managers' commitment) + 2.683 (open atmosphere for experimentation) + 1.357 (knowledge transfer and integration)

Considering the slope value, as managers' commitment, open atmosphere for experimentation and knowledge transfer and integration increase, empowerment also increases.

Table 5 shows the relative predicting power of the dimensions.

**Table 5.** Bivariate and partial correlations between predictors and empowerment

Variable	Bivariate correlations	Partial correlations
Managers' commitment	0.112*	0.129*
Systematic viewpoint	0.241**	0.123
open atmosphere for experimentation	0.451**	0.362**
Knowledge integration and transfer	0.396**	0.257**

Bivariate correlations: correlation between any predictor and empowerment

Partial correlations: correlation between every predictor and empowerment with controlling other predictors

\*\* $p<0.01$ , \* $p<0.05$

As it can be observed, bivariate correlations and partial correlations between organizational learning dimensions and employees' empowerment are significant ( $p<0.01$ ) and partial correlations for managers' commitment and open atmosphere for experimentation and knowledge transfer and integration are significant in 0.01 significance level. It can be concluded that open atmosphere for experimentation is the best predictor of employees' empowerment and can predict 20% ( $R^2$ ) and other dimensions predict 9% of variations in employees' empowerment (29-20=9%).

#### 4. Conclusion

The hypotheses analyses by Pearson correlation test and multivariate regression analyses are discussed in this section.

First hypothesis: there is a relationship between managers' commitment and employees' empowerment.

Results of analyses for investigation of "relationship between management commitment and employees' empowerment" showed that the calculated correlation coefficient between management commitment and employees' empowerment is significant in  $p < 0.05$  level ( $r = 0.112$ ). In other words, as management commitment increases, employees' empowerment also increases. This result conforms to the results of studies conducted by SeyyedAmeri and Esmaeeli (2011), Khan Alizadeh (2010), Vaezi and Sabzikaran (2010), Yaccubi et al (2010), TeimourNejad (2010), Herrera (2007). Results of the studies showed that organizational learning influences psychological empowerment (sense of competency, organizational commitment, effectiveness, significance and trust). It can be a base for formulation of appropriate human resource strategies for improvement of learning and employees' psychological empowerment and organizations can use the results in order to excel competitors and survive in competition.

Therefore, it can be said that managers' involvement in their jobs, their active presence in meetings, acceptance of additional responsibilities and preference of organizational affairs to personal affairs can lead to employees' empowerment. A high level of understanding of managers' commitment can increase employees' interest in their jobs, help them do their duties and support their organization.

Second hypothesis: there is a relationship between systematic viewpoint and employees' empowerment.

Results of analyses for investigation of "relationship between systematic viewpoint and employees' empowerment" showed that the calculated correlation coefficient between systematic viewpoint and employees' empowerment is significant in  $p < 0.01$  level ( $r = 0.241$ ). In other words, as systematic viewpoint increases, employees' empowerment also increases. This result conforms to the results of studies conducted by dastkar and Hatami (2011), Khan Alizadeh (2010), Safdari et al (2010), Briant (1999), Nipheh (2001), Agneli et al (2007).

Today, organizations need effective and efficient employees so that they can achieve their targets. In general, organizational efficiency and effectiveness depend on systematic viewpoint of human resource and employees and this in part leads to empowerment. Therefore, it can be said that banks have specific places from systematic viewpoint because of offering services, close relationships with customers, and provision of technical services. Therefore, managers' of electronic organizations and especially banks must implement organizational learning. In such an organization, creativity, innovation and conversion of ideas to knowledge are facilitated.

Third hypothesis: there is a relationship between open atmosphere for experimentation and employees' empowerment.

Results of analyses for investigation of "relationship between open atmosphere for experimentation and employees' empowerment" showed that the calculated correlation coefficient between open atmosphere for experimentation and employees' empowerment is significant in  $p < 0.01$  level ( $r = 0.451$ ). In other words, as open atmosphere for experimentation is facilitated, employees' empowerment also increases. This result conforms to the results of studies conducted by SeyyedAmeri and Esmaeeli (2010), teimournejad and SarihiEsfastani (2010), Naderi et al (2008), Briant (1999). It can be said that the base of empowerment is that employees have high levels of skills and capacities and organizations should improve their skills and capacities via supporting, teaching, feedback taking, coaching, and delegation of power, teamwork and participation. Therefore, ignorance of employees' empowerment results in some problems like job burnout and absence of open atmosphere for experimentation. In order to increase employees' empowerment, authorities and officials must adopt appropriate policies. Open atmosphere for experimentation or the very second ring learning requires an open atmosphere and internal and external viewpoints and ideas must be respected. Further, this kind of learning renews, develops and improves individual knowledge. Employees' empowerment is a must.

Hypothesis 4. There is a relationship between knowledge transfer and integration and employees' empowerment.

Results of analyses for investigation of "relationship between knowledge transfer and integration and employees' empowerment" showed that the calculated correlation coefficient between knowledge transfer and integration and employees' empowerment is significant in  $p < 0.01$  level ( $r = 0.451$ ). In other words, as knowledge transfer and integration increases, employees' empowerment also increases. This result conforms to the results of studies conducted by Mirzaee far (2012), Ghorbanizadeh and KhaleghiNia (2009), dastkar and Hatami (2011), Safdari et al (2010), Vaezi and Sabzikaran (2010), demers (2009), and Nipheh (2001).

It can be said that knowledge is one of the factors which brings employees' empowerment. Knowledge collection and management can empower individuals. Knowledge transfer and integration depends on attraction capacity. Therefore, absorption capacity which is the ability to recognize, acquire, digest and apply knowledge can eliminate

internal knowledge barriers. Moreover, implicit knowledge is created gradually. Therefore, this knowledge must be turned into tacit knowledge and transferred to other employees and used to empower others.

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