

The Effect of Employees Empowerment on Strategic Performance in Manufacturing Companies

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Abstract The objective of this research is to explore the influence of empowering employees on the strategic performance of manufacturing firms in Jordan. First, the concept of empowerment is clearly defined, and then a valid and reliable measurement instrument is prepared to measure empowerment accordingly. Empowerment is viewed as giving employees temporary authority or a role to express their views on the nature of work, and this makes them able to influence the final results, which will be reached after the application of an opinion.

The study highlights the positive effect of empowerment on strategic performance in the context of Jordanian manufacturing firms. It also provides guidelines for managers to apply empowerment effectively so that to boost strategic performance of innovation and productivity. The main implication is that by increasing the levels of empowering employees, they will become more loyal and committed to their firms, and will effectively be involved in enhancing productivity and increasing innovation levels increasing, thus, improving strategic performance.

Keywords: Jordan, employee's empowerment, productivity, strategic performance, manufacturing companies.

1. INTRODUCTION

Empowerment process could be defined as the process of providing some decision making authority to some qualified employees making some decisions without a direct contact to the heading department ; unless those decisions are not critical nor in need to be analyzed and dramatically affect the firm's performance Fleming et, al (2005)

In other words, empowerment is giving the chance to the employees to use their capabilities and skills on work and raising the spirit of competitiveness in order to improve their experience on work which could be useful for the employers in return, regarding to the effectiveness of choosing the right people for the right positions. In addition to apply the empowerment efficiently starting steps for breaking down the routine of hierarchical work (Saleh et al., 2017; Hui et al. 2004). Furthermore, providing some additional workshops and training take an important space to increase self-confidence and leadership skills competition (Abdallah and Phan, 2007).

Hence, technological improvements, customer's satisfaction considered as a significant challenges that could highly affect the firms' performance in general (Amir Abou Elnaga, Amen Imran, 2014).

Thus empower employees helped in enhance the process of decision making to save time and raising the services quality (Suifan et al., 2016; Bowen, et al., 1995).

Moreover, empowerment process would be affected by a several work's conditions and factors inside and outside the firm, where the firm should providing sufficient understandable for their employees, and providing an updating training programs and workshops by mangers that improving and enhancing their skills and enrich their loyalty to their company (Suifan et al., 2017; Isimoya, Bakarey, 2013)

The employees empowerment tend to motive them to be concern to take the profitable decisions and enrich the sense of responsibility, inspired by a continuing search for the great firm's clients which would also be reflected by raising the level of the client's satisfaction and improve the level of services (Gandhi, & Kang ,2012) .

Empowerment will lead the employees to increase their participation levels in all improvement efforts with regard to quality, innovation, continuous improvement efforts, supply chain initiatives, and others (Yaseen et al., 2018; Abu Nimeh et al., 2018).

Despite the fact many articles have examined the relationship between empowerment and some measures of performance; there is a lack of articles regarding empowerment- strategic performance relationship, productivity, and innovation. In addition, these effects are seldom investigated in the Middle East and Jordan, especially in the manufacturing companies. Therefore, this study adds to the literature by exploring the proposed effects in the Jordanian manufacturing firms.

As managerial department on Jordanian manufacturing companies adopt the empowerment as approaches plays the most critical role to in reduce risks and to make a suitable decisions either for investment or credit facilities. The study is expected to provide important insights with regard to the potential influence of empowerment on strategic performance in Jordanian industrial firms. The business development component will be the level of clients' satisfaction, productivity and employers performance regarding to Jordanian manufacturing companies. The research will arrange as the following, Literature Review, Research Model, hypothesis, research methodology, statistical analyses, conclusion and recommendations.

2. LITERATURE REVIEW

2.1 Empowerment

Employee empowerment is considered as an important issue in human resource management and, there is allot of researchers written in the field. Previous studies with regard to the influence of empowering employees on the components of strategic performance were found deferent results. For example, Kariuku and Murimi (2015) Study focus on employees Empowerment and organizations performance of Tata Chemicals Magadi Ltd, Kenya. Study highlight and tested the relationship between some important components of empowerment (sharing of information, making decisions, training, and autonomy) and the performance. The outcome of the multiple regression analysis showed that both the sharing of information and the training of employees are moderately influence employee empowerment.

Companies in different industries are increasingly realizing that empowering employees is an exceptional competitive tool that will result in improving different performances and increase the sustainability of the organizational competitive advantage (Omar et al., 2016; Shrafat et al., 2016). Globalization has resulted in new dynamic characteristics including continuously changing business environment, varying demographics of the employees, and enlarged focus on increasing profits by via growth (Albuhisi et al., 2018).

In the other hand Amir Abou Elnaga, Amen Imran, 2014, has been determined the relationship between job satisfaction and employees empowerment by determine all factors which effect this relationship. They prevalent that empowerment is rapidly changing business environment to attain advanced levels of innovation, entrepreneurship, collaboration, team work, self-confidence, and independents thinking. The article was

adopting the descriptive methodology to investigate the relationships between job satisfaction and employee's empowerment by reviewed advantages and disadvantage of employee's empowerment. The study recommends that the employees should involve in the process of decision making and they must participate in different important activities. Giving the employees verity tasks with great responsibility, are going to motivate them and push up the performance on higher level (Amir Abou Elnaga, Amen Imran, 2014)

Hamidreza Asgarsani¹ , Omid Duostdar² ,AminGohar Rostami, (2013) was introduced important study related to empowerment and its effect on productivity they consider the empowerment as strategic asset of the organization And empowerment help to increase the productivity and improving quality, in order to increase profitability of products and services of organizations. The researchers explain the empower patterns that support the organization (devolpment, (Hamidreza Asgarsani¹ , Omid Duostdar² ,AminGohar Rostami³, 2013)

However, Yasothai, Jauhar, Bashawir. 2015 was written about the empowerment and organizational performance and they conducted a survey on manufacturing companies in Malaysia. The researchers argued that the tools used in empowerment including Knowledge, rewards, Power, and IS haring does influencing the performance of employees. The study provides thoughts of the impact of employee's empowerment of Penang manufacturing company. The researchers recommend that the any organization should empower their employees and accept fair assessment system as such performance sustainability to them. The findings were have a limitation because it was focused on manufacturing in one industry, which cannot be generalized the results. (Yasothai, Jauhar, Bashawir. 2015)

According to Lashley (1999), proposed that empowerment is the intentions for the initiative and experienced and it has a benefits for both Side Company and employees.

Therefore Sureshchander et al (2002:10), proposed that companies have to train and encourage their employees, in addition to reward them for demonstrating such desirable behaviors.

In the other hand Zeithaml et al (2006:215-235) believe that the successful service recovery strategy improve the satisfaction of customers and faithfulness and cause positive word of mouth communication.

2.2 Strategic Performance

Strategic Performance represent the competitive organization that adopts a particular strategy of competition strives to achieve the best strategic performance in the sector in which it operates (Abdallah et al., 2009). It is necessary to identify some basic concepts and know what strategic performance means, and the importance of using financial indicators in measuring (Obeidat. Abdullah, 2017). Performance represents the strategic management center, where all management principles and theories have implications and implications for performance either implicitly or explicitly (Al-Ghwayeen and Abdallah, 2018). This is because performance is a time test of the management's strategy.

The emphasis is on learning about how strategic management is practiced by looking at what organizations actually do and by examining the decisions that they make and carry out. (Alkhalidi and Abdallah, 2018; John L. Thompson, 2010)

Performance management is an a tool to achieve better result inside the organizations, teams as individuals as well thus the performance should be in line with agreed and planned goals. (Al-Zu'bi et al., 2015; Wagnerova, 2011).

2.3 Innovation

Innovation is the successful processing, absorption and utilization of new and unique ideas in the economic and social aspects (Al-Sa'di et al., 2017). The institution of novel processing methods, new supply techniques, and latest distribution ways is an important issue in manufacturing filed (Abdallah et al., 2019). Innovations

are challenges, usually characterized by uncertain way, risk and complexity. This makes it all the more important to develop a structures, systems and methodology for the development, develop and implement of new products (Ayoub et al., 2017).

Two ways to measure innovation based on the firm level. The first way is to utilizes available indicators in the public sphere, including Research and Development expenses, new product announcements, number of patents and . The second way is to incorporating survey instruments to find a wide range of indicators including the amount of technical, design or research employees (Abdallah and Nabass, 2018; Tidd, 2001).

2.4 Productivity

Productivity represents the efficiency of companies, organizations, industry, and the economy in general, to exchange inputs (labor, capital, and raw materials) into output (Awad et al., 2016). Productivity usually improves when output improves quicker than inputs, which makes the current inputs further productively efficient (Abdallah et al., 2019). Productivity means also the evaluation of the physical outputs from conversion process with the physical inputs into that process (Nabass and Abdallah, 2018). Tangen (2005) provide a helpful explanation of the concepts productivity, efficiency, performance, profitability, and effectiveness, which are frequently similar but are reasonably different from each other.

3. STUDY MODEL AND HYPOTHESES

3.1 Study model

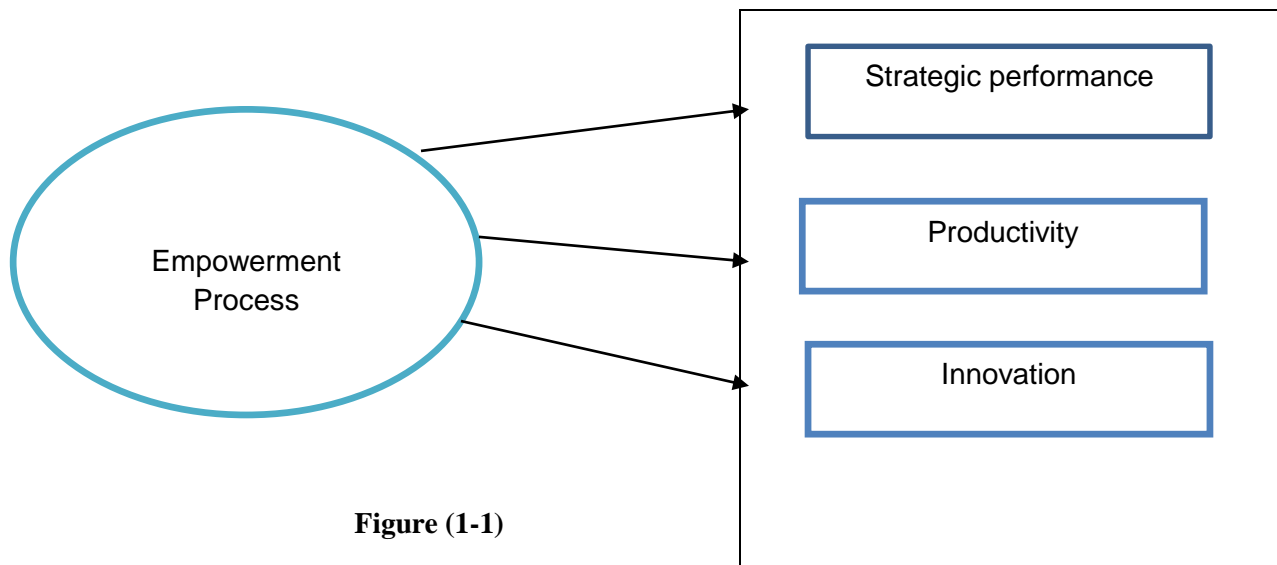


Figure (1-1)

Source: Researchers' proposed framework

The study model as described illustrates the influence of empowerment process on strategic performance, productivity, innovation. The research model adopted by the researchers depends on previous models.

3.2 Research Hypothesis

H1: There is a positive relationship between Empowerment and strategic performance

H2: There is a positive relationship between Empowerment and Productivity

H3: There is a positive relationship between Empowerment and firm innovation

4. STUDY METHODOLOGY

4.1 Data Collection

The population of this study consisted of five manufacturing companies in Jordan. The total number of employees in these companies is 360. The representative sample for this population is 80 employees specialists from the Jordanian Companies. A random sample was selected with the assistance of one coordinator in each company. Questionnaires variables includes; empowerment, strategic performance, productivity, innovation. The questionnaires were distributed by researchers by visiting the selected companies. Some respondents responded to the survey with the attendance of one researcher. Others promised to answer in few days. Repeated visits were made by the researchers to get the filled questionnaires and kindly remind the respondents who did not fill yet.

4.2 Measures

This study's scales are adapted from Skudiene and Auraskeviciene (2012). The survey was initially organized in English, the original language of the adapted items. Later, the authors translated the survey questionnaire into Arabic language. Reliability of the measurement scales was assessed using Cronbach's α -coefficient. The minimum suitable level in social sciences including management is $\alpha \geq 0.70$ (Hair et al., 2010).

Table (1) Reliability Statistic

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.856	0.797	3

The researchers used Cronbach's Alpha to measure the internal consistency of the study instrument (Questionnaire) it was (0.856). Pallant, et al. (2009) pointed out that the minimum accepted level is (0.7)

Table 2 describes the descriptive statistics of the demographic variables.

Age					
		Frequency	%	Valid %	Cumulative %
Valid	25 and less	16	2.4	2.4	2.4
	26 to 40	24	40.7	40.7	53.1

	41 to 50	28	40.3	40.3	79.4
	51 to 60	12	16.6	16.6	100.0
	Total	80	100.0	100.0	

Table (2) sample demographics

The result above shows that out of the 80 respondents, 40.3% of the respondents are more than 41 years old and 40.7% less than 40 years old , hence it can be deduced that majority of the respondents are below 41 years old.

Gender					
		Frequency	%	Valid %	Cumulative %
Valid	Male	54	74.6	74.6	74.6
	female	26	26.2	26.2	100.0
	Total	80	100.0	100.0	

Experience					
		Frequency	%	Valid %	Cumulative %
Valid	less than 2	4	2.4	2.4	2.4
	3 to 5	27	37.3	37.3	33.8
	6 to 8	38	47.8	47.8	78.6
	8 and more	11	12.4	12.4	100.0
	Total	80	100	100	

Job-title					
		Frequency	%	Valid %	Cumulative %
Valid	Division manager	6	6.5	6.5	6.5
	Assistant Division manger	15	17.2	17.2	18.7
	Dept-Head	10	10.1	10.1	48.8
	Assist-Head	24	37.9	37.9	79.7
	other	25	29.3	29.3	100.0
	Total	80	100	100	

Table (3) Regression analysis

ANOVA						
Model		Sum of Squares	Degrees of freedom	Mean Square	F	Sig.
1	Regression	1.078	1	1.069	12.223	.001
	Residual	10.513	78	.095		
	Total	11.592	79			
DV: Strategic performance						
IV: Empowerment						

R=0.30, R.Square= 0.075, Adjusted R Square= 0.057, F=11.223. P< 0.05, Beta= 0.30

The table (3) shows regression is significant with P value less 0.05 significant. Therefore, the employee empowerment dimension has positive impact in strategic performance; Standardized Coefficients (Beta) suggests an important relationship.

Table (4) Regression Analysis and ANNOVA

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	.645	1	.645	4.527	.021
	Residual	11.147	78	.100		
	Total	11.692	79			
DV: productivity						
IV: Empowerment						

R=0.21, R Square= 0.041, Adjusted R Square= 0.034, F=, P< 0.05, Beta=0.21.

The table (4) shows regression is significant with P value less 0.05 significant Therefore, the employee empowerment dimension has a positive impact on productivity; Standardized Coefficients (Beta) implies an essential relationship.

Table (5) Regression Analysis and ANNOVA

ANNOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	.436	1	.436	4.428	.023
	Residual	10.147	78	.100		
	Total	9.682	79			
DV: innovation						
IV: Empowerment						

R=0.21, R Square= 0.043, R Square= 0.033, F=, P< 0.05, Beta=0.23

The table (5) shows that the significance of p value is less than 0.05. Therefore, the employee empowerment dimension has a positive impact on innovation; Beta Standardized Coefficients indicates that the relationship between the independent and dependent variables is significant.

5. RESULTS

The results showed that empowerment process affected strategic performance. By applying and adopting empowerment practices the levels of productivity, employee satisfaction, and company's reputation will increase, while the operating costs will decrease. The data analysis revealed that the impact of empowerment on strategic performance, productivity, and innovation is positive and significant, thus providing support for all the study's hypotheses.

6. CONCLUSION AND RECOMMENDATIONS

The study focus on examine the relationship between employees' empowerment and strategic performance, productivity, and innovation. Where the results provide an empirical evidences that the empowerment effect the managerial policy and lead to significantly impact the general performance of companies. The employee empowerment has a positive effect on strategic performance; Standardized Coefficients suggests an important relationship. The employee empowerment dimension has positive impact productivity. Therefore, the employee empowerment has a positive effect innovation. Empowering employees will increase their motivation, loyalty, and commitment increasing, thus, their productivity. In addition, they will be keen and willing to find new ideas and ways to improve their jobs and working methods, leading to enhanced innovation environment. The researchers suggest that managers of manufacturing companies should continue to be a key component of empowerment efforts. Participation in religious and has the responsibility to accomplish important tasks is important to motivate employees and develop the performance and innovation process at the end of the day the productivity will increased.

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