

## A study on relationship between empowering employees and social capital depreciation: A case study of treasury department

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### CHRONICLE

### ABSTRACT

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Empowering employee plays essential role in having sustainable social capital. When social capital is depreciated, we may expect some negative consequences on society and working environment. Therefore, we need to investigate different factors influencing depreciation of social capital as well as empowering employees. The proposed model of this paper designs a questionnaire and distributes it among some randomly selected employees who worked for treasury department in Iran. The study uses two regression models, where empowering employees is a function of four independent variables including being effective, having the right to select, competency and being meaningful. The other regression model studies the relationship between depreciation of employee as dependent variable and four independent variables including job involvement, television, living affairs and generation change. The results of both regression analyses indicate that there were some positive and meaningful relationship between empowering employees as well as depreciation of employees as dependent variable and independent variables.

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## 1. Introduction

Human resource management plays an important role on the success of all governmental and private sectors (Spreitzer et al., 1996; Matthews et al., 2003). Empowering employees helps organizations reach their objectives and it would create better opportunities to compete in the world (Nahapiet & Ghoshal, 1998). There are different studies on detecting important factors for empowering employees (Quinn & Spreitzer, 1997). According to Darvish et al. (2013), having reliable and skilled employees are essential component of all governmental or non-governmental organizations. Employees are intangible assets for most organizations and they are the primary source of making value added decisions. On the other hand, a learning governmental organization is capable of making continuous improvement and survives in today's competitive environment.

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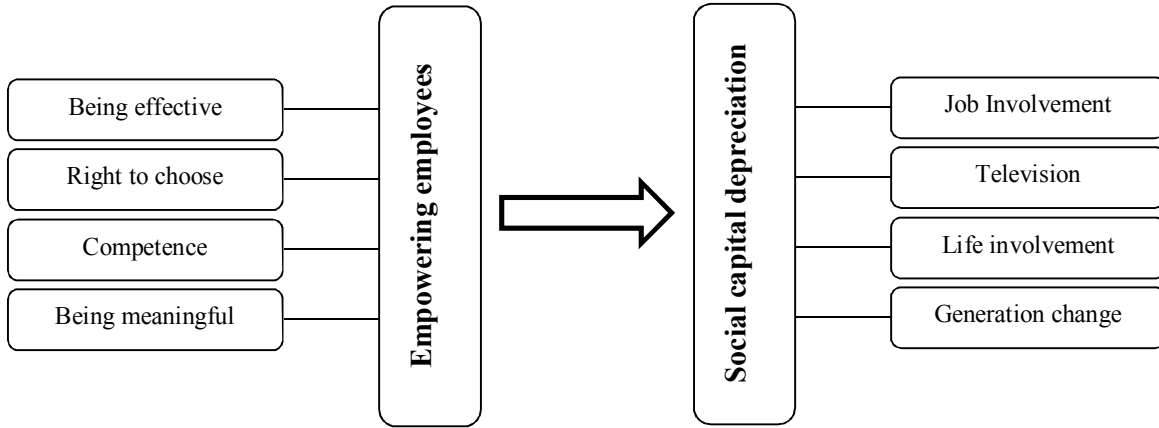
Darvish et al. (2013) investigated whether training programs could empower employees who were working as managers for an automaker in Iran. They focused on those employees who took part in master program in one of educational organizations in city of Tehran, Iran and reported that while training programs could create meaningful sense and helped them have a better sense of efficacy it did not create any feeling of competence or building feeling of self-organization. They also concluded that training programs could increase the level of meaningful sense and the feeling of competence. The survey also indicated that training programs could increase employees' self-organization as well as efficacy characteristics. Amir Khani et al. (2013) studied the effect of spiritual on empowering employees of Payame Noor university in city of Tehran, Iran. The study implemented two benchmark questionnaires to test seven sub-hypotheses associated with this study including the relationship between empowering employees from one side and vision, friendship, faith to work, being meaningful, organizational membership, organizational commitment and performance feedback. The results of implementation of structural equation modeling confirmed all sub-hypotheses except commitment.

Molae Ghara and Motefaker (2013) presented a study on one of food industries in province of Qom, Iran to determine essential factors affecting empowering human resources. They applied factor analysis by selecting a sample of 380 people and reported that there were three important factors including job related, personal related and organizational related issues. They also reported that organizational factor plays the most important role in empowering human resources followed by job related factors and personal factors. Gharli Ronizi and Gharli Ronizi (2013) performed a study on employees of an Iranian private bank to find important factors affecting creative habits. They applied Pearson correlation test to determine any meaningful relationship between independent and dependent variables. They reported that sense of being effective was number one priority followed by sense of competence and sense of being meaningful and sense of choice. They have also performed an investigation between employees' personal characteristics and empowering capabilities and the results of their survey recommended that among various factors including age, gender, educational background and job experience, only age had important impact on empowering employees.

Abtahi and Saadi (2013) studied the effect of structural factors on empowering employee in banking sector. The study selected 1859 employees who work in 11 different areas of an Iranian bank and reported that there was no correlation among structural components in engineering and administration areas. Iravani (2012) performed a survey on empowering single mothers and reported that audacity and social responsibility were the most important items while being optimistic, independent and flexibility were counted as having the least impact on empowering single mothers. Beikzad et al. (2012) presented an empirical investigation to detect the most important factors empowering bank employees. The results indicated that leadership, academic qualification, appropriate policy and strategy, cooperation and processes played important role on empowering and enabling banks' employees. Daily et al. (2012) performed an investigation to find out more about the role of training on empowering employees. Robbins et al. (2002) presented an empirical model for empowering employees.

## **2. The proposed study**

In this paper, we investigate different factors influencing depreciation of social capital as well as empowering employees. The proposed model of this paper designs a questionnaire and distributes it among some randomly selected employees who worked for treasury department in Iran. The study uses two regression models, where empowering employees is a function of four independent variables including being effective, having the right to select, competency and being meaningful. The other regression model studies the relationship between depreciation of employee as dependent variable and four independent variables including job involvement, television, living affairs and generation change (Avgar et al., 2010; Štulhofer et al., 2004). Fig. 1 demonstrates the framework of the proposed study of this paper.



**Fig. 1.** The proposed framework of the study (Putnam, 2002)

The proposed study of this paper determines the sample size as follows,

$$n = \frac{N \times z_{\alpha/2}^2 \times p \times q}{\varepsilon^2 \times (N - 1) + z_{\alpha/2}^2 \times p \times q}, \tag{1}$$

where  $N$  is the population size,  $p=1-q$  represents the yes/no categories,  $z_{\alpha/2}$  is CDF of normal distribution and finally  $\varepsilon$  is the error term. Since we have  $p = 0.5, z_{\alpha/2} = 1.96$  and  $N=600$ , the number of sample size is calculated as  $n=283$ . We have selected a sample of 35 employees and distributed the questionnaire among them to validate the questionnaire. Cronbach alphas have been calculated as 0.89 and 0.92 for empowering employees and social capital depreciation.

**3. The results**

We first study the relationship between empowering employees and social capital depreciation based on Pearson correlation ratio. Table 1 summarizes the results of our survey.

**Table 1**  
The summary of Pearson correlation between empowering employees and social capital depreciation

Variable	Mean	Standard deviation	Number	Pearson correlation	P-value
Empowering employee	48.4	6.14	283	0.77	0.005
Social capital depreciation	54.9	5.27			

Based on the results of Table 1, we can conclude that there is a positive and meaningful relationship between empowering employee and social capital depreciation.

*3.1. The relationship between empowering employees' components with social capital depreciation*

The first regression model investigates the relationship between empowering employees' components with social capital depreciation. Table 2 demonstrates the results of our survey.

**Table 2**  
The summary of regression analysis for the first model

Component	$\beta$	t	Sig.
Being effective	0.41	5.12	0.001
Having the right to choose	0.38	4.78	0.004
Competency	0.47	4.73	0.003
Being meaningful	0.59	5.18	0.000

The results of Table 2 demonstrate that all four components, being effective, having the right to choose, existence of competency and being meaningful are statistically significance ( $\alpha=0.01$ ), which means an increase in these components will empower employees.

### 3.2. The relationship between social capital depreciation components with employees' empowerment

The second regression model investigates the relationship between social capital depreciation components with employees' depreciation. Table 3 shows the results of our survey.

**Table 3**

The summary of regression analysis for the second model

Component	$\beta$	t	Sig.
Job involvement	0.72	6.46	0.002
Watching Television	0.24	4.03	0.000
Life involvement	0.64	6.09	0.001
Generation change	0.49	4.28	0.001

The results of Table 3 demonstrate that all four components, job involvement, watching television, life involvement and generation change are statistically significance ( $\alpha=0.01$ ), which means an increase in these components will depreciate employees.

### 3.3 Forecasting empowering capabilities

The last part of this survey is associated with estimation of the effects of various factors on empowering employees. Table 4 demonstrates the summary of our survey.

**Table 4**

The summary of the effect of different empowering components

Component	R	R <sup>2</sup>	F	Sig.
Being effective	0.41	0.17	16.57	0.001
Having the right to choose	0.38	0.14	12.24	0.002
Competency	0.47	0.22	21.38	0.001
Being meaningful	0.59	0.34	26.29	0.000

The results of Table 4 clearly specifies that "being meaningful" plays the most influential impact followed by "competency", "being effective" and "having the right to choose".

## 4. Conclusion

In this paper, we have presented an empirical investigation to find the effect of empowering employment on reducing the effect of social capital depreciation. The study has implemented two regression models for empowering employees as well as social capital depreciation. The findings of this study are consistent with Putnam (2002) and Boisot (1995). Sturbuck (1995) states that empowering employees could be accomplished by having intensive knowledge based organizations. The results of this study could help us build a bridge between empowering employees by giving the right to choose and manage, creating competition among employees, encouraging employees to be more effective and giving them the sense of feeling meaningful. The study suggests that when employees are heavily involved with their day-to-day business activities, they will be unable to empower themselves and may be the subject of social depreciation. It is recommended to firms to create appropriate infrastructures within organizations to let employees express themselves in terms of their capabilities. Note that empowering employees is not a one-night process and it is a continuous process, which needs to be executed over the time. As Smith (1997) states, empowering

employees may face with different challenges such as management resistance. We also need to measure organizational capabilities before executing any programs (Mitchell & Bossert, 2006).

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