

Analyzing and Evaluating the Impact of Organizational Culture on Personnel Empowerment (Case Study: Health Insurance of Chaharmahal and Bakhtiari Province)

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Abstract

Nowadays, empowerment is considered as one of the beneficial elements to promote the quality standards among the employers and to increase the organizational efficiency. In order to succeed in today's changing business environment, organizations require many various factors such as knowledge, energy and creativity of all employers including operating employers up to top managers. Organizations try to achieve this goal through empowering their staff to encourage them to take initiative without being under pressure, honoring the collective interests of the organizations with minimal supervision and doing their duties as the owners of the organizations. This study tries to investigate the impact of organizational culture on personnel empowerment. Considering the literature and background of the research, eight hypotheses were first proposed and then tested. In term of objective, this is a functional study; and in term of nature and method it is a correlational one. The statistical population of the research is comprised of 80 employers of Health Insurance Organization of Chaharmahal and Bakhtiari Province; the statistical sample group is comprised of 66 employers. The data for this study were collected using standard questionnaires. And then they were analyzed using SPSS software, version 18. The results of the study indicate that the organizational culture and its elements have a significant impact on the personnel empowerment in the Health Insurance Organization of Chaharmahal and Bakhtiari Province.

Key words: culture, empowerment, Health Insurance Organization of Chaharmahal and Bakhtiari Province

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Research Problem

With rapid advances in human knowledge, the rate of change has accelerated. Organizations interact with their environments as open systems. They need to be responsive toward environmental challenges in order to survive. Since human resources count as the most important asset of every organization, their preparation for facing the challenges of the environment is of the utmost importance. Thus, all organizations with any mission need to assign the highest priority to training their human resources (Jafarzadeh, 2007). Organizational culture refers to the way an organization's way of living. Since human resources are the most important asset of an organization, their performance is influenced by the culture of the organization. Research has revealed that organizational culture influences individual behavior, job satisfaction, innovation, creativity, decision-making, employee participation, commitment, discipline, diligence, and stress among others. Draker considers employee empowerment as the cause of economic growth. Empowering organization create environments where employees can collaborate with each other. Empowering employees is central to managers' actions in innovation, decentralization, and eliminating bureaucracy. It enables organizations and employees to reach their goals more quickly and efficiently. As a result, employees consider the organization as their own and feel proud to be a part of it. Without empowerment, it is impossible to obtain long-term success. Management in the organization is the most influential factor in employee empowerment since virtually all aspects of the organization are influenced by the management. Delegating more authority, independence, and freedom to employees, creating a collaborative environment, and eliminating the causes of failure will lead to a platform of empowerment. Based on a survey of literature, organizational culture significantly impacts employee empowerment.

Organizational Culture

Organizational culture is among the newest concepts of management, which has gained popularity in recent years. Scholars of organizational culture believe that culture is similar to the organization's personality and that in order to achieve excellence; people need to work on their personality. Thus, in order to achieve organizational excellence which leads to social excellence, research on organizational culture is necessary (Rezaei et al., 2013). Culture refers to an individual's understanding of his environment and shows their views. Organizational culture refers to a set of common beliefs, assumptions, and norms in an organization as well as relatively constant values and perceptions by the organization's members. Organizational culture includes a set of assumptions and values in the organization, which are widely respected and lead to specific behavioral patterns. This culture sets the rules on how activities are conducted in the organization and creates a common understanding of the organization for all the members. It states the common attributes that differentiate it from others. In other words, organizational culture is the social identity of the organization and a set of key values held by the members (Tsui et al., 2006).

The culture of an organization covers the common beliefs, attitudes, assumptions, and expectations that drive behavior in the absence of explicit rules, which includes many situations in management. Culture can be a powerful source of shared goals and flexible guidelines (Robins, 2010). Thus, organizational culture is a system of values and beliefs which continue to interact with human resources, organizational structure, and the control system and build the normative foundations of behavior in the organization. Culture has a strong impact on organizations and studying its aspects allows us to understand the behaviors, feelings, and attitudes that are observed in the organization and predict the possible reactions to changes. Culture can act as a facilitator of change in the organization, which reorients the organization (Yazdi, 2010). Furthermore, the success of growth plans cannot be guaranteed without sufficient analysis of the culture. Despite its intangibility, culture is such a powerful force, which can hinder strategic goals (Faghihi, 2009). Due to the complex nature of organizational culture, there is not any fixed theory or framework for analyzing and identifying it (Feyc, 2003). Nevertheless, one of the most recent and current models in identifying and measuring organizational culture is Denison's model of organizational culture which is nowadays applied by many organizations to identify the weakness and strength of their organizational culture and improve it. The importance and reason for selecting this model is due to its capacity to adapt to changeable conditions of external environment, because it shows not only the relationship between environmental needs and strategic emphasis of organization, but also the organizational culture compatible with them. (Ziaee et al, 1390).

In his model, Denison identifies these cultural traits (Mozafari et al, 2012; Denison and Neil, 2000) .

1. Involvement: effective organizations empower their employees, form organizations based on teamwork, and develop human resource capabilities at all the levels. People at all levels feel in organizations feel they are committed to their work, their opinion is considered in decision-making process and their work is directly related to goals of the organization. In this model, this trait is measured through three indices namely 1. Empowerment 2. Teamwork 3. Capability development

2. Consistency (coordination, stability): Studies indicate that most effective organizations are stable and consistent; staff behavior is derived from core values. Leaders and followers are skilled at reaching agreement (even when they have the opposite view) and organizational activities are well coordinated. Organizations with such attributes have a distinct and robust culture and strongly enough influence employee behavior. This trait is measured through three indices namely 1. core values 2. Agreement 3. Coordination and integration.

3. Adaptability: Organizations which are well integrated are difficult to change. Therefore, the internal integration and internal adaptability can be of an advantage to organization. Compatible organizations are guided by customers, they are risk taker and reminded of their mistakes and have the capacity to change. They are continually improving the organization's ability to value for customers. This trait is measured through three indices namely 1. creating change 2. Customers focus 3. Organizational learning

4. Mission: Perhaps the most important trait of organizational culture is its mission. Organizations that do not know where to go and what their existing condition is usually go astray. Successful organizations have a clear understanding of their goals and direction, so that they define organizational goals and objectives and also clearly map the strategic vision of the organization. This trait is measured through 3 indices namely 1. Strategic direction and intent 2. Goals and objectives 3. Vision

Organizations have one dominant organizational culture and multiple subcultures. The dominant culture is the one accepted by the majority of the organization's members. The influence of organizational culture can be determined based on the number of members committed to the dominant values and norms. The concept of organizational culture is regarded as an effective factor in organization's performance and productivity, and the suitable work culture, which has been developed well between managers and employees, will result in consolidating organizational commitment, improving ethics and enhancing performance and productivity (Rezaee et al, 1392). The importance of organizational culture lies in the fact that actions without necessary knowledge can lead to unexpected and undesired results. Mergers and acquisitions of organizations with different cultures, highlight these results (Jacobbus & Lazen, 2007). Many scholars in the field of management argue that organizational culture can improve organizational performance (Dadzie, 2012). Several functions of organizational culture include the following (Francois, 2006): A strong association between organizational culture and personal effectiveness, leadership, and job satisfaction has been found.

Organizational culture leads to consistency outside the organization.

Culture creates a collective identity which helps group members collaborate and match with organizational policies, missions, and goals.

Organizational culture prepares others for collective commitment.

Organizational culture covers virtually everything in the organization from assumptions, fundamental beliefs, attitudes, values, symbols, ethics, behavior patterns, traditions, ideas, artifacts, and technology. Thus, it is no surprise that a multitude of definitions have been presented for the concept (Livari, 2007). Table 1 summarizes recent studies in the field of organizational culture.

Table 1 – Recent studies on organizational culture

Title	Author	Findings
Organizational Culture: the Missing Link between Clarity and Performance	Kerdintige et al. (2013)	Clarity has a significant positive impact on performance in the organization.
The Relationship between Organizational Culture and Workforce Excellence (Case Study: Revenue Service of Tabriz)	Homaroudi (2014)	A relationship exists between organizational culture and excellence.
The Relationship between Organizational Culture and Knowledge Management in Azad University Sari Branch and the Share of each one	Kalantari et al. (2014)	A significant positive correlations exists between culture and its components and knowledge management.
The Relationship between Organizational Culture and Change in Elementary Schools in Shiraz	Seyedi et al. (2014)	A significant relationship exists between culture, innovation, change, and creativity. Furthermore, female principals were found to be more innovative than their male counterparts.
Organizational Culture and Its Impact on the Infrastructure Sector in Turkey.	Albayrak and Albayrak (2014)	The study confirmed that organizational culture leads to improved performance in the Infrastructure of Turkey.
Organizational Culture and Motivation in the Public Sector: A Case Study	Panagiotis (2014)	The results indicated a need for reevaluation of organizational culture both in local and national governments to create the potential motivation.
The Relationship between Organizational Culture and Safety: the Moderating Role of Job Satisfaction and Motives	Taştan & Turker (2014)	The findings indicate a significant positive relationship between organizational culture and job engagement. Moreover, the moderating roles of psychological conditions and safety were confirmed.

Staff Empowerment

Empowerment was defined for the first time in 1788, according to this definition, empowerment is considered as the delegation on the organizational role that this option should be given to an individual or seen in his organizational role. This empowerment means an individual desire for responsibility term, which was interpreted as accountability for the first time officially. Grouf, in 1971, referred to the common dictionary definitions of empowerment, including the delegation of legislative power, authority, assigned missions, and increasing the power of the individual. In 1990, Gandz conceptualized empowerment to delegate decisions to staff, but Zimmerman at the same time referred the negligence and failing to provide a definition of that, and believes that providing a definition of empowerment is easy when is considered regardless of terms such as helplessness, powerlessness and alienation. Empowerment literature has been a lot of changes, but until finally in 2001, empowerment is considered as a context to, critical thinking and working in small groups, and points out that allowing activities to move toward exchange, share and refine the experience, thinking, seeing and conversations are the main components of empowerment (Naderi, 2007). Thomas and Vlthvs provided a cognitive model of empowerment in which empowerment is affected by changes in cognitive variables determining individuals' values (function measurement). They showed that, to what extent feelings concerning estimations of duty establish relationship with a sense of empowerment. There are four measures at the Thomas and Vlthvs's study. The first measure is called Effectiveness, the degree to which behavior is intended to create a difference. The second measure is competence, in which an individual is able to do his job with skill. The third measure is being significant which is related to value of the task and the goal, the individual's perception about the significance of the work which is doing, has an impact on job satisfaction and a sense of empowerment. The fourth measure is independent or autonomous. People who are at a high level of autonomy, have high motivation in control of their environment (Hanser and George, 2003).

Dimensions of Empowerment

According to studies of Thomas and velthouse (1990) Empowerment has four dimensions: sense of self-determination meaningfulness, feeling of competence, self-efficacy, and sense of effectiveness (Howard & Foster, 1999).

Sense of self-determination: Self-determination is one's ability to choose a procedure and organize his activities (Hanser & Gorge, 2003).

Feeling of competence (self-efficacy): This feeling is one's belief in his abilities to manipulate his activities. These people feel that they can do their jobs elaborately (Sigler, T. & Pearson, C, 2000).

Effectiveness or accepting personal result: Empowering persons feel personal control of their results. They believe by affecting their work environment, they can change the results (Sigler, T. & Pearson, C, 2000).

Meaningfulness: Meaningfulness is the relation of goals and tasks with one's ideas and standards (Ugboro, I., & Beng, K., 2000).

Trust: Empowering persons have a sense of trust. They are sure others will treat them fairly and equally. The meaning of this feeling is that they are sure operators of centers of power or authorities will not harm them and treat them impartially (Voten & Kameron, 2002).

Hypotheses

Based on the review of literature, the following are hypothesized:

1- Culture has a significant positive impact on employee empowerment.

Secondary Hypotheses:

- 1- Innovation and creativity have a significant positive impact on employee empowerment.
- 2- Risk-taking has a significant positive impact on employee empowerment.
- 3- Attention to details has a significant positive impact on employee empowerment.
- 4- Attention to outcome has a significant positive impact on employee empowerment.
- 5- Attention to team has a significant positive impact on employee empowerment.
- 6- Consistency has a significant positive impact on employee empowerment.
- 7- Attention to organization members has a significant positive impact on employee empowerment.

The following diagram is thus presented:

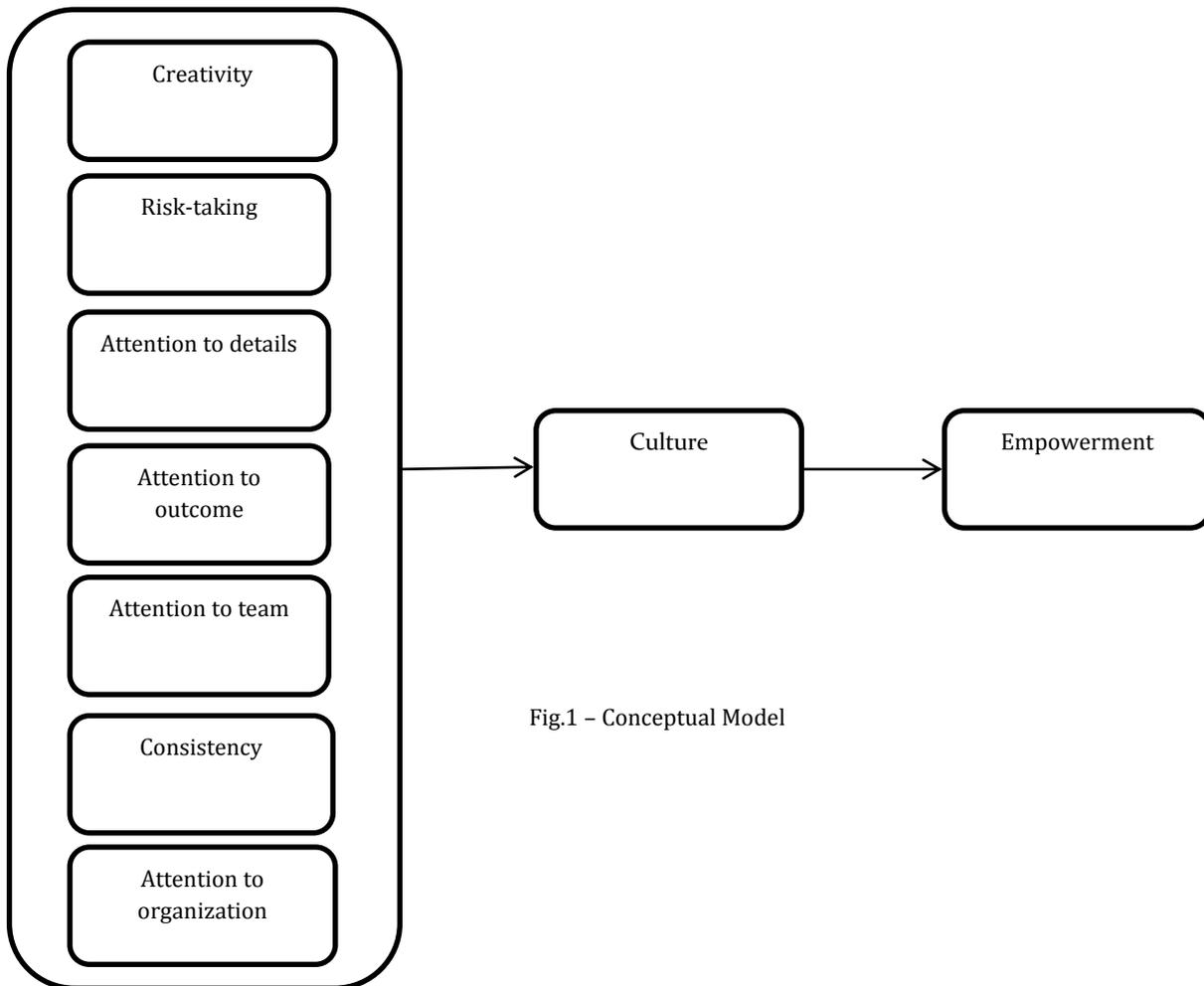


Fig.1 – Conceptual Model

Methods

Methods refer to a set of rules, tools, and valid techniques for evaluating facts and determining unknowns and solutions (Khaki, 2008). Therefore, since the present study investigates the relationship between culture and empowerment, it is considered applicative. Furthermore, regarding data collection, the study is a descriptive survey. Finally, in terms of hypotheses it can be considered correlative and sectional in time. The required data for the desk research were gathered from papers and books. Also, reliable sources on the Internet were accessed to obtain up-to-date research on the topic. The hypotheses were postulated using library and internet resources. Questionnaire: in order to test the hypotheses, an instrument is needed for data collection. A closed questionnaire (with Likert scale) was used for this study. Four items were included for demographics: age, gender, education, and tenure. Another forty-five items were used to analyze the dependent and independent variables. In this paper, secondary data (already accessible from other sources) were collected through desk research and used to develop the hypotheses of the study. Furthermore, primary data (which is not available from other sources) were collected by the author in a field study (questionnaire) and were used to test the hypotheses. A statistical population is a set of individuals with at least one common trait, which usually the researcher is interested in (Bazargan et al., 2008). The statistical population of the study includes 80 employees at Charmahal and Bakhtiari Insurance, from whom a random sample of 66 was drawn based on Morgan's Table.

In order to make correct judgments, the author needs to have the necessary equipment so that a conclusion can be reached. Reliability of the study was demonstrated using Cronbach's alpha, which is used for measuring internal consistency of the instrument.

Table 2 – Cronbach's alpha

Variable	Cronbach's alpha
Culture	0.89
Empowerment	0.77

Findings

The components were analyzed using single samples. Answers of the questionnaire were given on a Liker scale of 1 to 5, with 3 indicating the threshold for desirability.

Table 3 – factor means and t-test

Variables	Mean	t	Significance level
Creativity and innovation	3.14	1.000	0.32
Risk-taking	3.62	6.16	0.000
Attention to detail	3.73	7.26	0.000
Attention to outcome	2.88	-0.82	0.41
Attention to team	3.15	1.06	0.29
consistency	3.39	3.55	0.001
Attention to members	3.44	4.43	0.000
Culture	3.66	7.14	0.000
Effectiveness	3.21	1.77	0.08
Significance	3.35	3.46	0.001
Competence	3.26	2.12	0.03
Freedom of choice	3.33	3.71	0.001
Empowerment	3.37	4.29	0.000

One-sample t-test reveals that culture in general and all its components except creativity, attention to outcome, and attention to team are significant at $p < 0.05$ and above the desired mean. Also, employee empowerment is desirable at 0.000 with a mean of 3.37.

Table 4 presents the results of testing the hypotheses:

Table 4 – Hypothesis testing

Variables	R	R ²	Significance level	Result	
Empowerment	Creativity and innovation	0.52	0.27	0.000	Supported
	Risk-taking	0.75	0.56	0.000	Supported
	Attention to detail	0.71	0.50	0.000	Supported
	Attention to outcome	0.76	0.58	0.000	Supported
	Attention to team	0.79	0.62	0.000	Supported
	consistency	0.78	0.62	0.000	Supported
	Attention to members	0.84	0.72	0/000	Supported
	Culture	0.97	0.95	0/000	Supported

Regression results indicate that culture and its components have a significant positive impact on employee empowerment.

Friedman's test for ranking the variables

Friedman's test was used to prioritize (rank) the variables. In this paper, we used this test to determine the equality of the variables. Therefore, we hypothesize that the variables have no significant difference.

Table 5 – Friedman test for components of culture

Number	50
Chi-square	46.12
Degree of Freedom	6
Significance Level	0.000

Test results revealed that a significant difference exists among ranks.

Table 6 – component ranks

Variable	Mean	Rank
Creativity and innovation	3.56	5
Risk-taking	4.68	2
Attention to detail	5.11	1
Attention to outcome	2.66	7
Attention to team	3.53	6
consistency	4.00	4
Attention to members	4.46	3

Table 7 – Friedman's test of empowerment components

Number	66
Chi-square	13.21
Degree of Freedom	3
Significance Level	0.004

Test results revealed that a significant difference exists among ranks.

Table 8 – Rank of components

Variable	Mean	Rank
Effectiveness	3.05	1
Significance	2.25	4
Competence	2.39	2
Freedom of Choice	2.31	3

Conclusion

The results indicate that

1- Culture has a significant positive impact on employee empowerment with 0.97 correlation coefficient.

Secondary hypotheses

1- Innovation has a significant positive impact on employee empowerment with 0.52 correlation coefficient.

2- Risk-taking has a significant positive impact on employee empowerment with 0.75 correlation coefficient.

3- Attention to detail has a significant positive impact on employee empowerment with 0.71 correlation coefficient.

4- Attention to outcome has a significant positive impact on employee empowerment with 0.76 correlation coefficient.

5- Attention to team has a significant positive impact on employee empowerment with 0.79 correlation coefficient.

6- Consistency has a significant positive impact on employee empowerment with 0.78 correlation coefficient.

7- Attention to members has a significant positive impact on employee empowerment with 0.84 correlation coefficient.

Since the components of culture have a positive impact on employee empowerment and based on the fact that t-tests revealed unsatisfactory levels for innovation, strategy, and attention to team, the organization can take measures to improve the level of these components. The following actions are suggested:

Creativity training: if senior managers and policy makers disregard creativity and innovation as important activities of the organization, no progress can be expected. Making research and development cores in the organization can and facilitate innovation. Creating a shared belief in innovation and developing a norm requires training. Using methods of improving creativity: overall, methods of improving creativity include brainstorming, problem-solving, abstract activities, personal comparisons, and compact conflicts. **Increasing teamwork:** the current situation of teamwork can be improved by creating workgroups, encouraging teamwork, paying attention to teamwork, and considering outcomes. A participation system is offered to gradually improve the system. Volunteers of the system need to start with suggestions and slowly move the system from individual-based to group-based. This will reflect self-belief and self-confidence. Paying attention to the participation system in the promotion system is another technique managers can use to gradually improve the system. The results of the participation must be clear and precise so that all employees can learn from the mistakes everyone makes.

Finally, it is recommended that all managers at all levels of the organization support the participation system so that the culture can be instilled.

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