

# Mediating Role of Empowerment Strategies in the Impact of Motivation Factors on Sustainable Competitive Advantage: A study of the Banks in Iraqi

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## Abstract

In the banking sector, the conditions for creating a sustainable competitive advantage are specific. Moreover, innovation is not protected, new products or new sales methods are easily imitated. Organizational environment that will support the Empowerment Strategies is needed for the realization of Sustainable Competitive Advantage and for ensuring sustainability. Therefore, Sustainable Competitive Advantage is directly associated with the Motivation Factors and the Empowerment Strategies of the employee who will perform the Sustainable Competitive Advantage. According to the findings of the research, hierarchy culture negatively affects all types of Sustainable Competitive Advantage. Empowerment positively Impacts Sustainable Competitive Advantage.

Moreover, it was observed that empowerment played a moderating role in the manner it would reduce the negative effects of hierarchy culture on Sustainable Competitive Advantage. The most important recommendation this study provides are Strengthening the development of organizational policies and procedures related to pushing towards achieving competitive advantage in Banks in Iraqi.

**Keywords:** Sharing information, Teamwork, Freedom and Autonomy. Empowerment Strategies. Sustainable Competitive Advantage, Iraqi Private Banks

### **Theoretical background of the Study**

The fact that today's organizations go beyond the modern structure of organization increases the importance of intellectual investment that workers have. Because of the preference for more educated, more knowledgeable workers, the importance of human resources that can search, find and process knowledge has increased. Basically, employee empowerment application aims to create workers that have these characteristics. However, for employee empowerment applications to be successful, a work environment should be provided to workers where there is innovation, open communication and trust, where they are allowed to participate in decision making, they are given certain responsibilities and performance evaluations are performed objectively (Yildirim & Karabey, 2016).

The importance of human resource for organization increased with globalization and when global customers and global workers became the matter of discussion. Organizations now are aware of productivity and more importantly the advantage of sustainable competition provided by human resources. The concept of employee empowerment emerged as a result of the importance of human resources for organizations. In fact, when the literature is examined, although the application of employee empowerment existed before the Industrial Revolution, it can be said that it became clearer with globalization. The concept of employee empowerment can be defined as the identification of elements that reduce superiority in organizations and the process of helping organizational members to gain self-confidence by eliminating these elements (Conger & Kanungo, 1988).

Empirical studies on the Mediating Role of Empowerment Strategies in The Impact of Motivation Factors on Sustainable Competitive Advantage in Iraqi private banking sector is still limited, and a gap exists in the Arab studies in this area

### **Statement of The Problem**

Every organization, either large or small, struggles to acquire productivity so as to achieve success and maintain a valuable image in this present world of organizational competitions and it is the wish of organizations to see the input they use (resources) and the output (goods and services produced) they have at the end (Agarwal & Adjirackor, 2016).

The population of workers in an organization may be very large and yet that organization achieves a very low productivity and with no improvement in their products. This could occur as a result of absence of sharing Information, teamwork, freedom & autonomy in such organizations and if so, then there are other organizations that have sharing Information, teamwork, freedom & autonomy and yet achieve little or no productivity at all. It may be as a result of the following problems:

1. Lack of Sharing Information in the Organization: That is the failure of an organization to coordinate works into work groups in order to tap from the respective human resources the organization possesses.
2. Poor Leadership Styles in the Organization: It may be as a result of the leadership style of the organization possibly not favourable to freedom & autonomy.
3. Poor Leadership of the Work Teams: Different work teams may exist, but lacks the persons with the team leading acumen to lead them.

### **Objectives Of The Study**

Based on the research problem this study seeks to achieve the following objectives:

1. Identify the impact of sharing Information, teamwork, freedom and autonomy in the Sustainable Competitive Advantage in Iraqi Private Banks.

2. Identify the Mediating impact of Empowerment Strategies on the Relationship Between sharing Information, teamwork, freedom & autonomy and Sustainable Competitive Advantage of Iraqi Private Banks.

### **Importance of the study**

That the commercial banks are a key element in the economic system of Iraqi, because of the severity of the intense competition for the banking sector and the importance of financial systems that depend on them in the implementation of banking activities for different categories of clients, this study comes to achieve the following objectives:

1. The use of the Motivation Factors (sharing Information, teamwork and freedom & autonomy) in the managers to achieve Empowerment Strategies to them.
2. Attempt to draw the attention of Iraqi Banks Sector departments, to the need to know the relationship between Motivation Factors (sharing Information, teamwork and freedom & autonomy) and Empowerment Strategies Sustainable Competitive Advantage of Iraqi Private Banks.
3. The study results can contribute to make recommendations and proposals for managers in banking sector.

### **Iraqi Central Bank (CBI)**

The Iraqi Central Bank, more formally the Central Bank of Iraq (CBI), is the national central bank of Iraq. As such, it is responsible for domestic monetary policy management as well as supervision of the financial system. It was established as Iraq's independent central bank by law on March 6, 2004. The CBI has its head office in Baghdad, and four branches in Basrah, Mosul, Sulaimaniyah and Erbil.

### **Iraqi Private Banks**

A review of the web sites of private commercial banks indicate that they offer an increasingly wide range of services, In the area of business lending, banks generally offer trade financing, including letters of credit, guarantees, bills discounting, working capital and project lending, domestic and external settlements, and foreign exchange transactions. The bulk of loans are short term, although some banks offer project financing and several banks are granting SME financing at up to 3 years maturity. Also some Islamic banks provide funds of longer maturity. Many banks have introduced, or are in the process of introducing, retail lending services. Retail loans offered by some, but not all, include car loans, appliance loans, vacation loans, and unspecified personal loans. A number of banks also offer real estate loans; most real estate funding, however, appear to be for construction of housing projects. So far only a few banks have issued credit cards and ATM cards.

### **Motivation Factors**

Kinicki and Williams, (2006) defined motivation as "the psychological process that arouse and direct goal-directed behavior." Therefore. Motivation has become a very important function that helps organizations to achieve their objectives; it gives them the power to increase effectiveness in many areas of their business, and helps them to achieve organizational strategies (Kleiman, 2000).

The concept of motivation is an important (HRM) functions to join and stay talented workers and perform better and do extra for organization, is one of the most important parts that

organizations need to focus on in order to gain success and competitive advantage (Al-Rfou & Trawneh, 2009).

### **Sharing Information**

The empowerment process necessitates the sharing of information and knowledge to enable employees to contribute to organizational performance (Ford & Fottler, 1995). They also argues that part of the empowerment program is to provide the necessary information for employees to enable them to perform their jobs autonomously and effectively (Judith, 2012). Moreover, decision-makers frequently have access to information that helps them make good decisions (Malone, 1997). According to Emerson (2008) sharing of information is important as it enables individuals to make informed decisions. Employee communication is one of the strongest signs of employee empowerment in an organization (Judith, 2012).

### **Teamwork**

Ian Brown, (1995) indicated that the teamwork can influence performance results and organisational objectives. Teamwork can improve social relations to overcome the sense of separation and low trust syndrome (Jin, 1993).

Beal, (2003) provided a compelling rationale arguing teamwork can make people share the same goals and responsibilities for outcomes, namely, the common objective of an organization. Teamwork can also enhance effectiveness and productivity of a company, which would gain an organisation more profit (Jiang, 2010). Cook (1998) argue that there is a growing consensus among scholars in the world that organizations may be getting works done through individuals, but his super achievement lies in the attainment of set goals through teams (teamwork). It is a well-known fact that teamwork is not only the foundation of all successful managements, but the means of improving overall results in organizational productivity.

Agarwal and Adjirackor, (2016) claimed that employees' teamwork is seen as constituting a larger group of people than what job position describes. The essence of teamwork is that workload is reduced and broken into pieces of work for everyone to take part. Employees take many steps toward accomplishing key action items and nothing important is finished. Team work is the ability to work together towards a common vision (Agarwal & Adjirackor, 2016).

### **Freedom & Autonomy**

The school management perspective, freedom or autonomy should be tailored to the type of job the person. Between freedom and authority granted to a person should be a balance and proportion (Dobre, 2013).

Independence, autonomy represents a step in the continuity of behaviors and processes. Sense of autonomy with less alienation in the workplace Higher job satisfaction and higher levels of job performance and greater entrepreneurial activity and higher levels of job involvement and work pressure is less (Agarwal & Adjirackor, 2016).

### **Empowerment Strategies**

According to Hancer and George, (2003), the origin of empowerment can be traced to the theory developed by Douglas McGregor that emerged in the field of organizational behavior. McGregor developed a theory named "Theory Y," based on the notion that employees'

motivation, productivity, and participation can be attained and enhanced by designing more autonomous and flexible jobs (Zeglat, Aljaber, & Alrawabdeh, 2014).

According to Qudah and Melhem, (2014) employee empowerment means encouraging frontline employees to become more involved in the decision making process and activities that affect their jobs. It's the process of providing employees with the opportunities to show that they can provide solutions and that they have the skills to convert their ideas into practice and action (Qudah & Melhem, 2014).

(Honold, 1997) argue the following characteristics of an organization's environment that supports empowered employees:

1. The workplace has established self-directed teams.
2. Employees are in control of the resources needed to meet their goals.
3. Employees continually develop new work skills.
4. Team members are treated to continual positive feedback and reinforcement.
5. Superiors freely share information about the company's directions and goals with the entire employee base.

(Seibert, Silver, & Randolph, 2004) defines empowerment as employees having autonomous decision-making capabilities and acting as partners in the business, all with an eye on the bottom line. According to (Liao & Chuang, 2004) companies use different terms, but all terms have basically the same intent of employee participation and involvement. Empowered employees make decisions traditionally reserved for management.

Empowerment is not just delegating decision making authority; it is also setting goals and allowing employees to participate (Riggs & Knight, 1994). Empowerment is the process of enabling or authorizing an individual to think, behave, take action, and control work and decision making in autonomous ways. (Boudrias, Gaudreau, Savoie, & Morin, 2009), points out that the most important reason for empowerment at the individual employee level is the belief that autonomy motivates people, and encourage them to take initiative and make decisions. Not only that, but empowering the frontline employees when performed right would energize them to produce high quality results with deep internal commitment rather than external compliance.

### **Sustainable Competitive Advantage**

The concept of sustainable competitive advantage (SCA) was introduced in 1984 when Day was explaining the competitive advantage maintenance strategies (Hakkak, 2015). (Coyne, 1986) argues that to create sustainable competitive advantage, customers need to recognize the differences between a firm's products and those of the competitors.

These differences must have been created due to the firm's resources that are not accessible by its competitors (Coyne, 1986) Other researchers have more accurately explained special resources and skills that contribute to the creation of sustainable competitive advantage. For example, (Barney, 1986) argues that all of the firm's resources are not able to create sustainable competitive advantage (SCA) and SCA-resources must have four characteristics: rarity, value, impossibility of being imitated, and impossibility of being replaced (Hakkak, 2015).

According to Hunt and Morgan, (1995), potential SCA resources are divided into financial, physical, legal, human, organizational, informational, and rational resources. They believe that competitive advantage in resources can become a competitive advantage in the marketplace (Hoffman, 2000). Prahalad and Hamel, 1990) argue that firms combine resources

and skills with core competencies so that they can successfully create sustainable competitive advantage in a consistent and unique way (Hakkak, 2015). Peteraf, (1993) considers four factors as necessary to achieve a sustainable competitive advantage: resources (heterogeneity within the industry), ex post limits, imperfect resource mobility, and current restrictions to competition (Strand Sampo, 2006). Kay, (1993) defines the concept of sustainable competitive advantage through a relational structure, reputation, innovation, and strategic assets (Matthews & Shulman, 2005).

### **Motivation and Human Resources Management**

There are some classical theories in the field of motivation, which have been published in the 50s of the last century, theories that have inspired modern theories that serve as a base for the latter ones. One of these theories is the traditional view which is based on some of the views from the work of Taylor and from the school of scientific management. Taylor stands that is management's job to determine the right way, while workers benefit from this approach because is the "right way" and the wage increases as a result of productivity growth (<https://www.goldsmithibs.com/resources>). Content theories, like theories of Maslow, Herzberg, Theory X and Y, etc., make efforts to explain specific things that actually motivate individuals in their place of work. These theories focus on identifying the needs of the people that they follow in order to satisfy these needs. These theories emphasize the nature and needs and what motivates (Ismajli, Zekiri, Qosja, & Krasniqi, 2015).

A motivational employee is responsive of the definite goals and objectives he/she must achieve, therefore he/she directs its effort in that direction (U.S, 2013). A motivated employee is responsive of the definite goals and objectives he/she must achieve, therefore he/she directs its efforts in that direction (Manzoor, 2011). Rutherford (1990) reported that motivation formulates an organization more successful because provoked employees are constantly looking for improved practices to do a work, so it is essential for organizations to persuade motivation of their employees (Kamalian, Yaghoubi, & Moloudi, 2010).

### **Gaining Competitive Advantage Through Employee Empowerment**

Having an employee empowerment program enables companies to keep up with a competitor or gain a competitive advantage. Perceptions of empowerment can enhance the value of work of individuals and contribute to work productivity and success. Empowerment strengthens employees' effectiveness, providing them with a sense of ownership and control over their jobs. Empowered workers have higher levels of concentration, initiative and resiliency and are as a result, more effective in their jobs. Employee Involvement and Empowerment has been used as a strategic business tool to enable fast decision making for greater business results through decentralization of powers, building a salutary and unified work culture and environment for peak employee and organizational performance. In a nut shell, these are the factors which either individually or in combination are responsible for sustainable competitive advantage (Balivada, 2018).

### **Conclusions**

Today, Sustainable Competitive Advantage are widely used in organizations to improve their performance and augment customer satisfaction. As the findings of the last studies suggested, the impact of Motivation Factors (sharing Information, teamwork and freedom & autonomy) implementation on sustainable competitive advantage is undeniable and it has in fact numerous effects. Given that organizations make attempts to gain competitive



advantage, the use of the Empowerment Strategies as a strategic tool for the performance evaluation is strongly recommended for the Banks. In fact, the Empowerment Strategies a tool to achieve sustainable competitive advantage and ultimately to improve the human resources performance of any organization.

### **Contribution of this Study**

The contribution of this study to the Motivation Factors (Sharing Information, Teamwork, Freedom & Autonomy), Empowerment Strategies and Sustainable Competitive Advantage relationship literature can be perceived from various ways:

First, it focuses on the Impact of the Motivation Factors on bank performance in Iraqi where such research has not been carried out before, and where Motivation Factors (Sharing Information, Teamwork, Freedom & Autonomy) are still in a nascent stage.

Second, it focuses on the mediating Impact of Empowerment Strategies on the Motivation Factors (Sharing Information, Teamwork, Freedom & Autonomy) and Sustainable Competitive Advantage relationship where the study will be conducted for the first time.

Third, this study concentrates on the Motivation Factors (Sharing Information, Teamwork, Freedom & Autonomy), and Sustainable Competitive Advantage relationship in developing economies where there has been limited research recently.

Fourth, it focuses on providing evidence of the Motivation Factors (Sharing Information, Teamwork, Freedom & Autonomy), Empowerment Strategies and Sustainable Competitive Advantage relationship in the financial sector, particularly banking sector, where there is a scarcity of research.

In an additional view, this study's findings are expected to be beneficial in understanding the dynamics and the impacts of Motivation Factors, and Empowerment Strategies on the Sustainable Competitive Advantage of banks in Iraqi particularly in the case of organization-specific characteristics.

### **Recommendations**

The study recommends the following:

1. Reliance on Empowerment Strategies style in Banks in Iraqi should be promoted, to increase the effectiveness of Sustainable Competitive Advantage in Banks in Iraqi.
2. The top management must think of releasing employees' potential and competencies which will create more commitment and ownership of their jobs at work.
3. The top management should motivate and satisfy employees who are willing to work effectively and efficiency to achieve their organization goals.
4. Further studies regarding Motivation Factors (sharing Information, teamwork and freedom & autonomy), Empowerment Strategies and its impact on the Sustainable Competitive Advantage in other sectors should be considered such as the health sector, higher education and services organizations sector.

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