

## **Empowering Human Resources of Organization and Insurance Selling Network with Effective Factors Approach**

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### **Abstract**

When organization and insurance sales network are influenced by intense economic competition, considering the work quality and human resources productivity in organization and their sales network has special importance. Meanwhile, senior management of insurance organizations in order to improve the performance of organization and their respective companies should see their organization with qualitative view and try to maintain the work performance quality of his own organization in optimum level as far as possible, by providing practical strategies. This continuous improvement is essential in today's complex environment to deal with threats and opportunities. This article tries to examine factors affecting the process of empowering human resources of organization and sales networks by examining the available books and resources and analyzing the issues relevant to the topic and also conducted researches and in addition to analyzing the available inefficiencies and barriers will illustrate the practical solutions to solve the relevant problems.

**Keywords:** empowerment, effective factors approach, insurance sales organization and network

### **Introduction**

In the past two decades, staff empowerment has become a major concern to the senior managers of organization. Increased competition in global markets has led to the creation of comparative advantage in the organization depends on the sustainability, durability and also taking a larger share of the market. Accordingly, organization compared to competitors in addition to offering products and services with better competitive conditions and attracting customer satisfaction, should also maintain the continuity in quality. Based on this basic assumption, the serious belief is that the organizational development and survival takes place when organization has enjoyed the knowledgeable, creative and motivated forces with problem solving and self-management ability in the work. Therefore, empowerment can be defined as capacity building in employees to play his role optimally with greater efficiency and effectiveness. Certainly, the accomplishment of such issue will be possible in the light of knowledge, experience, delegation, and finally by motivation. This means that empowerment will be an interactive and dependent process that will bring the decision-making, determining work policies, providing appropriate methodologies in critical situations, the power to play the new roles and capability to provide new innovative plans that result in coordination between managers and staff and, ultimately, organizational development. (Buckingham. Marcus, Clinton. Donald, 2005) Despite the tremendous importance of empowerment, unfortunately in Iran due to the several reasons, including ambiguous organizational goals, lack of proper definition for work relationships and personal relationships, lack of proper system for performance evaluation, failure to define the appropriate indicators to measure

the productivity of manpower and some other factors existing in the market which is due to the non-competitive business environment and has caused a significant mechanism is not defined for the quality of human resources and even this mechanism not to be taken serious.

According to this approach, and given that the quality development and creating new work opportunities for insurance sales network and organization takes place when the organization should enjoy of human resources, therefore, this article with an analytical approach to effective structures model, in addition to examining three categories of main elements of this model namely causal variables (the input factors of stream building), intermediate variables (inter-organizational effective factors) and returns variables (achievements and results) as the factors influencing the employees' empowerment process, will also analyze the shortcomings and explain the existing solutions.

### **Empowerment**

The first step in defining the concept of empowerment is to address its scope. Some believe that empowerment means giving power to employees, others rejected this notion and believe that because employees are a capital of knowledge and motivation so, by themselves can do work in an excellent way and accordingly define empowering as providing the area to release this potential power. (Blanchard. Carlos. Randolph, 2000) Terlaksan defines empowerment as the employees' performance changing process from the condition of what to be them to do, to what is needed to do. (Neher, Joanne.Natale, Samuel, 1997) Also, Pousyant knows empowering as refining employees' skill and building confidence in them toward themselves and trying to the effectiveness of organization's activities. (Albert Pousyant. Charles, 1998) According to Blanchard making conditions ready to offering the best intellectual resources in each organizational performance area is relevant to the empowerment and the aim of empowerment is that the most qualified staff exert the most influence with the most appropriate methods. (Source No. 2) Therefore, according to the conclusions, empowerment can be known as including a set of policies and procedures that thereby influence employees' behavior and enabled them to make the best decisions according to the organization's conditions and conduct organization toward productivity by providing creativity in the form of team activities. The presented definitions will lead us to this fact that if the concept of empowerment in insurance sales organization and network to be understood correctly and to be relevant to the idea of continuous improvement in the overall performance of insurance organization and its sales network, will make the maximum productivity of the supplied intellectual resources. (Babaei et al, 2003)

In other words, empowerment is an effective and pioneered process that creates a strategic advantage for the organization and creates the opportunity for employees to participate in success of the organization. (Ghushchi, 2002) This participation is a collective attitude that emanates from an empowerment sense and will bring the quality promotion of insurance organization and sales network. (WWW. Ebsco. Com)

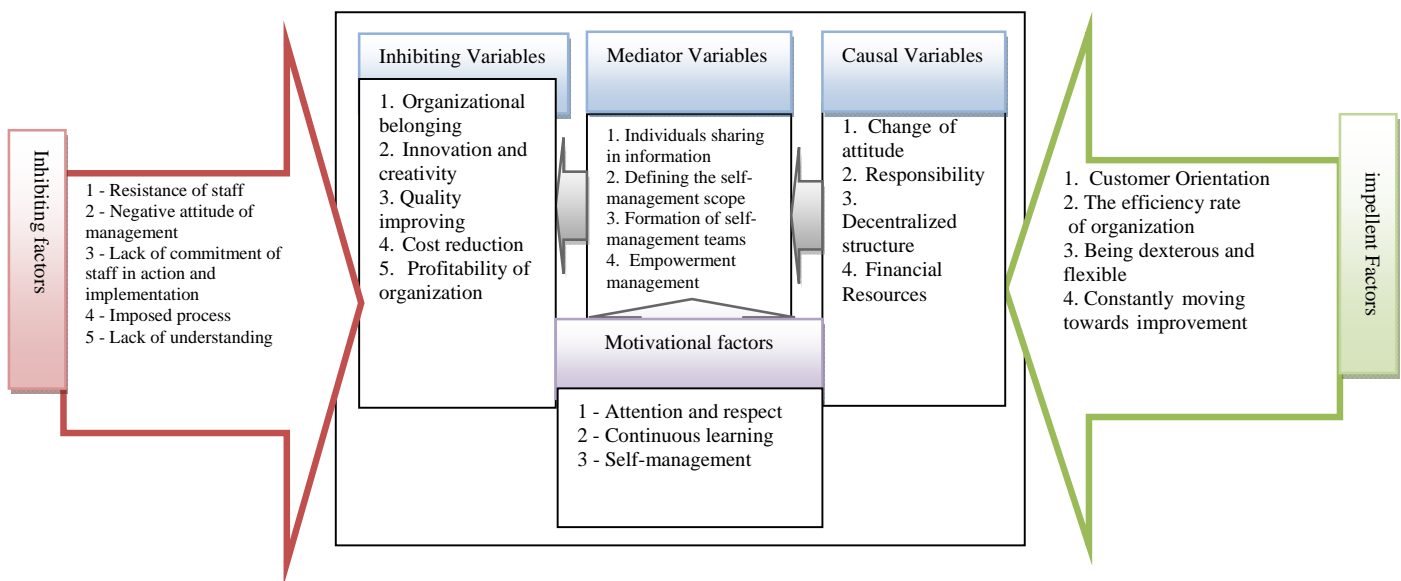
### ***Empowerment and Productivity***

Whenever the organization, management, quality and productivity are discussed, the programs of power increasing are an integral part of subject. The relationship between empowerment and organizational productivity can be considered a two-way communication. Thus, the analysis of the responsibilities, determining the tasks and authorities and improvement of employees' specialized knowledge level to perform the defined responsibilities not only promote the working ability of organization and ultimately will lead to improved efficiency, but also cause employees to enjoy of a flexible and dynamic mental model that always will accept the new ideas and solutions. (Abili, 1997) On the other hand, enabling programs also lead to variation in responsibility of management and human resources of organization. When the human resources

ability increases, the management style will change from close supervision toward directional and delegating supervision. This changing style also leads to the variation in the human resources responsibility, because employees become creative and self-management by gaining the practical freedom in performing works and this is the same missing link that should be taken into consideration in creation of organizational efficiency.

**The effectiveness structures model**

The effectiveness structures model is designed based on three categories of causal, mediator and returns variables. In this model three impellent, inhibitors and motivational factors influence the above three variables. In figure 1, by presenting mentioned model, the above variables are studied and their role in the process of employees’ power increasing is consider



**Figure 1. The effectiveness structures model**

**Casual variables of the study**

The variables that are directly affecting the power increasing program and its results. (Source No. 11) The most important causal variables can be divided into four categories:

*Change of attitude:* The attitude type of organization should change towards human resources. The insurance organization and sales network should seek to discover the talents and skills of its staff and extends this principle that they should be given opportunity to show their abilities. (Morris & Wilcox, 2001). In such circumstances, it is expected that the major challenges like lack of power to capability, establishing statement accepting to perform the work and react to creativity and development and making other responsible convert to all are responsible. (Joft & Scott, 1999)

*Responsibility:* Organization needs employees who were active in solving problems and feel responsibility not only towards their duties but also against the performance improvement of the whole set. (Source No. 14) To do this, it is essential the insurance organization and sales network to have positive thoughts and flexibility in front of new ideas of its employees and also being ready for accepting new perspectives.

Implementation of effective training in the area of group decision making, enhancement of communication skills in the group format, planning skills enriching and finally, how to appreciate from organizational efforts can pursue a major impact on creating the individual and organizational accountability (Blanchard, 2001).

*Moving from centralization to decentralization:* The organization should move towards decentralization in order to increase power. Thus, the insurance organization and sales network create a number of team or group of employees that are connected to each other until through ongoing communication and decision making of group, in addition to doing responsibilities also contribute to the quality development of insurance organization. (Source No. 14) Although problems such as the likelihood of lack of facilities and the necessary individual or organizational potentials or the lack of coordination in implementation can affect this variable, nevertheless its main advantages such as creating greater flexibility in implementing programs, optimal use of resources and reducing the administrative problems of organization cannot easily be overlooked.

*Providing financial resources:* One of the major aspects of power increasing programs refers to the expansion of resources involved in it. The implementation of performance improvement programs in insurance sales organization and network requires the provision and allocation of a part of financial, human and physical resources of the insurance company. (Source No. 13)

#### **Mediator variables of the study**

The mediator variables generally points to the overall conditions of organization and particularly to the current situation. These variables can be considered as the manufacturer of main structure of empowerment programs. When enabling conditions and factors are provided the question of how to implement this process and what strategy is necessary to its implementation is raised according to the conditions. The study of the four following variables that generally are remembered as mediator variable will answer to these questions.

*Share of employees in organizational information:* The overall thought is that sharing employees in information will make a disruption in working process of the organization. But the success of insurance organization and sales network should be sought in team efforts and employees sharing in organizational information, not its speculation. Information sharing for enabling insurance organization and sales network is not only a necessity but also creates an atmosphere of trust, intimacy and responsibility of employees. First, this sharing creates a sense of belonging, participation and ownership towards the insurance organization and secondly, makes employees unflinching to use the acquired information to improve individual and organizational performance. Familiarity with information about how was it done, the insurer organization, sales network, profitability, market, productivity and so on allows employees to understand the current state of insurance organization and sales network clearly and try to improve its performance.

*Determining the scope of self-management:* Work autonomy can be created by specifying the duties. This causes the individual and organizational energies to be directed at a specific channel. Determining the work scope of insurance organization and sales network includes specifying the objectives, roles, values and rules that form the basis of performance improvement actions and support the power increasing. The employees of sales network organization with more practical freedom act more responsibly towards specified objectives through creation of autonomy and will show greater creativity. However, it should be noted that the unconditional autonomy causes chaos in the insurance organization and sales network. Freedom of action should be commensurate with the type of work and the responsibility that is delegated to the employees.

*Self-Management Teams forming:* The creation of Self-Management Teams is one of the most effective ways that by promoting the organizational participation culture also strengthens the

spirit of teamwork. This approach in addition to the creation of a welcoming environment for active involvement of employees of insurance and sales network to identify and analyze the organizational problems, also provides a healthy criticism context for finding common goals and enabling employees to attend in the different organizational processes. Eliminating hierarchy is the major requirement for creating Self-Management Teams in the insurance organization and sales network. Employees only in this case can make optimal use of the skills and specialized knowledge of each other and will manage the work from beginning to the end. (Source No. 16) Creating Self-Management Teams by Synergy approach, in addition to the increase of organizational communication will lead to the efficiency of decision making process, reduction of operating expenses, quality growth and finally, the capability of insurance organization and sales network.

*Empowerment Management:* The management has coil binding role in the process of power increasing. Namely, management is defined as the ability to create appropriate balance in work performing through controlling the quality of the human resources function and granting practical freedom to employees in a way that show more creativity by self- management. (Source No. 14) The manager of sales network of insurance organization should be merely facilitator. He should provide a condition that allows employees to learn, growth, develop and participate in work. However, to do this, it is necessary that the management changes his understanding of power because enabling will not be done in its real sense until the concept of power does not change fundamentally in his idea. Power in traditional culture means forcing others to do the job while in the process of synergy means allowing employees to indicate their capabilities.

### **Return Variable**

Variables that reflect the consequences of both causal and mediator variables are dependent variable. Creativity, providence, focus on work, flexibility, improvement of communication, accountability, reducing tension and stress in the work environment, improvement of organizational structure, creating an atmosphere of trust and confidence in the organization, tending to teamwork, substitution for jobs and ultimately, increasing the management and supervising power of the insurance and seals network employees can be outlined among the most important returns variables. Some organizational factors play an important role in the changes and continue of the impellent factors in the synergistic process. Customer orientation, the performance of organization in terms of income and expenditure, quick acting and flexibility of organization and ultimately, the desire to continuous moving towards improvement are some of the most important impellent factors to synergistic programs of the insurance and seals network employees. (Source No. 2) They will be discussed below.

*Customer orientation:* Today, the customers' expectations range regarding service quality before and after the sale of insurance, the price of insurance policy has increased so much and has imposed a difficult task on insurance companies. If the insurance sales network and organization do not afford these expectations, it will lose the market and will propel customers towards other rival insurance organizations. Obtaining knowledge of customers' expectations and rapid response to their demands requires the necessity of having capable human resources in the insurance sales network and organization.

*The efficiency of organization in terms of financial payment:* In the rapid competition area of organizations, an organization that fails to produce cheaper, faster and more desirable than the other competitors will be forced to leave the market with bankruptcy. If insurance organization and sales network wants to be efficient in providing insurance products and also before and after sales services providing and to be proposed in the competitive fields, what capital and potential higher than the capable force will help to its moving process improvement?

*Agility and flexibility:* Frequent changes in technology and changes in customers' minds are created the need for continuous change in organizational strategy and programs. Therefore, insurance organization and sales network should be agile and flexible enough in breakthrough and taking advantage of the opportunities. The existence of flexible structures, multi-skilled employees, giving importance to empowerment programs and ultimately, creating the relevant culture are the most important tools to adapt to the new situations in confronting to the variations in the insurance industry environment.

*Continuous movement towards improvement:* In order to breakthrough and positioning of insurance organization and sales network in competitive environments, the subject of always being the best and continuous movement towards improvement should be on the top of insurance company's work programs. The synergistic programs always will help the insurance organization to maintain itself in the ideal form.

*Inhibiting factors:* There are lots of inhibiting forces that act to detain or reduce the impact of the performance of impellent forces in the synergistic process. For example, it can be pointed to the strength of insurance organization and sales network in confronting to the variation, fear of change and the existence of negative attitudes of management that knows employees autonomy as synonymous with organizational abuses. The prevailing attitude in the past was that the work quality improvement depends on the performance of employees with innate characteristics such as initiative, creativity, mobility, the power of high risk, analytical ability and skill in human relations and these characteristics are born with them (Jazani, 1997). The existence of this view and other similar views that their veins can still be seen frequently in some organizations cause in many cases any scientific and rational evaluation with certain weight and value criteria does not occur for improving individuals' performance in positions of insurance organizations and even in the case of evaluation, the individual power and characteristics are addressed more than the job shortages and requirements and because employees feel threatened towards such method and think that the evaluation results directly involve in their organizational promotion and have a direct effect on the rate of advantages that they acquire, so, always in interaction with it try to hide the deficiencies, weaknesses, pretend to compensate or provide unreal capabilities without considering work quality of organization and oneself (Deymaei, 1995). The weak organizational culture in insurance companies, lack of sufficient support of senior managers, proposing the problem without the participation of employees, the imposed process and employees feel that they should necessarily accept it, (Sarmad, 2000) the lack of knowledge towards the occurred and ambiguous situation that will happen (Rezaeian, 1999) and ultimately, the lack of performance evaluation management in order to evaluate and reform the empowerment process (Source No. 6) can be considered as the most important inhibiting forces.

*Motivational factors:* The creation of necessary motivational infrastructures would be so essential to strengthen the empowerment programs. In this regard, the following cases are noteworthy: (Ann Langley, 1988)

1. Defining the objectives and strategies of the organization and explaining the role and position of employees in its advancing
2. Involving employees in all areas of work and creating the spirit of cooperation and teamwork
3. Adopting appropriate methods of evaluation and the creation of communication between the evaluation results and enabling programs
4. Respect for the personality of employees as a person who are active in order to achieve the organizational goals.

5. The creation of a context for training and acquiring new skills through the provision of learning opportunities
6. The infrastructure about the employees' self-control and self-management

### **Requirements of empowerment programs**

The following requirements should be included in the synergistic programs of the insurance organization and sales network:

*Attracting the commitment and cooperation of the insurance organization and sales network:* Managers and employees of insurance organization and sales networks will believe the empowerment and its processes if they involve in it. Therefore, they should be participated in this process in different ways. Establishing clear and realistic expectations from the insurance company depends on the condition of environment and organization that lead to the orientation of synergistic process. Expectations and anticipations should be reasonable and have a likelihood of success. Namely, employees of insurance organization and sales network feel that they can achieve to the predetermined goals and productivity by acquiring the required skill and expertise.

Emphasizing the importance of synergy, enabling employees need to focus on the organizational thoughts. Therefore, it should be placed in the attention center of activities and in addition to providing the required facilities and funding and facilitating the process, responsibilities should be delegated to the sub-sectors as much as possible. Minimizing the bureaucracy of synergistic programs either during the designing or implementing should not be suffered from official bureaucracy like conducting extensive correspondence and meetings, because it causes to the performance reduction of program and commitment reduction of involved managers, experts and employees.

*Delegation of authority to the insurance organization and sales network:* Considering that the empowerment is a group work so, the role of members and their responsibilities and what is expected of them should be identified. In this regard, the existence of proportion between authorities and responsibilities is necessary. If this proportion is associated with trust, then we can ensure that there is the required commitment to the program. Also, the delegation of authority could be led to the conclusion if first, job objectives have been clearly stated, secondly, the group work has been supported completely and thirdly, the context of creativity and innovation has been provided.

*The challenges existing in enabling employees:* The most important challenges existing in the insurance organization and sales network can be examined in both management and consequential dimensions.

#### **A. Management Challenges**

*Lack of belief accepting:* Some managers believe that not only employees are not adept enough to carry out the assigned responsibilities but also, they do not have the required capabilities to play the new roles. They believe that the capability is innate, not acquired and for this reason, they disagree with all affairs and processes associated with employees empowerment or obstruct in its conducting path.

*Management Security Threat:* Some other managers believe that employees' empowerment will lead to loss of controlling the affairs. So they did not show much interest in sharing or transferring their working skills and they prefer to work on tasks themselves rather than involving others.

*Failure to allocate sufficient credits:* The programs that are conducted to empower employees, although ultimately will lead to the quality growth of organization, some managers and decision makers consider this allocation of funds for such programs as overhead costs and the extra

takes for organization and unfortunately, such principles are emerged of many practical experience of organizations.

**B. Consequential Challenges:**

*Management style changing:* The management styles will change to the leadership styles in empowerment programs. This variation always is along with the challenge creating property. Because, it requires questioning traditional ways of working, risk taking and experiencing, focusing on team activities, increasing the range of employees' authorities, considering new values, a desire to exchange the organizational information and improvement of methods that in most cases will follow the extreme resistance of all organizational levels.

*Employee performance changing:* The empowerment programs will lead employees to speak candidly, seek solution instead of finding culprit, to be participant, prefer the organizational benefits to the personal interests and finally, reflect on group without looking for to be different. While, the existence of centralized structure in most insurance companies has enjoyed the enumerated cases from the challenge creating potential and establishes a lot of problems especially in the area of job relations.

*Organizational structure changing:* In enabling processes, the organizational structure will vary from pyramid to the circle. This restructuring, in addition to allow employees to work with more degrees of freedom and responsibility, also considers the spirit of participation and teamwork as the major organizational value (Source No. 3) and will create many challenges in confronting to the pyramidal structure in which no work is done unless it has already been approved and signed.

*The achievement of insurance organization and sales network's empowerment programs:* Enabling programs allow insurance companies to act in creative and innovative ways and present their business plans in a way that always maintain their position in the best state. The major advantage of using these programs is to provide the causes of more understanding and commitment of employees and the insurance organization. This means that understanding is one of the most important benefits of this approach. When employees have had the mutual understanding of the insurance organization and sales network and assigned duties, they often would consider themselves as a part of organization and know themselves commitment to the excellence of organization. This situation is especially true when they observe a logical relationship between the performance of insurance company and knowledgeable workers and understand this relationship. The establishment of such perception will create understanding and ultimately, commitment.

Some of the major benefits of implementing synergistic programs are mentioned in the following:

- Focus on customer orientation and client satisfaction as the main center of important organizational decisions
- Taking important organizational decisions in the form of team and group
- Participating and involving employees in responsibilities, skills and organizational authorities
- Monitoring and evaluating the individual and organizational performance by assessing groups
- The creation of agility in the organization and quick adaptation to the environmental changes and transformations
- The dominance of the key skill of working together as the main core of organizational thoughts
- Changing the concept of power from ordaining to the ability to influence others
- Changing the responsibility of managers from only control to release the employees' hidden capabilities



### Conclusion

The active presence of insurance organization and sales network in areas of intense competition with other insurance companies as well as the establishment and development of new insurance companies, new insurance coverage, and the necessity of multi-skilled employees of insurance organization and sales network make their empowerment an inevitable matter. The work capacities increase through the synergy and delegation of authority, increased responsibility, autonomy in decision making and the sense of self-efficiency and consequently, the efficiency and effectiveness of the insurance companies will rise. To do this, infrastructures such as capital, motivated human resources and parallel attitude are necessary so that, empowerment is possible by applying three main principles of sharing employees of insurance organization and sales networks in information, determining autonomy framework for decision making and replacement of self-management teams in hierarchy of insurance organization and sales networks. The enhancement of loyalty and belonging sense of employees to the insurance organization and sales networks are achieved in this way which are appeared in active participation and initiative and creativity presenting and ultimately, lead to the productivity improvement of the organization. It should be noted that if employees do not obtain the necessary capacities for empowerment changing, success cannot be achieved.

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