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# The Impacts of Empowerment on the Teamwork Performance: Evidence from Commercial Banks in Vietnam

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## Abstract

The research examines the impacts of empowering leadership on teamwork performance of the employees in sales departments at commercial banks in Vietnam. Based on the data from the sample survey of 406 employees in sales departments of commercial banks in Vietnam, the paper uses various types of statistical methods and assesses the reliability of scales with Cronbach's Alpha, Confirmatory Factor Analysis as well as Structural Equation Modeling for analysis. The results show that the Empowering Leadership factor has a directly positive impact on Knowledge Sharing and Teamwork Performance, which means when the Empowering Leadership is positive, the Knowledge Sharing and Teamwork Performance will increase. In addition, Empowering Leadership also has an indirect impact on Teamwork Performance through Knowledge Sharing factor, which means when the Empowering Leadership is positive, the Teamwork Performance will increase. Moreover, Knowledge Sharing factor has a directly positive impact on Teamwork Performance, which means when the Knowledge Sharing factor is positive, the Teamwork Performance will increase. The findings suggest that Empowering Leadership has both directly and indirectly positive influence on Teamwork Performance. Moreover, Empowering leadership has a directly positive impact on Knowledge-sharing while Knowledge-sharing has a directly positive impact on Teamwork Performance of sales departments of commercial banks in Vietnam.

**Keywords :** Leadership, Empowerment, Reliability, Teamwork, Commercial Banks, Vietnam

**JEL Classification Code:** C31, D22, M54

## 1. Introduction

How to make the employees have their rights of autonomy and self-determination at work is significantly important, which promotes the spirits of self-conscious and initiative in problem-solving for the matters arising at work and decision-makings of the employees in order to meet the urgent needs of the works for the demands from their customers (Tung & Chang, 2011).

Thus, the issues of empowering leadership are increasingly concerned and stated in most of the studies on

leadership. Most typically were the studies conducted by Ahearne, Mathieu, and Rapp (2005), Zhang and Bartol (2010), Tung and Chang (2011) and most recently, Kundu, Kumar, and Gahlawat (2019). As can be seen in these studies, it has shown that the positive role of empowering leadership in an organization's activities, which stimulates the improvement of teamwork performance and increase in work outcomes. These research results have contributed a great deal in searching for a number of directions for improving the existing ineffective teamwork conditions of some organizations.

Based on the background stated above, the objectives of this article are to identify the effects of Empowering Leadership on the Teamwork Performance of sales departments at commercial banks in Vietnam. Based on the findings, the study has proposed some governance implications to improve the Teamwork Performance of the employees in sales departments at commercial banks in Vietnam.

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## 2. Literature Review

### 2.1. Concept of Empowering Leadership (EL)

Empowerment is not simply defined as the practice of sharing the authority of a leader. EL is construed that an individual is empowered by the leader and has high autonomy to perform the duties and these duties are considered as meaningful duties and make some impacts on the work, resulting into higher outcomes in their works (Kirkman & Rosen, 1999). Tung and Chang (2011) explained that the autonomy at work and the self-determination gained from EL had some positive impacts on job performance. The employees who are empowered the leadership are self-managed to gain higher cognitive psychology in working. Meanwhile, the EL is also defined as a process of fulfilling the conditions for sharing the power with the employees by allocating the importance of their work, giving the autonomy in decision-makings, showing their trust in the capacities of the employees, and eliminating the obstacles to work outcomes (Zhang & Bartol, 2010). Moreover, the EL, as well as building leadership exchanges between the members, are based on the theory of the ideas of linking between the leaders and the employees (Zhang & Bartol, 2010).

### 2.2. Concept of Teamwork and Teamwork Performance (TP)

Teamwork means as a combination of both physical and mental strength of members of the same group together, they are willing to sacrifice personal interests to achieve the group's common goals (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Therefore, the TP is reflected in the team members' willingness to share difficulties and help each other while working; above all it is the goal of the group to meet the overall needs and goals of the organization's work (Podsakoff et al., 2003).

### 2.3. Research Hypotheses

#### 2.3.1. Relationship between Empowering Leadership and Teamwork Performance (TP)

EL is posed as a matter the levels of sharing the authority rather than the work situation. This is what the managers need to make their judgments regarding whom and to what extent the empowerment shall be shared (Ford & Fottler, 1995). Empowerment can be considered effective if there are good outcomes between the leaders and their subordinates (Tung & Chang, 2011). When employees have more autonomy in their work, it helps to improve their TP (Yukl & Fu, 1999). In addition, TP also requires the interaction and cooperation between the members and the

ultimate team goals cannot be achieved unless all members are non-cooperative and interacting on duty (Wageman, 1995). Consequently, EL may be beneficial to teamwork outcomes by encouraging the team members to proactively solve their problems, speeding up the responses of the team members, and improving the working quality with the team members (Cohen & Bailey, 1997). Therefore, the research hypotheses are proposed as follows:

**H1:** Empowering leadership has a positive and direct impact on teamwork performance.

#### 2.3.2. Relationship between Empowering Leadership (EL) and Knowledge Sharing (KS)

In order to develop this relationship, it is necessary to understand what KS is defined. KS refers to providing task information and know-how to help others and collaborate with others to solve problems, develop new ideas, or perform the policies or procedures. (Wang & Noe, 2010). KS means as an activity which knowledge (specifically, information, skills or expertise) is exchanged among the people, friends, family, communities or organizations (Serban, Zuraini, & Aris, 2002; Hasmath & Hsu, 2016).

Emotional, behavioral, and cognitive aspects are considered to be the characteristics of an effective teamwork (Ilgen, Hollenbeck, Johnson, & Jundt, 2005). Srivastava, Bartol, and Locke (2006) introduced KS among team members as a way to share their ideas, information, and suggestions related to work tasks with each other. This helps to store and increase the knowledge among team members (Liebowitz, 1999; Purnomo, Rahayu, Riani, Suminah, & Udin, 2020).

The problem of knowledge sharing does not occur naturally among the team members, but it requires the rights of the team members (Tung & Chang, 2011). Therefore, an important potential benefit of EL is to facilitate for KS among team members and to build up team performance (Srivastava et al., 2006). The decision-making and coaching behaviors with the participations of the leaders also help to ensure that the team members achieve fairness at work and motivate the employees to contribute their ideas and work information (Tung & Chang, 2011). The EL encourages employees to work in groups, thereby, creating the opportunities for knowledge sharing (Arnold, Arad, Rhoades, & Drasgow, 2000). Therefore, the research hypotheses are given as follows:

**H2:** Empowering leadership has a directly positive impact on knowledge sharing among the team members.

#### 2.3.3. Relationship between Knowledge Sharing (KS) and Teamwork Performance (TP)

The KS within the team allows to perform the tasks and coordinate to work among team members, motivating to get greater TP (Stasser & Titus, 1985). Smith-Jentsch et al. (2005) demonstrated that KS had a positive impact on TP, which in turn promotes firm efficiency (Rahman, Meah, & Chaudhory, 2019; Ha, 2020). The interactions among team members on sharing the problems, information, and job knowledge with each other are prerequisites for increasing TP (Srivastava et al., 2006). Therefore, the research hypotheses are proposed as follows:

**H3:** Knowledge sharing among team members has a direct impact on team performance.

**2.3.4. Mediating role of Knowledge Sharing (KS)**

Ahearne et al. (2005) have shown that KS is the mediator for the impact of EL on TP. The effective sharing and use of knowledge are depended on the teamwork capabilities in creating and combining the knowledge of each member (Srivastava et al., 2006). The process of EL may be able to give each member the common power by identifying the importance of their work, showing their trust in the members’ capabilities, and leading to higher TP (Arnold et al., 2000) or welfare (Purwanti, Susilo, & Indrayani, 2020). The team members may become more willing to take their risks in sharing and exchanging the knowledge when empowering leadership. The effectiveness of EL is illustrated the greater TP if the team members increase KS (Srivastava et al., 2006). Thus, the research hypotheses are given as follows:

**H4:** Knowledge sharing plays as the mediator for the positive impact of empowering leadership on teamwork performance.

**3. Research Methods and Materials**

The paper methodology is as follows:

Qualitative method: First, the author conducts research, and synthesizes theories as well as previous literature relating to the research topic. Next, the author conducts discussions with 09 sales experts in banking industry to adjust the observed variables of the factors in the proposed research model.

Quantitative method: Data collected from direct consultation with employees in sales departments at commercial banks in Vietnam. The convenient sampling method is employed to form the sample size of 406 employees working at sales departments of commercial banks in Vietnam. Basic analytical techniques (statistics, Cronbach's alpha, EFA, CFA, and SEM) are conducted by both SPSS 20 and AMOS 20 software to demonstrate the

impacts of empowering leadership on the team performance of sales departments at commercial banks in Vietnam (see Table 1).

**Table 1:** Measurement scales for the factors

Factor	Encryption	Measurement scale
Empowering leadership (EL) Ahearne et al. (2005)	EL1	Are you motivated into the organization's decision-making process?
	EL2	Are you expressed your confidence in your work?
	EL3	Do you realize the importance of the work that you are doing?
	EL4	Do you have the autonomy in the work that you are assigned?
Knowledge sharing (KS) Yoo et al. (2002)	KS1	Do you often share your knowledge with others in the organization?
	KS2	Are you one of the more active contributors than others in the organization in knowledge sharing?
	KS3	Do you make an effort to spend your time participating in activities that contribute knowledge to the organization?
	KS4	Do you try to share your knowledge with the organization?
Teamwork performance (TP) Podsakoff et al. (2003)	TP1	Do your team members often discuss their issues when working together?
	TP2	Do your team members often help and support each other when working?
	TP3	Does your team always have a common goal when working?
	TP4	Are your teamwork goals always related to the work at the organization?

**Table 2:** Descriptive statistics

Variable		Frequency (n)	Percent (%)
Gender	Male	218	53.7
	Female	188	46.3
Education	College or lower	27	6.7
	University	248	61.1
	Postgraduate	131	32.3
Age	< 30	65	16.0
	30 – 40	157	38.7
	41 – 50	136	33.5
	> 50	48	11.8
Income	< 5 000 000 VND/month	62	15.3
	5 – 10 000 000 VND/month	246	60.6
	> 10 000 000 VND/month	98	24.1

It is necessary to investigate the number of samples 5 times as the same as the number of variables (Hoang & Chu, 2008). Thus, the minimum observations in this study will be:  $5 \times 12 = 60$  observed variables. However, in order to ensure representativeness of the sample, the author surveys 450 salespeople, which give 406 valid questionnaires.

There are 46.3% female employees and 53.7% male employees in the sample. Educational qualifications are mainly at university level, accounting for 61.1%. The main age group from 30 to 50 years old accounts for 72.2%. The highest proposition of average income ranges from VND 5 million to 10 million per month with 60.6% (see Table 2).

### 4. Results and Discussion

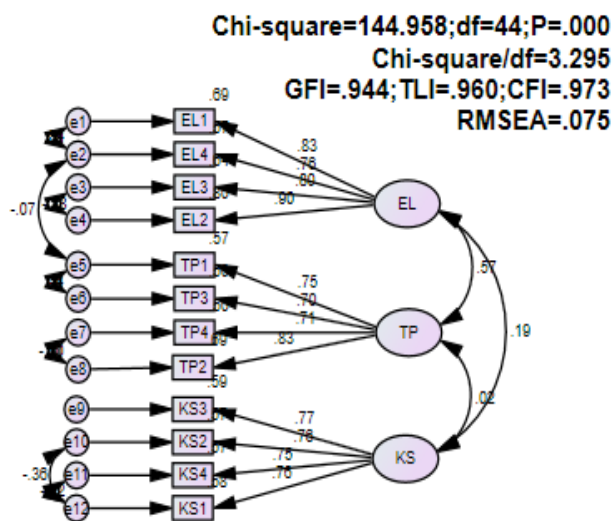
Cronbach's alpha analysis shows that all factor coefficients have values greater than 0.8. EL (Empowering leadership), KS (Knowledge sharing), TP (Teamwork performance) have Cronbach's alpha values of 0.905, 0.807, and 0.857, respectively. The correlation coefficient of the total variables is also greater than 0.3. Therefore, all variables are satisfactory for analyzing. Next, 12 variables belonging to factors were included in the Exploratory Factor Analysis (EFA) to explore the structure of a scale of factors: EL, KS, and TP. EFA analysis results indicate that KMO is 0.726 (which is greater than 0.5) while the Chi-Square statistic of Bartlett's test is 3,777.943 with significance level of 0,000 and 66 degree of freedom. Therefore, all variables are valid to include in the model analysis (see Table 3).

**Table 3:** Rotated Component Matrix

	Component		
	1	2	3
EL1	0.956		
EL4	0.939		
EL3	0.839		
EL2	0.793		
TP1		0.968	
TP3		0.964	
TP4		0.751	
TP2		0.560	
KS3			0.870
KS2			0.812
KS4			0.766
KS1			0.724
Eigenvalue = 1.635			
Cumulative	37.109%	58.603%	72.231%

The eigenvalue value is 1.653 greater than 1 and stops at the third line with the total variance extracted is 72.231%

greater than 50%. At the same time, all loading factors are greater than 0.6 and these factors are arranged in three different groups: EL, KS, and TP. After that, all factors are used for CFA analysis. The data achieve convergent value because in CFA results, the value of Chi-square/df = 3.295 is smaller than 5, GFI = 0.944 > 0.9, TLI = 0.960 > 0.95, CFI = 0.973 > 0.95 and RMSEA = 0.075 < 0.1. In addition, the standardized weights are found to be greater than 0.5. So, three main factors including EL, KS, and TP are included in the analysis (see Figure 1).



**Figure 1:** Standardized results of CFA

The variance extracted and composite reliability of three factors including empowering leadership, knowledge sharing, and teamwork performance show reliable results. Empowering leadership has 0.811 of variance extracted and 0.905 of composite reliability. Knowledge sharing has 0.785 of variance extracted and 0.823 of composite reliability while teamwork performance has 0.769 of variance extracted and 0.866 of composite reliability.

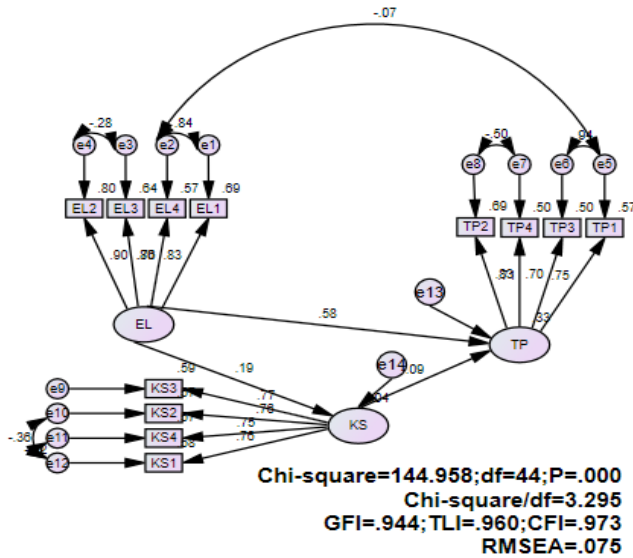
**Table 4:** SEM analysis results (standardized coefficients)

No.	Content	Value
1	Chi-square/df	3.295
2	P-value của Chi-square	0.000
3	GFI	0.944
4	TLI	0.960
5	CFI	0.973
6	RMSEA	0.075

The discriminatory value of the concepts has been achieved because the correlation coefficients of each pair of concepts are different from 1 at significant level of 5%. All

factors also ensure the reliability since the combined reliability values as well as total variance extracted of all factors are greater than 0.5 (see Figure 4).

Some indicators such as Chi-square/df value = 3.295 < 5, GFI = 0.944 > 0.9, TLI = 0.960 > 0.95, CFI = 0.973 > 0.95 and RMSEA = 0.075 < 0.1 indicate that the Structural Equation Model gives out consistent results with market data (see Figure 2).



**Figure 2:** The impacts of empowering leadership on the team performance of the employees in sales departments at commercial banks in Vietnam

**Table 5:** SEM model results

Relationship			Regression coefficient		S.E	C.R
			Direct impact	Indirect impact		
KS	<---	EL	0.163	0.015*	0.047	3.477
TP	<---	EL	0.488		0.056	8.748
TP	<---	KS	0.090		0.048	1.881
TP	<---	EL*				
			P-value	Standardized estimate	Standardized estimate according to the diagram	
KS	<---	EL	0.000	0.192	0.19	
TP	<---	EL	0.000	0.584	0.58	
TP	<---	KS	0.030	0.092	0.09	
TP	<---	EL*		0.018	0.02	

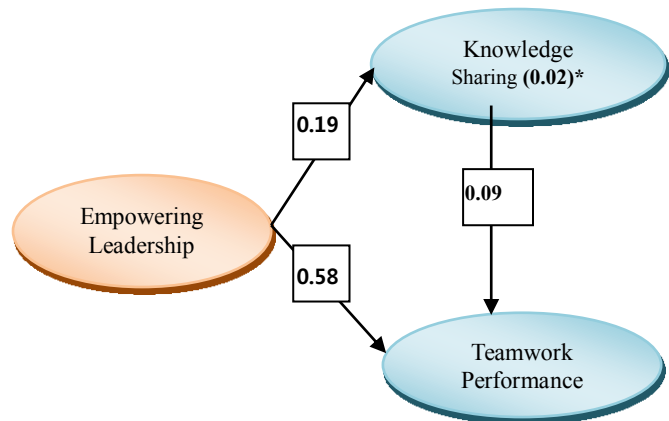
\*: Demonstrating the mediating role of Knowledge Sharing in the relationship between Empowering Leadership and Teamwork Performance

The correlations among factors EL, KS, and TP are statistically significant in SEM model. In the SEM linear structural model, the Empowering Leadership has both directly and indirectly positive impacts (through the mediator as Knowledge Sharing) to Teamwork Performance. Additionally, Empowering Leadership factor also has directly positive impact on Knowledge Sharing and Knowledge Sharing factor has directly positive impact on Team Performance (see Table 5).

The Empowering Leadership factor has a directly positive impact on Knowledge Sharing and Teamwork Performance with the coefficients of 0.19 and 0.58, respectively, which means when the Empowering Leadership is positive, the Knowledge Sharing and Teamwork Performance will increase (with the corresponding increase of one time in the Empowering Leadership, the Knowledge Sharing and Teamwork Performance will increase by 0.19 times and 0.58 times, respectively).

In addition, Empowering Leadership also has an indirect impact on Teamwork Performance through Knowledge Sharing factor with the regression coefficient of 0.02, which means when the Empowering Leadership is positive, the Teamwork Performance will increase (with the corresponding increase of one time in the Empowering Leadership, the Teamwork Performance will increase by 0.02 times).

Moreover, Knowledge Sharing factor has a directly positive impact on Teamwork Performance with the coefficient of 0.09, which means when the Knowledge Sharing factor is positive, the Teamwork Performance will increase (with the corresponding increase of one time in the Knowledge Sharing, the Teamwork Performance will increase by 0.09 times) (see Figure 3).



\*: Demonstrating the mediating role of Knowledge Sharing in the relationship between Empowering Leadership and Teamwork Performance  
**Figure 3:** The impacts of empowering leadership on the team performance of the employees in sales departments at commercial banks in Vietnam

## 5. Implications and Conclusion

### 5.1. Policy Implications

To increase the Teamwork Performance of sales departments in the systems of some commercial banks in Vietnam, the research has proposed a number of governance implications:

- The commercial banks ought to enhance the spirit of teamwork, collectivity to make its employees more cohesive.

- The commercial banks should diversify its forms of teamwork, actively perform knowledge sharing for all of the employees in their units.

- Not only should the commercial banks encourage its employees to support each other at work, but the employees also need to be more proactive in sharing the work that they are doing so that their colleagues know and can share their experiences to help them do their jobs better.

- The leaders must know to listen to their employees' statements, ideas, and creativities; and ask them to incorporate and give their opinions on other major issues.

- The commercial banks should promulgate its legal documents regulating the right to decide on the matters related to works without consulting the senior leaders.

- It is necessary for the leaders to always support and help the employees to perform their tasks better.

Despite of making a lot of attempts to complete the study due to the limitations on time, budget, and knowledge, the paper has some limitations, i.e. the scope of the research only focuses on some commercial banks in a few of big cities of Vietnam, such as Ha Noi, Ho Chi Minh City, Da Nang City, and Can Tho City, or the sample size is relative small. Therefore, future studies may increase its sample size as well as expand the scope of the research.

### 5.2. Conclusion

Firstly, the paper proposes a research model from three factors: (1) Empowering Leadership, (2) Knowledge Sharing and (3) Teamwork Performance. Based on that, the author conducts data collection by survey for these factors. Data analysis results achieved the following results:

The study performs some statistical variables of gender, education level, age and income.

- Next, Cronbach's alpha and EFA analysis results confirm that the variables are arranged into three factors, which are EL (Empowering leadership), KS (Knowledge sharing), TP (Teamwork performance).

- The CFA and SEM linear structure model indicate: (1) Empowering Leadership factor has positive impacts both directly and indirectly (through the mediator as Knowledge Sharing) to Teamwork Performance; (2) Empowering

Leadership factor also has directly positive impact on Knowledge Sharing and (3) Knowledge Sharing factor has directly positive impact on Team Performance.

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