

**THE RELATIONSHIP BETWEEN EPOWERMENT
FACTORS AND RECRUITMENT PROCESS IN
SMALL B2B LOGISTICS COMPANIES IN
QINGDAO, CHINA**

LIU HAO

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for the Degree of Master of Human Capital
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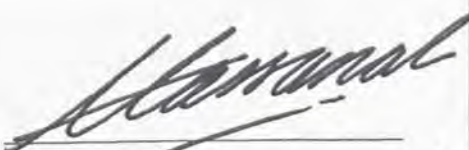

(Penulis: Liu Hao)

(TANDATANGAN PUSTAKAWAN)

Alamat:

No. 202, Unite 1, No. 2
Building, No. 85 Jia Xuzhou
road, Qingdao, Shandong,
China

(Penyelia: _____)
Tarikh: 14. 07. 08


PENGIRAN DR. HASSANAL BAHAR BIN PENGIRAN BAGUL
Deputy Dean
(Academic & Student's Affairs)
School of Business & Economics
Universiti Malaysia Sabah

Tarikh: 2008

CATATAN: Tesis dimaksudkan sebagai tesis Ijazah Doktor Falasafah dan Sarjana secara penyelidikan ataudisertasi bagi pengajian secara kerja kursus dan penyelidikan, atau laporan Project Sarjana Muda (LPSM)



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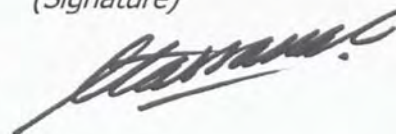
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DECLARED BY

1. **SUPERVISOR**
(Name of Supervisor)

Pengiran Dr. Hassanal Bahar
Pengiran Bagul

(Signature)



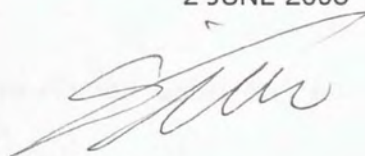
PENGIRAN DR. HASSANAL BAHAR BIN PENGIRAN BAGUL
Deputy Dean
(Academic & Student's Affairs)
School of Business & Economics
Universiti Malaysia Sabah



DECLARATION

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LIU HAO
PE2006-8658
2 JUNE 2008



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ABSTRACT

Empowerment is a type of management practice. Some researchers believed that those who are empowered are motivated employees. The objective of this research is to identify the implementation factors for all small B2B logistics companies in Qingdao and simplify the measurement of empowerment scale for small B2B logistics companies and the research also tries to identify the relationship between empowered organizational environment and recruitment. The literature review of the research proved that there is a research gap. So far, it rarely finds previous researches that focus on the relationship between empowerment and recruitment. Qualitative data was collected through telephone interview to 12 interviewees who are all employees of one small size B2B logistics company at Qingdao, China. The findings of the research are divided into two parts. First, the implementation part whereby several implementation factors were found. This part is to be concluded as a Backup system that has to be two ways. By creating an environment for employee to give their opinion fairly, treat employees fairly, and create a mass ubiquitous information exchange system. The information exchange system should not only include one-to-one information transfer channel but also has to have one-to-many information transfer channel and it is very difficult for "Organizational Structure", "Decision Making Process" and "Open Information" to work independently. Part two, is the relationship between empowerment and recruitment. Empowered environment is not necessary to help the company recruit better employee who is empowered and may serve the company longer and easier to be promoted.

ABSTRAK

HUBUNGAN FAKTOR-FAKTOR PERKONGSIAN KUASA DAN PROSES PENGAMBILAN PEKERJA DALAM PERNIAGAAN INDUSTRI LOGISTIK DI QINGDAO, CHINA

Salah satu ciri-ciri pengurusan adalah pemberian kuasa. Sebilangan pengkaji mempercayai bahawa mereka yang diberi kuasa adalah kakitangan yang bermotivasi. Objektif pengkajian ini adalah untuk mengenali faktor implikasi bagi semua syarikat kecil logistik B2B di Qingdao dan memudahkan skala sukatan bagi penurunan kuasa bagi syarikat-syarikat kecil logistik B2B dan pengkajian ini juga akan mengenalpasti hubungan di antara situasi organisasi yang mempraktikan pemberian kuasa dengan pengambilan pekerja. Menurut kajian yang telah dibuat oleh beberapa pengkaji, membuktikan wujudnya satu ruang pengkajian. Sehingga kini, jarang sekali adanya pengkajian yang lalu yang memfokuskan hubungan diantara pemberian kuasa dengan pengambil pekerja. Data kualitatif telah dikumpul melalui temuduga telefon ke atas 12 calon yang mana semuanya adalah kakitangan sebuah syarikat kecil B2B logistik di Qingdao, China. Hasil daripada pengkajian ini dibahagi kepada dua bahagian. Pertama, bahagian implimentasi dimana terdapatnya beberapa faktor. Bahagian ini akan dirumuskan sebagai sistem 'Back-up' yang mempunyai dua cara. Dengan cara memberi situasi yang mana kakitangan boleh memberi pendapat mereka dengan adil, bersikap adil terhadap kakitangan, dan membina suatu sistem penukaran informasi secara besar-besaran. Sistem ini tidaklah hanya menyalurkan sistem informasi secara seorang ke seorang tetapi juga hendaklah menyalurkan secara seorang kepada ramai, dan adalah sangat sukar bagi "Organizational Structure", "Decision Making Process" dan "Open Information" untuk berfungsi secara bebas. Bahagian kedua, adalah hubungan diantara pemberian kuasa dan pengambilan pekerja. Dalam situasi pemberian kuasa adalah tidak perlu untuk membantu syarikat mengambil pekerja yang diberi penguasaan dan mungkin akan berkhidmat lebih lama dengan syarikat tersebut dan mudah untuk dinaikan pangkat.

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Small and medium sized companies are contributing around 70% employment to China (National bureau of Statistics of China 2005). These small and medium size companies are acting as main role of Chinese economics.

The Chinese government wants to make small companies as the stronger powered economic engine in future. The Chinese government also wants to create more job opportunities through encourage the growth of more small company enterprises (11th 5 years plan 2006-2010). Shandong province is going to become a key player of small-and medium-sized enterprises (Damodaran 2008, April 5).

As China is becoming an aging society in great speed, Labour shortage phenomenon is expected to occur within one decade (ministry of labour and social security.PEC Sep 2004). Based on the supply and demand theory, increase compensation during the term of labour shortage would not be able to help increase the supply of labour. Therefore, the concept of empowerment of the employee may become an effective and positive way to increase loyalty, motivation and productivity (Sashkin 1984).

Moreover, Wyer (1999) argued that it is easier for small businesses to have disempowering structures because the owner-manager and size-related characteristics.

Furthermore, future small company workers are increasing their expectation for both tangible and intangible benefits, especially the area of demand for empowerment and respect, workplace involvement, employee welfare and supportive management (Szamosi 2006).

Qingdao, as the economically biggest city in the Shandong province in China, worldwide logistics companies such as DHL and FedEx courier companies, are using a lot of small B2B logistics companies from there, to transfer customers' baggage from Qingdao to the hub airport at Beijing and Shanghai in China. Small B2B logistics companies are already participated in the international wide companies'



network. Small B2B logistics companies have nearly a 100% share in the existing lorry charter market in Qingdao. Therefore, small B2B logistics companies already act as a part of infrastructure which is supporting Qingdao's 7million people's life (Bureau of Statistics of Qingdao).

Hence, there is an importnd and practical need to do the theoretical research about empowerment for small companies' employee; especially in the B2B logistics category.

1.2 Problem Statements

In the small B2B logistics companies, as compared to nationally wide and internationally wide companies, both employees and employers have contrasting educational backgrounds. Therefore, to have a basic understanding and agreement about their company's policies is a challenging job for both the employers and the employees. Eventually, sooner or later, situations may arise whereby operational workers have to make decisions on behalf of their companies without sufficient consultative information to support those decisions and end up making poor decisions. As a result, customers may be affected and may take the view that the particular company is not qualified to provide proper standard service.

On the other hand, if merely look at the surface of this phenomenon; it is extremely similar to that of the empowered organizations because employees already have the authority and discretion to make decisions (Greasley et al., 2005). However, it is hardly the correct way to empower employees. Empowerment should not be simply thought as equivalent to decision making authority. A successful empowerment process should include other various factors.

Matthews (2003) developed three environmental factors which may help small B2B logistics companies understand clearer the concept of empowerment. These are the

- ✓ Organisational Structural (OS)
- ✓ Decision Making Process (DMP)
- ✓ Open Information (OI)

The main issue which is to identify a simple list of implementation factors for small B2B logistics companies to measure empowerment therefore need to

be discussed in this research.

Furthermore, it is a challenging job for small companies to compete with national or international sized organizations at labour market. This is especially so if the market is going to face potential labour shortage. The research attempts to find a possible ways for small sized companies to compete with huge companies in the labour market via providing the test to examine the relationship between empowerment and recruitment.

This research will basically also attempt to answer the foregoing research questions as outlined below:

1.2.1: how to use OS to measure empowerment?

1.2.2: how to use DMP to measure empowerment?

1.2.3: how to use OI to measure empowerment?

1.2.4: how to use OS+DMP measure empowerment?

1.2.5: how to use OS+OI measure empowerment?

1.2.6: how to use DMP+OI measure empowerment?

1.2.7: how to use OS+DMP+OI measure empowerment?

1.2.8: what is the relationship between empowered organizational environment and recruitment?

1.3 Objectives of Study

There are two general objectives in this research. The research objectives can be listed as:

1. To identify the relationship between empowered organizational environment and recruitment.
2. To identify implementation factors for small B2B logistics companies in Qingdao. The research aims to simplify the measuring scale of empowerment for small B2B logistics companies.

1.4 Significances of Study

Firstly, this is an academic research. The resultant information derived

form the research may contribute to increase the academic knowledge directly. Secondly, small B2B logistics companies are already working as a part of infrastructure at Qingdao because the courier or express business in Qingdao is already implicitly entrenched with small B2B logistics companies. This study hopes to successfully provide a clearer scope of empowerment to help small B2B logistics companies to have better management. The research is expected to help the small B2B logistics companies to have a huge increase in growth. It should benefit both employees and employers in the industry. It is hoped that the small B2B logistics companies will benefit the public community by providing stable job opportunities continuously.

On a different angle, the research also attempts to help small B2B logistics companies take advantage of future labour market by creating empowered working environment and open the information during the term of recruitment process. Besides, the results of the study may be used by people who want to find jobs at small B2B logistics companies to test how the expected workplace are empowered. The research may help them identify suitable companies for the job seeker.

Finally, it is hoped that the research results and all attendant information will provide a clearer view with regards to small B2B logistics companies which will be made available to the public and the Chinese government to be utilised as a reference to help in their political decision making process.

1.5 Summary

In Qingdao, there already existing numerous small size organizations whose working environment is very similar to that of the ones operating in the empowered environment concept. Employees of the organizations are able to make decisions over certain matters. However, customers or clients may experience the feeling that some of these organizations are not providing the proper business standard of expectation. This research hopes to attempt to solve this aspect of the problem for small sized organizations, especially at B2B logistics industry level.

It is expected that many areas of society may be able to benefit from this research; the academic knowledge may be improved by the research. Additionally, the research is also able to provide a clearer view for the Chinese government to assist in make policy decisions concerning small sized organizations,

especially, in B2B logistics industry. Furthermore, the research findings are also available for the use and benefit of employers of similar type organizations to improve their management strategy. Finally, existing workers and potential job seekers can also benefit from the new ideas advanced from these findings to assist them in their existing jobs or in their search for better jobs.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The previous chapter touched on the general overall view of the Research. Now, will present it in more depth.

Research back ground is listed as follows:

- ✓ 70% employment
- ✓ Economic engine
- ✓ Labour shortage
- ✓ Employee's needs
- ✓ Participation

Research questions are listed as follows:

- ✓ 1.2.1: how to use OS to measure empowerment?
- ✓ 1.2.2: how to use DMP to measure empowerment?
- ✓ 1.2.3: how to use OI to measure empowerment?
- ✓ 1.2.4: how to use OS+DMP measure empowerment?
- ✓ 1.2.5: how to use OS+OI measure empowerment?
- ✓ 1.2.6: how to use DMP+OI measure empowerment?
- ✓ 1.2.7: how to use OS+DM+OI measure empowerment?
- ✓ 1.2.8: what is the relationship between empowered organizational environment and recruitment?

Research objectives are summarised as follows:

- ✓ Relationship between empowerment and recruitment
- ✓ Identify implementation factors

This chapter is going to review the key literature concerning empowerment. There are three key-words which need to be discussed in the chapter. Those are the 'typology of empowerment', 'types of research and related theory around empowerment' and the 'measurement of empowerment'. All in all, this



chapter is going to expose the gap in the existing past research and justify the theoretical framework via a literature review.

2.2 Typology of Concepts

Previous researches have mentioned that empowerment is not only a human resource management method in businesses, but is also widely used in society. Table 2.1 shows that a typology work has been done by Osborne (1994). The research includes different stakeholders in society. Every stakeholder may have different requirements, expectations and difficulties for empowerment.

Table 2. 1: A typology of empowerment

<i>Societal setting</i>	<i>Institutional basis</i>	<i>Process</i>	<i>Key mechanism</i>	<i>Main dangers</i>
The marketplace	Commercial/financial organizations	Individual purchases	Choice	Market inefficiency/excess. Clashes of consumers with shareholders
The community	Self-help/mutual aid organizations	Community development and organization	Action	Marginalization
The public sector	Service organizations	Service delivery/therapy	Professional intervention	De-skilling. Clashes of clients and professionals
The political system	National/local government	Voting/lobbying	Decision making	Domination of the majority

Source: Osborne 1994

In this conclusion, Osborne (1994) has pointed out that empowerment is a conflictual process. In organizational management level, the viewpoint from employee, management, stockholder and so on should include every participant's unique understanding and requirements for empowerment. Therefore, empowering people in an organization presupposes it to be a conflictual process as well. However,

the typology work did not specify enough to give theoretical support to empowerment at business management level.

On the other hand, this paper focuses on the small-sized organizations. Small-sized organizations may have unique characteristics compared to national wide and international wide organizations. The unique characteristics may come from various educational backgrounds of each individual, their different purpose for working and so on. The typology work which has been done by Osborne (1994) also only did provide a limited theoretical support to small-sized organizations.

2.3 Previous Research about Empowerment

2.3.1: Theoretical building research

So far, empowerment is a popular topic which has been researched by lots of researchers (Honold 1997). For instance Nykodym et al., (1994) analysed that empowerment does not always have positive effects pertaining to job satisfaction and performance. Moller (1994) believes that good employeeeship is the prerequisite for empowerment. Employeeeship stems form three main elements - responsibility, loyalty and initiative. Employeeeship is able to effectively promote success in three areas - productivity, relations and quality.

Table 2. 2 The researches for theoretical building

<i>Author</i>	<i>Year</i>	<i>Article</i>	<i>Findings</i>
Collins	1994	The disempowering logic of empowerment	Cultural changes required for empowerment
Moller	1994	Employeeeship: The necessary prerequisite for empowerment	Responsibility, loyalty and initiative can influence employeeeship. Employeeeship is a prerequisite for empowerment.
Nykodym	1994	Employee Empowerment	Empowerment is influenced by psychological, organizational and environmental factors.
Rodrigues	1994	Employee participation and empowerment programs	TQM requires that organizations' effectively implement and maintain employee participation and empowerment programs (EPEPs). Implement and maintain EPEPs needs cultural change.
Brower	1995	Empowering teams: What, why, and how	Brower developed a 4A's model of empowerment. 4A's are Authority to make decisions, accountability, alignment of direction and Ableness by team members. 4 A's have to supported by information, support from the system and leaderships.
Harley	1995	Eight critical principles of empowerment	<ol style="list-style-type: none"> 1. Protect the dignity of all employees 2. Manage perceptions, not just the "facts" 3. Use organizational authority to release rather than inhibit human potential 4. Use consensus decision making 5. Clarify vision, mission, objectives, goals, and job descriptions 6. Unshackle the human desire to be of service to others 7. Come from values 8. Provide the feedback requested by the employees <p>The eight principles may help company to create a</p>

			continuous improvement environment.
Margulies	1995	New designs of work groups: Applications of empowerment	Margulies uses distinctions of empowerment which includes management structure and focus, evaluation and improvement, decision making, and employee motivation. Finally, he identified that empowerment only works by involving all levels of management and employees.
Pastor	1996	Empowerment: What it is and what it is not	Pastor developed five stages to empower team. Stage one, manager informs decisions to team Stage two, ask suggestions from team and make the decisions based on the suggestions and informs team Stage three, discuss with the team, ask for proposals and input from team then make decisions and informs the team. Stage four, continue stage three but make the discussion more open. Stage five, delegates the decision making to the team.
Appelbaum	1999	Empowerment: Power, culture and leadership-A strategy or fad for the millennium?	Whether empowerment successful or not which depends on power, Culture and leadership.

As can be seen from Table 2.1, a lot of theoretical building work has already been done. Mainly, theoretical building work comes from two categories which are definition and implementation to empowerment and relationship testing between empowerment and other factors. However, the studies might have been much more useful, if there has been some research to explain how to use the strategies of empowerment in different situation.

2.3.2: Applied research

Two kinds of applied research can be found. One is test theory in various industries and another is test in to carry out the testing in different geographic area. However as Table 2.2 shows that several researches relating to the topic have been done already.

Table 2. 3: The applied researches have been done

Author	Year	Article	Findings
Lashley	1994	The limits of empowerment	<p>He tested Hubrecht et al., (1993) x and y theory in hospitality industries. Empowerment may have better influence to theory Y organizations compare to theory X organizations.</p> <p>Theory X organizations: <i>high volume standardized, short time, simple technology.</i></p> <p>Theory Y organizations: <i>personalized service, long period, complex technology unpredictable.</i></p>
Wyer	1999	Empowerment in small business	<p>In this article, the author used Honold (1997)'s theory to measure the empowerment in small business not only in growth-orient but also build the organization into more professional.</p> <p>Furthermore, there is a Malaysian furniture manufacturer case study supports the finding as owner-manager directors have responsibilities relating to</p> <ol style="list-style-type: none"> 1. Market development, product development and promotion 2. Finance 3. Projects and contracts <p>The research filled the gap of idiosyncrasies and informalities of the small business operation.</p>
Sundbo	1999	Empowerment of employees in small and medium-sized services firms	<p>The article explained empowerment in small and medium-sized service firms in three theoretical fields. They are innovation, organisation and HRM</p>

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PERPUSTAKAAN
UNIVERSITI MALAYSIA SABAH