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The Moderation Effect of Job Tenure on Psychological Empowerment and Employee Performance in Malaysia Public Sector

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Abstract
Public employee performance is very critical as it affects the government’s reputation and performance. Meanwhile, the tenure of service could influence the effect of psychological empowerment on employee performance. Thus, the objectives of this study are, first, to investigate the effect psychological empowerment on employee performance, and second, to examine whether the tenure of service moderates the relationship between psychological empowerment and employee performance among public service employees in Malaysia. A total of 286 sets of a questionnaire are collected from the public sector department. Partial Least Squares-Structural Equation Modeling (PLS-SEM) using SmartPLS 3.3.2 is used to analyze the data. The findings show that psychological empowerment is positively related to employees’ performance. Besides, employees’ tenure of service indicates a moderating effect on the relationship between psychological empowerment and employee performance. The longer the tenure, the better the employees adapt to their work, leading to the feeling of empowerment and a higher level of effort, which, in turn, increase employee performance. The study’s findings contribute to the field of management literature through the development and empirical test of a causal model of psychological empowerment on employee performance by considering employees’ tenure of service in the context of Malaysia public sector.

Keywords: Employees’ Tenure of Service, Psychological Empowerment, Employee Performance, Malaysia Public Service Sector.

Introduction
Employee performance is the management top priority, including the government sector in this globalisation era with the fast and dynamic economic and political landscape. Efficient and successful organisations are strongly influenced by superb employee performance; thus,
its importance (Abu-jarad et al., 2010; Alexendra et al., 2019). Likewise, Sugianingrat et al. (2019) asserted the critical role of employee performance in the effectiveness of an organisation in attaining its strategic objectives. Accordingly, Dizgah et al. (2013) concluded that employee performance is a significant issue in many organisations. One factor that can improve employee performance is by empowering the employee. Specifically, in the public service sector, empowerment is deemed a logical plan of action for developing an excellent service; empowerment allows the employees to work more effectively. For many years, empowerment has been practised in Malaysia. The federal government has distributed circulars since the 1990s about empowerment exercise within government departments to ensure excellence and quality outcomes (Malaysian Administrative Modernisation and Management Planning Unit, 2009). However, studies on empowerment in Malaysia has been scarce. Empowerment studies in Malaysia only began in 2000, despite being practised since the 1990s (Abd Ghani et al., 2009). A decade gap between the actual practice and empirical studies suggests that academics did not give the topic due attention. Early studies mostly focused on structural empowerment (management practices of authority delegation and sharing of resources). Later studies paid attention to psychological empowerment, focusing on the individual empowerment experience in the workplace. Past studies found positive effects of psychological empowerment on employee performance. If the company empowers enough employees, they will eventually realise the importance of their work and decide on improving their performance (Burke, 2015; De & Beuren, 2018, Kundu & Kumar, 2017, Kim & Jang, 2017). Although many studies have proven the significant effect of psychological empowerment on performance, research from Durrah et al. (2014) suggests otherwise. They studied bank employees in Jordan to determine how psychological empowerment dimensions affect performance effectiveness. The result indicates that the psychological empowerment dimensions of competence and impact, show a significant effect, while the other two dimensions, meaning and choice, have no significant effect. Alongside the organisational factor, the population demographic features could potentially impact the perceived empowerment level. Tenure is the demographic factor commonly cited as influencing employee performance (Nonaka, 1994; Tesluk & Jacobs, 1998). Empirical research examining the relationship between empowerment and tenure have uncovered some rather interesting results. Thus, with the research gap above, this study's objectives are to investigate the effect of psychological empowerment on employee performance, moderated by the tenure of service among public service employees in Malaysia.

**Literature Review**

**Employee Performance**

Employee performance refers to tasks and activities performed efficiently and effectively by individuals (Saleem et al., 2018; Motowildo, 2003; Opatha, 2015). Meanwhile, employee behaviour is associated with organisational goals (Campbell, 1993). It is considered by financial and operational performance (Sarwar and Muhammad, 2020). How tasks and responsibilities are accomplished, and problems encountered at work by individuals are indicated by performance (Rothmann & Coetzer, 2003). Essentially, employee performance refers to effective and efficient actions performed by employees to accomplish organisational objectives. According to Organ (1988), employee performance consists of two parts: contextual performance and task performance. Contextual performance is individual efforts unrelated to their jobs and functions, but in the long run, there are crucial to the organisation effectiveness (Borman & Motowidlo, 1993; Motowidlo & Schmit, 1999; Motowidlo & Van
Scotter, 1994). Task performance is the total expected value on an employee’s task-related proficiency or tasks fulfilment as obligatory by the official job description (Motowidlo, 2003). Studies have identified employee performance as critical to organisations’ competitive advantage and higher productivity. The private sector is more related to competitive advantage; however, the public sector could also be included because its ultimate goal is serving the public. Vermeeren et al. (2014) revealed that public organisations could use work performance to enhance their delivery of service. Thus, public organisations have acknowledged its importance and paid more attention to work performance, particularly in improving the delivery of service and formulating policies (Leeuw, 1996). Furthermore, the performance of the public sector employees reflects the public organisations’ general performance. Consequently, the work performance of the employees is vital to government services; and employees’ high work performance is a challenge to the management in its attempts to provide outstanding services to the public.

Psychological empowerment

Researchers have been examining psychological empowerment relationship with job performance since the term was coined, as ultimately, the purpose of studying psychological empowerment is to enhance job performance. Psychological empowerment refers to augmented elemental task motivation that reflects individuals’ orientation regarding their work role through four cognitions: competence, meaning, self-determination and impact (Spreitzer, 1995, p. 1443; Seibert et al., 2011).

Shapira and Tsemach (2014) suggested competence as employees’ capability of performing a given task. Competence refers to knowledge and skills required by employees to carry out tasks assigned to them in an organisation (Fulford & Enz, 1995; Rönnmar, 2004; Baumgarth & Schmidt, 2010; Werner & Weckenmann, 2012; Sandhya & Sulphey, 2020). With competence, employees’ will feel confident performing their assignment (Reichard et al., 2015). Given the evidence, it appears that competence is a factor that leads to employees’ successful performance of their duties.

According to Spreitzer (1995), meaning refers to ensuring something is done to achieve the best possible level. However, it is still necessary to comply with the scope of the assignment. Arogundade and Arogundade (2015) stated that if the task is interesting and fulfils the skills one’s have one would do a better job. Meanwhile, Wiens et al. (2014) mentioned that meaning refers to one’s assessment of a work that conforms one’s values, standards and beliefs.

Next, self-determination is the third dimension of psychological empowerment by Spreitzer (1995). Self-determination is a feeling that leads to action on something (Spritzer et al., 1999; Gagné & Deci, 2005). Fong et al. (2015) and Spreitzer (1995) believed that self-determination is when an employee is self-sufficient and self-employed. This can be seen in the way workers deal with problems that arise. Similarly, Wang and Liu (2015) suggested that self-determination is workers’ efficiency in carrying out tasks in their organisation.

The fourth and last dimension is impact. This dimension will show the highest level an employee can achieve in an organisation (Knol & Linge, 2008). This can be seen when the employee can give thoughtful insights to ensure the organisation success (Erdogan et al., 2018). Arogundade and Arogundade (2015) stated that impact is the stage whereby the employee demonstrates sincerity by setting out strategies to ensure their organisation can
compete. Numerous studies have found that impact is an important factor in the workforce that will ensure employees are always motivated in doing their job. There have been many studies examining psychological empowerment effect on job performance (Arsalan & Zaman, 2014; Degago, 2014; Indradevi, 2011; Meyerson & Dewettinck, 2012; Nawaz et al., 2014; ÖLÇER, 2015; Sun, 2016; Tuuli & Rowlinson, 2009; Yılmaz, 2015). The only empirical study exploring the relationship between empowerment and public sector performance was conducted by Lee et al. (2006). Their study was based on the federal survey. Their result revealed empowerment positive but poor association with employees’ perception of organisational effectiveness, compared with a more hierarchical and mechanistic approach to management offers several benefits in the way of improved performance.

Previous research states that psychological empowerment has a positive effect on employee performance. If a company is empowering enough employees, then they will realise the importance of the work and decide what to do to improve performance (De & Beuren, 2018). Kundu and Kumar (2017) conducted a study on 208 employees and found a positive effect of psychological empowerment on employee performance. When given autonomy, employees can work more effectively because they feel they have the freedom to map their duties, make decisions according to time and situation and find out every way possible to achieve their work goals (Akhtar & Malik, 2015). The positive effect of employee empowerment on performance must be an important note for managers because empowered employees have better motivation and performance compared to employees who do not feel empowered (Kim & Jang, 2017). Contrarily, and the poorer employees performed, the lower level their performance is, and lesser the customers’ satisfaction will be.

Thus, based on the above reasoning and past empirical evidence, the present study hypothesises the following:

H1: Psychological Empowerment positively influences Employees’ Performance.

Job Tenure as Moderator

The measure of the length of years an employee has been employed is known as job tenure. The longer their tenure with an organisation, the higher level of performance they display (McDaniel, Schmidt, & Hunter, 1988). One likely reason is that employees with longer tenure become more familiar with their job roles, and they would have attained a higher level career than newer employees. Hence, their better performance (Ng & Sorensen, 2008). In a similar note, Suliman (2002) concluded that employees that have been in a job longer perform better compared to employees with shorter tenured. Also, the former might have climbed to better positions, or they enjoyed working with their organisations. Accordingly, it shows that with the experience gained throughout their job tenure, employee performance improved.

Past studies also revealed that employers could expect better performance from employees with long job tenure, whereby they more reliable than newer employees (2004). Schmidt, Hunter and Outerbridge (1986) and Shaffril and Uli (2010) found that with experience, the performance of employees improved. Ng and Sorensen (2008) observed that longer-tenured employees were more well-versed with their job function and might have attained a higher level of career compared to newer employees; thus, they performed better on their job. Ruggai and Agih (2008) also noted a significant positive relationship between experience and work performance. Furthermore, employees with more work experience tend to get a better salary and more opportunities for self-development, leading to better work performance (2005).
Another important factor influencing employee performance is the demographic variable. Sturman (2003) suggested that through job tenure employees gained organisational knowledge, which positively affects employees’ job performance. Studies’ findings also indicate that acquiring more tenure-related resources is easier for longer-tenured employees (Ng & Feldman, 2010; Sturman, 2003). Nevertheless, a number of research indicate performance is not necessarily improved with longer tenure. For instance, Lee and Low (2008) found that poor performance is also observed among longer-tenured employees; as the age increased, they were feeling less motivated; whereas younger employees were excited, enthusiastic, and dynamic in their jobs. Hence, the following hypothesis:

H2: Psychological Empowerment positively influences Employees’ Performance moderated by Tenure of Service.

Methodology and Data Analysis
In order to ensure respondents of this study truly represent the population, this study uses a quantitative approach by choosing non-probability sampling techniques, or more precisely, the purposive sampling technique on support groups in the public sector in Malaysia. Different measures were used to measure the variables. For the measuring of employee performance, the model by William and Anderson (1991) was applied, which consists of 12 items. Spreitzer’s (1995) model with 12 items was applied for the measuring of psychological empowerment. In total, this study has 24 items. The present study uses a 7-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (7) to examine both the exogenous and endogenous variables, including the moderator. To estimate the sample size, we use G*power 3.0 software (Faul et al., 2007) by applying the effect size of f² 0.15, α error pro 0.05, and power Gf 0.95 with one tested predictor. Thus, we need 89 respondents as the minimum sample of this study. However, we distributed 300 questionnaires and collected 286 completed questionnaires that could be analysed. Figure 1 illustrates the research framework containing three variables under investigation. The SmartPLS 3.3.2 (Ringle et al., 2020) was used to analyse the data and to assess the research hypotheses.

Findings
Majority of the respondents were males (53.8%), while the remaining were females (46.2%). Most of the respondents were in the age between 21 and 35 years (44.4%), followed by 36 to 45 years (35.3), 46 to 55 years (13.6), 55 years and above (5.6%), and 18 to 20 years (1%). Two groups participated in this study; the first group consists of the supporting group grade 29–40 (70.3%), while the second group comprises the supporting group grade 19–28 (29.7%).

Most of the respondents (29.4%) have between 11 and 20 years of experience in their respective positions, followed by those with 1 to 5 years of experience (21.7%), more than 20 years of experience (21.0%), and 6 to 10 years (19.6%). Meanwhile, only 8.4% of the respondents have less than one year of experience. Public Works Department workers were the main participants, which accounted for 28.7%, followed by Water Department workers 13.6%, Agriculture Department workers 12.9%, and the rest with less than 10% participation.
Assessment of Measurement Model
Firstly, we examine the construct reliability (CR) and convergent validity testing, as demonstrated in Table 2. The findings reveal that the variables investigated have high internal consistency (Roldán & Sánchez-Franco, 2012) and an acceptable average variance extracted (AVE) to validate the convergent validity (Hair et al., 2017). Nearly every indicator shows satisfactory loadings’ values that are consistent with the threshold value of 0.708, as suggested by Hair et al. (2017). In order to avoid AVE violates the minimum value of 0.500, seven indicators (EP7, EP9, EP10 EP12, PE8, PE9, and PE10) were deleted (Hair et al., 2017). This implies that the average variance extracted (AVE) for each construct was more than 0.5. Thus, we conclude that both constructs have satisfactory convergent validity as the indicators could explain more than 50% of the constructs’ variance. The Cronbach’s Alpha (CA) and Composite Reliability (CR) values for both constructs have high internal consistency; whereby, the values of Psychological Empowerment (PE) were 0.877 (CA), and 0.900 (CR) and the values of Employees’ Performance (EP) were 0.869 (CA) and 0.896 (CR), respectively.

### Table 1: Respondent Profile

| Demographic Details | Frequency | Percentage |
|---------------------|-----------|------------|
| **Gender**          |           |            |
| Female              | 154       | 46.2       |
| Male                | 132       | 53.8       |
| **Age**             |           |            |
| 18-20 years old     | 3         | 1          |
| 21-35 years old     | 127       | 44.4       |
| 36-45 years old     | 101       | 35.3       |
| 46-55 years old     | 39        | 13.6       |
| 55 years old and above | 16   | 5.6        |
| **Grade**           |           |            |
| Supporting Group 1(29-40) | 201   | 70.3       |
| Supporting Group 2(19-28) | 85    | 29.7       |
| **Working Experience** |         |            |
| Less than 1 year    | 24        | 8.4        |
| 1-5 years           | 62        | 21.7       |
| 6-10 years          | 56        | 19.6       |
| 11-20 years         | 84        | 29.4       |
| More than 20 years  | 60        | 21         |
| **Division/Department/Agency** | | |
| Public Works Dept   | 82        | 28.7       |
| State Legislative Assembly | 1   | 0.3        |
| Treasury Dept       | 25        | 8.7        |
| Sabah Women’s Affairs Dept | 2   | 0.7        |
| Computer Service Dept | 40   | 14         |
| Water Dept          | 39        | 13.6       |
| Agriculture Dept    | 37        | 12.9       |
| Land and Survey Dept | 25    | 8.7        |
| Forestry Dept       | 12        | 4.2        |
| Railway Dept        | 1         | 0.3        |
| Public Service Dept | 11        | 3.8        |
| Finance Ministry    | 3         | 1          |
| Chief Minister Dept | 8         | 2.8        |
To examine the discriminant validity, we evaluate the HTMT criterion as presented in Table 3 (Ringle et al., 2020). The current study applies Henseler’s (2015) heterotrait-monotrait ratio of correlations criterion, and the results indicate that the discriminant validity was well-specified at HTMT0.85 (Diamantopoulos & Siguaw, 2006). Thus, the issue of discriminant validity is not a concern, as the results suggest that the correlation values are corresponding to the respective constructs, which follow the most conservative criterion (HTMT.85). Therefore, it is the structural model assessment can be performed to scrutinise the study’s hypotheses as there is no issue of multicollinearity between items loaded on different constructs in the outer model.
B. Assessment of Structural Model

Next, the study conducted the structural model assessment by doing a 5000-bootstrap resampling of data to examine the hypotheses (Hair et al., 2017). As shown in Table 4 and Figure 3, the Beta value for the path coefficient H1 indicates that Psychological Empowerment positively influences Employees' Performance. Explicitly, the study found support for H1 (Psychological Empowerment → Employees' Performance (β = 0.625, p < 0.000, LLCI = 0.540, ULCI = 0.681).

Table 4: Path Coefficients

| Direct Effect   | Beta  | S.E.  | t-value | p-value | LLCI  | ULCI  | Decision |
|-----------------|-------|-------|---------|---------|-------|-------|----------|
| H1: PE -> EP    | 0.625 | 0.041 | 15.076  | 0.000   | 0.540 | 0.681 | Supported |

Path Coefficient 0.01, 0.05 (Hair et al. 2017)

Table 5 displays the model quality assessment. This study evaluated the effect size (f²), the coefficient of determination (R²), and the predictive relevance (Q²) of exogenous variables on the study’s endogenous variable. Psychological empowerment reveals a substantial effect size f² on the Employees’ Performance (Cohen, 1988), as shown by f²=0.642. Hence, implying that psychological empowerment is a significant construct to influence Employees’ Performance. The determination coefficient is represented by R² that explains whether psychological empowerment could divulge employees' performance specifies a substantial effect (Chin, 1998). The R² value for employee performance was 0.391, signifying that psychological empowerment explains employees’ performance substantially.
Multicollinearity between indicators was measured as well. The indicators satisfied the VIF value, and there were constantly below the threshold value of 5.0 (Hair et al., 2014) and 3.3 (Diamantopoulos & Siguaw, 2006). Thus, conclusively, the collinearity issues did not exceed the critical levels for both variables; therefore, they are not an issue for the PLS path model estimation. The predictive relevance values for the dependent variable are moderate, as specified by the value of 0.192, indicating that psychological empowerment is considered powerful at predicting employees’ performance among public servants in the public sector in Malaysia, as presented by $Q^2$ using the blindfolding procedure (Hair et al., 2017).

Table 5: Model Quality Assessment

| Direct Effect | $f^2$ | $R^2$ | VIF | $Q^2$ |
|---------------|-------|-------|-----|-------|
| H1: PE -> EP  | 0.642 | 0.391 | 1.000 | 0.192 |

**VIF 3.3 or higher** (Diamantopoulos & Siguaw, 2006)

**$R^2 \geq 0.26$ consider Substantial** (Cohen, 1989)

**$F^2 \geq 0.26$ consider Substantial** (Cohen, 1989)

**$Q^2 > 0.00$ consider large** (Hair, 2017)

0.02 ≤ $Q^2$ < 0.15: weak predictive power

0.15 ≤ $Q^2$ < 0.35: moderate predictive power

$Q^2$ ≥ 0.35: strong predictive power

C. **Assessment of Moderation Effect of Tenure of Service**

Table 6 shows the result of the moderating effect of tenure of service evaluation. The result of the interaction effect, as can be seen, indicated that Tenure of service*Psychological Empowerment ($\beta=0.092$, t-value=1-670) suggesting that the moderating effect of tenure of service towards psychological empowerment and employees’ performance relationship is indeed supported. The moderation effect assessment is demonstrated graphically in Figure 4.

Table 6: Moderation Assessment

| Moderating Effect | Beta   | S.E. | t-value | p-value | LLCI  | ULCI  | Decision |
|-------------------|--------|------|---------|---------|-------|-------|----------|
| H2: Tenure*PE -> EP | 0.092  | 0.055| 1.670   | 0.047   | 0.007 | 0.190 | Supported |

*Path Coefficient 0.01, 0.05 (Hair et al. 2017)*
Discussion

The study first objective is to determine the relationship between psychological empowerment (competence, impact, meaning, and self-determination) and employees’ performance in Malaysia public sector. The findings of the hypotheses testing indicated a significant positive relationship between psychological empowerment and employee performance. The current study supplemented past research on psychological empowerment by concentrating on empowerment and how it affects performance among employees in the public sector (Lee et al., 2006). The study’s result is consistent with several empirical studies that found a direct and positive impact of psychological empowerment on employee performance (Kemal, 2010; Kok 2011; Aryee et al., 2012; Avery et al., 2013; Dust et al., 2014; Maynard et al., 2014, Sandhya & Sulphe, 2020). In short, psychological empowerment benefits employees, leading to employees’ good work performance and taking responsibility for their accomplishment.

Specifically, in the context of the public service sector, empowerment is deemed an effective approach to developing excellent service, because through empowerment, employees are given opportunities and support to work more effectively. Besides, empowered is also viewed as a strategy for refining public service quality and releasing the creative talents among employees of the public sector. For instance, empowered employees possessed a strong sense of self-determination, and they actively anticipate customer needs, solve arising issues effectively and timely; they generally performed exceptionally. Empowered employees also offer a higher quality of service and perform their job with pride. In addition, it is an excellent way to promote a solid and lasting employee-customer relationship. This is affirmed by the government Chief Secretary, asserting that the public delivery system has significantly improved since empowerment was practised; the public sector employees were more approachable and faster in handling public requests (Hassan, 2007). Remarkably, according to the Chief Secretary, such improvement has placed the government sector at the same or above the private sector standard.
The study also reveals tenure of service as a moderator in the relationship between psychological empowerment and employees’ performance; whereby the result shows a positive and significant relationship. The result suggests that the presence of tenure of service lead to the relationship between psychological empowerment and employees’ performance. Based on the outcomes from the two hypotheses, it is safe to conclude that employees with higher psychological empowerment tend to display higher employee performance. The conclusion supports the finding by Spreitzer (1995) that psychologically empowered employees tend to be considered effective since they could execute their job responsibilities proactively. Likewise, longer-tenured employees demonstrate better performance, due to their loyalty and commitment and because they are more familiar with their workplace and employers. Meanwhile, tenure in public sector service translates to better job stability. A longer length of service would typically render employee to be experienced and more empowered than those newer in the service; thus, they should have a better grasp of empowerment, including its process and meaning. In some ways, this could affect the employees’ sense of organisational attachment to the public service sector. The strong sense of attachment toward the public sector might also be contributed by numerous benefits provided for employees of the public sector. Some of the attractive benefits included monthly pensions and lifetime medical care in government hospitals, among others (Public Service Department of Malaysia, 2010). The private sector does not provide such benefits. Notably, past studies have validated the relationships among these factors, and it was also found that the length of service augments empowerment (or the empowered feeling) (Hancer & George, 2003; Koberg et al., 1999; Özaralli, 2003).

Limitation of Study
As with other research, despite the study’s contributions to the body of knowledge, it is not without limitations. Firstly, the study employed employees attached to the Sabah State Public Service Department as its sample; thus, the findings might not be generalised to other organisations in other sectors. Secondly, the sample taken was from one region in Sabah, namely the state capital of Kota Kinabalu; this study did not consider other regions within Malaysia. Finally, cultural limitation might be present in the current study considering the study was performed in the Sabah cultural context; hence, limiting the findings to a specific culture and working environment.

Suggestions for Future Research
Based on the study’s limitations, future research should give due consideration to certain issues. The focus of the current study was on non-managerial employees working at the public services sector. Therefore, future research might include the management and professional level, to obtain a more holistic picture of the potential gap among public service employees, especially in the public service sector. This type of research is necessary because different public service organisations have different and unique organisational cultures, which directly translated into the way employees behave. Often, culture is seen as a critical factor influencing how people experience empowerment (Gill, Fitzgerald, Bhutani, Mand & Sharma, 2010; Holden, 1999; Robert et al., 2000; Spreitzer, 2008). An emerging belief suggested that some nations’ cultural values might be more congruent with empowerment compared to other nations (Hui, Au, & Fock, 2004; Spreitzer, 2008). Besides, due to the recent pandemic, future research might consider exploring the risk management situation related to psychological empowerment on the performance of public service employees due to the
external forces in predicting the new norms of the public sector.

Conclusion
In recent years, the public sector has experienced many transformations that have altered the connotation of “privatising” and rendering them more effective and efficient from a market-like standpoint. Employees are usually described as self-motivated and committed individuals who feel responsible for performing at a high level of effort. Typically, empowered employees demonstrate resourcefulness and perseverance, improved efforts and intrinsically motivated by their tasks (Seibert et al., 2011), leading to increased performance at work. The empowered feeling guides their behaviours and improves their performance. The impact dimension influences employee’s performance most substantially, followed by competence, meaning, and self-determination. The study’s results show the direct effects of empowerment on employee performance of public services in Sabah. In addition, the moderator role of job tenure is significant, in which tenure is considered job security; a permanent status in the public sector or public service employment is guaranteed after a 3-year probationary period, which is automatically applied. Besides, longer service employees have adapted to their work environment and greatly learned through experience; hence, generating a sense of empowerment. Furthermore, they have another advantage, in terms of competencies developed throughout their length of service and years of experience.

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