Chapter-3

Study Design and Methodology

This chapter unveils the nature of the study, statement of the problem, review of literature, research gap, significance of the study, need for the study, scope of the study, research objectives and hypothesis, research design and methodology including the limitations of the study.
3.1 Introduction

In the era of globalization, there is need for employee empowerment practices in all sorts of the organizations, as a result that employees are in a position to quickly respond towards the changes in the environment and make quick decisions. Employee empowerment is a key process whereby a culture of empowerment is developed. Information shared in the form of a vision, clear goals, boundaries for decision making, and the results of efforts and their impact on the whole is shared. Resources competency is developed in the form of training and experience or the competency to obtain them when needed to be effective in their provided jobs. And provide support in the form of mentoring, cultural, and encouragement of risk-taking.

Generally, employee empowerment encompasses of an innovative approach in working with people and a shift of power from the top management control to lower level management of the organization. Thus, employee empowerment will lead to improvement of performance of the organization through increased levels of the employee’s participation and self-determination.

Employee empowerment practices have received an extensive recognition as a significant subject in management circles, mainly, because it is seen as one of the fundamental elements of managerial and organizational effectiveness that increases when power and control are shared in an organization (Ergeneli, et al., 2007). Empowerment practices are often implemented with the hopes of overcoming employee dissatisfaction and reducing the costs of absenteeism, turnover, and poor quality work (Klein, et al., 1998).

Empowerment practices have been introduced in a number of organizations in order to improve productivity, increase customer satisfaction and enhance competitive advantage (Hardy and Leiba-O'Sullivan, 1998). Hence, employee empowerment has been hailed as management technique which can be applied universally across all organizations as a means of dealing with the needs of modern global business (Demitriads, 2005).
3.2 Statement of the Problem

The astonishing development of the banking and financial services across the world has led to consider as one of the imperative contributor of the world’s Gross Domestic Production. Unlike the developing nations, lots of people are employed in banking industry of developed countries. Today managing talent in the banking sector is the most crucial Human Resource challenge all over the world, and it becomes as the main agenda of elite people (top management) in every aspect in the predictable future. The ability to achieve competitive advantage through people strategy requires an overall HR approach.

In the last two decades with rising Indian economy, a significant progress has taken place in Indian banking sector. In spite of development and opportunities in this sector, it also faces various HR issues which admit key challenge for the industry in India. One of the major issues for the banking sector is to attract and retain high quality personnel. An analysis of secondary sources (mainly articles from newspapers and business magazines and the very few available research papers on Indian banking sector) reveals problems that can seriously impact the high growth rates predicted for this sector. These include problems such as increasing employee turnover, stressful work environment and poor career development. In addition, finding and retaining talented people, training, and career planning are pertinent areas which need to be addressed. Employees who are happy in their place of work are more motivated to contribute and can do more effectively. This also converts into better customer experience and in turn, leads to stronger financial performance by the firm and overall economic growth.

In India, there is an increasing demand and supply gap for HR professionals. It is sometimes difficult for HR managers to maintain consistency in performance and keep higher motivation levels especially when the work is monotonous. Despite the large number of students graduating every year, there is now an increasing scarcity of appropriate skills gained through the education system, which is low on quality and relevance. Because of shortages, the hiring of new talent has become more expensive.

Hence, to reduce this kind of environment, there is a need to provide more flexible, appropriate and adequate practices for banks to overcome the problems.
3.3 Review of Literature

There is a plethora of literature on the practices of Human Resource Development in the corporate world. Many attempts have been made to understand the practices of human resource development and management in organizations. Here, an effort is made to review the various studies carried out both in India and abroad on the empowerment of employees and allied areas.

Gurvinder Kaur (2013)\(^5\) in her inquisitive research work entitled “Employee Empowerment and Organizational Effectiveness: A Comparative Study of Public, Private and Foreign banks in Some North Indian States” tried to investigate the psychological and structural empowerment of employees and their impact on the organizational effectiveness. She tested an attitudinal model of organizational commitment, attempted to portray a linkage between organizational effectiveness and social structural characteristics. It is found that social structural characteristics like self-esteem, role clarity, autonomy, communication, reward system, organizational climate, skills and knowledge which constitute a positive factor in influencing empowerment in organization. While the aspects in social structural characteristics received by employees are perceived as capable of fulfilling their needs and desires, they experienced or felt a positive emotional state of being more empowered.

Abbas Ali Rastegar et al., (2013)\(^6\) in their article titled “Studying and Identifying Affecting Factors on Employees’ Empowerment: A Case Study- Mellat Bank” aimed to explore the factors that affecting the employee empowerment in the banking sector and to determine the rate of the impact by each variable (organizational condition, management strategies and self-efficiency resources). It is found that open channels of information and information sharing among are the important factors that can increase trust in the organization. With attention and respect to the views of employees, facilitated access of employees to management, and giving latitude to employees to make relevant plans, strengthen the trust of employees towards the organization and management.

Nail AHK Awamleh (2013)\(^7\) in his study entitled “Enhancing Employees Performance via Empowerment: A Field Survey” tried to assess the association between employee empowerment and his/her performance. This study also revealed that the empowerment faces serious practical obstacles such as insufficient top
management support, lack of awareness, absence of clear regulations on ways and tools of empowerment and insufficient funds. But, in spite of these obstacles, empowerment is a very significant tool in promoting individual performance, thus, improving overall organizational performance. The study also recommends carrying out more academic and practical activities regarding empowerment, updating laws and regulations to reinforce empowerment practices and restructuring organizational culture and structure to create an empowerment friendly environment.

Chandra Mohan Patnaik and Ashok Kumar Sahoo (2013) in their exploratory study found a positive relationship between training and employee empowerment. From the analysis they found that training enabled an employee to perform better. According to the authors empowered employees are more motivated as compared to those who just follow the dotted lines. Employee empowerment finally created a sense of belongingness and ownership towards the parent organization among the employees.

Maryam Hashmi et al., (2013) in their research article titled “Impact of Psychological Empowerment on Organizational Commitment: Evidence from Banking Sector of Pakistan” examined the influence of psychological empowerment on organizational commitment in context to banking sector of Pakistan. The study has found the positive and significant relationship between psychological empowerment and organizational commitment.

Nazim Ali (2013) in his study examined the relationship between employee empowerment, their commitment to the organization and their turnover intention. The results of correlation proved that there is a significant positive relationship between employee empowerment and employee’s commitment to their organization and a negative relationship between employee empowerment and turnover intention. A significant negative correlation between employee’s commitment towards their organization and their turnover intention also found.

Timothy and Hadiza Saidu Abubakar (2013) in their study tried to find out the relationship between employee empowerment and service quality in the banking industry. It is found that the employee empowerment has a positive and significant impact on service quality. This research also confirmed that empowered employees are highly motivated to provide greater service and enable them to ‘own’ the job, exercise
freedom while controlling the service process and individually respond to customer’s need in an excellent fashion.

Mohammad Vali Nazari et al., (2013)\textsuperscript{12} in their article “Process of Employee Empowerment” tried to exemplify the most effective techniques to increase employee productivity and optimal use of capacities and capabilities of individual and group. They opined that management should create an environment which can exploit the capabilities of human resource to use that don’t use completely. Besides management requires a clear and dynamic vision that provides the participation and continuous learning opportunities for employees and managers.

Masoodul Hassan et al., (2013)\textsuperscript{13} in their study endeavoured to find out the relationship between three HR practices; i.e., compensation, empowerment and appraisal system and employee satisfaction and loyalty in government owned public sector banks of Pakistan. In exploration, employee compensation is found as the most important factor for creating job satisfaction among employees while employee empowerment is found significant for developing employee loyalty.

Fernandez and Moldogaziov (2013)\textsuperscript{14} used the Self-determination theory to theorize about the effects of different empowerment practices on job satisfaction. Employee empowerment is conceptualized as a multi-facet approach that consisted of practice aims at sharing information, resources, rewards and authority with lower level employees. The results indicated that empowerment practices facilitated improvement in employees’ self-determination (sharing information about goals and performances, providing access to job related knowledge and skills and granting discretion, to change work processes) and shows positive effects on job satisfaction conversely, the practices that do not facilitate autonomy do not affect job satisfaction.

Affan Aijaz and Zulfiqar Ali Shah (2013)\textsuperscript{15} made an effort to investigate the impact of employee empowerment and employee branding on employee turnover. The research exposed that there is a significant relation between the employees working environments, cultures and employee performance. The employee will have some desire for empowerment and branding and lack of fulfillment of this desire will make them think to leave the company and join the better one. When an organization is able to create thus organizational culture to motivate its employees in a more specific manner, it will directly increase productivity and efficiency of its operation.
Shilpi Singh (2013)\textsuperscript{16} in her study “Face of HR practices in today’s scenario in Indian banks” covered all the important areas of human resource development in banks. These areas include conceptual clarification about human resource development in banks, essentials of HRD, the sub-system of human resource development like performance appraisal, training, management development, career planning and development, organization development, participative management, quality circles etc. Through the study, the researcher suggests that there is an essential need of successive improvement in training, reward system, communication, and organizational cultures to overcome the present challenges.

Jyothi and Sree Jyothi (2013)\textsuperscript{17} in their evolution research made attempts to identify few HR challenges in the Indian banking sector. They opined that there are so many issues such as technology, finance, and materials, but human resource is a critical and sensitive element which needs to be handled with care. According to them critical HR challenges include hiring the right staff, retaining talent, cutting staff, staff development, salary inflation, external threats, etc. The other challenges are changing working conditions, re-skilling, compensation, etc. They suggested that banks in the near future will have to address compensation issues, flexible work schedules, outsourcing and retaining talent. In order to face this challenges bank required to enhance skills, knowledge and behavioural adjustments of human resources.

Aniruddha Limaye and Ralsi Sharma (2013)\textsuperscript{18} in their study “Rewards and Recognition: Make a difference to the talent in your organization” examined the association between rewards and employee performance. They opined that reward has a direct impact on employee behaviour in the organization. They were of their opinion that it always necessary for organizations to decide upon the areas for which they wanted to reward their employees. They also inferred that the organizations should be wary of “unwittingly encouraging or tempting” employees to behave and act in an undesirable or unethical manner to win an award.

Bruce M. Tharp (2013)\textsuperscript{19} opined that the culture of an organization highly influences its myriad decisions and actions. A company’s prevailing ideas, values, attitudes, and beliefs, guide the way in which its employees think, feel, and act—quite often unconsciously. Therefore, according to author understanding organizational culture is fundamental to the description and analysis of organizational phenomena.
As the culture is considered as the “glue” that holds an organization together and for others, the “compass” that provides direction.

**Zabid Abdul Rashid et al., (2013)** in their study entitled “The influence of corporate culture and organizational commitment on performance” examined the influence of organizational culture and organizational effectiveness. The results showed that there is a significant correlation between corporate culture and organizational commitment. In their study, they established that both corporate culture and organizational commitment had an influence on the financial performance of select organizations.

**Gurvinder Kaur and Sharma (2012)** in their study titled “Employees’ Perspectives on Workplace Empowerment: A study of the foreign banks in India” tried to test an attitudinal model of organizational commitment and to portray a linkage between organizational effectiveness and social structural characteristics. In their study, data suggest that, social structural characteristics like self-esteem, information, knowledge, rewards, and organizational climate constitute a positive factor in influencing empowerment in the organization. Further, the findings obtained from this research suggest that organizations need to ensure the social structural characteristics of their employees at work. They inferred that employers concerned while developing high levels of employee empowerment need to focus their attention on providing adequate self-esteem, information, knowledge, rewards and conducive organizational climate for organizational effectiveness.

**Zorah Abu Kassim et al., (2012)** made a study entitled “Job Empowerment and Customer Orientation of Bank Employees in Kuching, Malaysia”. The study was aimed to investigate the factors that influence employee’s job empowerment. The findings showed that autonomy was significantly indicating that an employee with autonomy generates higher performance compared to those employees with lower work autonomy.

**Quratul-Ain Manzoor (2012)** made an investigation to identify the factors that affect employee motivation and examined the relationship between organizational effectiveness and employee motivation. He found that empowerment and recognition have a positive effect on employee motivation. More empowerment and recognition of employees in an organization increased motivation among the employees to do
work and enhanced performance. The study also established that there existed a positive relationship between employee motivation and organizational effectiveness.

_Hossein et al., (2012)^24_ in their research tried to identify relationship among the employee empowerment and organizational factors. The study revealed that there is a positive and meaningful relationship between empowerment and reward system.

_Ellie Buteau and Ramya Gopal (2012)^25_ opined that employee empowerment is all about staff believing that they can exercise authority and creativity, use their particular skills and abilities, grow and learn, feel like they are making a difference through their work, feel respected and recognized for their contributions, have honest two-way communication with their supervisor, and enjoy their working environment. In a word, it’s about empowerment.

_Asiya Gul et al., (2012)^26_ in their inquisitive research work tried to establish the relationship between employee training, promotion, empowerment and employee retention. The data revealed that training and development is the most important factor in employee retention. They suggested that employers should provide skill development opportunities for employees to gain new and advance business knowledge and application for organizational development. They also opined that in the dynamic business environment training not only enhances employee’s capabilities but also improved organizational performance.

_Gaudreau Meyerson and Blanchard Dewettinck (2012)^27_ in their research paper “Effect of Empowerment on Employees Performance” tried to examine the effect of empowerment on employee performance. Findings showed that there is a significant difference between the employee’s performance before and after implementation of empowerment practices in select organizations.

_Mahsa Khoshpanjeh et al., (2012)^28_ in their study “Evaluating the Role of Spiritual Leadership Dimensions in Employee Empowerment and their Effect on Workforce Productivity” ascertained the dimensions of organizational culture and its effect on employee productivity. Results showed that the Organizational vision, performance feedback, membership, and organizational commitment have a direct impact on employee empowerment and on the other hand the impact of sympathy was not accepted by empowering employees. They also confined that there is a correlation among employee empowerment and employee productivity.
Rohollah Ahmadi et al., (2012)\textsuperscript{29} in their research article tried to identify the factors that facilitating and limiting empowerment of bank managers in a psychological approach. Based on the study results, educational factors and job empowerment were recognized as the major facilitators and lack of occupational skills and stress revealed to be limits of employee empowerment.

Kirti Rajhans (2012)\textsuperscript{30} in her research article “Effective Organizational Communication: A Key to Employee Motivation and Performance” explored the interrelationship between communication and motivation and its overall impact on employee and organizational performance. From the analysis of the information received, it was found that effective communication makes decision making more effective by creating trust, better relations, productivity and fewer chances of rumours and miscommunication.

Santosh Dev (2012)\textsuperscript{31} in his thought-provoking research work entitled “A study of Client Satisfaction and impact of Work Culture on Employee Satisfaction in Banks” tried to investigate the association between customer satisfaction, employee satisfaction and organizational culture. He found a correlation between the dimensions of employee satisfaction and client satisfaction, and positive correlation with tangibles and the standard of participative environment facility. Further, he suggested banks to uphold customer orientation, employee recognitions, performance based incentives, and innovative options to achieve meritorious culture.

Preeti Rawat (2011)\textsuperscript{32} in her fact finding survey examined the relationship between empowerment and commitment of employees towards their organizations. The study showed that psychological empowerment significantly influenced all the forms of commitment. Self determination was significantly related to affective and continuance commitment.

Hasan Tutar et al., (2011)\textsuperscript{33} in their research paper entitled “The effects of employee empowerment on achievement, motivation and the contextual performance of employees” investigated the effects of perceived employee empowerment on achievement, motivation, and performance of employees. The analysis of the research data revealed empowerment as an important predictor variable and perceived that
employee empowerment had a positive impact on the achievement, motivation and contextual performance of employees.

Mohammad Safari Kahreh et al., (2011)\textsuperscript{34} in their article “Achieving competitive advantage through empowering employees: An empirical study” aimed to illustrate the role of empowering employees in gaining competitive advantage. Results of data analysis showed that employee empowerment is highly positive affected on the competitive advantage activated in the services sector. They strongly felt and suggested, especially for those organizations that activated in the financial services sector to enable both their employees and managers to gain updated knowledge to increase sustainable competitive advantage in appropriate form.

Susanti Saragih (2011)\textsuperscript{35} in her article “The effects of job autonomy on work outcomes: self efficacy as an intervening variable” examined the relationship between job autonomy and work outcomes (job performance, job satisfaction and job stress). Results showed that there is a structural relationship in job autonomy significantly related to job satisfaction and performance but not significant with job stress. It also showed that self efficacy partially mediated the relationship between job autonomy and job satisfaction, and job performance.

Surabhi Singh and Renu Arora (2011)\textsuperscript{36} in their research “A Comparative Study of Banking Services and Customer Satisfaction in Public, Private and Foreign Banks” attempted to study customers’ perception regarding quality of services, both transaction based and IT enabled in terms of its constituent factors in public sector, private sector and foreign banks. The study showed that the customers of nationalized banks were not satisfied with the employee behaviour and infrastructure while respondents of private and foreign banks were not satisfied with high charges, accessibility and communication.

Chandan Kumar Sahoo and Sitaram Das (2011)\textsuperscript{37} in their research entitled “Employee Empowerment: A Strategy towards Workplace Commitment” tried to explore the association between empowerment and employee commitment. They opined that empowerment had a significant relation with individual and work groups or teams’ commitment. They were of the opinion that empowerment helps to improve team performance, interpersonal interaction, and enhance individual performance and degree of satisfaction. This results in the increase of competitiveness, accountability,
risk taking, highly innovativeness, low wastage, and the desire to improve overall job performance.

*Kok Pooi Chen* (2011)\(^{38}\) in his exploratory research work investigated the relationship between empowerment and employee performance. In his study, he finds that employee empowerment strongly influences employee performance. There is a significant correlation between the dimensions of empowerment and employee performance. He further opined that employees feel as they are empowered with autonomy, freedom and opportunities to influence decision making in their jobs or organization, if their performance was improved significantly.

*Karthikeyan et al., (2010)\(^{39}\)* in their study “Impact of Training in Indian Banking Sector” aims to assess the role of training on employee performance. They found that when effectiveness of training increases, it directly has a positive influence on growth and result of the banks. In the banking sector, employee’s behaviour plays a vital role in improving the productivity of an organization. By incorporating training programmes, employee and employer relationship can be strengthened.

*Johannes Worlein* (2010)\(^{40}\) asserted that empowerment gives employees the power (encourages them to do more than just wait for things to happen) to make work-related decisions, has various additional service advantages; enhanced responsiveness to customer needs, better handling of service breakdowns and enhanced job satisfaction. The highest level of employee empowerment is necessary in cases of complex service breakdowns because these situations require special, creative solutions and the empowered employees have to think totally out of the box i.e., creatively and unhindered by standardized quick fixes.

*Bijaya Mishra and Uday Bhaskar* (2010)\(^{41}\) in their study tried to evaluate the role of empowerment in a learning organization. This research explores whether empowerment is a necessary attribute for organizations to enhance their learning capability or not. The aims of the study were; what is the role of empowerment in an organization’s learning capability and is empowerment an essential attribute of a learning organization. Finally, they found that only the decision making dimension of empowerment has emerged as a significant predictor of organizational learning, not the power sharing and people valuing dimensions. Further, they observed that no difference in high and low learning organizations on their empowerment pattern.
Abdeslam Bendiabdellah et al., (2010)\textsuperscript{42} in their research paper entitled “Empowering employees to promote organizational learning” endeavoured to explore the relationship between empowerment and organizational learning in Algerian banks. They found that there are three dimensions of employee empowerment; make an employee’s job meaningful, back up and develops employee’s competencies and give employee choice to do the work. They suggested that the managers to sensitize with employee performance by initiating more participative programmes or practices like brainstorming, quality circles.

Said Shaban Hamed (2010)\textsuperscript{43} in his research examined the relationship among role clarity, organizational trust and employee empowerment; and investigate the relationship between employee empowerment, job involvement, and job satisfaction. He found that there is a significant positive relationship between role clarity, organizational trust and employee empowerment, and also a statistically significant positive relationship between employee empowerment and job satisfaction.

Kemal Demirci and Ali Erbag (2010)\textsuperscript{44} was made an attempt on “Employee Empowerment and Its Effect on Organizational Performance”. The research tried to study the association between empowerment and Organizational Performance. They found that empowerment is a combination of Power, Information, Knowledge (Training) and Rewards. They inferred that the employees need to be provided with the greater authority to make independent decisions as more decision making responsibility is de-concentrated and concerned through empowerment.

Thamizhanii and Hasan (2010)\textsuperscript{45} in their article titled “A review on an employee empowerment in TQM practice” described the interrelation among employee empowerment, autonomy, training, communication, rewards and organizational culture in TQM aspects. They opined that empowerment requires a change in an organization culture, but do not mean that top management abdicates their responsibility or authority. An employee empowerment is necessary for the effective functioning of the skill of an employee. According to them each employee in a team should be given a chance to act mentally to achieve their goal or targets. In a TQM organization, a teamwork and an employee empowerment is essential for the effective utilization of resources, manpower. This improves problem solving skill and makes an employee a good decision maker. Full appreciation of the suggestion system
can be achieved by removing hidden barriers, encouraging new employees and coaching reluctant employees.

**Mussarrat Bashir (2010)** in his study revealed the correlation among employee empowerment, its impact on organizational performance and customer satisfaction. In his research he founds that employee empowerment affects a lot on the organizational activities regarding its growth because if the people will be satisfied, then automatically they fulfill the requirements of the organization as well as customers then cost will reduce and organization must grow.

**Chandan Kumar Sahoo et al., (2010)** in their study found that there is a positive link between employee participation and job satisfaction, motivation and performance, individual commitment and organizational achievement. It was also observed that employee empowerment initiatives led towards employee satisfaction. They suggested that the organization has to develop a culture which reflects employee commitment in order to survive, grow, compete, and face challenges posed by globalization with confidence. Self-goal setting and self-leadership characterize empowered employees as they know company goals and their roles within those goals. In the highly competitive environment, employee empowerment is essential to be more competitive, productive and gaining competitive advantages for all-round development of the organization.

**Angwenyi Callen Nyanchama (2009)** made an attempt to study “Employee Empowerment Practices in Commercial banks in Kenya”. The result revealed that the employer should show a clear vision and goals to their employees, offer adequate autonomy, encourage regular communication, and provide constant employee training to develop their knowledge and skills which motivates to achieve self efficacy and organizational goal.

**Peters Silvia Chigozirim and Elham Mazdarani (2008)** in their exploratory research, revealed the impact of employee empowerment on service quality and customer satisfaction in service organizations. It was found that empowerment had a positive impact positive and motivate the employee to provide greater service and to create a greater sense of accomplishment or satisfaction in their jobs by reducing dependency, irresponsibility and encourages team work which overall leads to achieve organizational goals and objectives. The authors observed and established a
positive relationship between employee empowerment, service quality and customer satisfaction.

*Khaled Ahmad Odeh (2008)*\(^{50}\) in his study tried to explore the relationship between frontline employees' empowerment and service quality in the service industry. Based on the study's findings, job satisfaction, organizational commitment and customer-oriented behaviour fully mediate the relationship between psychological empowerment and service quality. Psychological empowerment had a greater influence on service quality through the customer-oriented behaviour path.

*Subba Rao (2006)*\(^{51}\) in his probing research work “Employee Empowerment Strategies for Organizational Effectiveness” discovered the relationship among employee empowerment and organizational effectiveness. In his investigation he found that there is a significant positive relationship emerges between employee empowerment and employee’s commitment to their respective organization.

*Ajai Pratap Singh (2006)*\(^{52}\) in his study tried to expose the influence of age, experience and job level (managerial status) on employee empowerment and its dimensions. He identified a positive relationship between age and perceived competence. And further, noticed that as the age grows, the competence of individual employee is increased and becomes better in terms of decision making.

*Gary A. Yukl and Wendy S. Becker (2006)*\(^{53}\) in their article “Effective Empowerment in Organizations” studied the employee empowerment from different perspectives, include employee perceptions, leadership behaviours, and management programs by organizations and their effects on performance. They found that there is an inconsistency between programmes and perception and have emphasized the importance of effective implementation and facilitating conditions. They finally concluded that empowerment initiatives should be guided by the dual objectives of improving organizational effectiveness and improving the quality of work life for employees.

*Dennis Kinsey (2005)*\(^{54}\) in his probing study “Employee Communications to Organizational Value: In Search of the ‘Missing Links” tries to measure how employee communications affects organizational value. In his research, he found that there is a strong association between employee communications, organizations’ goals, and the organizations’ culture. Employees communication cascade is very essential to facilitate
change which linked to the higher level employee morale, improve productivity, quality, and job satisfaction, direct and indirect financial value of the organization.

*Maxwell (2005)*\(^{55}\) in his study “Employee commitment in service sector-An analysis” tried to investigate the association between empowerment and employee commitment. He opined that employees in a service organization, particularly those who have frequent contacts with the customer and usually serve as representatives of both the organization and their products or services to the customer at the contact point. The quality of the service and the satisfaction the customer may derive will be an assessment of the entire service experience. Employees who are empowered in an organization can either portray a positive or negative picture to the customers.

*Melhem (2004)*\(^{56}\) in his brainstorming research article “Significant Conditions of Empowerment” found a strong association between three significant conditions (communication and information-flow, incentives, and knowledge and skill) and employee empowerment. He also opined that communication and information-flow, incentives, knowledge and skill and autonomy among service-employees have a direct and strong impact on employee motivation, performance and job satisfaction.

*Pamela Dawn Backeberg (2000)*\(^{57}\) in her thesis work titled “The Effects of level of Training on Employee Perceived Empowerment, Commitment and Job Performance” try to determine the effects of level of training on employees' perceived psychological empowerment, commitment, and resultant job performance within the service industry. The findings revealed that employee training is an influential tool for predicting employees' perceptions and performance. Additionally, when employees experience their work as meaningful, their performance and commitment were positively affected.

*Mahapatra (1997)*\(^{58}\) pointed out that the employees should be given necessary recognition and credit at the right time, which increase the morale of the employees and also to create a sense of belonging in the minds of the employees. Recognition of good work also tends to reinforce positive behaviour and the employee continues to perform better so as to remain in the limelight.

*Patil (1997)*\(^{59}\) opined that the employees should be given complete freedom to exhibit their talent in an empowered organization. He clearly spelt-out how the decisions are taken in the traditional bureaucratic organizations. The decisions in
these organizations are taken by a few people at the top without giving any freedom and chance at the lower level.

*Sengupta and Sheikh (1997)* suggested that organizations’ efficiency depends upon the extent the information is shared with employees. According to the authors, the success of an organization largely depends upon the commitment and involvement of the employees. The information is to be shared with the employees to get maximum involvement and contribution from the employees for the growth of the organization.

*Spritzer (1996)* found a positive correlation between the employees’ self-assessed sense of empowerment and high involvement in social structures, including one’s boss’s span of control, socio-political support, access to information, access to resources and a participative work climate.

*Bowen and Lawler (1994)* in their paper “Employee Empowerment Approach to Service” highlighted the importance of empowerment practices in service organizations. They opined that organizational policies, practices, and structures must be changed to create empowerment on a substantial basis.

*Gbalaham Gbadamosi (1995)* in his explanatory study tried to investigate the association among organizational commitment, communication and effectiveness. The result indicated that organizational commitment is strongly related to the behavioural measures of effectiveness and commitment of organizational members certainly has a strong role to play in reinforcing organizational effectiveness.

*Cook (1992)* in his study “Empowerment an Instrument for Employee Involvement-Performance” endeavoured to determine the association among the employee empowerment, involvement and performance. The results exposed a positive relation between empowerment and performance. Further, he opined that people work with full of energy when they feel happy, even they are ready to sacrifice their personal time and give blood for organizations. But when they feel valued and important, they show their more involved in the business.

*Decotics and Summers (1987)* attempted to depict a linkage among organizational effectiveness, morale and commitment. Morale of an individual’s claim results of an organization's achievement. They found the probability of organizational effectiveness indirectly influence commitment through morale. Thus, if
effectiveness increases, morale must improve, and in turn, increase the level of organizational commitment.

3.4 Research Gap

There are only a few studies carried out on Employee Empowerment Practices in Banking Sector. But, there is no specific study on “Employee Empowerment Practices for Organizational Effectiveness”. Hence, in order to fill this gap, the present study is undertaken. It is an attempt to offer new insights in formulating HR strategies, especially in the areas of employee empowerment in banks. This study has been undertaken by selecting two major banks, i.e., State Bank of India (Public) and ICICI Bank (Private), located in Rayalaseema region of Andhra Pradesh.

3.5 Need for the Study

Recent forces of change in the business community, such as world trade, skilled staff shortages, the need for creativity, innovation and productivity entail employee empowerment as a powerful tool for organizations. Today’s unstable public and private sector management require to seek out, evaluate and embrace new planning, organizational and operating techniques to manage human resource in pursuit of long-term goals. The presence of foreign banks in India has a huge impact on the competitive environment that inspires the domestic banks. To flourish and be able to compete successfully in the Indian Banking Industry, factors such as employee participation and employee empowerment are very essential in practice. Hence, an effort has been made to conduct a study on empowerment elements like autonomy, communication, training, rewards and organizational culture of banks.

3.6 Significance of the Study

Indian banking sector emerged from the strong global financial turmoil and proved its mettle when the developed economies were shaking. The need for Employee Empowerment gained a greater importance in service-oriented institutions like banks. As employees in service organizations like banks have frequent contacts with the customer, they usually serve as representatives for both the organization and their products and services to the customer at the contact point. When service interactions are not properly controlled and handled, the outcome is poor perception of service quality that leads to customer dissatisfaction. The quality of service and satisfaction that the customer may derive will be an assessment of the entire banking
experience. Thus, the employees play a major role in determining whether a customer would enjoy the experience or turn to their competitors for better solutions.

### 3.7 Scope of the Study

The scope of the study is confined to explore the extent of interrelation between the select variables and organizational effectiveness in banking professionals with respect to SBI and ICICI banks in Rayalaseema region of Andhra Pradesh only. The identification and selection of sample respondent banks for the purpose of the study is based on the size of employees, operations and turnover. Based on this rationale one of each high performing banks in Public and Private sector have been selected. The scope of the study is further extended to make a detailed comparative study between Public and Private sector banks because the empowerment policies, practices and environment are different and diverse in both the sectors. Hence, it is highly interesting and valuable to make a comparative study.

Furthermore, among the various components, the present study is aimed at examine the following important elements which are highly relevant to employee empowerment:

1. Autonomy,
2. Communication,
3. Training,
4. Rewards, and
5. Organisational Culture.

*Figure 3.1*

**Employee Empowerment - Organisational Effectiveness**
3.8 Objectives of the Study

The main objective of this research is to study the effect of Empowerment Practices on Organisational Effectiveness in select public and private sector banks. The study focused on critically explores the association between Employee Empowerment and Organisational Effectiveness; to understand the relationship of five independent variables of Empowerment i.e., Autonomy, Communication, Training, Rewards and Organisational Culture with Organisational Effectiveness.

However, the specific objectives of the present study are:

i. To study the impact of Job Autonomy on Organisational Effectiveness in select banks. Viz., SBI and ICICI Bank.,

ii. To examine the role of Employee Communication System on Organisational Effectiveness.,

iii. To identify the effect of Employee Training on Organisational Effectiveness.,

iv. To analyze the impact of Employee Rewards on Organisational Effectiveness.,

v. To critically evaluate the effect of Organisational Culture on Organisational Effectiveness in select banks under the study., and

vi. To suggest measures for sample organizations based on the study results.

3.9 Research Hypotheses

Based on the objectives of the study the following hypotheses are formulated:

H_0: There is no significant difference between the two banks regarding the role of Job Autonomy that affect Organisational Effectiveness.

H_1: There is a significant difference between the two banks regarding the role of Job Autonomy that affect Organisational Effectiveness.

H_0: There is no significant difference between the two banks regarding the Communication System that affect Organisational Effectiveness.

H_2: There is a significant difference between the two banks regarding the Communication System that affect Organisational Effectiveness.
H₀: There is no significant difference between the two banks regarding the Training Practices that affect Organisational Effectiveness.

H₃: There is a significant difference between the two banks regarding the Training Practices that affect Organisational Effectiveness.

H₀: There is no significant difference between the two banks regarding the Reward System that affect Organisational Effectiveness.

H₄: There is a significant difference between the two banks regarding the Reward System that affect Organisational Effectiveness.

H₀: There is no significant difference between the two banks regarding the Organisational Culture that affect Organisational Effectiveness.

H₅: There is a significant difference between the two banks regarding the Organisational Culture that affect Organisational Effectiveness.

3.10 Operational Definitions of the Concepts used in the study

Management experts have defined and portrayed Employee Empowerment in different ways in differed contexts. Taking into consideration the views expressed by these researches, the term Empowerment is operationally defined and understood for the purpose of the present study is as follows.

Empowerment means encouraging and allowing individuals to take personal responsibility for improving the way they do their jobs and contribute to the organization’s goals. For the present study, purposefully twenty components have been selected. These twenty components are those that have been repeatedly stated by researches and selected after seeking expert judgments. They broadly include:

- **Accountability**: It is the answerability for performance of the assigned duties. It is the liability created for the use of authority.

- **Autonomy**: Autonomy may be defined as the degree to which one may make significant decisions without the consent of others.

- **Belief**: It is to regard as true, to accept as true what is said by or firmly persuaded.

- **Creativity**: It is a state or quality of being creative or ability to create.

- **Culture**: Explicit and implicit pattern of behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts.
Commitment: It is a sense of identification, involvement and loyalty expressed by an employee towards the company.

Communication: The transmission of information and understanding through the use of common symbols, verbal and/or non-verbal.

Confidence Building: It is a firm truth or belief, faith, self-reliance, firmness, boldness and presumption.

Customer satisfactions: The act of satisfying the customer by providing the required or expected goods or services. It is the degree to which individuals perceive that they are equitably rewarded by various aspects of their job situation and the organization to which they belong.

Decision Making: It is an act or product of deciding, judging or resolving.

Development: A criterion of effectiveness that refers to the organization's ability to increase its responsiveness to current and future environmental demands. Equivalent or similar terms include institutionalization, stability and integration.

Discipline: The use of some form of sanction of punishment when employees deviate from the rules.

Ego: Ego is the drive to get real world satisfaction. It keeps the psychological balance between reality and theoretical conceptions.

Encouragement: It is an encouraging act to perform better.

Ethics: Ethics is the discipline dealing with good and bad and with moral duty and obligations.

Feedback: Return a part of the output of a system to the input as a means towards improved quality or self-correction of error.

Freedom: It is that amount of liberty, frankness, outspokenness and unhampered boldness that an employee possesses.

Leadership: The leaders can articulate the vision to peers, coach, control, direct and lead individuals, and teams in an effective way for reaching organizational goals.

Training: The extent to which, the employee is given training to update his skills for quality service delivery and support to resolve customer issues.
Trust: It represents the worthiness of being relied on fidelity, confidence in anything, arresting on the integrity, anything felt to impose moral obligations.

3.11 Study Design and Methodology

The present study is an empirical research in nature. The descriptive research procedure is also used for describing the current scenario in SBI and ICICI bank.

The main contribution of this research is to critically analyse the current employee empowerment practices, to develop the new model, and to suggest various ways to improve overall effectiveness in the performance of organizations. This model presents the demonstrated relationship between the research variables. It also shows the clear insights for the both academic researchers and practitioners in the field.

3.11.1 Sources of Data

For the present study, the data have been gathered from both primary and secondary sources. The primary data have been collected by administering a Structured-Questionnaire from the employees of non-executive level (Clerical Cadre i.e., Assistant, Senior Assistant, Special Assistant and Senior Special Assistant) of select public and private sector banks.

The secondary data have been gathered from internet, books, research articles, previous research reports, survey reports, newsletters, journals, magazines etc.,

3.11.2 Sample Size and Design

As on March 2014, altogether there are total 1864 non-executive employees on the rolls working in 228 branches of SBI and ICICI bank in Rayalaseema Region. For the purpose of the present study all the branches of two banks and all non-executive employees were selected. For collection of primary data a structured questionnaire was designed and mailed to all the non-executive employees through E-mail in the form of MS Word Doc. and Google form. Out of the total 1864 non-executive employees only 721 questionnaires were received, it is unfortunate to state that only 397 received questionnaires were duly filled in all respects from respondents of both the banks. Hence, all these 397 (Table No: 3.2) non-executives were purposefully selected and their responses were the form basis for analysis, interpretation and empirical findings of the study.
The researcher was also obtained the required information and clarifications from selected non-executives and other authorities of both the Banks to draw meaningful conclusions.

Table-3.1
Total No. of Employees in Rayalaseema Region

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>No. of Branches in Rayalaseema Region</th>
<th>Employees Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Non-Executives</td>
</tr>
<tr>
<td>State Bank of India.</td>
<td>208</td>
<td>1664</td>
</tr>
<tr>
<td>ICICI Bank</td>
<td>20</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>228</strong></td>
<td><strong>1864</strong></td>
</tr>
</tbody>
</table>

Source: Official documents of RBO

The details of the distribution of sample respondents representing from the SBI and ICICI Bank from non-executive level of employees in Rayalaseema Region of Andhra Pradesh are mentioned in below.

Table-3.2
Total Sample Size

<table>
<thead>
<tr>
<th>Name of the Bank</th>
<th>Employees Strength (No. of Non-Executives)</th>
<th>No. of Respondents (Primary Data)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Bank of India.</td>
<td>1664</td>
<td>247</td>
</tr>
<tr>
<td>ICICI Bank</td>
<td>200</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1864</strong></td>
<td><strong>397</strong></td>
</tr>
</tbody>
</table>

Source: Primary Data

3.11.3 Data Collection Instruments

Questionnaire method was adopted to collect the primary data from the respondents. A well designed structured questionnaire was sent through E-mail in the
form of MS Word Doc. and Google form to all the non-executives of sample banks. The details of the employee empowerment parameters along with the usage of measurement techniques are clearly mentioned in table 3.3.

Table-3.3

Employee Empowerment Parameters and Measurement Techniques Selected

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Parameter</th>
<th>No. of statements included</th>
<th>Techniques adopted for measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Dependent Variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organisational Effectiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Independent Variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Autonomy</td>
<td>19</td>
<td>„</td>
</tr>
<tr>
<td>2</td>
<td>Communication</td>
<td>13</td>
<td>„</td>
</tr>
<tr>
<td>3</td>
<td>Training</td>
<td>15</td>
<td>„</td>
</tr>
<tr>
<td>4</td>
<td>Rewards</td>
<td>13</td>
<td>„</td>
</tr>
<tr>
<td>5</td>
<td>Organisational Culture</td>
<td>12</td>
<td>„</td>
</tr>
</tbody>
</table>

Source: Designed by Researcher

3.11.4 Variables used in the Study

Keeping in view the objectives of the study, organizational effectiveness is considered as the dependent variable and select five major variables measured as independent (construct of - 20 concepts) variables. All these variables were identified and selected for analysis after thoroughly reviewing the literature on the subject and consulting with the human resource experts.

3.11.5 Development of Scale

Likert scale was constructed following the procedure developed by Rensis Likert. On a Likert scale, the respondent is asked to respond to each of the statements in terms of several degrees ranging from “Strongly Agree” to “Strongly Disagree”.

Based on the review of literature on employee empowerment and detailed discussion with the human resource consultants, a questionnaire has been prepared.
Initially, 77 statements consisting of five independent variables and one dependent variable (Organisational Effectiveness) are included in the questionnaire that reflects the various dimensions of employee empowerment.

3.11.6 Field Work

The fieldwork on the study started during March 2014 and continued up to September 2014. The data was collected from the 4 districts of the Rayalaseema Region of Andhra Pradesh; viz., Ananthapuramu, Chittoor, Kadapa and Kurnool. For collection of primary data a structured questionnaire was designed and mailed to all the non-executive employees through E-mail in the form of MS Word Doc. and Google form. The researcher was also obtained the required information and clarifications from selected non-executives and other authorities of both the Banks to draw meaningful conclusions. It is very unfortunate to state that the response was very poor from the employees due to the hectic schedule of professional and personal life. Thus, the collection of data has been taken a lot time and the data conceivably obtained from respondents after several reminders have made to the bank personnel.

3.11.7 Statistical Tolls and Techniques

The present study is a qualitative analysis of the response and results based on observations. The gathered data is analyzed and interpreted by using Frequencies, Weighted Averages, Correlation Coefficient Analysis and Independent t-test with the help of Microsoft Office Excel software and Statistical Package for Social Sciences (SPSS-20 Version). Reliability test also used for ensuring validity of the primary data.

3.12 Limitations of the Study

Because of the time, finance and other constrains, the present study has been confined to only one public and one private sector banks operating in Rayalaseema region of Andhra Pradesh. Apart from this limitation some of the other limitations are as under;

i. This research study is limited to SBI and ICICI Bank in Rayalaseema region of Andhra Pradesh only.

ii. The present study is confined for only non-executive level of the employees.

iii. The results of the research cannot be generalized to other commercial banks or other category banks like; foreign, regional, urban and rural cooperatives.
iv. The accuracy of given information may owe to change from time, workplace and individual factors.

3.13 Chapters Layout of the Thesis

The study is organized and presented in as many as seven chapters;

Chapter 1: Conceptual framework of Employee Empowerment: This chapter presents a general description of employee empowerment, meaning and significance, formulation methods, types, benefits and barriers to empowerment.

Chapter 2: Profiles of the select banks: This chapter outlines the profile of the select banks where the factors like history of banks, services offer and other details are described at length.

Chapter 3: Study Design and Methodology: This chapter lays out the research design of the study, which includes, statement of the problem, review of literature, research gap, need for the study, significance of the study, objectives of the study, research methodology, sources of data, sampling design, data collection instruments, scope and limitations of the study, data processing and analysis plans, and components of the present study.

Chapter 4: Job Autonomy and Organisational Effectiveness: A Comparative Analysis of SBI and ICICI Bank: In this chapter, the beliefs of the respondents relating to job autonomy in SBI and ICICI bank are analysed and interpreted along with hypothesis testing.

Chapter 5: Training and Rewards - Organisational Effectiveness: A Comparative Analysis of SBI and ICICI Bank: In this chapter, the opinions of the respondents relating to training and rewards in SBI and ICICI bank are analysed and interpreted along with hypothesis testing.

Chapter 6: Communication System and Organisational Culture - Organizational Effectiveness: A Comparative Analysis of SBI and ICICI Bank: In this chapter, the perceptions of respondents relating to communication and organisational culture in SBI and ICICI banks are analysed and interpreted along with hypothesis testing.

Chapter 7: Summary of findings and suggestions: This chapter summarizes the major findings of the study, conclusions and offers suggestions.
References


23. Quratul-Ain Manzoor, “The Impact of Employees Motivation on Organizational Effectiveness”, ISSN 2157-60682012, Volume 3, No-1.


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