This chapter provides a theoretical body of knowledge related to the three variables of the study, namely psychological empowerment, job satisfaction and job related stress. This includes current view concerning the beginning of empowerment, different perspectives of empowerment, psychological empowerment, models of psychological empowerment, barriers to empowerment, antecedents of employee empowerment, consequences of employee empowerment and measuring of the empowerment. The definition, models and theories of other two variables job satisfaction and job related stress are discussed. The factors determining job satisfaction and measuring of job satisfaction and a brief summary of banking sector in India are also included.

2.1 Empowerment

Empowerment is a new employee involvement initiative controlled and implemented by management to enhance employee commitment and to increase the quality of product and services (Lashley, 1995; Wilkinson, 1998). Employee Empowerment has received recognition in management circles because it is one of the fundamental elements of managerial and organizational effectiveness that increase when power and control are shared in the organization (Ergeneli et al., 2007). Today, more than seventy percent of
organizations have adopted some kind of empowerment initiative at least for a part of their workforce (Lawler, Mohrman and Benson, 2001). In the last decade empowerment has become particularly important for services, aiming to control or enhance service quality and customer satisfaction at the point of service production (Klidas et al., 2007).

2.1.1 The Beginning of Empowerment

There is a little bit of confusion about the beginning of the concept of employee empowerment. The concept of empowerment is derived from theories of participative management and employee involvement (Spreitzer et al, 1997). The confusion emerges from the different positions taken by scholars. For example some scholars hold the view that Elton Mayo’s Hawthorne Studies serve as foundation for the concept of employee participation (Herrenkohl, Judson and Heffner, 1999). Some researchers claim that the Human Relation School of Thought (1930) is the root of empowerment (Korunkonda, Watson and Raj Kumar, 1999). Job Enrichment focused on increasing control and decision-making in one’s work whereas the literature on job autonomy, addressed another component of what is today referred to as employee empowerment [(Herzberg, Mausner et al., 1959; Herzberg, 1968) as cited by Linda Honold, 1997]. Mc Gregor’s Theory Y concept also states that an employee is capable of self-control.

The idea of empowerment has been around for hundreds of years. But management practitioners began to use the term empowerment in business organizations only from 1970s (Klose, 1993). Prior to 1990 empowerment could only be accessed through concepts such as participative management, total quality control, individual development, quality circles, and strategic planning (Sullivan, 1994). Some studies (Kanter, 1977) showed the importance of sharing of power and control, in increasing organizational effectiveness.
Research on the team dimension of empowerment (Beckhard, 1969); leadership approach that empowers subordinate (Bennis and Bert, 1985) and employee participation (Lawler, 1992) also led towards the evolution of the new concept called employee empowerment.

2.1.2 Different Perspectives of Employee Empowerment

The literature on employee empowerment can be looked upon from different perspectives. Over the last two decades, two different, yet interrelated theories have been emerged in the literature of empowerment (Liden and Arad, 1996; Hardy and Leiba-O’Sullivan, 1998; Spreitzer, 1997). One is macro and the other micro in orientation. The macro orientation is referred to as the relational approach or social structural approach to empowerment and the micro orientation is referred to as the motivational or psychological approach to empowerment (Conger and Kanungo, 1988). The relational approach emphasis the idea of sharing power between managers and subordinates with the aim of pouring relevant decision-making power to lower levels of the organizational hierarchy (Liden and Arad, 1996) where as psychological approach focuses on how the individual perceives about their role in the organization.

Some researchers such as Laschinger et al. (2001) and Seibert et al. (2004) have viewed empowerment from a multidimensional perspective also.

2.1.2.1 Relational or Social Structural Perspective of Empowerment

Much research has been conducted on social structural perspective of empowerment. In the structural view, the underlying principle is that employees will behave in an empowered way by making necessary changes at structural level. Here the relationship between the manager and subordinate are examined in terms of the distribution of power. They are mainly focused at unit level and firm level. Kanter’s (1977) Men and Women Corporation was a classic study in the development of social-structural theory of empowerment. In this
perspective empowerment is defined as having power in the organization (Burke, 1986). Power means ability to take decision regarding one’s own job and to have authority over the resources of the organization. (Lawler, 1992) Here empowerment is viewed as a relational construct. Empowerment as a relational construct is defined as the process by which leader or manager shares his or her power with subordinates. It is about sharing of power through delegation of responsibility (Conger and Kanungo, 1988). Thus, relational approach gives the employees more freedom for performing their job. This perspective has received considerable attention in the literature largely through research on participative management, decision making, employee involvement, delegation and power distribution [(e.g., Cotton, Vollarth, Froggatt, Lengnick-Hall and Jennings, 1988; Dachler and Wilpert 1978; Locke and Schweiger, 1979) as cited by Spreitzer, 1992].

Bowen and Lawler (1995) have framed a well-known social-structural model of empowerment. They defined empowerment as sharing various organizational factors like information, power, reward and knowledge, with employees in the lower level of the organizational hierarchy. This can be implemented in three levels-first level is allowing the employees to suggest, second level is job involvement by reducing intensive supervision and the third level is high involvement which include direct participation of employees. Some practices that point out a high involvement include participative decision-making, open flow of information, flat organizational structures, training and knowledge-based pay. Each of these practices contributes to employee empowerment by increasing access to opportunity, information, support, or resources (Sprietzer, 2007). The real impact comes from the interaction and reinforcement of all these practices (Lawler, 1996; Mac Duffie, 1995).
The social-structural perspective emphasizes the importance of changing organizational policies, practices and structures (Bowen et al., 1995). This perspective focuses on how organizational and other forces can eradicate the conditions that foster powerlessness in workplace by sharing of power between superiors and subordinates (Liden and Arad, 1996). Konzack et al. (2000) developed the Leader Empowering Behavior Questionnaire to study the relational approach. It measured various empowering behaviours of managers like skill development, delegation of authority, accountability, self-directed decision making, information sharing, and coaching for innovative performance.

The concept of empowerment can be classified into five main types such as upward problem solving, task autonomy, self management, attitudinal shaping and information sharing (Wilkinson, 1998). Bartunek et al. (1999) found that participation of employees were imperative for introducing empowerment in organizations. This perspective is democracy in organization (Prasad, 2001). According to Daft (2001), in an environment characterized by intense competition and new technology, many top managers believe that giving up centralized control will promote speed, flexibility and decisiveness in employees’ actions. Employee involvement is very important in organizations which have a team environment. The empowered team can control their work (Lawler, 1992). Based on Lawler’s principles, Cohen et al. (1996) suggested that the organizations having self-managing teams should focus on employee involvement. Thus different studies use different terms like power, decision making, authority, self managing teams, employee involvement, and employee participation as synonyms for empowerment (Conger and Kanungo, 1988; Lawler, 1992; Cohen et al., 1996). But this perspective does not view empowerment from the employee’s point of view.

* A study on the effect of Psychological empowerment on Job satisfaction and Job related stress among the bank employees *(19)*
2.1.2.2 Motivational or Psychological Perspective of Empowerment

The psychological perspective focuses on perceptual or psychological dimensions of empowerment (Liden et al, 2000). The structural view of empowerment fails to explain the biases which are inherent in perception (Jones, 1990) and cannot assure the empowerment felt by the employees. Psychological perspective lays emphasis on employee’s perception and experience on empowerment. The work of Conger and Kanungo (1988), Thomas, and Velthouse (1990) etc. have contributed towards clarification of the psychological approach to empowerment. According to Spreitzer (1996) worker’s interpretation and the perceptual realities is what matters and not the efforts taken by the management.

The employees’ attitudes and perceptions of the work environment are a necessary intervening variable in any model of the empowerment process (Robbins et al. (2002). In this approach, the emphasis is upon perceptions and beliefs of power, competence, control and self-efficacy (Psinos and Smithson, 2002). According to Mishra and Sprietzer (1998), people get involved in activities and behave confidently when they judge themselves capable of handling situations which would otherwise be threatening. This approach is also called psychological empowerment. Psychological empowerment is the main variable of the study. It is discussed in detail in section 2.2

2.1.3 Antecedents of Employee Empowerment

Organizations can empower the employees and increase the effectiveness of the organization. Research studies on structural approach have identified some pre-requisites that facilitate and encourage empowerment efforts. But there is lack of consensus on how it is to be done.

Conger and Kanungo (1988) discussed several sets of contextual factors that could affect one's self-efficacy and, thus, empowerment. They are
organizational factors, including poor communication and network forming systems, job design including lack of role clarity and unrealistic roles, supervisory style including negativism and high control and reward system including lack of competence based rewards. Empowerment requires people to make decisions about their work, and to take the appropriate actions to carry out these decisions. All the factors mentioned above hinder the implementation of effective empowerment. Chiles and Zorn (1995) found that lack of relevant information from management, strict atmosphere and negative communication with management, negatively affected empowerment of the organization.

Kirwan (1995) states that there are four key ingredients for an empowerment programme to succeed. They are top management support, reward, training and the programme should warrant fanfare. Randolph (1995) similarly stated that the three keys to empowerment include sharing information, communicating a vision, and teamwork. Other researchers identified autonomy, skill and knowledge, self esteem and internal locus of control as the antecedents of employee empowerment.

According to Spreitzer (1995a), organizational structure, organizational support, access to strategic information, organizational resources and organizational culture are identified as antecedents of employee empowerment. Quinn and Spreitzer (1997) also identified various organizational factors, which affected the empowerment. They insisted that the employees understood the vision and goals of top management and have good communication with management. According to them, employees had to believe that they can work together with each other to solve problems, in order for them to be willing and able to take empowered actions. The organization should also emphasize on openness and teamwork. The Japanese organizations have identified several global standards in human resource management practices. They are Open lines of communication, Clear job objective, Transparent organizational culture, Shared ethical values, Scope for creative world.
Leadership at all levels, Open and fair appraisal system, Equal code of conduct, Self-efficacy and Sharing responsibility.

In order for employee empowerment process to be successful the following six pillars should be put in place by management: resource, coaching, alignment, information, climate and training of employees (Ongori et al., 2008). Ghani et al. (2009) determined five factors as antecedents to empowerment in private higher education institutions i.e. access to information, resources, organizational support, and opportunity to learn and develop, and trust. According to Bordin et al. (2007), employee participation, supervisory social support, job security and access to information had a major role in predicting psychological empowerment.

After reviewing prior research, the following can be considered as the empowerment antecedents:

1) **Information Sharing**: Kanter (1977) suggested that in order to be empowering, organizations must make more information available to more people at more levels through more devices. Information is an important antecedent to psychological empowerment (Chiles and Zorn, 1995; Randolph, 1995; Ghani et al., 2009; Bordin et al., 2007). Information about the organization’s reward and information about performance can also boost empowerment in organizations (Spreitzer, 1995a).

2) **Open communication**: For the employees to interact at all levels of hierarchy, open communication should be provided in the organization Conger and Kanungo 1988; Randolph, 1995).

3) **Top Management Support and Supervisory Support**: Top management should have a positive attitude towards empowerment. Employees who get high supervisory social support are more empowered than others who don’t get (Spreitzer, 1996; Kirwan, 1995; Bordin et al., 2007).
4) **Access to resources:** Access to various critical organizational resources like material, fund etc. may lead to feelings of personal control and ultimately a sense of empowerment (Hodson, 1991; Ghani et al., 2009).

5) **Opportunity for Self- Development:** Opportunity given to employees for developing the skills and talents of employees will facilitate the employees to develop their potentials and capabilities thus enabling them to take decisions more effectively.

6) **Autonomy:** Autonomy gives some discretion to take decision on job related matters and provides for self-development and increases the satisfaction level of employees thus leading to empowerment.

7) **Teamwork:** Quinn and Spreitzer (1997) identified that among organisational characteristics, teamwork is essential for empowerment. Randolph (1995) also suggested teamwork as a key to empowerment.

8) **Self- esteem and Locus of Control:** Spreitzer (1995a) also included these two important personality traits as antecedents to empowerment.

9) **Employee participation:** Employees should be included in decision-making and there should be more prominence on individual initiative for enhancing empowerment. Employee participation is an essential antecedent of employee empowerment (Bordin et al., 2007). Spreitzer (1996) argues that a participative climate can promote feelings of psychological empowerment.

10) **Training for employees:** Adequate training is to be given to employees before the implementation of empowerment (Ongori et al., 2008; Kirwan, 1995).

11) **Rewards and Incentives:** Individual performance based rewards are found to be important for empowerment because a) these recognize and
reinforce personal competencies and b) provide individuals with incentives for participating in the decision making processes and impacting them (Conger and Kanungo, 1988; Kirwan, 1995).

### 2.1.4 Outcome of Employee Empowerment

Various studies have proved that the outcomes of employee empowerment include job satisfaction (Seibert et al., 2004; Jun and Lee, 2000; Fuller et al., 1999; Bordin et al., 2007); job involvement (Menon, 2001); organizational commitment (Liden et al., 2000; Bordin et al., 2007; Menon, 2001); extra-role behavior (Menon, 2001); reduced turnover intent, better performance, productivity and higher service quality (Gralis and Terziovski, 2003; Lashley, 1995b); innovation, upward influence, self-efficacy and managerial effectiveness (Sprietzer, 1995) and more responsive customer service (Hellriegel et al., 1999). Empowerment has a direct influence on the intrinsic satisfaction derived from work in a productive function within the industry. Empowerment can also lead to strong sense of self-esteem among employees (Greasley et al., 2005).

Managerial effectiveness and innovative behaviour are also considered as outcome of psychological empowerment. Thomas and Velthouse (1990) argued that empowerment will increase concentration, initiative and resiliency and thus improve managerial effectiveness. When employees are considered individually, as the individuals believe they are autonomous, they are likely to feel less constrained than others and will be more creative (Amabile, 1988).

### 2.1.5 Barriers to Empowerment

The research into barriers of empowerment revealed that the organizations may face different kinds of difficulties while empowering the employees. The superiors and subordinates may resist empowerment at certain stages. The barriers to empowerment can be grouped under six headings. They include
information and transparency, fear and risk factor, mutual trust, down-sizing, lack of clarity, and negligent use of power.

**Information and transparency**: Some organizations implement empowerment without providing adequate information and training to the employees. Training is especially relevant for employees when they are not willing or capable of being empowered. Some managers retain their power by maintaining the information from the subordinates (Conner; 1997). The shareholders also may not be aware of the purpose of empowerment in the organization.

**Fear and Risk Factor**: The superiors or managers may be reluctant to the implementation of empowerment because they fear that they may have to give up their power to the subordinates and that the subordinate will have an upper hand in the organization. They also fear of loss of control, loss of their jobs and exposure of their inabilities to top management. Employees also fear empowerment because of their lack of ability to be empowered. All the employees may not be equally capable to use the power for decision-making and to take up accountability and high involvement of the job. They may also resist because of the fear of taking up more responsibility (Johnson; 1994). When decision-making power is given to the employee, there are chances that the employee may become over confident and make wrong judgments.

**Mutual Trust**: Mutual trust forms the basic ethical foundation of empowerment. The employees may resist empowerment because sometimes they believe that empowerment is just another technique of the management to exploit the employees. Empowerment may be viewed as a tool to manipulate the employees and get greater organizational commitment from them. It can be argued that management increases the work load using the technique of democracy. The employees may feel under-compensated, under-praised, and under-appreciated. They feel that empowerment is only for the benefit of the organization and may not accept empowerment.
**Downsizing**: The organizations implement empowerment at the time when there is an economic slowdown, to increase the effectiveness of the organization. Downsizing occurs due to economic slowdown, introduction of new technology, restructuring etc. So at times empowerment and downsizing may occur simultaneously and the employees link the two. When organizations implement empowerment employees believe that there will be a downsizing which will lead to loss of job and thus they resist the change. Managers also believe that empowerment and downsizing may lead to flat organizational structure thus reducing their power and status (Adler; 1993).

**Lack of clarity**: Managers do not really understand what employee empowerment means. As the exact meaning of empowerment is not clear, the managers may not know how to implement empowerment. Managers fail to establish boundaries for employee empowerment. Sometimes managers define the decision making authority and boundaries with staff, but micromanage the work of employees without giving them any freedom. The employees also do not know the extent to which they can use the freedom.

**Negligent use of power**: The discretion given to the employees may be exploited by the employees for running personal errands. The flexibility in the time may be misused for personal purposes. Using the power given for personal gain can reduce the quality and quantity of performance of the employees. This shows that in spite of its popularity, empowerment is surrounded by numerous obstacles.

### 2.2 Psychological Empowerment

The psychological perspective of empowerment is known as Psychological empowerment. Psychological empowerment is the belief that one has necessary knowledge and skills to perform the job well that can make a difference in the organization (Sprietzer, 1995a). Researchers from psychological perspective say that psychological empowerment can be enhanced by change in both the internal
mental aspects of the employee and the external work environment. Psychological empowerment is a reflection of the ongoing ebb and flow of employee’s perceptions and attitudes about their work environment.

### 2.2.1 Models of Psychological Empowerment

Several researchers like Conger and Kanungo (1988), Thomas and Velthouse (1990), Sprietzer (1995a), Menon (2001) etc. have developed different models for psychological empowerment. These models are summerised below.

#### 2.2.1.1 Empowerment in the view of Conger and Kanungo

The work of Conger and Kanungo (1988) is often considered as a starting point in literature on psychological empowerment. They were the first to criticize the approach to empowerment which only concentrated on sharing of power and delegation of authority. Bandura’s (1997) self-efficacy theory is the base of Conger and Kanungo’s approach to empowerment. Self-efficacy theory states that people who believe in themselves that they are capable can set more challenging goals (Bandura 1997; Locke and Laham 1990). Conger and Kanungo (1988) defined empowerment as “a process of enhancing the feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information”.

According to them, the effect of empowerment is the initiation and persistence of behaviour by empowered employees to accomplish task objectives. They clearly distinguished empowerment interventions and the feeling of being empowered. Conger and Kanungo (1988) identified five stages while explaining the process of empowerment (Shown in Table 2.1): (a) Conditions leading to a psychological state of powerlessness which include organizational factors, reward system, supervision and nature of job,
(b) The use of managerial strategies and techniques like participative management, job enrichment, feedback system, goal setting, competence based reward, modeling, (c) To provide self-efficacy information to subordinates using four sources like enactive attainment, vicarious persuasion, vicarious experience and emotional arousal till they overcome the state of powerlessness, (d) Results in empowering experience of subordinates were the subordinates are empowered, (e) Leading to behavioural effects which result in accomplishment of task.

In the first stage four main conditions are specified leading to a psychological state of powerlessness. The first condition include organizational factors such as access to relevant information, labour problems, available equipment within the organization, and technological changes, second condition the supervisory style like high control, some control and non controlling, third, the reward system and the fourth the job design such as lack of role clarity, lack of meaningful goals etc.. They stated that these conditions cause powerlessness in organizations.

In the second stage of the model Conger and Kanungo suggested that by implementing management techniques like goal setting, modeling, participative management etc. employees can reduce the feeling of powerlessness they experienced in the first stage. According to them, in the third stage, employees can use the technique of Bandura (1989). The employees are provided with self-efficacy information by using enactive attainment, vicarious experiences, verbal persuasion and emotional arousal thus removing the conditions of powerlessness. This will make the employees empowered in the fourth stage. The empowering experience in the fourth stage leads to behavioural effects of subordinates. Thus the subordinates are enabled and their self-efficacy is believed to be increased. The initiation and persistence of behaviour leads to accomplishment of objectives.
### Table 2.1 The Process of Empowerment by Conger-Kanungo (1988)

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<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
<th>Stage 5</th>
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<tbody>
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<td>Conditions leading to a psychological state of powerlessness</td>
<td>The use of managerial strategies and techniques</td>
<td>To provide self efficacy information to subordinates using four sources</td>
<td>Results in empowering experience of subordinate</td>
<td>Leading to behavioral effects</td>
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<tr>
<td>• Organizational Factors</td>
<td>• Participative management</td>
<td>• Enactive attainment</td>
<td>• Strengthening of effort performance expectancy or belief in personal efficacy</td>
<td>• Initiation/pe persistence of behavior to accomplish task objectives</td>
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<tr>
<td>• Supervision</td>
<td>• Goal setting</td>
<td>• Vicarious experience</td>
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<td>• Reward System</td>
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<td>• Emotional arousal</td>
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<td>• Nature of</td>
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<td>• Contingent/ competence based reward</td>
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#### 2.2.1.2 Thomas and Velthouse -Cognitive Model of Empowerment

Thomas and Velthouse (1990) argued that the concept of empowerment is much more complex and could not be fully explained in a one dimensional construct such as self-efficacy. They defined empowerment as a set of cognitions that helps to create an active-orientation to one’s job. They put forth a cognitive model of empowerment. In this model, they proposed four psychological cognitions or task assessment that contributes to a person’s intrinsic motivation towards a task. Thomas and Velthouse’s (1990) cognitive model was different from Conger and Kanungo’s model in three different ways.(1). The empowerment is defined as intrinsic task motivation, (2) Task assessment has been identified in which self efficacy is only one of the four cognitions, (3) An interpretive perspective is given to empowerment. The four
psychological cognitions of Thomas and Velthouse’s (1990) model are impact, competence, meaningfulness and choice. Thomas and Velthouse (1990) considered that six key variables influence these cognitions. They included environmental events, task assessments, global assessments, interpretative styles, behaviours and interventions.

According to Thomas and Velthouse (1990), **Impact** is the degree to which behaviour is seen as 'making a difference' in terms of accomplishing the purpose of the task (Thomas and Velthouse, 1990). It is the degree to which a person can make a difference in strategic, administrative or operational outcome at work (Ashforth, 1989); **Competence** is the degree to which a person can perform his or her job efficiently when he or she tries (Thomas and Velthouse, 1990). It is a person’s belief in his or her own capacity to perform the job skillfully (Gist, 1987). This dimension put forward by Thomas and Velthouse is analogous to self-efficacy described by Conger and Kanungo; **Meaningfulness** is the value of a work goal or purpose. It involves the individual's intrinsic caring about a given work (Thomas and Velthouse, 1990) and **Choice** involves causal responsibility for a person's actions. Thomas and Velthouse (1990) suggest that environmental factors such as leadership, delegation, job design, and reward systems influence the feeling of empowerment. It is the person’s choice in initiating and regulating his own actions (Deci, Connell and Ryan, 1989).

### 2.2.1.3 Spreitzer’s Model of Empowerment

Using the Thomas and Velthouse model as foundation, Spreitzer (1995a) operationalised it by developing a scale to measure the four components of empowerment. Spreitzer renamed meaningfulness cognition to ‘meaning’ and choice cognition was renamed to ‘self-determination’. Spreitzer (1995a) conducted a study in an industrial firm and an insurance company. She found that the four dimensions of psychological empowerment, namely meaning,
competence, self-determination and impact, combine additively to create an overall construct of psychological empowerment which result in managerial effectiveness. She also found that the absence of any one dimension will reduce the effect of empowerment but will not completely eliminate the overall effect of empowerment experienced. Similarly Spreitzer et al. (1997) found that one dimension of empowerment alone was not associated with organizational outcome such as effectiveness, satisfaction, and low job-related strain. They concluded that if an organization has to achieve its outcome such as effectiveness, satisfaction, and low job-related strain the employee must experience all four of the empowerment dimensions. To ensure that these four dimensions truly captured the essence of empowerment, Spreitzer (1997) distilled the interdisciplinary literature on empowerment, drawing various aspects from psychology, sociology, social work and education. She found wide support for these four dimensions of empowerment across the literatures. Based on these results, she further refined these four dimensions.

For the purpose of this study, these four dimensions of psychological empowerment have been discussed in detail.

a) **Meaning**

Meaning involves a fit between the needs of a person’s work role and his or her beliefs, attitudes, values and behaviours. This term is similar to one of the critical psychological states in the Job Diagnostic Survey of Hackman and Oldham (1975) named as meaningfulness. It is the value of work goal and purpose as perceived by the individual in relation to his own personal mission and expectation (Spreitzer, 1995b; Brief and Nord, 1990; Hackman and Oldham, 1980). According to Mishra and Spreitzer (1998), 'meaning' reflects a sense of purpose or personal connection to work. Work is seen as meaningful when the task is congruent with the beliefs, attitudes, and values that employees care about and see as important (Quinn and Spreitzer, 1997). It is described as
the value of a work goal or purpose judged in relation to an individual's own ideals or standards (Thomas and Velthouse, 1990).

If the person perceives the task to be performed as something important, then the task becomes meaningful and if the task is perceived as unimportant the task becomes meaningless. The employee will be committed to his job if he perceives the job as meaningful where as he will move away from the job and will not be interested in the job if he considers the job as less meaningful (Thomas and Velthouse, 1990). When the organizational mission and goal are congruent to their own value system, employee will feel that their work is important and they care about whatever they do (Spreitzer, 1995b; Thomas and Velthouse, 1990). According to Hackman and Oldham (1975), meaning is one of the three critical psychological states for intrinsic task motivation. It involves not only intrinsic caring about the job, but also external factors affecting people’s cognitions about how they feel are also important.

b) Competence

Competence stems from the work of Bandura (1977, 1989) on self-efficacy, the belief that one can successfully perform a given behaviour. Competence is the degree to which a person can perform task activities skillfully when he or she tries (Thomas and Velthouse, 1990). When the self-efficacy of an individual is high, they will be more committed in achieving difficult goals, they will be more determined to succeed when they fail to achieve a task, and will try hard to achieve greater performance levels (Goodale et al., 1997). Competence refers to the self-efficacy specific to work i.e. ability of an individual to perform his/her job activities with the needed knowledge and skill (Spreitzer, 1995b). This dimension is named as competence instead of self-esteem because it is the efficacy specific to the individual’s work role.
For individuals to feel empowered they must have a sense of self-effectiveness or personal competence (Bennis and Nanus, 1985; Conger and Kanungo, 1988). Conger and Kanungo (1988) state that competence is knowledge that an individual possess the skills needed to perform his/her job successfully in certain context. On the other hand, Thomas and Velthouse (1990) refer to competence as how far an individual can perform his/her job using high level of skill. Competence is the capability of a person to perform a task successfully (Spreitzer, 1995b). Thus, the individual believes in his or her skills and abilities, that he or she can perform the task and influence the work and organization effectively and competently. Employees feel competent when they are confident about their ability to do their work well and know they can perform (Quinn and Spreitzer, 1997).

c) Self-determination

Self determination reflects autonomy in the limitation and continuation of work behaviours and process (Bell and Staw, 1989, Specter, 1986). Where competence reflects a mastery of behaviour, self-determination reflects a choice of behaviour. Empowered individuals believe that they have personal direction concerning the methods used to perform their role in the system (Spreitzer, 1992). To be self-determining means to experience a sense of choice in initiating and regulating one’s own action (Deci, Connell and Ryan, 1989). A supporting work environment can increase the employees’ autonomy and interest in their work. Employees that have autonomy will make more rational choices, and arrange their own actions (Deci et al., 1989).

Spreitzer (1995b) defines self-determination as autonomy in performing one’s job and the ability to choose how to behave in various job related situations (Spreitzer, 1995b). It is the opportunity to select the tasks that make sense and to perform these tasks in ways that seem appropriate to the person (Quinn and Spreitzer, 1997). It reflects autonomy in decision-making process.
in performing his own work. Employees with feelings of self-determination in their work role are more likely to exhibit quicker and more appropriate responses in service recovery efforts on a consistent basis (Goodale et al., 1997). They feel a sense of control over the initiation and continuation of behavior and feel more responsible for their activities. Autonomy can be seen in making decision especially concerning work methods, procedure, time and effort (Spreitzer, 1995b).

d) Impact

Impact is the extent to which one can influence events in an organization and work outcome and how far an individual believe that he/she can influence the strategic output, management and operation in the workplace (Spreitzer, 1995b; Ashforth, 1989). It is the belief that individuals can influence the system in which they are embedded (Mishra and Spreitzer, 1998). Impact may seem to be similar to locus of control, but, it is different because locus of control is a global personality characteristic whereas impact is influenced by the work context (Spreitzer, 1995a). Quinn and Spreitzer (1997) state that impact is the triumph one feels in achieving goals. It involves creation of feeling in employees that they are really accomplishing something and that others listen to them.

It refers to the extent that an individual feel that he can make a difference and his work can affect the overall goal achievement. Employees feel a sense of impact when they perceive influence in decision making processes (Thomas and Velthouse, 1990). Where the third dimension, 'self determination’ reflects control over behaviour, ‘impact’ reflects control over the outcome. Impact is influenced by the work context and is not a global personality characteristic that endures across situations (Wolfe and Robertshaw, 1982). The workers who believe that they can influence the outcome of the organization would expect to be able to use information about customer preferences and the organization’
s ability to meet customer needs, to impact departmental operations and perceived service quality (Goodale et al., 1997). It is the extent to which an individual can have control over organizational outcomes.

These dimensions contribute additively to a state of psychological empowerment (Spreitzer, 1995a). Spreitzer (1995a) also added that non-existence of any single dimension will reduce the overall extent of empowerment. Similarly low rating in any dimension will also lower the overall empowerment. Therefore, higher ratings in all the four dimensions are needed to ensure a high level of empowerment (Lee and Koh, 2001). Spreitzer, Kizilos and Nason (1997) state that an individual needs to experience all four components of empowerment for both the personal and organizational benefits to occur.

According to Brancato (2006), a worker should understand the dimensions of psychological empowerment whereas Hancer and George (2003) suggested that the management should examine each dimension and take actions necessary to increase the level of employee perception towards the dimensions and thus increase the level of psychological empowerment experienced by employee.

According to Spreitzer (1995a) and Bandura (1989) the four dimensions jointly indicate an active, rather than a passive, orientation to a work function. By active orientation it implies an orientation in which an employee wishes and feels able to shape his or her work function or context. Bhatnagar (2005) further mentioned that these dimensions merge additively to create a total construct of Psychological Empowerment. Spreitzer, Kizilos and Nason (1997) state that an individual needs to experience all four components of empowerment for both the personal and organizational benefits to occur. (Spreitzer, 1995a) also concurs with the latter by adding that the lack of any
single cognition will reduce, though not totally eliminate, the overall extent of empowerment.

2.2.1.4 Menon’s view of Empowerment

Menon (1999) has put forward an entirely new set of dimensions. He defined the psychologically empowered state as a cognitive state characterized by a sense of perceived control, perception of competence and internalization of goals.

Menon (2001) suggested that psychological empowerment is a psychological state which can be measured. According to him psychological empowerment is important because of various reasons. First, even though organizations introduce policies and practices to empower its employees, the real benefits of empowerment can be attained only if the employees actually experience or perceive empowerment i.e. the psychological state of empowerment. Second, while there are many actions that could be considered empowerment, the most proficient among them is to focus on the psychological state of the employee. Third, psychological empowerment acts as a mediator between the empowerment practices and behavioural and other outcomes like job satisfaction. The three dimensions that capture this conceptualization of psychological empowerment are subsequently derived, namely:

**Perceived control** — It includes belief about authority, availability of resources, autonomy in decision making, autonomy in the scheduling of work and performance of work etc. This has a similarity to the ‘choice’ dimension of Thomas and Velthouse’s model (1990) and ‘self-determination’ in Spreitzer’s models (1995a).

**Perceived competence** — It is defined as belief in one’s capabilities to meet given situational requirement. It reflects role-mastery which not only includes accomplishment of assigned task but also handling non-routine role related situations.
Goal internalisation — It is defined as feelings of significance, community and enjoyment and ownership of organisational goals. Menon (2001) claims goal internalisation is a unique feature of this conceptualization. It has similarity to the meaning dimension put forward by Spreitzer (1995a).

2.2.2 Measuring Psychological Empowerment in Organizations

Various researchers have developed different tools to measure empowerment and some of the popular tools used for measuring empowerment are given below:

Sprieter (1992, 1995a) developed a 12-item scale to measure psychological empowerment. It measures each of the four dimensions put forward by Sprieter. The meaning item was taken from Tymon (1988). The competence scale was adopted from Jones (1986). Hackman and Oldman’s (1975) autonomy scale was used to create the measurement of self-determination and the impact scale was taken from Ashford’s (1989) helplessness scale.

Fulford and Enz (1995) modified the scale constructed by Spreitzer, (1992, 1995) to measure service employees’ feeling of empowerment. A three factor structure was identified which included meaning, competency and influence. Lin (1998) developed a 33 item questionnaire and 6 point scale based on the following key characteristics of empowerment: empowering leaders, empowering culture, empowering practices and empowered employees.

Menon (1999) developed a 60-item questionnaire and a seven point scale to measure psychological empowerment. The seven-point scale covered three dimensions of perceived competence, goal internalization and perceived control. Sample items include: “I have the skills and abilities to do my job well”; “I have the competence to work effectively”; “I am inspired by the goals of the organization”.

Konczak, L. J., Stelly, D. J. and Trusty, M. L. (2000), developed Leader Empowerment Behaviour Questionnaire (LEBQ) to measure whether the
managers show empowering behaviour that facilitate the perception of psychological empowerment within employees. It measures six dimensions: decision-making, information sharing, skill development and coaching for innovative performance, delegation of authority and accountability.

Matthews Russell A, Diaz Wendy Michelle and Cole Steven G. (2003) developed an Organizational empowerment scale (OES), a 19 item scale with both positively and negatively phrased statement that measure empowerment in an organization with three specific dimensions of DSF (Dynamic Structural framework), CWD (Control of workplace decisions) and FIS (fluidity in information sharing). The OES was validated against Sprietzer’s (1995a) psychological empowerment scale.

2.3 Job Satisfaction

Job Satisfaction is considered as an important motivator. Studies have revealed that employees’ attitudes and feelings towards their jobs and/or job experiences have been found to have significant effect on their performance. Hawthorne studies conducted by Elton Mayo and his associates states that psychological and social influences were more effective than changes in wages and hours which had been considered as the prime matter of importance for a long period of time by the managers. Job satisfaction is especially important for service industry employees because it is assumed that if employees are satisfied with their job in service industry then only they can satisfy their customers. It is not the customers alone who should be satisfied but the employees of the organization should also be satisfied in order to get customer satisfaction.

2.3.1 Definitions of Job Satisfaction

The pleasurable emotional state arising from the appraisal of one's job or job experiences is called job satisfaction (Locke, 1976). That is, when a person
values a particular facet of a job, his satisfaction is greatly impacted positively, when expectations are met and negatively, when expectations are not met, compared to one who doesn’t value that facet.

Job satisfaction or dissatisfaction is a function of perceived relationship between what one expects and obtains from one's job and how much importance or value he attributes to it (Kemelgor, 1982). According to Lawler (1990), job satisfaction refers to people’s feelings about the rewards they have received on the job. Hsiao and Kohnke (1998) defined job satisfaction as one’s emotional response to a job that results from the person’s expectations of the job and the reality of the job situation.

Job satisfaction is defined as an attitude that individuals have about their jobs which results from their perception of the jobs and the degree to which there is a good fit between the individual and the organization. Employees in flat organization where they have more control of their work and decision making power reports more job satisfaction (Ivancevich et al., 1997, 1980).

Spector (1997) described job satisfaction as how people feel about their jobs and different aspects of their jobs. Motivation to perform the job will increase, when people consider their jobs as meaningful and enjoyable. The nature of job satisfaction implies that an individual would tend to stay with a job which is satisfying him and quit a job which is dissatisfying him.

Susskind, Borchgrevink, Kaemar, and Brymer (2000) describes that job satisfaction represents the workplace and employees’ perceptions of their job. Job satisfaction can be envisaged by levels of support an employee gets from his organization, the employment situation and employees’ evaluation of the work climate in the organization.
2.3.2 Models and Theories of Job Satisfaction

Herzberg, Mausner and Synderman (1959) clearly explain a two-dimensional paradigm of factors affecting work attitudes that can be regarded as a theory base for job satisfaction. They emphasis about the factors characterizing events on the job that lead to extreme job satisfaction (intrinsic factors) and those lead to extreme dissatisfaction (extrinsic factors). Motivating or intrinsic factors refer to factors that stem from performing the work and from experiencing feeling of accomplishment like achievement, recognition, responsibility, and advancement. These are considered as strong determinants of job satisfaction. Hygiene or extrinsic factors are derived from the reward given to an employee like supervision, interpersonal relations, working conditions, and salary. These are dissatisfiers.

Traditional theory put forward by Hazer (1976) also explains about job satisfaction. This theory views the feeling of an individual as a whole which includes the environmental factors as well as the job related factors. According to this theory, an employee is neither satisfied nor dissatisfied with his or her job and the satisfaction and dissatisfaction are extreme opposite to each other.

Vroom’s (1964) theory of job satisfaction explains the interaction between personal and workplace variables. He also incorporated the element of workers’ expectations into his theory. The essence of this theory is that if workers perform better at work, then they will be compensated accordingly. The difference that occurs between expected compensation and actual outcome lead to dissatisfaction. Vroom’s’ expectancy theory states that human behavior is a function of three factors—the perceived value of the reward that certain behavior yield, the expectation in the doer that certain behavior will yield a reward and the probability that expresses perceived relationship between level of effort and level of performance.
In the discrepancy model job satisfaction is determined by the discrepancy between what employees want, value and expect and what the job actually provides. Thus the employees will experience dissatisfaction if there is a discrepancy between what they want and what the job offers. According to discrepancy model of job satisfaction, when the employees expectations are high about their job and when their expectations are not met, employees will be dissatisfied (Lee, 1992). Theories that focus on this aspect include Maslow’s hierarchy of needs theory, ERG theory, Two-factor theory and McClelland’s needs theory (Aamodt, 2004).

Job Characteristics Theory (Hackman and Oldham, 1976) suggests that personal and organizational outcomes are influenced by five job characteristics such as autonomy, task identity, task significance, skill variety and job feedback. Job Diagnostic Survey (JDS) was also developed by them to evaluate these characteristics. The researchers found that a mixture of these characteristics predicts the overall job satisfaction.

Quarstein, McAfee, and Glassman (1992) put forward situational occurrences theory where job satisfaction is determined by two factors: situational characteristics and situational occurrences. Situational characteristics are those factors like pay, supervision, working conditions, promotional opportunities, and company policies which the employee considers before accepting the job. The situational occurrences are those factors which take place after taking up the job. There can be a positive occurrence or a negative occurrence. Positive occurrences can be an extra vacation time which the employee gets after joining the organization while negative occurrences might be bad relationships with a co-worker.

The Core Self-evaluations Model, proposed by Timothy A. Judge, Edwin A. Locke, and Cathy C. Durham (1997) argued that there are four core self-
evaluations that determine one’s disposition towards job satisfaction: self-esteem, general self-efficacy, locus of control, and neuroticism. This model states that higher levels of self-esteem and general self-efficacy and having an internal locus of control leads to higher job satisfaction whereas lower levels of neuroticism lead to higher job satisfaction.

2.3.3 Factors Determining Job Satisfaction

Studies reveal that one attitudinal factor alone cannot measure job satisfaction. The basic factors determining job satisfaction can be broadly categorized into two: intrinsic factors and extrinsic factors (Buitendach and De Witte, 2005). Extrinsic factors include pay, physical working condition; working hours, job security work group, work itself, supervision etc. and intrinsic factors include personality, values, recognition, advancement etc. Research on job satisfaction has also identified certain personal or demographic variables like age, gender, tenure etc. which influence satisfaction.

2.3.3.1 Extrinsic Factors

Extrinsic factors are those factors beyond the control of the employee. All aspects of the job and organization can affect the job satisfaction of employees. Even though in earlier studies salary was not a predictor of job satisfaction, in later studies salary was found to be the most significant factor in determining job satisfaction (Kanungo, 1982; Derlin and Schnieder, 1994). Similarly in Spector’s (1997) study, the correlation between the level of pay and job satisfaction tends to be surprisingly small. Later he suggested that it is the fairness of pay that determines satisfaction rather than the actual level of pay itself (Spector, 1996).

Employees, who enjoy their work, are more satisfied and motivated than employees who do not enjoy their work (Gately, 1997 as cited by Aamodt, 2004). Employees prefer jobs with variety and freedom. They also want regular feedback on their performance. Luthans (1995) stated that the content of the
work performed by employees is a major predictor of job satisfaction. Promotion serves as a source of satisfaction to employees. Research indicates that those employees who perceive that promotion decisions are made in a fair manner and through proper performance appraisal system are most likely to experience job satisfaction.

Research indicates that people who enjoy working with their supervisors will be more satisfied with their jobs (Aamodt, 2004). Studies have shown that employees who have positive interactions with supervisors are more satisfied at work (Vroom, 1982). According to Robbins (1989), job satisfaction will increase if the supervisor is emotionally supportive and willing to listen to the employees. Employees also prefer supervisors who give respect to them and satisfy their interpersonal needs. The workgroup itself is another source of satisfaction. The employees who have supportive co-workers will be more satisfied with their jobs. Job satisfaction depends on how friendly and supportive co-workers are (Robbins, 2005). Thus if the co-workers are positive about their job and organization, the employee will also be satisfied with the job.

Connolly and Myers (2003) explain that the employee’s work setting may also be related to enhancing job satisfaction good job performance. Temperature, humidity, ventilation, noise, hours of work, lighting etc are the factors of working condition which affect job satisfaction. Research has shown that employees, who perceive high levels of constraints in their work environment, tend to be dissatisfied with their work (Spector, 1997).

Studies have demonstrated that employees prefer physical surroundings that are safe, clean, comfortable and with a minimum degree of distractions (Robbins, 2005). According to Spector (1997), research has shown that employees who perceive high levels of constraints in terms of their work
environment, tend to be dissatisfied with their jobs Working conditions is an extrinsic factor that has a moderate impact on an employee’s job satisfaction (Luthans, 1995). Working conditions refer to such aspects as temperature, lighting, noise and ventilation. Robbins (1989) stated that employees were concerned with their work environment both for their personal comfort and for their good job performance.

Vroom (1964) identified seven factors that contribute to satisfaction of job. They include amount of pay, promotional opportunities, acceptance from co-workers, ability to interact with other workers, pace of work, worker’s perception of their influence in decision making, amount of perceived supervisor consideration.

According to Robbins (1996) there are four primary factors that lead to increased job satisfaction. The first factor is for the individual employee to have mentally challenging work. The second factor is equitable rewards where employees monetary systems and policies that are in line with their expectations. The third factor is supportive working conditions. The fourth factor is to have supportive friendly colleagues.

National Business Research Institute, Inc. (2007) identified six factors that influence Job Satisfaction. The factors are authority, opportunity, stress, leadership, work standard and reward. When these factors increase job satisfaction also increases and when these six factors decrease then job satisfaction also decreases. Thus it is the responsibility of the organization to see that the employees are adequately provided with these factors.

2.3.3.2 Intrinsic Factors

Apart from pay, job security, and other extrinsic and tangible factors of employment, the intrinsic aspects of work are also relevant to the study of job satisfaction. Intrinsic sources of job satisfaction come from within the employee
and lasts longer than the extrinsic sources (Atchison, 1999). Personality is an important determinant of how people think or feel about their job. An individual’s personality influences the extent to which thoughts about the job are positive or negative (George and Brief, 1992). Individuals with a positive inclination towards life would have a positive attitude towards their job as well. But Spector (1997) argues that most research on the personality-job satisfaction relationship has not given a theoretical explanation when they insist that the correlation exists.

Martinez-Ponz (1990) found that intrinsic rewards were more effective in increasing job satisfaction and commitment than providing the employee with financial incentives. Tatsapaugh (1994) identified that lack of opportunity for advancement on the job is a factor which tempts an employee to quit the job. Studies showed that opportunity for advancement does not increase job satisfaction but some findings suggest that poor opportunity for advancement is related to job dissatisfaction (Levinson, Fetchkan and Hohenshil, 1988). Interesting work, open communications, and opportunities for advancement where marked as the top priorities in a study conducted by Cappelli (2000) as the top three things they desire in their jobs. Recognition for the performance of employees also increases the satisfaction towards the job.

Demographic variables like age, gender, race, tenure etc also affect the job satisfaction. Job satisfaction shows a tendency to increase with age (Spector, 1997). As far as gender is concerned some studies shows that there is a relation with job satisfaction where as some studies says that there is no relation between gender and job satisfaction. (Iiacqua et al.1995). Literature indicates a positive correlation between tenure and job satisfaction, which means that employees with longer job experience are more satisfied compared to those with fewer years of experience (Okpara, 2004).
2.3.4 Consequences of Job Satisfaction

In Mobley’s model of turnover process, the whole process of turnover starts with job satisfaction (Mobley, 1977). In the model, only employees who are dissatisfied think of quitting the job. When job satisfaction increases, there will be improvement in employees’ creativity and will also reduce the turnover rate as well as absenteeism (Dickson and Lorenz, 2009) and it is of significant interest for the employer (Alexander, Nuchols, Bloom and Lee, 1995). An analysis of 67 studies revealed a negative link between job satisfaction and turnover (Griffeth et al., 2000).

A meta-analysis by Judge, Thoresen, Bono and Patton, 2001 has found a strong positive link between performance and job satisfaction. Job satisfaction–performance relationship is the strongest in complex jobs where employees have more freedom to perform their work (Judge et al, 2001). When there is an enhancement of employees’ job satisfaction within the organization, there is an increase in their overall organization productivity and performance (Dickson et. al, 2009).

The customer satisfaction is yet another consequence of job satisfaction. There is a positive relationship between customer satisfaction and job satisfaction (Griffith, 2001; Koys, 2001). According to the results of different studies, organizations where employees have high job satisfaction, reduce their turnover by 50 %, increase customer satisfaction to an average of 95%, lower labor cost by 12% and increase the profit margins by an average of 4% (Carpitella, 2003).

Srivastava (1987) reported a significant correlation between job satisfaction and organization climate in a study of junior and middle level central government officers. Similarly, Sharma and Sharma (1989) found significant
positive correlations between job satisfaction and dimensions of organizational climate.

Berta (2005) reported job satisfaction linked to experiencing positive relationships with the freedom to participate in decision making. In a comparative study of American and Indian employees of manufacturing organizations, Krishnan and Krishnan (1984) found that leadership style and participation in decision making were significant correlates of job satisfaction for American employees, whereas recognition, advancement in career and absence of intradepartmental as well as interdepartmental conflicts were significant correlates of job satisfaction for the Indian employees. Employees feel themselves valuable when they participate and find that their participation lead to results (Calder, 1999). This shows the need to give a greater role for employees in decision making.

Organizational Citizenship Behaviour is the behaviour that is beyond the call of duty that is not required of organizational members but is nonetheless necessary for organizational survival and effectiveness like helping the co-worker, protecting the organization from fire, care for organizational property etc. (George and Brief, 1992). A meta-analysis covering 7100 people and 22 studies revealed a significant moderate positive correlation between organizational citizenship behaviour and job satisfaction (LePine, Erez and Johnson, 2002).

2.3.5 Measuring Job Satisfaction

As there is no single accepted definition of job satisfaction, and no widely accepted theory to explain it, there is no general consensus on the best way to measure job satisfaction (Wanous and Lawler, 1972). The most widely cited survey instruments found in the literature include The Job Satisfaction Survey (JSS), the Job Descriptive Index (JDI), Job Diagnostic Survey (JDS) and the Minnesota Satisfaction Questionnaire (MSQ).
Chapter 2

The Job Satisfaction Survey (JSS)

The Job Satisfaction Survey was developed by Paul E. Spector (1985) to assess employee attitudes about the job and aspects of the job. The JSS is a 36 item questionnaire that contains nine separate facets of job satisfaction. Those facets include pay, promotion, benefits, supervision, contingent rewards, operating procedures, coworkers, nature of work, and communication. Each of these facets is assessed with four items, and a total score is computed from all 36 items.

Job Descriptive Index (JDI)

Developed by Smith, Kendell and Hulin (1969), the Job Descriptive Index (JDI) is a 90-item scale designed to measure job satisfaction of employees. It has become one of the most popular job satisfaction survey instruments. It has five facets of job satisfaction which include pay, promotion, supervision, work and co-workers. According to Cooper and Locke (2000), JDI is reliable and has an impressive array of validation evidence behind it. It has been used by researchers for over 40 years.

Job Diagnostic Survey (JDS)

The Job Diagnostic Survey was developed Hackman and Oldham (1975) to study the effects of job characteristics on people. The JDS covers several areas of job satisfaction, such as growth, pay, security, social, supervisor as well as global satisfaction.

Minnesota Satisfaction Questionnaire

Minnesota Satisfaction Questionnaire (MSQ) is the most widely used instrument to evaluate job satisfaction. It was developed by Weiss, Dawis, England and Lofquist (1967). Two forms of MSQ have been developed i.e. long form and short form. The long form contains 100 items and the short form...
contains 20 items measuring different facets of job satisfaction (Spector, 1997). It also measures facets as well as overall job satisfaction. The Minnesota satisfaction questionnaire has been used in this study as it measure specific aspects of an employee's satisfaction with his or her job, than do more general measures of job satisfaction.

### 2.4 Job Related Stress

#### 2.4.1 Stress

The term ‘stress’ originated in the field of physics in the late nineteenth century and later was transferred into human psychology. Stress has been defined by different people differently. Hans Selye is considered as the father of stress concept. Stress has been defined by him as the non-specific response of the body to any demands made upon it (Selye, 1976). His model view stress as an internal response where continued and prolonged stress may result in fatigue and tension leading to depression and anxiety (Selye, 1946). Stress is defined as any circumstance that places special physical and/or psychological demands on a person such that an unusual or out of the ordinary response occurs (Dipboye, Smith and Howell, 1994). Parkes (1989) stated that stress was a relationship between an individual and the environment where as Robbins (2001) defines stress as a dynamic condition in which the individual is confronted with an opportunity, constraint or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important. The factors causing stress in a person are called stressors. Stress can be caused by environmental, organizational and individual variables (Matteson and Ivancevich, 1999; Cook and Hunsaker, 2001).

#### 2.4.2 Types of Stress

Stress is always mistaken as bad, and negative. Stress also has a positive value. It is an opportunity when it affects potential gain (Boswell et al., 2006).
Positive stress is called Eustress and negative stress is called Distress. Eustress may result in stimulating and enhancing work performance. It may positively encourage workers to work harder. Distress may result in negative effects and hence affect the worker’s health and work performance. This directly affects the company’s performance. There are different sources of stressors. Major stressors are one’s personal life which include minor and major life events (George and Brief, 1992); one’s job responsibilities like role ambiguity, role conflict, role under load, role overload, challenging assignments, promotion etc; membership in work group and organisation related stressors like uncomfortable and unsafe working condition; work life balance and environmental uncertainty (George et al., 2008).

2.4.3 Job Related Stress

Work-related stress is of growing concern because of its significance in economic implications of the organizations. Job stress is different from general stress as along with individual element it also has organizational and job related elements. Caplan et al. (1975) stated that stress refers to any characteristics of the job environment which pose a threat to the individual. Job stress can be defined as an employee’s awareness or feeling of personal dysfunction as a result of perceived conditions or happenings in the workplace, and the employee’s psychological and physiological reactions caused by these uncomfortable, undesirable, or threats in the employee’s immediate workplace environment (Montgomery et al., 1996).

Cooper and Payne (1978) reported that stress occur when the environmental demands were larger than the employees' abilities and the environmental supplies were smaller than the employees' expectations. Job stress is the extent to which employees feels a tension of anxiety caused by their jobs (Gill, et al., 2006). Dewe and Guest (1990) stated stress as relationship between the person and their work
environment, as appraised by the person as demanding or exceeding his or her resources, as well as endangering his or her own well-being. Job stressors may refer to any characteristics of the work place that poses a threat to the individual (French and Caplan, 1972).

Job stress can also be defined as the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker (National Institute for Occupational Safety and Health, 2002).

2.4.4 Significance of Job Stress

The role workplace stress plays are adversely affecting employee productivity, absenteeism, and related work out comes (Rahman and Zanzi, 1995). Stress if not managed properly will affect an individual's productivity, effectiveness, personal health and quality of work. Each of these factors results in extensive cost to employees themselves, organization in which they work and society as a whole (Spielberger and Reheiser, 1994). Job stress alone costs American business an estimated $200 billion annually, the UK Pounds 63 billion and Australia $15 billion. These are the cost they incur for compensation claims, reduced productivity, absenteeism, and health insurance costs and direct medical expenses for stress related problems and illnesses (Savery and Luks, 2000).

Moore (2000) states that increased environmental stressors may cause employee burnout. A study conducted by the American Institute on Stress (2005) reveals the following consequences: (a) Forty percent of turnover was caused by stress and (b) Sixty to eighty percent of workplace accidents occurred due to job stress. Tombaugh and White (1990) indicated that during the organizational change, the employees have to take more of a work load, which caused employees' job stress. Thus stress leads to increase in turnover of
employees, employee burnout and high rate of accidents and increase in overall expense of the organization. Individuals in service industries face particularly stressful work situations.

According to the National Institute for Occupational Safety and Health (NIOSH, 2002), job stress has become a costly problem in the workplace. NIOSH listed several occupations as highly stressful. The effect of job stress leads to physical and mental health problems of employees. Job stress victims show lack of confidence, low motivation at workplace, increased blood pressure, job dissatisfaction and intention to leave the job. Stress reduces the effectiveness of the organisation, leads to high desertion rates and low morale (Jimmieseon, Terry and Callan, 2004). Therefore, stress management is essential in an organisation to cope up with and resolve stress.

2.4.5 Models of Job Related Stress

There are numerous models and theories that are used to explain the stress response. Cooper and Marshall’s (1976) developed a model of work related stress which includes five sources of stress at work. They are (a) Intrinsic to the job, including factors such as poor physical working conditions, work overload (b) role in the organization, including role ambiguity and role conflict (c) career development, including lack of job security and under promotion; (d) relationships at work, including poor relationships with the boss or colleagues, and (e) organizational structure and climate, including little involvement in decision-making.

Beehr and Newman (1978) described a general model of occupational stress. It lists seven job stress-employee health research domains in which researchers and theoreticians on occupational stress are usually interested in. They are (1) An environmental facet (2) a personal facet; (3) a process facet, (4) a human consequences facet, (5) an organizational consequences facet (6)
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an adaptive and (7) the time facet. Beehr describes the core relationship of occupational stress, as the relationship between an environmental facet and a human consequence facet (Beehr, 1995), which is mediated by process facet (psychological processes). The variability in definitions of stress is a consequence of different conceptualization of this the process facet.

The Job Demand-Control (JDC) Model was developed by R. A. Karasek in the late 1970s (Karasek, 1979). The JDC focuses on two dimensions of the work environment - job demands and job control. Job demand refers to work load, time pressure and role conflict. Job control (decision latitude) includes two components - skill discretion and decision authority. Psychological strain arises from the combination of low control and high demand. Stress probabilities for employees were found low with moderate workloads combined with high control over working condition. This model has often failed to demonstrate the predicted interaction effect of high job demands and low job control on measures of strain.

The transactional process theory put forward by Lazarus (1966) and Lazarus and Folkman (1984) distinguished between stressful conditions (Stressors) and how they will be perceived and cognitively appraised by a person. It also addressed the resulting emotional reactions when stressors were perceived as threatening and the person lacked effective coping capabilities. Lazarus’ approach required a detailed analysis of specific stressors that were associated with specific jobs, and of how workers uniquely reacted to each of the stressors while considering each individual’s past experience and coping skills.

Person-Environment Fit (P-E Fit) (French, Caplan and Harrison, 1982) is one of the most widely accepted models conceptualizing the nature of job stress. The Person-Environment (P-E) fit model states that stress is evolved
from a misfit between a person and the environment. P-E fit models thus define a stressor as a combined effect of personal and environmental variables. P-E fit models generally have an objective fit element as well as a subjective fit element. The extent, to which the person’s skills and abilities match the demands of the job, represents one kind of fit and the extent, to which the person’s needs are supplied in the job environment, is another kind of fit. The misfit leads to three kinds of strain: a) psychological strains, b) physiological strains and c) behavioral symptoms of strain. The objective fit elements can be categorized on the ‘stressor’ side of Beehr’s core relationship of occupations stress (Beehr, 1995). Campbell, Dunnette, Lawler and Weick (1970) argued that the P-E Fit theory was pure process theory, with no definition of content of the person and environment dimensions. Lazarus (1994) also criticized the model as it does not include the person’s perception of the situation and his cognitive appraisal, which define it as stressful.

Kahn (1979) developed the following model which is the basis of this study. Kahn felt that a worker brings to the work environment specific job capabilities and needs. The work environment has set resources and demands specific outcomes from the workers. When there is a lack of balance between the person and their work environment, stress results. Kahn Wolfe, Quinne and Snock, 1964) proposed that two types of role stressors occur in organizations: role conflict and role ambiguity. Role has been defined as the simultaneous occurrence of two or more sets of pressures such that compliance with one would make compliance with the other more difficult (Kahn, et al., 1964).

Role conflict occurs when two or more role messages are contradictory. Four types of role conflict where identified: a) Inter sender conflict-incompatible expectations within a person, b) Inter-sender conflict-expectations from one role sender are in the opposition to expectations from other role senders, c) Inter role conflict-expectations for behaviours in two roles held by
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one person that are incompatible, d) Person –role conflict-needs and values of a
person conflict with his role. Role ambiguity occurs when clear and consistent
information is not communicated to a person about his role. According to role
theory it has been postulated that ambiguity increases the probability that a
person will be dissatisfied with his role and will experience psychological and
physical stress.

Ivancevich and Matteson (1980) identified four categories of work
stressors: physical environment, individual level (a mixer of role and career
development variables), group level (primarily relationship-based) and
organizational level (a mixture of climate, structure, job design and task
characteristic).

2.5 Banking Sector in India

The Service Sector like transportation, banking, communications, trade,
insurance, financial services, medical and hospital services, public administration
and miscellaneous services, contribute to major portion of the Gross Domestic
Product of both developed and developing countries. Among the service sectors in
India, the banking sector is the fastest growing sector and occupies an important
place in development of economy in India. Banks are the main participants of the
financial system in India. Banking is an intermediary function but one that is very
essential for sustained economic growth. Banking services worldwide can broadly
classified into investment banking and commercial banking. Investment banking is
concerned with helping corporate bodies to raise funds whereas commercial
banking is concerned with channelling savings to customers.

2.5.1 History of Banking Sector in India

The instigation of Banks in India began in the eighteenth century with The
General Bank of India in 1786. Later The Bank of Bengal was established in 1809,
Allahabad Bank was the first bank completely run by Indians. It was established in 1865. In 1921 all the presidency banks were amalgamated to form Imperial Bank of India and in 1935 the Reserve Bank was established. To streamline the activities of commercial banks, the Banking Regulation Act was enacted in 1949. It empowered the Reserve Bank of India (RBI) to regulate and control the banks in India. In 1969, 14 largest commercial and privately owned Banks were nationalized. Again in 1980, six more banks were nationalized on the pretext of controlling the credit delivery in India. Since the nationalization of banks in 1969, banking has been primarily in the Central Government’s domain.

2.5.2 Structure of Indian Banking System

The banking system in India comprises commercial and cooperative banks, of which the commercial bank accounts for more than 90 per cent of banking system’s assets. Commercial Banks refer to both scheduled and non-scheduled commercial banks which are regulated under Banking Regulation Act, 1949. Scheduled Commercial Banks are grouped under following categories: a) State Bank of India and its Associates b) Nationalised Banks c) Foreign Banks d) Regional Rural Banks and Other Scheduled Commercial Banks. State Bank of India and its Associates and Nationalised Banks constitute the public sector banks whereas, other scheduled commercial banks are known as private sector banks. Among the commercial banks, Private sector banks, Public sector banks and New Generation banks were considered for this study which is briefed below.

a) Private Sector Banks

Private sector banks are banks in which majority of the stake are held by the private shareholders and not by government. Private sector banks came into existence to supplement the performance of Public sector banks and serve the needs of the economy in a better way. The Private
sector banks are the banks which are controlled by the private lenders with the approval from the RBI. These are the major players in the banking sector as well as in expansion of the business activities in India. The present private-sector banks are equipped with all kinds of contemporary innovations, monetary tools and techniques to handle the complexities. They have a highly developed organisational structure and are professionally managed.

b) Public sector Banks

Public Sector Banks are banks in which majority stake (i.e. more than 50%) is held by a government. Public Sector Banks dominate commercial banking in India. The shares of these banks are listed on stock exchanges. State Bank of India and its Associates and Nationalised Banks along with Regional Rural Banks constitute the public sector banks. The Reserve Bank of India (RBI) owns the majority share of SBI and some Associate Banks of SBI. Nationalized banks are wholly owned by the Government, although some of them have made public issues. In 1975, the state bank group and nationalized banks set up Regional Rural Banks in partnership with individual states to provide low-cost financing and credit facilities to the people in rural area.

c) New Generation Banks

In the early 1990s, as part of the Government’s liberalization policy a few private banks called New Private Sector Banks (NPSBs) also known as New Generation tech-savvy banks were allowed to set up. This included Global Trust Bank, which later amalgamated with Oriental Bank of Commerce, UTI Bank (now re-named as Axis Bank), ICICI Bank and HDFC Bank. Now there are nine NPSBs that provide commercial banking services. Industrial Development Bank of India Ltd. renamed as
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IDBI Bank Ltd which is also a new generation PSU Bank was incorporated under Companies Act 1956, as a Limited Company. Considering the shareholding pattern, IDBI Ltd. has been categorized under a New Sub-Group ‘Other Public Sector Banks’.

2.5.3 Changing Scenario of Banking Sector

As a result of liberalisation, privatization, globalisation, increased competition, introduction of new technology and downsizing the banking horizon of the country has changed significantly and the banking sector has undergone rapid changes including policy changes. To have a competitive edge to cope with multinational led environment, the banking sectors and their conventional pattern were compelled to change. Due to these changes, the employees in the banking sector are experiencing a high level of stress. It has affected the social and psychological domain of the employees working in banking sector. The existing literature also reveals that majority of the bank employees face several problems due to the stress experienced by them.

It is in this context that the study of psychological empowerment among bank employees is relevant.