An Organization’s Human Resource is its Most Valuable Asset
CHAPTER I

AN ORGANIZATION’S HUMAN RESOURCE IS ITS MOST VALUABLE ASSET

1.1 Importance of Banks

_Banks are “the Mart of the World, the Nerve – centres of Economics and the Barometers of a Nation’s prosperity”_ 

Bankers play very important role in the economic life of the nation. The health of the economy is closely related to the soundness of its banking system. In fact, bank is just like a heart in the economic structure and the Capital provided by it is like blood in it. If the blood is not supplied to any organ then that part would become useless, similarly if the finance is not provided to Agricultural sector or Industrial sector, it will be destroyed. Although banks create no new wealth but their borrowing, lending and related activities facilitate the process of production, distribution, exchange and consumption of wealth. Nowadays modern banks are engaging efficient human resources to utilize the wealth of the country effectively. In recent years there has also been considerable change in the functioning of banks. There has been an increase in the amount of technology used by banks, e.g., some banks use cash dispensers and offer twenty four hours cash withdrawal facility, instant account details and money transfer through computer network. Due to acute competition in the banking sector, services have to be sold in ways never done previously. From the regular banking operation, termed as ‘house keeping’, balancing of books and reconciliations of inter branch and intra branch entries of simple money transactions, commercial banks are diversifying their priorities.

New financial institutions like merchant banks, leasing companies, mutual funds and venture capital companies have come into existence. Commercial banks too have joined the hub of capital market activity. Hence there has been a transformation in the services offered by banks and this has led to considerable change in the type of manpower recruited. Employment avenues in quasi financial institutions have shot up. Computers have taken over and recruitment pattern has been favorable to more technical manpower. Management graduates, Chartered Accountants, Chartered Financial Analysts
are hence in greater demand in the banking sector. The field of capital markets requires professional expertise.

1.2 Importance of Human Resource

“Every evening, the most important asset leaves the business and the challenge is to get them back into the business every morning”

The employees are the repository of knowledge, skills and abilities that can’t be imitated by the competitors. Technologies, products and processes are easily imitated by the competitors; however, employees are the most strategic and underutilized resource of the company. Employees are the backbone of a business. Essentially employees are the people who drive a business. While it is true that management plays an essential part of ensuring a business succeed, it is the group of employees who follow through and put any strategic plan in action. Without employees, chances for business continuity would come to a standstill. Employees contain knowledge that is often irreplaceable. Front line members of an organization know the customers well, which is vital to business success. Today’s customer has a multitude of choices and without the services offered and delivered by employees who know their customer population well, sales would not be made. Many industries are using automation to replace humans in specific job tasks; this is often helpful and a valuable cost-savings measure, however computers cannot replace human interaction completely. There are certain elements of running a business that cannot effectively survive without the human touch. Automation is fast, efficient, accurate and contains a lot of knowledge, but cannot maintain the same unique knowledge human employees can.

Employees who are treated well usually possess a good deal of employee loyalty. This too adds value to a business because with loyalty comes pride and ownership. People who feel recognized as valuable members of a company they work for usually will put a great deal of effort into their daily tasks. This results in higher levels of innovation, performance and growth, all of which are good for any business. Employees are an important asset of any business. There are many reasons why employees are important and when these reasons are recognized and appreciated, the sky is the limit.
People who work on a job develop their skills daily. They know exactly their efficiency. They also have very creative ideas on improving situations and solving problems. They become experts without the power of exercising their expertise. Empowerment makes it possible and takes a step further by creating opportunities to gain experience, learn new skills and generate knowledge. Employee empowerment entails identifying how much responsibility and authority an individual can effectively handle without becoming over-burdened or distressed. It creates sense of belongingness and ownership towards the parent organization. Empowered employees are more motivated as compared to those who just follow the given lines and they would feel more confident and try to give their best to their employers, as a result, service quality improves and enables them to make decisions about their jobs. It is a motivational technique that is designed to improve the performance if managed properly through increased levels of employees’ participation and self determination. It also concerned with trust, motivation, decision-making and breaking the inner boundaries between management and employees.

The success of any organization depends on the ability of higher authority to provide a motivating environment for its employees. They have to know the behavior of each employee and what might motivate each one individually. By understanding employees' needs, they can understand what rewards to use to motivate them. By making the effort to satisfy the different needs of each employee, organizations may ensure a highly motivated workforce. In order to achieve the organizational aims/goals the companies especially banking companies have taken an action of implementation of empowerment dimensions and satisfaction of employees to improve the performance of employees and organization as a whole.

1.3 Employee Empowerment

Employee empowerment has been described and defined in many ways but is generally accepted as: the process of enabling an employee to think, behave, act, react and control their work in more autonomous ways, as to be in control of one’s own destiny. Effective employee empowerment not only has positive implications for employee satisfaction, but also many other organizational facets, such as member service and member retention.
Empowering employees lead to organizational encouragement of entrepreneurial traits and prompts employees to make decisions, take action, and foster their belief that they can take control of their own destinies. This belief leads to self-motivation and a sense of independence that is translated into greater loyalty and extra effort for the organization. Empowered employees come to believe that they control their own success through their efforts and hard work, which in turn benefits the success of the entire institution.

Now-a-days the employee empowerment has turned into prominent human resource tool of talent retention and corporate excellence. Conceptually, empowerment is to invest power and full authority on everyone in the organization. It is getting employees to do what needs to be done rather than doing what they are told. Empowerment as a management concept is associated with ‘enabling’ rather than delegating and thus helping in making the organization responsive and flexible to environmental adaptability. In fact employee empowerment is sharing responsibility and power equally at all levels of an organization, enabling them to innovate, take initiatives and make independent decisions to satisfy the needs and the wants, thus reaching desired goals and objectives.

Empowerment is a technique of enlargement of an employee’s job responsibility by giving the authority of decision making about own job without approval of their immediate supervisor. By empowerment, the employees are supported and encouraged to utilize their skills, abilities and creativity by accepting accountability for their work which would ultimately lead the organization to more productivity.

Empowering employees to increase their satisfaction and the organization’s performance will require a greater amount of communication than ever thought possible. This will require management to invest an increased amount of time to communicate with their employees and allowing for feedback. In addition, it will require that management honestly evaluate the communication styles and methods that are being used in the institution to ensure the most efficient processes possible. This process is rightly followed it will lead to heightened productivity and a better quality of work life.
Employee empowerment is based on the concepts of job enlargement, job enrichment, employee involvement, competence, training & guidance and decision making. To empower, the employee must have experience in these concepts. Empowered employees give better results towards their performance. Empowerment provides employee with a sense of autonomy, which will increase their job satisfaction. They will be more comfortable at work because it develops confidence and a sense of worth. A happy employee provides the best customer service, and leaves a good impression of the company with whomever they speak. This translates into personal or career growth for the employee and increased sales for the company.

1.4 Job Satisfaction

Employee satisfaction is the term used to describe a situation when employees are satisfied and contented with the job and the office environment.

Luthans quotes job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience. It is a result of employees’ perception of how well their job provides those things which are viewed as important.

Employee Satisfaction is of utmost importance in any organization be it small or large. Thinking that employee satisfaction is important only for the employee then it is not right. It is equally important for the organization for which the employee is working as well. The following points will show the importance of employee satisfaction easily.

• In light of the organization:

1. It enhances employee retention and the company does not need to train employees repeatedly.

2. The overall productivity of the company is increased and it assists in achieving the goals of the company.

3. When employees are satisfied with their job they deal with customers in a better manner and thus customer satisfaction is achieved to a great extent.

4. It helps the company in getting better services from its employees.
5. Money spent on training new candidates and recruitment of new candidates can be saved extensively.

- **In light of the employee:**

  1. When the employee gets satisfactory services from the company initially, they tend to believe that same treatment would be offered in long run.
  2. Employee would start taking interest in their work instead of worrying about other issues.
  3. The employee starts feeling a sense of responsibility towards the organization.
  4. They deal with customers in a better way and builds strong relations with them.
  5. They would try to produce better results in order to get appreciation from the company.

Job satisfaction is important in every worker’s life since they spend more than one thirds of their waking hours at work. If they are not happy with their jobs, they are also unhappy with their personal lives. Workers who find satisfaction in their jobs are more enthusiastic when it comes to performing their responsibilities. Job satisfaction definitely plays an important role in determining their efficiency and productivity.

Job satisfaction has some relation with the mental health of the people. It spreads the goodwill of the organization. Job satisfaction reduces absenteeism, labour turnover and accidents. Job satisfaction increases employee’s morale, productivity, etc. Job satisfaction creates innovative ideas among the employees. Individuals may become more loyal towards the organization. Employees will be more satisfied if they get what they expected, job satisfaction relates to inner feelings of workers. Naturally the satisfied worker shows the maximum effectiveness and efficiency in their work. Employees are concerned more about pay rather than other factors which also affects their level of satisfaction, such as working environment, inter-personal relationship, usage of their skills and nature of work.

The term job satisfaction comprises of satisfaction towards various facets of job i.e., working environment, benefits (pay, promotion and other benefits), inter – personal relationship, use of skills and abilities and behaviour of work.
1.5 Problem Statement

Empowerment has been talked about a concept for years. Many organizations have been practicing empowerment even though it is highly challenging. Employee empowerment cannot be achieved without building and developing human capacity. Employees must not only have the confidence and competence to undertake work but also they have the opportunities to expand and excel. Motivation is the internal process leading of behavior to satisfy needs. Because of dynamic structure and competitive environment, the organization has to identify new methods to motivate employees in order to enhance their performance. Employees will be successful in their task when the management gives authority and necessary support to them.

Organizations claim to practice empowerment, yet the empowerment at the bottom of the hierarchy is hardly observed. Increasing competition in the international market is pressuring organizations to be effective, innovative, to reduce cost and improve the quality of products and services. Empowerment has been accepted as an important organizational factor in satisfying the psychological needs of the employees in the work place. Empowerment should seek to tap the brain power of all employees to find improved ways of doing their jobs and executing their ideas.

High job satisfaction can lead to a high morale which will cause the employee to work better and concentrate more on the positive aspects of job. As a person, the employee will feel depressed and this depression will spread through to their friends and family. People around them are likely to feel the frustration and may even have to bear the brunt of it from time to time. People who are not satisfied with their jobs can have major problems in their personal relationships. In many cases an unhappy worker may have marital problems and health problems caused by stress. Looking at it from an employer's perspective, there will be a sharp decrease in productivity. Again, a person who is not satisfied with his job will see that his relationships with people at work will begin to suffer causing inter personal problems at work. There will be no scope for progress which will make things worse.

Job satisfaction gives motivation and helps to become more optimistic no matter what challenge may face at work. It encourages workers to always give their best shot in
everything they do. In addition, a person who is truly satisfied with their career life helps to create a more positive work environment. Workers who have job satisfaction can help boost the morale of their co-employees and will encourage them to be optimistic about their job.

Banking sector is a highly service oriented sector and the employees are the ones who are in direct contact with the customers. Employees therefore become the voice and face of the organization, they be trained to provide quality service to the customers. This makes it essential for employees in the banking sector to be empowered and more satisfied to provide better services to its customers. In this context several questions have been raised. How the employees perceived about empowerment components and job satisfaction facets? To what extent their performance has influenced by empowerment and job satisfaction? Whether there is any difference of opinion among the private sector or public sector bank employees regarding empowerment, job satisfaction and performance? At this juncture, the study has been undertaken to analyse the relationship between empowerment and job satisfaction and determine their impact on employees’ job performance.

1.6 Scope of the Study

The aim of the present study is to highlight the existence of the employee empowerment components and job satisfaction facets in the banking sector. The study also explores the impact of empowerment and job satisfaction on the job performance. The study has been carried out on the official cadre of bank employees who are the links between the upper and lower stages of the organization.

1.7 Objectives of the Study

- To analyze the degree of employee empowerment on the various empowerment components.
- To examine the level of employees job satisfaction towards various facets of job.
- To identify the employees job performance towards the different aspects of job.
- To evaluate the relationship among the components of empowerment, job satisfaction and between empowerment & job satisfaction.
➢ To determine the impact of employee empowerment and job satisfaction on job performance.

➢ To discriminate the employees of one group (private) from other group (public) on factors relating to empowerment, job satisfaction and job performance.

1.8. Conceptual Frame Work

The study mainly focuses on the employee empowerment and job satisfaction dimensions and their impact on the employee performance. Based on the above objectives, the following conceptual model has been developed.

Exhibit No. 1.1

Conceptual Model
1.9 Hypotheses of the Study

1. Empowerment level on the various components i.e. job enlargement, enrichment, involvement, competency, training & guidance and self determination do not differ significantly based on the demographic variables of age, gender, marital status etc.,

2. Job satisfaction on different phases of job do not differ significantly based on the demographic variables of age, gender, marital status etc.,

3. Performance of employees towards various aspects of job has not influenced by the demographic variables.

4. There has been no significant relationship between the empowerment dimensions and job satisfaction facets.

5. There has been no relationship among employee empowerment, job satisfaction and job performance.

6. There has been no impact of empowerment and job satisfaction on job performance.

1.10 Research Methodology

The target population in terms of elements, sampling area and time has been defined. An element has an object from which the information has been derived. In survey strategy, the element has been usually the respondent.

Element : Employees of Private Sector and Public Sector Bank.

Sampling Units/source list : Private Sector and Public Sector Bank operating in Tirupur City.

Time : The data collection has a span of two years starting from April 2011 and ending with March 2013.

1.10.1. Sampling Design

There are 42 Private Sector Bank Branches and 47 Public Sector Bank Branches functioning in Tirupur City. There had been totally 2074 employees in which 1247 from
private sector and 827 from public sector banks. It has been decided to collect a sample of 20 per cent of employees in each sector by using random sampling technique. Accordingly 250 questionnaires were distributed and collected from private sector employees. Out of 165 questionnaires distributed, only 155 responses had been received from public sector employees. Total number of respondents for making an analysis has been taken as 405.

1.10.2. Sources of Data

The study has been conducted on the basis of the primary data collected with the help of an interview schedule. An interview schedule has been constructed to register the feedback of the respondents chosen for the study. The opinion of the experts and academicians has been received to ensure the clarity and length of the schedule. Secondary data has been collected from journals, magazines, unpublished data from the records of Lead Bank (Canara Bank) of Tirupur District and websites.

A pilot study has been conducted among 18 employees from private sector bank and 12 employees from public sector bank in Tirupur and has been pre tested to receive their feedback.

1.10.3. Statistical Analysis

In order to analyze the objectives of the study, several statistical methods and tests have been used.

- Descriptive statistical analysis has been used to identify the employees’ agreeability towards the empowerment, job satisfaction and performance.
- To study the employees’ perception on the impact of empowerment and job satisfaction on performance, t-test and ANOVA have been applied.
- To find the relationship between the empowerment and job satisfaction attributes correlation has been used.
- Multiple regressions analysis has been used to find out the effect of empowerment and job satisfaction attributes on job performance.
Discriminant Function analysis has been applied to discriminate the respondents of one group (Public Sector) from other group (Private Sector) based on the respondents perception level on factors relating to empowerment and job satisfaction.

1.11 Limitations of the Study

Heterogeneous samples have been taken for analysis. The concealment of facts by the respondents regarding empowerment, job satisfaction and job performance has been one of the limitations of the study. This study has been confined only to Banking Sector and the variables related to empowerment, job satisfaction and job performance dimensions have been drawn from the reviews and the opinion of experts in the field. Hence the findings drawn from the study may not be suitable for other sector. The study has been based on the respondents’ views and hence there could be a chance for human bias.

1.12 Organisation of the Study

The entire thesis on the “Employee Empowerment and Job Satisfaction in the Banking Sector at Tirupur – An Analytical Approach of Relationship and Impact on Job Performance” have been evolved and submitted in six chapters.

The ‘First chapter’ on the “Importance of Human Resource” describes the importance of human resources in success of the organization, the reasons for conducting the study, the objectives framed, methodology and the limitations encountered and the pathway of the thesis.

The ‘Second chapter’ focuses on the “Historical Background and Empirical Studies”.

The ‘Third chapter’ on –“Empowerment Dimensions and Job Satisfaction Facets” presents the various dimensions of empowerment, job satisfaction on a range of facets of job and the performance of employees towards the different aspects of job.

“Empowerment, Job Satisfaction and Job Performance–An analytical exposition” provides an analysis, of the first three objectives framed for the study, in the ‘Fourth chapter’.

“Relationship, Impact and Discrimination - An analysis” provides an investigative approach to determine the relationship among the components of
empowerment, facets of job satisfaction & their impact on job performance and to discriminate Private and Public sector employees on factors relating to empowerment, job satisfaction and job performance in ‘Chapter V’, covering the remaining three objectives of the study.

The ‘Sixth chapter’ - “Summary of the Thesis” narrates the findings, suggestions, scope for further research and conclusion of the entire outcome of the study.