

Employee Empowerment Practices in Indian Banking Sector

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Abstract

"Empowerment is not a verb. It is more a state of mind & way of working"

- Ken Gilliver

The Phenomenal Geopolitical Developments accompanied by a sweeping wave of economic reforms and liberalization during the dynamic decade of the 1990's have profoundly affected the business scenario, not just in India, but also across the globe. The breaking down of trade barriers and the easy flow of technology, funds, and manpower have helped in the globalization of business and put a heavy demand for the quality, range, cost, and reliability of products and services. Massive exercises are, therefore, started in a number of corporations to create flatter, learner, and smarter organizations, putting human resources at the core of the organization. Achieving excellence, it may be mentioned, is not a destination, but a journey. The chase for finding right answers to present and rising problems-and challenges-though long and complex has proved to be a very gratifying and pleasing experience. During the last two decades, amongst the gigantic concepts and strategies empowerment has evidently emerged as a winner. Confidence in employee's competence, commitment, and contributions to the organization are the core themes of this new mantra. And sharing information about current emerging problems as well as opportunities is not only helping in closing the existing wide gap between management and employees, also in optimizing employee commitment, motivation, and performance.

The aim of present study is to better understanding of employee empowerment practices in banking sector by the perspectives of employees working in SBI and ICICI bank, especially in the terms of employees' Job Autonomy, Communication, Training, Rewards and Organisational Culture and its impact on employee and organizational effectiveness. Researcher chosen banking sector because, an efficient, effective and disciplined banking system helps the process of economic development as per the national priorities. It functions as catalytic agent for bringing about economical, industrial and agriculture growth and prosperity of the country.

Keywords: *Employee Empowerment, Geopolitical, strategies, flatter, learner, smarter.*

Introduction

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

In last 2 decades with rising Indian economy, a significant progress has taken place in Indian banking sector. In spite of development and opportunities in this industry, it also faces quite a lot of HR problems which admit key challenges for the sector in India. One of the major issues for banking sector is attract and retain high quality personnel. An analysis of secondary source reveals issues that can critically influence the high growth rate foreseen for this sector. These include problems such as increasing employee turnover, stressful work environment and poor career development. In addition, finding and retaining talented people, training, and career planning are pertinent areas which need to be addressed. Employees who are happy in their work place are more motivated to contribute and can do more effectively. This also transforms into better consumer experience and in turn, leads to stronger financial performance by the firm and overall economic growth.

Empowerment can be described by giving power to frontline personnel to meet the needs of the customers. Employee empowerment extremely influences the organizational activities concerning its growth because if the people will be satisfied, then automatically they fulfill the requirements of the organization as well as customers then cost will reduce and organization must grow.

"Encouraging and allowing individuals to take personal responsibility for improving the way they do their jobs and contribute to the organizational goals".

"The delegation of responsibility for decision making as far down the management line as possible"

Review of the Literature

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

Gurvinder Kaur (2013)¹ in her inquisitive research work entitled "Employee Empowerment and Organizational Effectiveness: A Comparative Study of Public, Private and Foreign banks in Some North Indian States" tried to investigate the psychological and structural empowerment of employees and their impact on the organizational effectiveness. It is found that social structural characteristics like self-esteem, role clarity, autonomy, communication, reward system, organizational climate, skills and knowledge which constitute a positive factor in influencing empowerment in organization.

Abbas Ali Rastegar et al., (2013)² in their article titled "Studying and Identifying Affecting Factors on Employees' Empowerment: A Case Study- Mellat Bank" investigate the factors that affecting employee empowerment in banking sector and to determine the rate of the impact by each variable (organizational condition, managerial strategies and self-efficiency resources). It is found that open channels of information and information sharing among are the important factors that can increase trust in the organization.

Chandra Mohan Patnaik and Ashok Kumar Sahoo (2013)³ in their exploratory study found a

positive relationship between training and employee empowerment. From the analysis they found that training enabled an employee to perform better. According to the authors empowered employees are more motivated as compared to those who just follow the dotted lines. Employee empowerment finally created a sense of belongingness and ownership towards the parent organization among the employees.

Fernandez and Moldogaziov (2013)⁴ used the Self-determination theory to theorize about the effects of different empowerment practices on job satisfaction. Employee empowerment is conceptualized as a multi-facet approach that consisted of practices aims at sharing information, resources, rewards and authority with lower level employees. The results indicated that empowerment practices facilitated improvement in employees' self-determination (sharing information about goals and performances, providing access to job related knowledge and skills and granting discretion to change work processes) and shows positive effects on job satisfaction conversely, the practices that do not facilitate autonomy do not affect job satisfaction.

Zorah Abu Kassim et al., (2012)⁵ made a study entitled "Job Empowerment and Customer Orientation of Bank Employees in Kuching, Malaysia". The study was aimed to investigate the factors that influence employee's job empowerment. The findings showed that autonomy was significantly indicating that an employee with autonomy generates higher performance compared to those employees with little work autonomy.

Quratul-Ain Manzoor (2012)⁶ made an investigation to identify the factors that affect employee motivation and examined the relationship between organizational effectiveness and employee motivation. And he pointed out that the employees should be given necessary recognition and credit at the right time which increases the morale of the employees and also to create a sense of belonging in the minds of the employees.

Preeti Rawat (2011)⁷ in her survey examined the relationship between empowerment and commitment of employees towards their organizations. The study showed that psychological empowerment significantly influenced all the forms of commitment. Self determination was significantly related to affective and continuance commitment.

Angwenyi Callen Nyanchama (2009)⁸ made an attempt to study "Employee Empowerment Practices in Commercial banks in Kenya". The result revealed that employer should show a clear vision and goals to their employees, offer adequate autonomy, encourage regular communication, and provide constant employee training to develop their knowledge and skills which motivates to achieve self efficacy and organisational goal.

Peters Silvia Chigozirim and Elham Mazdarani (2008)⁹ in their exploratory research, revealed the impact of employee empowerment on service quality and customer satisfaction in service organizations. It was found that empowerment had a positive impact positive and motivate the employee to provide greater service and to create a greater sense of accomplishment or satisfaction in their jobs by reducing dependency, irresponsibility and encourages team work which overall leads to achieve organizational goals and objectives.

Bowen and Lawler (1994)¹⁰ in their paper "Employee Empowerment Approach to Service" wish-listed the importance of empowerment practices in service organizations. They opined that organizational policies, practices, and structures must be changed to create empowerment on substantial basis.

Gbalaham Gbadamosi (1995)¹¹ in his explanatory study tried to investigate the association among organizational commitment, communication and effectiveness. The result indicated that organizational commitment is strongly related to the behavioural measures of effectiveness and commitment of organizational members certainly

has a strong role to play in reinforcing organizational effectiveness.

Decotics and Summers (1987)¹² attempted to depict a linkage among organizational effectiveness, morale and commitment. Morale of an individual's claim results of an organizations achievement. They found the probability of organizational effectiveness indirectly influence commitment through morale. Thus, if effectiveness increases, morale must improve, and in turn, increase the level of organizational commitment.

Need for the Study

The need for Employee Empowerment gained great importance in service-oriented institutions like banks. As employees in a service organization have frequent contacts with the customer, they usually serve as representatives for both the organization and their products and services to the customer at contact point. When service interactions are not properly controlled and handled, the outcome is poor perception of service quality that leads to customer dissatisfaction. The quality of service and

satisfaction that the customer may derive will be an assessment of the entire service experience. The employees play a major role in determining whether a customer would enjoy the experience or turn to their competitors for better solutions.

Scope of the Study

The present study included to examine the extent of interrelation between the select variables and organisational effectiveness in banking professionals with respect to SBI and ICICI banks in Rayalaseema region of Andhra Pradesh only. Particularly, I select these two banks because they are giant in public and private sector in terms of operations, employees and turnover.

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

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

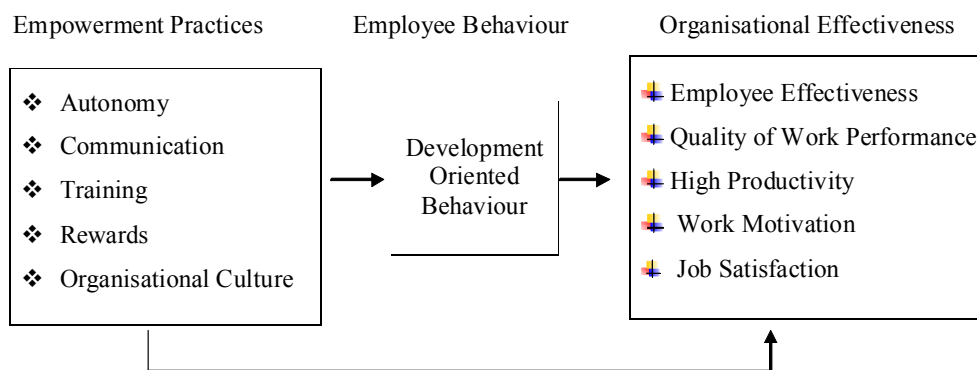


Figure 1: Employee Empowerment-Organisational Effectiveness

Source: Designed by Researcher

Objectives of the Study

1. To study the impact of Job Autonomy on Employee Effectiveness in SBI and ICICI banks.
2. To analyze the role of Employee Communication on Performance Quality in SBI and ICICI banks.
3. To examine the effect of Employee Training on Employee Productivity in SBI and ICICI banks.
4. To identify the role of Employee Rewards on Employee Motivation in SBI and ICICI banks.

5. To critically evaluate the affect of Organisational Culture on Employee Job Satisfaction in SBI and ICICI banks.

Hypotheses

Based on the objectives of the study the following hypotheses were formulated to examine "Employee Empowerment Practices in Indian Banks (SBI and ICICI)" respectively:

- **H1:** There is a significant difference between the two banks regarding the role of Job Autonomy that affect Organisational Effectiveness.
- **H2:** There is a significant difference between the two banks regarding the Communication System that affect Organisational Effectiveness.
- **H3:** There is a significant difference between the two banks regarding the Training Practice that effect Organisational Effectiveness.
- **H4:** There is a significant difference between the two banks regarding the Reward System that affect Organisational Effectiveness.
- **H5:** There is a significant difference between the two banks regarding the Organisational Culture that affect Organisational Effectiveness.

Study Design and Methodology

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

The main contribution of this research is to

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

Sources of Data

For the present study, the data has been collected from both primary and secondary sources. The primary data has been collected by administrating a structured questionnaire from the non-executive (Clerical Cadre i.e., Assistant, Senior Assistant, Special Assistant and Senior Special Assistant) of select public and private sector banks.

The secondary data has been gathered from Internet, books, research articles, survey reports, newsletters, various journals and magazines.

Sample Size and Design

The sample units have been selected by applying Simple Random Sampling Approach. And the respondents are selected by applying Purposive Sampling Technique.

Sample Universe: The sum of Non-executives level employees from select banks.

Sample Framework: The sample frame is categorized as Non-executives only.

Sample Units: The sample units are bank branches of SBI and ICICI bank.

Sampling

District	State Bank of India		ICICI Bank	
	No. of Branches	Respondents	No. of Branches	Respondents
Ananthapuramu	48	43	6	45
Chittoor	46	42	3	22
YSR Kadapa	57	51	3	22
Kurnool	57	51	8	61
Total	208	187	20	150

Source: Primary Data

Data Collection Instruments

The technique adopted to collect primary data was through structured questionnaire and personal interviews. Based on the review of literature on empowerment and detailed discussion in the human resource consultants, Likert scale was constructed following the procedure developed by Rensis Likert. Initially, 77 statements consisting of five independent variables and one dependent variable (Organisational Effectiveness) are included in the questionnaire that reflects the various dimensions of employee empowerment.

Statistical Tolls and Techniques

The present study is a qualitative analysis of the responses and results based on observations. The collected data is analyzed and interpreted based on Weighted Averages, Correlation coefficient analysis and Independent t-test with the aid of Microsoft

Excel software and Statistical Package for Social Sciences (SPSS-20 Version).

Limitations of the Study

The present study has the normal limitations of time, finance and other facilities usually faced by all research scholars. Apart from this limitation some of the other limitations were as under;

1. This research study is limited to select commercial Public & Private Banks in Rayalaseema region only.
2. The results of the research cannot be generalized to other banks like rural, co-operative and foreign.
3. The accuracy of given information may owe to change by time, work place and individual factors.

Table 1: Profile of SBI and ICICI Bank Employees

ELEMENTS		Name of the Bank	
		SBI (%)	ICICI Bank (%)
Age	20-25 years	3.7	22.0
	26-30 years	39.0	68.0
	31-35 years	28.9	10.0
	40 years and above	28.3	22.0
	Total	100	100
Education Qualification	Intermediate	2.7	0
	Degree	40.1	12.0
	Post Graduation	33.2	78.0
	Professional	24.1	10.0
	Total	100	100
Marital Status	Married	81.3	34.0
	Unmarried	18.7	66.0
	Total	100	100
Experience	0-5 years	26.7	90.0
	5-10 years	42.8	6.0
	10-15 years	2.1	4.0
	15 years and above	28.3	0
	Total	100	100

Source: Primary data

Table -1.1: Job Autonomy and its Results

S.No.	STATEMENTS	SBI (MEANS)	ICICI Bank (MEANS)
1	Do you have Job Autonomy in your Bank	2.22	2.72
2	How many Decisions have you made Without Referring to Higher Authorities	1.75	1.34
3	How often you Participate in Problem Solving	2.60	2.50
4	Is your Bank effectively Utilizing the Bank's Staff Suggestion Scheme	2.40	2.64
5	Have you got any chance to Participate in Branch Strategy Preparations	2.26	1.92
6	Have you any Control over the Work Schedule	2.29	2.82
7	Is your Opinion is Asked before Changes are Made in the Way You Work	2.56	2.68
8	Is your Superior tries to Solve your Work Related Problems	2.72	2.74
9	Can you Promise the Customer on Behalf of Management	2.71	2.08

Source: Primary Data

Table -1.2: Correlation Coefficient B/W Job Autonomy-Employee Effectiveness

	Variables	Emp. Effectiveness	Job Autonomy
Employee Effectiveness	Pearson Correlation	1	0.056**
	Sig. (2-Tailed)		0.000
	N	337	337
Job Autonomy	Pearson Correlation	0.056**	1
	Sig. (2-Tailed)	0.000	
	N	337	337

** . Correlation is significant at the 0.01 Level (2-Tailed).

Table- 1.3: Job Autonomy Differences B/W SBI and ICICI Bank

Group Statistics					
	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Job Autonomy Differences Between SBI and ICICI Bank	SBI	187	2.22	.93903	.06867
	ICICI Bank	150	2.72	.66676	.05444

Source: Primary data

Table- 2.1: Employee Communication and its Results

S.No.	STATEMENTS	SBI (MEANS)	ICICI Bank (MEANS)
1	I am getting Prompt Information to make Quick and Suitable Decisions	4.35	3.54
2	I have Observed Boost-up in My Morale with Present Communication	4.06	3.76
3	If I have a Problem I can Speak Directly to My Superior	4.21	4.32
4	I am able to give an Open Feedback on My Subordinates and Superior	3.23	4.10
5	Employee's Weaknesses are Communicated in a Smooth Manner	3.80	3.74
6	Hierarchy and Cross Culture are the Barriers in Communication	2.99	3.34

Source: Primary Data

Table- 2.2: Correlation Coefficient B/W Communication -Performance Quality

	Variables	Performance Quality	Communication
Employee Performance Quality	Pearson Correlation	1	0.057**
	Sig. (2-Tailed)		0.000
	N	337	337
Employee Communication	Pearson Correlation	0.057**	1
	Sig. (2-Tailed)	0.000	
	N	337	337

** . Correlation is significant at the 0.01 Level (2-Tailed).

Source: Primary data

Table- 2.3: Communication Differences B/W SBI and ICICI Bank

Group Statistics					
	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Communication Differences Between SBI and ICICI Bank	SBI	187	4.3529	.72106	.05273
	ICICI Bank	150	3.5400	.90212	.07366

Source: Primary data

Table- 3.1: Employees Training and its Outcome

S.No.	STATEMENTS	SBI (MEANS)	ICICI Bank (MEANS)
1	How many Training Programmes have you Attended in Your Career	3.37	1.56
2	I have Observed Enrichment in My Decision-Making Skills due to Training	3.98	3.78
3	Training Programmes has Improved My Performance Quality	4.36	4.08
4	Training increases My Confidence and helps to Tackle Conflict Situations	4.11	4.08
5	Training Programmes has Enhanced My Discipline	3.73	4.14
6	Bank provides Latest Training whenever New Technology Adopted	3.32	3.86
7	My work Relation with Peers has become Healthy due to Training	4.00	3.76

Source: Primary Data

Table- 3.2: Correlation Coefficient B/W Employee Training - Productivity

	Variables	Productivity	Training
Employee Productivity	Pearson Correlation	1	0.018**
	Sig. (2-Tailed)		0.000
	N	337	337
Employee Training	Pearson Correlation	0.018**	1
	Sig. (2-Tailed)	0.000	
	N	337	337

** Correlation is significant at the 0.01 Level (2-Tailed).

Table- 3.3: Employee Training Differences B/W SBI and ICICI Bank

Group Statistics					
	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Employee Training Differences Between SBI and ICICI Bank	SBI	187	4.3636	.62765	.04590
	ICICI Bank	150	4.0800	.39323	.03211

Source: Primary data

Table- 4.1: Employee Rewards and its Impact on Employee Performance

S.No.	STATEMENTS	SBI (MEANS)	ICICI Bank (MEANS)
1	I believe Our bank is Practicing a Fair and Equitable Reward System	3.56	3.98
2	I Feel Satisfy, when My work is Recognized in the form of Rewards	4.70	4.44
3	Reward has creates My Unique Identity in Organization- “big picture”	4.14	4.62
4	I got more Opportunities for Personal Growth due to Rewards	3.58	4.00
5	Monetary and Non monetary Rewards help me to improve Morale	3.86	3.96
6	Rewards increase My Responsibility towards Organizational Goals	3.53	4.20
7	I am Satisfied with the Transparency, Quality and Quantity of My bank’s Reward system	3.24	3.74

Source: Primary Data

Table- 4.2: Correlation Coefficient B/W Employee Reward -Work Motivation

	Variables	Work Motivation	Rewards
Work Motivation	Pearson Correlation	1	0.031**
	Sig. (2-Tailed)		0.000
	N	337	337
Employee Reward	Pearson Correlation	0.031**	1
	Sig. (2-Tailed)	0.000	
	N	337	337

** . Correlation is significant at the 0.05 Level (2-Tailed).

Table- 4.3: Employee Reward Differences B/W SBI and ICICI Bank

Group Statistics					
	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Employee Reward Differences Between SBI and ICICI Bank	SBI	187	3.2353	1.0717	.07837
	ICICI Bank	150	3.7400	.65977	.05387

Source: Primary data

Table- 5.1: Organisational Culture and its Results

S.No.	STATEMENTS	SBI (MEANS)	ICICI Bank (MEANS)
1	I believe Ethics and Honesty is the only Policy of our Bank's Culture	4.55	3.72
2	Customer Delight is our only Motive to Provide & Improve New Services	4.22	4.22
3	Conflicts are Resolved through Discussions & Control Interventions	3.89	3.86
4	Decisions are made on Prompt Facts and Information without Bias	3.74	3.76
5	Every Employee Ideas are Concerned while making Important Decisions	3.17	4.02
6	Our organizational Culture makes Employee to feel Pride be a part	4.18	3.84
7	I feel Positive & Fun workplace is the Sign of our Organizational Culture	4.02	4.16

Source: Primary Data

Table- 5.2: Correlation Coefficient B/W Organisational Culture - Employee Job Satisfaction

	Variables	Job Satisfaction	Organisational Culture
Employee Job Satisfaction	Pearson Correlation	1	0.034**
	Sig. (2-Tailed)		0.000
	N	337	337
Organisational Cultures	Pearson Correlation	0.034**	1
	Sig. (2-Tailed)	0.000	
	N	337	337

** . Correlation is significant at the 0.01 Level (2-Tailed).

Table- 5.3: Organisational Culture Differences B/W SBI and ICICI Bank

Group Statistics					
	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Organisational Culture Differences Between SBI and ICICI Bank	SBI	187	4.0214	.65548	.04793
	ICICI Bank	150	4.1600	.41901	.03421

Source: Primary data

Conclusion

The present study finds that there is significant relationship among employee empowerment and selected research variables, and its impact on organisational performance. In current scenario both SBI and ICICI banks are practicing employee empowerment practices, but in prescribed areas each one of them are effective. Here, ICICI bank is practicing better Autonomy practices, where SBI is ahead in practicing better Communication and Training. While in terms of Rewards and Organisational Culture ICICI bank is ahead comparing to SBI. Moreover, the overall research analysis shows that public banks are ahead in practicing better communication and training where private banks ahead in autonomy, rewards and organisational culture practices

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