

EFFICACY OF EMPLOYEE EMPOWERMENT ON ORGANISATIONAL COMMITMENT IN URBAN CO-OPERATIVE BANKS: A CASE STUDY OF THE BHATKAL URBAN CO-OPERATIVE BANK, BHATKAL

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ABSTRACT

Empowerment is a force which enables the employees to significantly contribute towards the organisation in which they are serving. It not only promotes optimum utilization of the employees' talents in the organisation but also channels authority and responsibility fostering the team spirit to revive employees' individual and group performance in their job environment. The central purpose of this study is to understand the level of empowerment among the employees of urban co-operative bank and its impact on organisational commitment. The study has been conducted on primary data collected from one hundred and thirty two employees of The Bhatkal Urban Co-operative Bank, Bhatkal, Uttara Kannada District of Karnataka State. The data collected has been analysed through percentages, mean, standard deviation, correlation and ANOVA. The study revealed that employee empowerment has a direct impact on the organisational commitment.

KEY WORDS: Employee Empowerment, Empowerment Dimensions, Organisational Commitment, The Bhatkal Urban Co-operative Bank.

INTRODUCTION

The importance of empowerment is well recognised (Perkins 1995; Spreitzer, Kizilos and Nason 1997; Pfeffer and Veiga 1999; Carless 2004). Empowering the employees in an organisation is enabling them to think independently and exercise control over their jobs or actions and taking self-determining decisions. This allows the employees to take their own decision and simultaneously enhances employee morale while motivating them to be in their high spirits of self-confidence. Empowerment is primarily a win-win situation between the employers and the employees which involves changes at different levels. The

social perceptions of empowerment and the political nature of empowerment may contextually vary in theory. This critical view of empowerment helps us to reconcile the notion of where power is in empowerment theory (Spreitzer and Doneson 2005).

To experience high levels of organisational commitment, the employees are required to behave positively towards the welfare of their organisation. The organisational commitment in simple words refers to a feeling of emotional attachment to the organisation and a self-motivated approach to get involved in the organisation. When the employees voluntarily involve in their organisation, a feeling of workplace affection naturally connects them to the pursuit of organisational goals.

Karnataka is a land of villages, urban and semi-urban areas in which Urban Co-operative banks play a significant role in the rural development. Unlike nationalised banks, employees of urban co-operative banks have no transfers to far off places as the branches are generally limited and located within a Taluk or the same district. This has made the urban co-operative banks more dependable on committed employees who can sustain their positive relationship with the customers. Provision of efficient and committed services to the customers has become the hallmark of rural banking especially with co-operative banks. Therefore, co-operative banks are under pressure to establish a committed workforce in order to provide quality financial services and accomplish the organisational goals of these banks. In order to keep pace with stiff competition, the banks are required to seek sense of commitment from their employees for which empowering them has become most crucial. Through the empowering process, the organisation can certainly inspire their employees with a sense of belonging to the organisation. In this background, it is necessary and important to study employee empowerment in urban co-operative banks as a means of achieving organisational goals.

The central purpose of the present study is therefore, to evaluate the degree of empowerment and organisational commitment of the urban co-operative bank employees. Empowerment becomes meaningful when it is focused on fulfilled promises and management's concern in the best interest of the employees.

Similarly, affective commitment is viewed as an employee's positive attachment to the employing organization and a willingness to contribute toward the attainment of organizational goals (Mowday et al. 1979). This positive attachment is referred to as organisational commitment.

Empowerment can be defined as the process as a result of which individual employees have the autonomy, motivation and skills necessary to perform their jobs in a way which provides them with a genuine sense of ownership and fulfilment while achieving shared organizational goals (Phil Lowe 1994). The dimension of empowerment that was used in this study focused on the extent to which workers were given increased scope for autonomous decision making. In other words, individual workers are given responsibilities and powers that were previously held by management (Rosenthal et al. 1997). Three items associated with the empowerment were personal judgment, decision making and job content.

REVIEW OF LITERATURE

Employee empowerment is a perpetual variable that reflects how employees overall feel about their existence in the organisation as well as mutual respect, regard and decision making power delegated to them. Despite the widely recognized role of employee empowerment in management theory and organizational effectiveness, it remains a controversial construct that is neither readily understood nor easily implemented (Conger & Kanungo, 1988). Review of the empowerment literature reveals that the definitions and assumed dimensions of empowerment vary widely. Conger and Kanungo (1988) viewed empowerment in an organizational context as a set of conditions necessary for intrinsic task motivation. Ugboro & Obeng, (2000) explains it in short; the aim of all these activities is to increase the satisfaction of the internal and external customers. Chen, Sui and Farh (2002) defined organizational commitment as psychological attachment of employees to their organization. Koçel, (2003) has defined an empowerment from top to bottom or from managers to employees means giving power to employee at four dimensions that consists of "authority", "specialization", "resource" and "personality". Chaturvedi, (2008) has defined Empowerment as one of the most effective ways of enabling employees at all levels to use their creative abilities to improve the performance of the organization they work for, and the quality of their own working life. He further observed Employee empowerment is a kind of the risk management process whereby a culture of empowerment is developed information—in the form of a shared vision, clear goals, boundaries for decision making, and the results of efforts and their impact on the whole. Rawat (2011) in her study of IT, ITES and Banking & Insurance employees concluded that psychological empowerment had a significant impact on organizational commitment.

NEEDFOR THE STUDY

Employee Empowerment and Organisational Commitment are the most integral parts of an organisational coin. It certainly promotes and enhances the productivity, efficiency and sense of belongingness among the employees towards the organisation. It aims to increase the efficiency of the employees as well as the overall organisation in the long run. The foregoing points explain the need for the present study.

The study helps the organisation to evaluate their employee's level of empowerment.

1. It also helps to evaluate the impact of empowerment on organisational commitment among the employees.
2. It highlights the dimensions of empowerment upon which the organisation can focus in order to accomplish its desired goals.
3. This study helps to understand the importance of demographic variables of the organisation as well.

STATEMENT OF THE PROBLEM

Organizations always expect high quality performance from their employees. Contributing the best towards overall wellbeing of the organisation largely depends upon the extent of employee empowerment provided by the management in the organisations. Earlier research and literature clearly provides evidence that empowering the employees by the management in an organisation has a significant effect on the organisational commitment of the employees. Therefore, unless the employees are empowered, they will not get motivated to be committed to their organisation. And once they are committed to their organisation, best potentials emerge out. This study has been undertaken in order to find out the extent of employee empowerment and its impact on organisational commitment in a urban co-operative bank.

OBJECTIVES

1. To analyse and measure the degree of employee empowerment in the urban co-operative bank
2. To understand and assess the impact of employee empowerment on organisational commitment
3. To examine the degree of organisational commitment of employees of the bank

HYPOTHESES

The following research hypotheses have been formulated for further investigation in this research study.

1. H1: There is a significant relationship between employee empowerment and organisational commitment among the employees of the Bhatkal Urban Co-operative Bank

2. H2: The four dimensions of employee empowerment considered for the study have a significant impact on the organisational commitment among the employees of the Bank.

RESEARCH METHODOLOGY

The present study has been conducted at The Bhatkal Urban Co-operative Bank Bhatkal in North Kanara District of Karnataka State. The research methodology adopted for the present study is descriptive in nature based on survey method. The study is aimed at evaluating employee empowerment in the bank and its impact on organisational commitment as its outcome. The study is also based on primary and secondary data. Accordingly a questionnaire was personally administered to a sample of 132 employees of the Bhatkal Urban Co-operative Bank located at their Head Office, Bhatkal, under random sampling method. The questionnaire was also preceded by discussions with employees in order to identify major practical issues of interest and priority of employees. The perceived level of employee empowerment and organisational commitment was also sought through the questionnaire. Statistical analysis was conducted through mean, standard deviation and regression analysis. While employee empowerment was considered as the independent variable for the study, the organisational commitment was regarded as the dependent variable. Other four dimensions of employee empowerment such as Competence, Self Determination, Reward and decision making taken for the study were regarded as the sub variables. The response rate was 100 per cent.

RESULTS AND DISCUSSION

Table1: Demographic and other variables of Respondents

Variables	Number	Percentage
AGE:		
Less than 30 years	12	9.09
31-40 years	52	39.40
41-50 years	48	36.36
Above 51 but < 60 years	20	15.15
TOTAL:	132	100.0
GENDER		
Male	116	87.88
Female	16	12.12
TOTAL:	132	100.0
GRADE		
Manager	9	6.81

Officer	18	13.63
Clerk	100	75.78
Sub-staff	05	3.78
TOTAL	132	100.0
ORGANISATIONAL TENURE		
Less than 5 years	9	6.81
6 to 10 years	23	17.43
11 to 15 years	58	43.94
16 to 20 years	26	19.70
Above 21 years	16	12.12
TOTAL	132	100.0
QUALIFICATION		
Postgraduates	03	2.27
Graduates	113	85.61
Pre-University	12	9.09
Matriculation	04	3.03
TOTAL	132	100.0

Source: Primary Data

Table 2
Employee Empowerment Dimensions -Descriptive Statistics

Employee Empowerment Dimensions	N	Mean Value	Standard Deviation
Competence	132	3.7123	.78584
Self-determination	132	3.8749	.63147
Reward	132	3.9154	.66992
Decision making	132	3.9159	.81254
Employee Empowerment	132	3.8917	.6785
Organisational Commitment	132	3.657	.9267

Source: Primary Data

Table 3
Employee Empowerment Dimensions –Correlation Analysis

	Test	Employee Empowerment	Organisational Commitment
Employee Empowerment	Pearson's Correlation	1	.638***
	Single (2 tailed Test)		.000
	N	132	132
Organisational Commitment	Pearson's Correlation	.638***	1
	Single (2 tailed Test)	.000	
	N	132	132

Source: Primary Data

Table 4
Employee Empowerment Dimensions –Analysis of Variance (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig
Regression	39.948	4	9.872	22.058	.000
Residual	43.186	95	.47		
Total	83.134	99	.468		

Source: Primary Data

Table 5**Employee Empowerment Dimensions – Regression Coefficients**

	B	Standardized Beta	t	Sig
(constant)	.358		.628	.542
Competence	.349	.300	1.998	.048
Self-determination	.181	.131	.997	.349
Reward	.351	.302	1.998	.050
Decision making	.426	.309	2.138	.048

Source: Primary Data

The present research study revealed the following results.

Table 1 above presents the demographic and other variables of the respondents in terms of percentages. The result indicate that 39.40 per cent of the respondents were in the age group of 31-40 years; 87.88 per cent of respondents were males; 75.78 per cent of the participants were in the clerical grade; 43.94 per cent of the respondents had put in 11-15 years of service in the bank; 85.61 per cent of the participants were graduates.

Table 2 highlights mean and standard deviation of empowerment dimensions considered for the present study and the organisational commitment of the bank employees. As can be seen from the table 2, the dimensions of employee empowerment carry a higher mean values substantiating the fact that the employees have perceived significantly higher levels of empowerment and organisational commitment. The mean scores of overall empowerment is 3.89 with a standard deviation of .68. It can thus be concluded that the employees of the bank perceived a high degree of empowerment. Further it is also interesting to note that Decision making and rewards have the highest mean score of 3.91, followed by self-determination (mean score- 3.8749) and competence (mean score-3.7123).

Table 3 indicates that correlation co-efficient between employee empowerment and organisational commitments of the bank employees are .638 which is significant at 5 per cent level. This clearly proves that organisational commitment significantly increases when the employees are more empowered. Further, the relationship between employee empowerment and organisational commitment the bank employees was analysed by adopting Pearson's correlation coefficient. It can therefore be inferred that

employee empowerment has a significant impact on the organisational commitment of the bank employees. Hence, the Hypotheses No. 1 formulated- There is a significant relationship between employee empowerment and organisational commitment among the employees of the Bhatkal Urban Co-operative Bank stands accepted. This proves that the employees of The Bhatkal Urban Co-operative Bank are highly empowered and as a result they are committed to their organisation.

Table 4 has analysed analysis of covariation by adopting ANOVA. For this purpose, four important dimensions of employee empowerment- Competence, Self-determination, Reward and Decision making were considered and independent variables, while organisational commitment as dependent variable. It has been established that these independent variables have a considerable impact on organisational commitment. The F value as ascertained in Table 4 reads 22.058 I tself is evidence that the regression model speaks of the level of organisational commitment by reckoning the importance of empowerment.

Table 5 depicts regression coefficients explaining the impact of employee empowerment on organisational commitment of The Bhatkal Urban Co-operative Bank. The beta coefficient obtained clearly indicates that the dimensions of employee empowerment have a significant impact on organisational commitment. It is noteworthy that the table 5 clearly indicates the decision making component ranked the highest importance with Beta .309 and t value 2.138, followed by reward with beta .302 and t value 1.998. It could therefore, be inferred that decision making and reward significantly influenced organisational commitment. It is also interesting to note that competence as a dimension of employee empowerment has also influenced organisational commitment with the beta value .300 and t value 1.998. However, Self-determination seems to have the least significance on organisation commitment (beta value .131 and t value .997). Accordingly the hypotheses 2-The four dimensions of employee empowerment considered for the study have a significant impact on the organisational commitment among the employees of the Bank also is almost supported.

FINDINGS

The study found that the overall employee empowerment in The Bhatkal Urban Co-operative Bank has a positive and significant impact on the organisational commitment. Among the four dimensions of empowerment considered for the present study-Competence, Self-determination, Reward and Decision making, Decision making, Reward and Competence have emerged as the strongest predictors of organisational commitment. On the other hand, Self-determination has not proved to be a significant influencing factor on organisational commitment. Overall, Decision making, Reward and Competence have contributed 42.6, 35.1 and 34.9 per cent respectively towards organisational commitment.

RECOMMENDATIONS AND SUGGESTIONS

As it is established that there is an obvious link between employ empowerment and organisational commitment the bank should focus more on factors determining the empowerment so that they can be brought in to the institution.

The organisation should also think of initiating various empowerment programmes for the employees so that maximum benefits can be reaped from it.

CONCLUSION

There is considerable evidence in the literature of organisational commitment that many variables such as age, gender, rank, organisational tenure, experience, their empowerment etc. have a direct influence on organisational commitment. The present study also aimed at proving the fact that employee empowerment has a significant impact on organisational commitment. Further, the results of the present study might be useful for the authorities of the organisation to enhance the degree of empowerment of its employees by taking required action. No study has been conducted in the bank opted for the present study so far to analyse the impact of employee empowerment on organisational commitment.

The study clearly envisages that there is a significant impact of employee empowerment on organisational commitment. High degree of organisational commitment can also further foster, high level of job satisfaction, job involvement and reduced work stress.

LIMITATION

The results should be interpreted with the constraints in mind.

The data presented are based on self-completed questionnaires which may suffer from its own inherent limitations. This data is purely perceptive in nature. Individual attitudes could in a way may give better reality picture through which robust conclusions could be obtained with a supervisory evaluation of individual attitudes. But earlier studies have shown involvement of potential risk in using employee attitude (Organ and Ryan 1995). Further it is true that perceptions of individual employees are idiosyncratic in which they express their own thoughts. In view of this the actual views of the employees are more significant than HRM policy documents (Guzzo and Noonan 1994)

SCOPE FOR FURTHER RESEARCH

As the data is basically perceptual in nature, away forward would be for future studies to consider objective measures of performance based on quantifiable outputs rather than evaluations based on individual perceptions. In this way audit checks could then be made in a limited number of cases to validate the data provided. Future research needs to explore the possible linkages between employee empowerment policies and other outcomes such as job satisfaction and job attitude. However, what is also of interest and value from this study is the general trend of a high degree of connection between employee empowerment and organisational commitment and future research could usefully focus on analysing various other reasons why that is the case. Further intensive study could also be carried out to study the impact of other dimensions of employee empowerment in the organisation.

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