

# A Study To Measure Effect Of Employee Empowerment On Personnel Behavior, Service Delivery And Access To Services With Reference To Selected Private Sector Banks Of Surat City.

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## Abstract:

Hammer and Champy (1993) suggest that empowerment of front-line workers is crucial if organisations want to understand core business processes, because front-line workers are closest to these processes and are the only ones who really understand how they work. Some of the perceived benefits of employee empowerment include greater job satisfaction and motivation, reduced supervisory requirements and increases in innovation and creativity. Indian private sector banks are growing and there are so many reforms in banking system. Management understands value of empowering employees. Previously researchers have suggested so many dimensions of customer satisfaction including personnel, services and access to services. Many factors have been said to contribute greatly to employee empowerment which has become widely studied in the recent past as one of the ways organizations may use to turn around their performance. This study analyzed mainly how five factors of employee empowerment ( authority and participation, management supports, control over job, job knowledge and reward and recognition) effects the three dimensions of customer satisfaction (personnel, services and access) for private sector banks. The Descriptive survey method was being applied to carry out the research. Two sets of questionnaire were prepared by researcher, one for employees and one for customers of selected private sector banks. Data have been analyzed by using the Statistical Package for Social Science AMOS software after which appropriate interpretation was be done. The study found that employee empowerment has significant and positive effect on three dimensions of customer satisfaction (personnel, services and access).

**Key words:** Access, Authority and participation control over job, customer satisfaction, employee empowerment, job knowledge, management supports, personnel, service quality and reward& recognition.

## 1. INTRODUCTION:

Employee empowerment is a management strategy that aims to give employees the tools and resources necessary to make confident decisions in the workplace without supervision. Empowerment is a long-term, resource-intensive strategy that involves significant time and financial investment from the organisation's leaders. Authors Ken Blanchard, John P. Carlos, and Alan Randolph, in their book *Empowerment Takes*

*More Than a Minute*, suggest that the three tools managers should be using to empower their staff are information sharing with everyone, creating autonomy through boundaries and replacing old hierarchies with self-managed teams. Empowerment occurs when an employee is given the freedom, power, trust, autonomy, and encouragement to carry out job-related tasks. When used as a motivational strategy, empowerment can provide an employee with a sense of pride and ownership over their work. People want to feel in control of their destiny, especially in the workplace.

Empowerment provides a worker with intrinsic, or self-induced, rewards by allowing them to make decisions on their own and see the success that follows. Employees associate their success with their own abilities, motivating them to continue to strive for higher levels of productivity in future tasks. Managers can promote organizational success by inviting employees to be innovative in their ideas, solutions, and decisions while at the same time giving them authority to see them through implementation of ideas. Ultimately employees feel empowered during their tenure of job and it leads to improvement in employees behaviour which improves service delivery.

This paper shows how private sector banks employee are empowered and its effects on Personnel Behavior, Service Delivery And Access To Services

## 2. LITERATURE REVIEW:

The concept of empowerment, although it has begun to be used since the early 1980's, the studies by Kurt Lewin who made observations that employees are to make the expected changes according to their own decisions (Doan, 2006: 23) and Human Relations Approach which has been led by Elton Mayo and Hawthorne are acknowledged as the beginning. It has been suggested especially through Human Relations Approach that the employee can perform his duties on his own accord and without being motivated or close monitoring, and the participation of employees and organizational behaviour studies have become popular studies of management (Murat, 2001: 113).

In the 1960's, Douglas McGregor and Likert stated that self-management of employees and their participation in decision-making processes would help empower the employees who take on responsibilities. With these studies, the consideration of personnel's demands, the identifying of their skills and interests, and the re-organization of their cooperation and communication with management have caused employees to take courage (Doan, 2006: 23).

Whereas between 1960 and 1970, asking employees for suggestions, encouraging them to participate by asking their opinions, motivating them with a humanitarian approach, preventing leave of employment and similar subjects had been considered among the aims of managers.

in the 1980's the escalation of competition and the desire to come out of this competition as victorious had fore grounded the existence of the employee who has the authority necessary to ensure customer commitment and to ensure that customers' demands are met quickly and on time (Özveren, 2006: 64). This notion has revealed the need to empower the personnel even more (Akin, 2010: 222).

The studies conducted by Harrison and Kanter in 1983, Bennis and Naus in 1985, Burke and Neilsen in 1986, Block in 1987, and House in 1988 have given the concept of empowerment its modern usage. Furthermore, due to the quality circles which appeared after the year 1980, the improvement of work life's quality, and the studies of total quality management, the significance of empowering the personnel has started to increase (Doan, 2006: 24). Especially Block has emphasized in his studies that employees' mood is significant in management alongside circumstances, conditions, policy and practice; this emphasis has led empowerment to be considered as a new management method in the sense we know today (Doan, 2003: 6).

In 1988 Conger and Kanungo, who have studied empowerment, defined empowerment as "motivational processes". In 1990 Thomas and Velthouse have introduced a new perspective and defined it as giving energy, capacity, and authority to others alongside motivation. The authors who have attributed empowerment a sense outside of its traditional meaning have claimed that the performance will be affected by the individual differences in the interpretation process and have made contributions through some corrections on Conger and Kanungo's motivational processes view (Doan, 2006: 25-26).

Empowering others is a leaders' ability which allows them to reinforce and develop their constituents by sharing power and giving visibility and give credits to their employees (Kouzes and Posner, 2002).

Empowerment of people is a major contributor to the development of subordinates by allowing them to do extremely well by investing in themselves, even at the risk of making mistakes (Page and Wong, 2000). Servant leadership theory emphasizes empowering employees, serving them and being committed to cultivating them (page and Wong, 2000; Spear, 2004). Leaders have to treat their follower as individuals, not as a group and also have to understand subordinates' developmental needs. To improve the potentials of the followers and empower them, leaders coach and mentor subordinates (Avolio and Bass, 2004).

Empowering employees by their leaders or managers led to high employee effectiveness. Employees satisfaction and employees performance based on their extra efforts are considered as the most important employee effectiveness outcomes in this study. These two factors were considered as some of the most important organizational effectiveness factors by many researchers e.g. (Avolio and Bass, 2004; Briggs 2008; Duerr, 2009). These categories are greatly influenced by leadership style and the employees' perception of that style (Avolio and Bass, 2004).

### 3. METHODOLOGY:

The **Objectives** of the Study was:

- To measure effect of employee empowerment on personnel behavior for selected private sector banks of surat city.
- To measure effect of employee empowerment on service delivery for selected private sector banks of surat city.
- To measure effect of employee empowerment on access to services for selected private sector banks of surat city.

#### **Research Design:**

A descriptive research design has been used in this study to know the effect of employee empowerment on dimensions of customer satisfaction for selected private sector banks of surat city.

#### **Unit of Study:**

The target respondent of this study includes employees and customers of the selected private banks of surat city.

#### **Sample Selection:**

Non-probability sampling techniques have been used like convenience sampling to collect the Data from the employees and customers of the selected banks with the help of structured questionnaire. Attempt has been made to collect samples from the 18 branches of selected banks. Sample size was 150 employees and 150 customers of selected banks.

#### **Collection of data**

Primary data were collected with the help of structured questionnaire .The secondary information was obtained from the reports of RBI, different branches, websites, journals and magazines. Employee empowerment questionnaire consists of 18 statements and customer satisfaction questionnaire consists of 23 statements. Five options given to the respondent on the bases of 5 point likert scale ranging from strongly agree to strongly disagree.

#### **Hypothesis framed**

H0: Employee Empowerment Has No Significant And Positive Relationship With Personnel Behavior.

H1: Employee Empowerment Has Significant And Positive Relationship With Personnel Behavior.

H0: Employee Empowerment Has No Significant And Positive Relationship With Service Delivery.

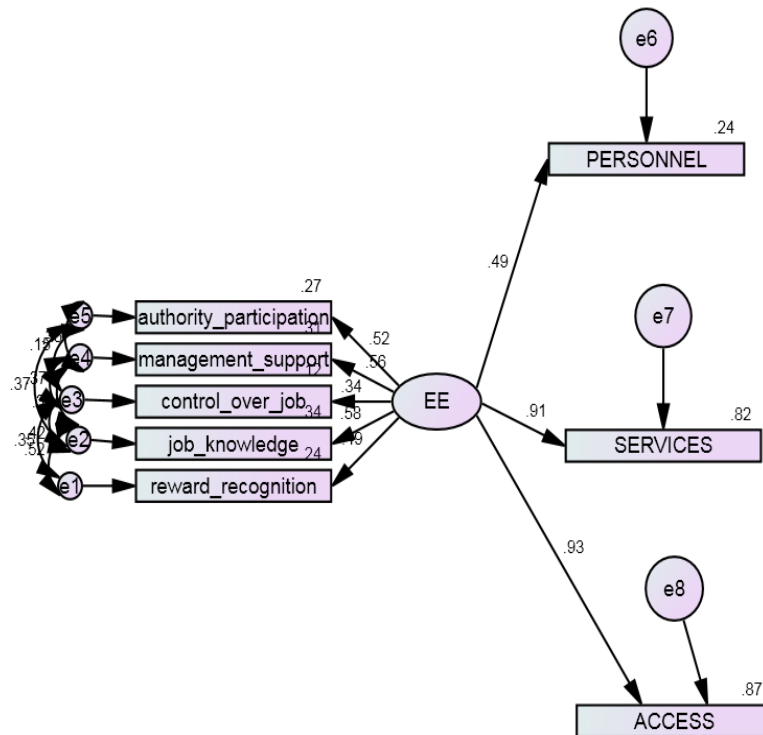
H2: Employee Empowerment Has Significant And Positive Relationship With Service Delivery.

H0: Employee Empowerment Has No Significant And Positive Relationship With Access To Services.

H3: Employee Empowerment Has Significant And Positive Relationship With Access To Services.

#### **Analysis of data:**

Data was analyzed with the help of spss amos software. Below established model indicates that there is a significant and positive relationship between employee empowerment and personnel behavior, service delivery and access to services. Statistics also proves that model is good fit for the data.



**Regression Weights: (Group number 1 - Default model)**

			Estimate	S.E.	C.R.	P	Label
reward_recognition	<---	EE	1.000				
job_knowledge	<---	EE	1.034	.139	7.424	***	par_1
control_over_job	<---	EE	.721	.165	4.380	***	par_2
management_support	<---	EE	1.494	.294	5.080	***	par_3
authority_participation	<---	EE	.938	.192	4.884	***	par_4
PERSONNEL	<---	EE	1.193	.254	4.699	***	par_5
SERVICES	<---	EE	1.759	.275	6.401	***	par_6
ACCESS	<---	EE	1.893	.295	6.424	***	par_7

**Standardized Regression Weights: (Group number 1 - Default model)**

			Estimate
reward_recognition	<---	EE	.494
job_knowledge	<---	EE	.580
control_over_job	<---	EE	.344
management_support	<---	EE	.556
authority_participation	<---	EE	.522
PERSONNEL	<---	EE	.491
SERVICES	<---	EE	.906
ACCESS	<---	EE	.935

Above describe the factor loadings of observed variables are reliability estimates of individual construct. The factor loadings are above suggested limit of .50 by Kline (1998). Looking to their significance level 0.05 in above, the regression weights is significant.

### Model Fit Summary

#### CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	24	50.579	12	.000	4.215
Saturated model	36	.000	0		
Independence model	8	675.091	28	.000	24.110

One of the first fit statistics to address this problem was the  $\chi^2$ /degrees of freedom ratio (Wheaton, Muthen, Alwin, & Summers, 1977), which appears as CMIN/DF is 4.215 (Standard Recommended value is  $\leq 5$ ).

### Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.925	.825	.942	.861	.940
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

The Relative Fit Index (RFI; Bollen, 1986) represents a derivative of the NFI; as with both the NFI and CFI, the RFI coefficient values range from zero to 1.00, with values close to .95 indicating superior fit (Hu & Bentler, 1999). In this case the value is 0.825 indicating the fairly good fit of the model.

### RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.079	.106	.190	.000
Independence model	.394	.368	.420	.000

The next set of fit statistics focuses on the root mean square error of approximation (RMSEA). This discrepancy, as measured by the RMSEA, is expressed per degree of freedom, thus making it sensitive to the number of estimated parameters in the model (i.e., the complexity of the model); values less than .05 indicate good fit, and values as high as .08 represent reasonable errors of approximation in the population (Browne & Cudeck, 1993). MacCallum et al. (1996) have recently elaborated on these cutpoints and noted that RMSEA values ranging from .08 to .10 indicate moderately fit, and those greater than .10 indicate poor fit. Although Hu and Bentler (1999) have suggested a value of .06 to be indicative of good fit between the hypothesized model and the observed data, they cautioned that, when sample size is small, the RMSEA (and

TLI) tend to over reject true population models. In this case the value of RMSEA is 0.079 indicate good fit of model.

Thus, on the basis of our goodness-of-fit results, it can be concluded that the hypothesized that the model fits the sample data fairly well.

#### 4. CONCLUSIONS:

It is concluded from the study that mainly five factors of employee empowerment ( authority and participation, management supports, control over job, job knowledge and reward and recognition) effects the three dimensions of customer satisfaction (personnel, services and access) for private sector banks. The Descriptive survey method was being applied to carry out the research. Two sets of questionnaire were prepared by researcher, one for employees and one for customers of selected private sector banks. Data have been analyzed by using the Statistical Package for Social Science AMOS software after which appropriate interpretation was be done. The study found that employee empowerment has significant and positive effect on three dimensions of customer satisfaction (personnel, services and access).

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