

Impact of Employee Empowerment on Job Satisfaction of Employees in Corporate Banking Sector Employees of Pakistan

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ABSTRACT

Job satisfaction and employee empowerment has always been interesting domains for researchers. Employee empowerment helps organizations to get employees more motivated towards their work and reap the benefit of their performance and satisfaction towards the organization. This study finds the significant positive impact of psychological empowerment on job satisfaction of employees in banking sector of Pakistan. The study population was banking sector employees of Pakistan. A convenience sampling techniques was used to select the sample size for the study. Survey questionnaires were rotated in different branches of different banks of Pakistan to get the response on the study constructs by the banking employees. Personal visits will also be made. Data was analyzed with the SPSS by using techniques of Descriptive analysis, Reliability analysis, Correlation analysis and Regression analysis. Future recommendation and limitations of the study will also be presented.

KEYWORDS: Job Satisfaction, Empowerment, Psychological Empowerment, Banking Employees

1. INTRODUCTION

Human Resource Management is imperative for every organization [1]. This is because “human resource” bring with them human capital which comprises of the knowledge and experience that an individual employee gets with the passage of time [2], through the work they done and knowledge they get. All of these considerations make employee worth for any organization. Today, in the competitive environment, organizations work to get the best human resource in the organization. This is done in response to compete in the todays business environment and earn the strategic and competitive advantages. There organizations opt for best human resource and try to retain it for the best future of the organization.

HRM deals with the administering and organizing human resource of organization [3, 4]. This is done in a way that HR managers are always busy in making different policies from recruitment to providing benefits to the employees. They are responsible to bring best talent to the organization and then make policies and procedures to retain them. HR is always helpful in making organization successful by their performance in bringing best talent and through their competitive policies and procedures to retain that best talent. As [5] stated that “Employees are an important investment for the organization,” so these must be managed accurately and correctly [6]. Employees are important for the organization because of the worth they have to the organization.

[7, 8] reported that job satisfaction is immensely researched domain in order to examine the organizational actions, deeds and performance, while empowerment is a much new concept to the organizations.

Empowerment can be considered as a change strategy that can be used to arrange and assist organizations in order to match the changes that are widely prevailing in the work place [9-11]. This can help organization of better utilize the human capital at the workplace and also brings a better use of the human resource.

1.1 Objective of the Study:

Since employee job satisfaction is important for any organization. Therefore, it is imperative to study the job satisfaction in order to get an insight about their satisfaction about the job if they are empowered at the work place. So, the objective of the study will be to analyze the Impact of impact of employee empowerment on employee job satisfaction.

1.2 Research Questions:

The following research questions will be addressed in this study.

- How employee empowerment impact the job satisfaction of employees?
- Does increasing employee empowerment will enhance the job satisfaction of the employees?

1.3 Statement of Problem:

An employee being the important human resource of the organization brings their knowledge and experiences in the form of human capital [2]. This human capital helps organizations to grow and achieve its goals and objectives. Employees in the banking sector have to face lots of work and assignments daily, which they need to complete in a very strict schedule.

***Problem Statement:** Empowering employees can help enhance the job satisfaction of employees in the banking sector of Pakistan. Employees need to work in a stressed environment and they can perform better if they are empowered psychologically.*

1.4 Significance of the Study:

This study will open new research avenues in the field of Organizational Behavior. Employee empowerment in form of psychological empowerment can bring a lot more productive change in the working environment of corporate banking sector. Employee empowerment can be another strategy to satisfy employees with their job and working environment in order to earn their positive word of mouth, loyalty and commitment towards the organization.

2. LITERATURE REVIEW

2.1 Job Satisfaction:

Job satisfaction is also defined as “difference between what one’s expectations from job are and what one’s get from that job in reality” [12]. [13] stated that job satisfaction is “an employee emotional state towards job”. According to [14] job satisfaction is “an employee’s response towards their work experiences”.

Most of the finding showed that employees who are more satisfied and committed with the organization show a larger span with the organization [1, 15]. Employees are more interested to remain with that organization, with whom they are more loyal or feel sense of belonging. Employees who are more satisfied show a larger span with that organization as compared to the employee having low satisfaction and commitment.

2.2 Empowerment:

According to [16], trust and accountability is termed as empowerment. So, organizations need to trust their employees in whatever they are required to do are trusted to do so with the honesty and loyalty with the organization. Employees are trusted to do their job with their true honesty. This honesty and trust of the employee brings deterioration or prosperity to the organization. Organizations trust employees and then judge how their employees worked well and boosted their trust through the accountability techniques, an organization usually employ. Now they stand employee accountable (if anyone found to break the trust). One of procedure to check balance on the employee is their performance appraisal. Organization can take a full exposure of employee performance through performance appraisals and can check which employee tried his best and which did not. This is a best way to stand employee accountable for low performance and to suggest benefits and rewards for the one who full fill all of his job and make organization proud by his performance and his achievements. Viewpoint of [17] reported that empowerment can also be named as delegating or sharing power or authority by top management to lower management, to enhance their confidence and decision making power. Empowerment is actually a little bit control over “decision making, work processes, goals set for performance and/or other people or employees” [18]. The control over decision making can be of the form that an individual employee in certain conditions can take the decision on behalf of organization if the matter is not much serious. Similarly, empowerment can be of the form that employee can take decision for the work processes or can do his job in his own way without damaging or bringing any problem to the work environment and processes of the organization. Similarly, setting goals at the lower level or in a team (which can be made for a short-term purpose) in order to achieve the organizational objectives and tasks.

2.3 Psychological Empowerment:

[19] empowerment is the increased intrinsic task motivation manifested as four cognitions, which shows how an individual employee's orientation to the job and work roles that has been assigned to them. These are: **Meaning**: "a fit between the requirements of a work role and belief, values, and behaviors" [20, 21]; **Competence (self-efficacy)**: capacity of an individual to perform his job [22]; **Self-determination**: it involves individual's options for opportunities that regulate their acts [23] and **Impact**: "a degree to which an individual can influence strategic, administrative or operating outcomes at work" [24].

2.4 Psychological Empowerment and Job Satisfaction:

Psychological empowerment is defined as a motivation of employee following the preference of getting fetch by the workplace environment and getting proficient to shape their jobs [19].

[25-28]; all of these researchers have found the significant impact of empowerment on job satisfaction. There has also been an established significant and meaningful relationship between empowerment and satisfaction towards job.

Research Hypothesis 01: Employee empowerment significantly positively impact the employee job satisfaction

3. Conceptual Framework:

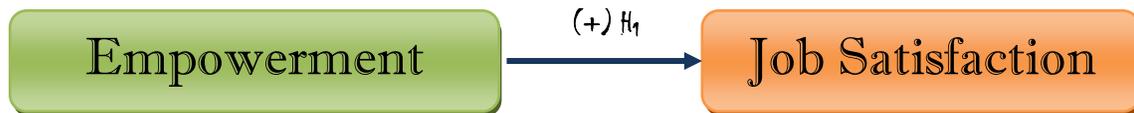


Figure-1 Conceptual Framework

4. RESEARCH METHODOLOGY

It is important for any research to define its research design in order to "identify and collect information" as reported by [29]. Research Methodology is "organized and efficient approach used for data collection" [2].

This study is inclined to collect data from banking sector employees of Pakistan. Employees at all level within the organizations were respondents. This study will be the quantitative study, conducted through a survey questionnaire. The questionnaire on study constructs will be adopted from different empirical studies. The questionnaire used the seven point likert scale for both Job Satisfaction and Psychological Empowerment ranging from 1=Strongly Disagree to 7= Strongly Agree. Scale for job satisfaction was used from the study of [30], while for psychological empowerment, 12 item scale was used from the study of [19].

The sample was selected through using the convenience sampling technique. 50 respondents were selected to get the response for the study. The response rate was 100% as all of the respondents had fully and responsibly filled the questionnaire. Data was analyzed through SPSS. Data analysis techniques used were Descriptive analysis, Reliability analysis, Correlation analysis and Regression analysis.

5. EMPIRICAL RESULTS & DISCUSSIONS

5.1 Descriptive & Demographics Analysis:

Table-1 shows the descriptive analysis that the mean value for gender is .24, which is more equivalent to 0 than 1. Gender is coded 0 in order to analyze the results, while females are coded 1. The mean value shows that number of male respondents were greater in number. Similarly, mean value of age shows that the respondents are from the age bracket of 25-29 years. Mean value of education is 3.80 shows that more respondents were holding the Masters degree than any other higher degree. Lastly, mean value of experience is 1.38 that depicts that more of the respondents were having the experience of maximum 5 years or below.

Demographics-N: 83				
	Frequency	Percentage	Mean Value	Standard Deviation
Gender			.24	.431
Male	62	0.75		
Female	21	0.25		
Age			2.44	1.053
20-24	14	0.17		
25-29	33	0.40		
30-34	17	0.20		
35-39	9	0.11		
40-44	10	0.12		
Education			3.80	1.294
12 years	8	0.10		
14 years	15	0.18		
16 years	31	0.37		
17 years	9	0.11		
17.5 years	20	0.24		
Experience			1.38	.753
0-5 years	47	0.57		
6-10 years	17	0.20		
10-15 years	11	0.13		
16-20 years	8	0.10		

Table-1 Descriptive & Frequency Distribution

Table-1 shows that there were 75% male respondents while only 25% were female respondents. As far as age of the respondent is concerned, there were 14 employees in the age bracket 20-24, making 17% of total respondents, 33 (40%) were in age bracket 25-29, 17 (20%) were in 30-34, 9 (11%) were in 35-39, while the remaining 10 (12%) out of 83 were having age bracket 40-44 years. Demographics for education shows that there were 8 respondents were having 12 years of education or having intermediate, making 10% of total respondents, 15 (18%) were having 14 years of education or having Bachelors, 31 (37%) were having 16 years of education or having Honors in Bachelors or Masters, 9 (11%) were having 17 years of education and remaining 20 (24%) were having 17.5 years of education or having Mphil degrees.

Table-1 shows the experience-wise frequency as almost 47 (making 57%) respondents were having job experience below 5 years, 17 (20%) were having experience between 6-10 years, 11 (13%) were having 10-15 years and the remaining 8 (10%) were having the 16-20 years of job experience.

5.2 Reliability Analysis:

Reliability of the study constructs are obtained through Reliability analysis using Cronbach's Alpha. Table-2 shows that the reliability of both constructs (job satisfaction and psychological empowerment) is above 0.8 which shows a very good range. It is mentioned in the study by [31] that Cronbach's alpha greater than 0.7 shows an acceptable range.

Reliability Statistics		
	Number of Constructs	Cronbach's Alpha
Empowerment	12	0.865
Job Satisfaction	7	0.880

Table-2 Reliability Analysis

5.3 Correlation Analysis:

Correlation analysis reports the interdependence of the study variables. Table-3 shows that empowerment and job satisfaction are moderately positively correlated with each other with the correlation coefficient of 0.561. This means that with the increase of psychological empowerment, job satisfaction also increases. Findings of Table-3 shows that the research hypothesis is accepted, which states that "Employee empowerment significantly positively impact the employee job satisfaction".

Correlation Statistics			
		Empowerment	Job Satisfaction
Empowerment	Correlation Coefficient	1.000	
	Sig. (2-tailed)	.000	
Job Satisfaction	Correlation Coefficient	0.561**	1.000
	Sig. (2-tailed)	.000	

Table-3 Correlation Analysis

5.4 Regression Analysis:

Regression analysis is also used to see the impact of independent variable on dependent variable. This means that this study is inclined to test the impact of empowerment on job satisfaction.

Table-4 shows model summary, in which adjusted R² is found to be 0.301 or 30.1%. this adjusted R² means that “how much variability is explained by the dependent variable job satisfaction in independent variable psychological empowerment”.

Model Summary			
R	R Square	Adjusted R Square	Std. Error of Estimate
.561	.561	.301	.63359
a. Predictors: (Constant), PE			

Table-4 Model Summary

Table-5 shows the coefficients of constant and independent variable (Psychological Empowerment) that results from the regression analysis.

	Coefficients				
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.891	.864		2.190	.033
Psychological Empowerment	.682	.145	.561	4.699	.000
a. Dependent Variable. JS					

Table-5 Regression Coefficients

It can be seen from the Table-5, that coefficients for both constant; 1.891 and empowerment; .682 are significant. This lead us to the finding that these can be helpful in predicting the job satisfaction among employees of banking sector of Pakistan. Regression analysis also accepts the research hypothesis that there exists a positive relationship between psychological empowerment and job satisfaction.

The regression analysis can be shown as a regression equation in a following way

$$\begin{aligned}
 \text{Job Satisfaction} &= \beta_0 + \beta_1 (\text{Psychological Empowerment}) \\
 \text{Job Satisfaction} &= 1.891 + .682 (\text{Psychological Empowerment})
 \end{aligned}$$

The above equation shows that one unit increase in psychological empowerment increase the job satisfaction by 0.682 units.

6. CONCLUSION

This study reveals that there exists a positive relationship between the empowerment and job satisfaction among employees of banking sector of Pakistan. If banking organizations empower employees they can enjoy the loyalty of employees towards the organization and job through job satisfaction.

This study was the first of its kind in studying the relationship between the psychological empowerment and job satisfaction in Banking Industry of Pakistan. The study provides the theoretical contribution to the body of knowledge that there exists a significant impact of psychological empowerment on job satisfaction in the banking industry.

7. CONTRIBUTION

This study will contribute towards theoretical and empirical evidence that there is a need to provide employees with psychological empowerment which can help enhance their satisfaction towards job and create a prosperous and conducive work environment.

8. LIMITATIONS

This study has major limitation of time and resources. Convenience sampling was another limitation.

9. FUTURE RESEARCH & MANAGERIAL IMPLICATIONS

It is suggested to the managers of the corporate banking sector to increase empowerment of employees in order to attain their satisfaction and loyalty. They are also suggested to devise the policies and procedures for increasing empowerment at the workplace. This will not only provide employees a way to do job according to their own way besides allowing them to lower their level of stress to meet the deadlines of the project assigned to them.

For future researchers it is suggested to test this relationship with increased sample size and better sampling techniques to generalize the findings. Moreover they are also suggested to check the impact of empowerment on satisfaction and commitment of employees in any of the service sector. It is also advised to check the mediation effect of job satisfaction in between empowerment and commitment of the employees towards organization in any sector (service or manufacturing).

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