

## Impact of Employee Empowerment on Employee's Performance in the context of Banking Sector of Pakistan

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### ABSTRACT

The purpose of this study is to find out the impact of employee empowerment on employees performance. The result shows the significant relationship between empowerment and employee performance. The statistical population of this study is Banking Sector which covers the 150 employees of 16 banks and data was collected through a questionnaire. Correlation coefficient was used through "ANOVA and SPSS" for data analysis. There are the two determinants of Empowerment which are Meaningful work and Competency. Results presented Positive relationship between Meaningful work and Employee Performance and also there is Positive relationship between Competency and Employee Performance. Regional banks can use employee Empowerment as their basic component to increase employee performance.

**Keywords:** Empowerment, Employee's performance, Meaningful work, Competency.

### 1. INTRODUCTION

Human resource is the valuable asset of an organization. They are the main source of capabilities that cannot be copied by the rivals. Empowerment provides employees the authority and responsibility. Empowerment inspires the employees to use or apply their capabilities and creativeness by accepting responsibility for exertion. The best related consequence of employee empowerment is the job performance. Employee empowerment is linked with the today's modest environment where the knowledge of employees is very important and institutions are stirring to the dispersed, biological type organizational arrangements (K. Baird and H. Wang). Empowerment is a continuing process, delightful place in a lively environment, relating many essentials that work at diverse levels of study (Robbins, Crino, and L.D. Fredendall). So, establishments with workers with the information, skills, capability and involvements for establishing their planned activities will proved them appreciation as they are more expected to help the association to attain its goals and become more active (Acquaah and Tukamushaba, 2009). Employee empowerment is a period that comprises of taking the risks, growth and alteration (Quinn and Gretchen, 1997). Empowerment can also be clear as "a multi-dimensional societal procedure which aids individuals gain mechanism above their particular lives" (Page and Czuba, 1999). Empowerment means permitting control and ability to make the conclusions (Kilton, 2003). Zeithaml et al. (1988) has presented that empowerment raises job gratification and decreases person anxiety. Singh (1993) originated that

empowerment decreases person uncertainty between customer-contact workers. Permitting to Rafiq and Ahmad (1998), empowered workers create earlier determination of consumer difficulties as they can act openly about customer objections without discussing difficulties to the higher level executives. Employee empowerment is related with trust, inspiration, decision-making and breaching internal borders between organization and workers as "them" verses us. (Ongori2009).

Although much work is done in manufacturing industry but still there is need to work in service and financial sector as well. This paper focuses on financial sector of Pakistan which is considered back bone of economy of the country. So this study wants to explore the impact of Impact of Employee Empowerment on Employee's Performance in the context of Banking Sector of Pakistan.

#### 1.1: Objectives:

The objective of the research is to make a model in between Empowerment and Employee Performance. These are included:

- 1) To determine the impact of meaningful work on employee's performance.
- 2) To determine the impact of competency on employee's performance.

#### 1.2: Research Questions:

- 1) What is the relationship between meaningful works and employee's performance?
- 2) What is the relationship between employee competencies and employee performance?

## 2. Literature Review:

### 2.1 Empowerment:

Klagge (1998), finds empowerment as the action of allocating proper accountability to workers and creating capabilities for them. Permitting to Vogt and Murrell (1990), empowerment is period of refining the decision making capability of the workers over assistance, involvement, preparation, learning and the team work. Conger and Kanungo (1988) consider empowerment as an inspirational thought and describe empowerment as the enhancement of worker's self-competency. Thomas and Velthouse (1990) clear empowerment such as improved essential job inspiration that effects from thoughts or job valuations, that redirects a person's insights of job role. Clutterbuck and Kernaghan (1994) clear empowerment such as the "duration of inspiring and permitting workers to takings individual obligation on behalf of some enhancement carried out in the performance of their consigned job as donating to the accomplishment of the whole objective of the association". Moreover Sibson (1994) as well defined empowerment for example "allocation of ability through the executives to every worker, generally with respect to work practices and procedures." Ayupp and Chung (2010) highlighted that the empowerment need comprise managing practices that accept an exposed announcement and distribution of information, authority and prizes in the association. Menon's (2001) describe the empowerment such as "stirring decision making power down the (customary) managerial ladder" précises the spirit of the empowerment.

### Determinants of Empowerment based on Literature:

There are two determinants of empowerment based on literature

- 1) Meaningful of work:
- 2) Competency:

#### 1) Meaningful of work:

Meaning is the worth one places on the position on a particular work, created on the person's specific values and principles (Thomas and Velthouse, 1990). That furthermore comprises a fit among the work's role and the principles, standards and performances of the specific (Brief and Nord, 1990). Meaning is the worth of work ideas and the individual internal consideration on his or her work (Abdullahi, 2005). Meaningfulness states to "the essential worth of an effort job, mediated in relationship to a person's specific principles or standards" (Thomas and Velthouse 1990, 672). A modern study through referring firm Towers Perrin (2003) specifies this meaningful work capabilities are not individual appreciated to workers; however that skilled meaningful

work through workers can as well offer worth to the association.

#### 2) Competency:

Competence is the aptitude or proficiency of the specific to accomplish jobs or duties allocated. Gist (1987) describes competence as the person's faith in their abilities to accomplish actions with talent. Competency is the point on which an individual can be accomplished the work responsibilities or obligations efficiently (Abdullahi, 2005). Thus Competency shapes to the self-efficacy confident to one's effort and a trust in one's capability to achieve exertion activities with supports. And (Thomas and Velthouse 1990, p.672) "Shapes it the point to which a specific can accomplish work activities proficiently once he or she efforts". Competence is clear such as "the point to which an individual can complete job actions proficiently while he or she tries" (Thomas and Velthouse 1990, 672). Firstly deliberated and evaluated through McClelland in the initial 1970s, competencies, or specific features, were predictable as important interpreters of worker performance and achievement, alike as key such as a person's hypothetical ability and information gratified as specified by exams scores or grades (Lucia & Lepsinger, 1999; McClelland, 1973).

#### 2.2 Employee's Performance:

Performance such as specific conduct is a job of character and conditional variables (such as the job loads, executive, societal, etc.) and in expressions the outcome of the worker's undertakings of their responsibilities in a definite interval is the set of activities that individuals display on their works (Hosseinian et al, 2007). Performance is level that in what way the actions help the determination (Akal, 1992). In the other words performance is "the degree of consciousness of the resolution" or "consequence level of the action". That level displays in what manner the resolution or the objective is accomplished (Schermerhorn et al., 1985). Campbell describes performance such as conduct suitable to the determination of the association that can be restrained permitting to the involvement level (Suliman, 2001).

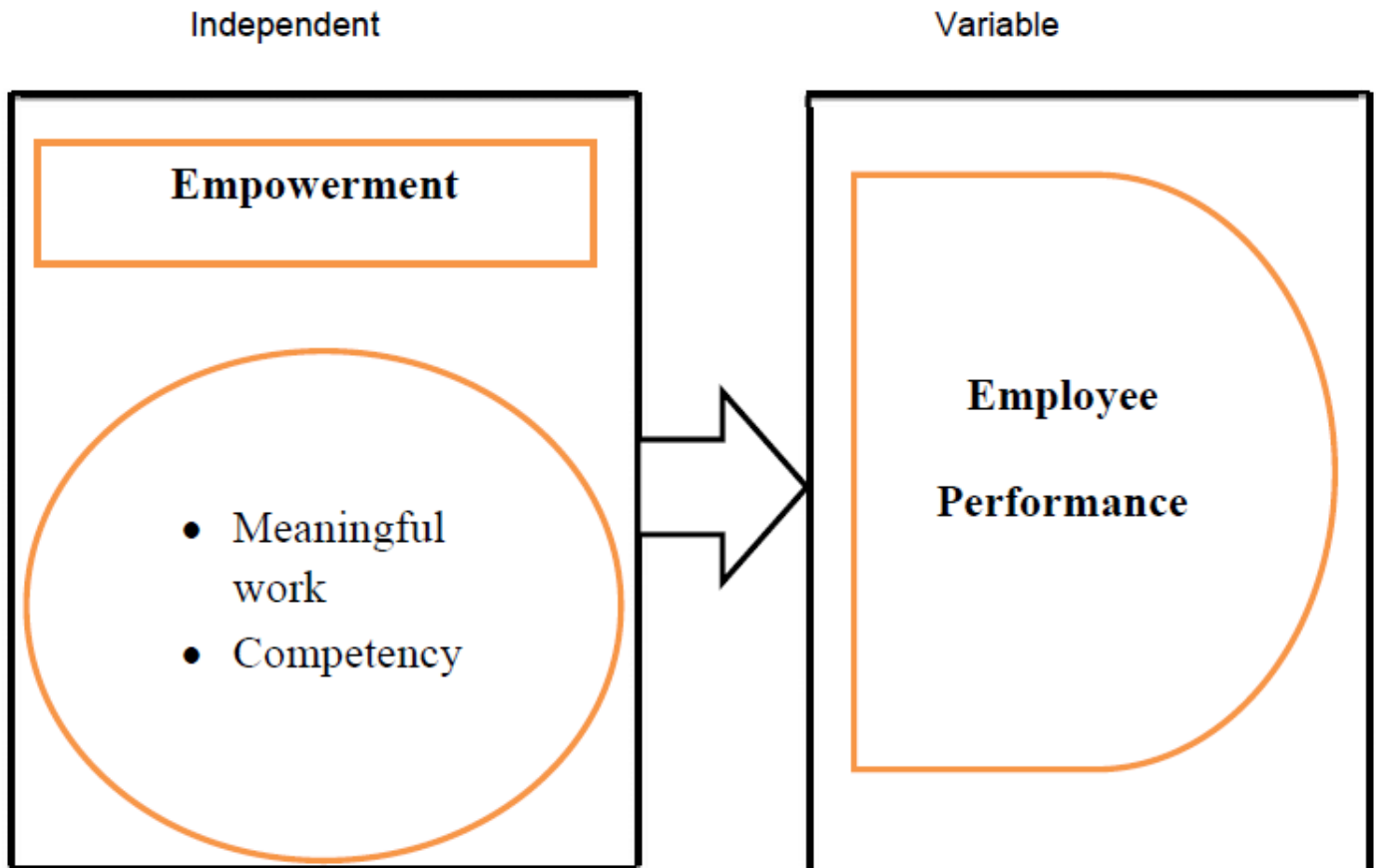
#### 2.3 Hypotheses:

That study has two types of hypotheses, Included:

**Hypotheses 1:** There is the Positive relationship between meaningful work and employee performance.

**Hypotheses 2:** There is the Positive relationship between competency and employee performance.

## 2.4 Conceptual Framework:



## 3. Methodology:

In that research author define employee empowerment have the direct relationship with the employee performance according to the literature. This research study used primary data which is collected from banking sector of Dera Ghazi Khan district. For the study 150 respondents provided complete questionnaire with complete information required in the questionnaire. In the questionnaire Likert Scale was used up to point 5. Different econometric techniques were used to analyse the data to check the hypothesis and to achieve the research objectives defined in part 1. Descriptive statistics, correlation and regression were used to analyse the data to explore the impact of empowerment of employee on its performance in Banking Sector of DG Khan Pakistan which are presented in last part as appendix in the paper.

## 4. Findings:

This research examined the impact of employee empowerment on their performance. Nearly all the organizations have realized the significance to improve employee's performance intended for the organizational sustainability and growth. All of the establishments anticipate a loyal employee for their organization, who can explain their goals and established the resources for attainment (Carter, J.D.T 2009). Many employees want respect and accountability from their organization. When establishments trust accountability on its workforces and give empowerment to them, it indicates to larger flexibility,

improved revolution, commitment to variation and enhanced career satisfaction.

**Hypotheses 1:** Regression results presented that there was significant positive relationship between Meaningful work and employee performance ( $\text{sig}=.000$   $r=.845^a$ ). R is the multiple correlation coefficients, between the observed and predicted values of Meaningful work of dependent variable employee performance. In the range of 0 to 1 r value is significant.

**Hypotheses 2:** Correlation results presented that there was significant positive relationship between Competency and employee performance ( $\text{sig}=.000$   $r=.980^a$ ). R is the multiple correlation coefficients, between the observed and predicted values competency of the dependent variable employee performance. In the range of 0 to 1 r value is significant.

## 5. Discussions and conclusion:

This research is recognizing a solid relationship among employee empowerment and the performance of the employees. Employee performance is anticipated by the empowerment and by two determinants of empowerment meaningful work which is established to be very essential determinant forecasting the performance of employee. Empowerment is explained as the multi-dimensional, social and a procedure. That is multi-dimensional in the sociological, psychosomatic, monetary and further dimensions. That also happens at several stages, such as

separate, collective and public. According to the definition Empowerment is a social procedure that is procedure which is a pathway or passage. Other facets of empowerment that differ allowing to the precise situation and individuals involved, but these are stay constant. But additionally, single key implication of that description of empowerment is the individual and public is essentially associated (Page and Czuba 1999). So, Empowerment can aid corporations retain their top persons by providing them well exercise, accountability, and a better character to define their organization's intention (Gal-Or and Amit 1997).

## 6. Future Research Directions:

In the coming future, we design to conduct individual consultations with certain managers and investigation with surveys forms via network concentrating at further stages of workers. By that manner we can response the inquiries: To which point persons answer confidently to the empowerment and at which point it can make ambiguity or an apparent intelligence of deficiency of way? Our research will be comprehensive to further environmental regions to deliver an additional investigation of consequences resulting from replies expected from defendants at diverse marketplace stages. Diverse marketplaces and diverse capitals involve diverse stages of facility establishment. Future research direction will furthermore discover the degree to which the variables such for example leadership, impact, culture, trust, choice, authority, motivation and self-efficacy, etc., can perform as circumstances for our research model.

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## APPENDIX

## TABLES

Table 1: Frequency:

		Statistics		
		GENDER	AGE	LOE
N	Valid	150	150	150
	Missing	0	0	0
	Std. Deviation	0.50168	0.67293	0.70565

Table 2: What is your gender?

		GENDER			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	75	50	50	50
	2	75	50	50	100
	Total	150	100	100	

Table 3: What is your age?

		AGE			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	16	16	16
	2	79	52.7	52.7	68.7
	3	47	31.3	31.3	100
	Total	150	100	100	

Table 4: What is your education?

		LOE			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	19	12.7	12.7	12.7
	2	23	15.3	15.3	28
	3	108	72	72	100
	Total	150	100	100	

Table 5: Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Meaningful work	1.1592	0.28852	150
Competency	1.145	0.32547	150
Performance	1.1552	0.31748	150

Table 6:

Correlations				
		Meaningful work	Competency	Performance
Meaningful work	Pearson Correlation	1	.898**	.845**
	Sig. (2-tailed)		0	0
	N	150	150	150
Competency	Pearson Correlation	.898**	1	.980**
	Sig. (2-tailed)	0		0

	N	150	150	150
Performance	Pearson Correlation	.845**	.980**	1
	Sig. (2-tailed)	0	0	
	N	150	150	150

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Table 7: Regression:**

**Hypotheses 1:** There is the Positive relationship between meaningful work and employee performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845 <sup>a</sup>	0.713	0.711	0.17059

a. Predictors: (Constant), Meaningful work

**Table 8:****ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.711	1	10.711	368.036	.000 <sup>b</sup>
	Residual	4.307	148	0.029		
	Total	15.018	149			

a. Dependent Variable: Performance  
b. Predictors: (Constant), Meaningful work

**Table 9:****Coefficients<sup>a</sup>**

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	0.078	0.058		1.349	0.179
	Meaningful work	0.929	0.048	0.845	19.184	0

a. Dependent Variable: Performance

**Table 10: Regression:**

**Hypotheses 2:** There is Positive relationship between competency and employee performance.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.980 <sup>a</sup>	0.96	0.96	0.06342

a. Predictors: (Constant), Competency

**Table 11:****ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.423	1	14.423	3586.41	.000 <sup>b</sup>
	Residual	0.595	148	0.004	2	
	Total	15.018	149			

a. Dependent Variable: Performance  
b. Predictors: (Constant), Meaningful work

**Table 12:****Coefficients<sup>a</sup>**

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	0.061	0.019		3.197	0.002
	Competency	0.956	0.016	0.98	59.887	0

a. Dependent Variable: Performance