



## Employee Empowerment and Employee Performance in Co-Operative Banks

Dr. M.  
Dhanabhakyaam

Research Guide, Bharatiar University and Associate Professor Bharatiar University, Coimbatore

Ravi Shetty

Research Scholar, Bharatiar University and Associate Professor- St. Aloysius Evening College, Mangaluru.

### ABSTRACT

*With the changing world and economy, nothing remains forever. Employees are becoming dispensable with the fast faced changes in the business world. Employees are always indispensable to an organization and empowerment is treated as a tool to prevent the indispensable employees from becoming dispensable. The co-operative banks are characterized by extensive customer involvement. Customer's satisfactions are closely associated with service performance. Empowerment enhances the employee's sense of personnel power and allows them to elite their customers and it also increases customers' satisfactions.*

**KEYWORDS :** Empowerment, Performance, intellectual capital, job sculpting, flexi timings.

### Introduction

This paper examines and explores the effect of Employee Empowerment on Co-operative Banks. Globalization has opened up various opportunities and challenges for Co-operative Banks to compete internationally. The administration and the management have become more transparent. Studies on empowerment have shown that, it has a strong correlation to employee performance in terms of higher productivities, job satisfaction and reduction in staff turnover in organizations. The work place has also become more challenging and the work forces are experiencing more opportunities. These changes make it imperative for business organization to adopt newer strategies. It is here that the organization needs to look out for newer ways to cope with the present crises. One such mechanism would be making appropriate investments in developing the human resource potentials. In the light of these requirements the researches in the field of human resource management are increasingly facing a dilemma in suggesting the best strategy to handle these day today issues as the newer requirements of the work force. So in this regard there is a need for empowering the work force in an organization.

### Literature Review

Customer satisfaction in Co-operative banks is a function of service quality i.e. customer service, corporate image, price, innovativeness and convenience, among others. Odindo and Delvin (2010) noted that increase in customer satisfaction has the potential to enhance organizational performance and as a result managers should have customer satisfaction as a key target. Oloko & Ogutu (2012) stated that, in the recent past, employee empowerment has been promoted as a general recipe for enhancing work performance. In support of the above, Manzoor (2012) claimed that, empowerment provides benefits to organizations and makes sense of belonging and pride in the workforce. He further contended that, it builds a win-win connection among organizations and employees, which is considered an ideal environment in numerous organizations and their employees. Empowered employees focus their job and work-life with additional importance and this leads to constant progress in coordination and work procedures. In his contribution to empowerment literature, Ayinde (2012) provided a lucid definition: 'empowerment means giving power or entitlement to people, helping them acquire capabilities or qualifications, establishing structures which enable them to have more control over decisions affecting them'.

With increase in knowledge and information technology, Co-operative Banks Consumers started to criticize the providers for unfair and unreasonable delays in payment, poor customer service, cut-throat competition, lack of professionalism among others. Despite the enormous amount of research work carried out in the field of employee empowerment, throughout the developed and emerging economies of the world, there is still inadequate literature on employee empowerment and how it affects customers' satisfaction. In short, there is little or nothing known about the importance of employee empower-

ment influence on customers' satisfaction.

### Co-operative and Rural Development in India

Co-operative is a dynamic movement for the socio- economic and cultural development of the people. The co-operatives exhibit strong local linkage in rural areas which can be utilized in rural development. The quality and the transparency of working of the Co-operatives and continued interaction with the members and the general public are responsible for its success. The co-operatives have played a key role in the economy of the country and are considered an integral part of our national economy. Co-operatives have ideological base, economic objectives with social outlook and approach and are considered as the third sector of the Indian economy in addition to public and private sector. The co-operative form of organization is an ideal organization for the economically weaker sections of the society.

Therefore in order to compete with Commercial Banks, in order to provide qualitative customer oriented services, to cope with increased administrative cost, to make use of the development of telecommunication and technological advancement and, to attract more customer base, the Co-operative Banks should have committed, talented, dynamic, result oriented, competent, talented workers with a high degree of responsibility and accountability. The co-operative banks must empower their employees and evolve a systematic approach towards human resource development.

### Objectives: -

To examine the role of employee empowerment on the performance of employees.

To study the factors influencing the employees' performance.

To evaluate the different empowerment strategies adopted in the co-operative banks and the study their effectiveness.

### Hypothesis: -

H<sub>0</sub> (Null Hypothesis) – Employee empowerment strategies significantly influence the employee performance.

### Research Methodology:

In this study, employee empowerment strategies on the performance of employees of co-operative banks of Dakshina Kannada have been studied by looking at the different strategies which empowers the employees namely- 'scope for reward system restructuring and career growth opportunities', developing intellectual capital of employees through training and development', job restructuring and job sculpting', shared vision, valuing employees and teamwork', 'flexi timings and multiple work stations', 'delegation of power and collective decision making' and 'environment matching and organizational building', etc., assessed by the employees in the pilot study area. The role of employee performance has been examined by analysing the influ-

ence of employee empowerment strategies.

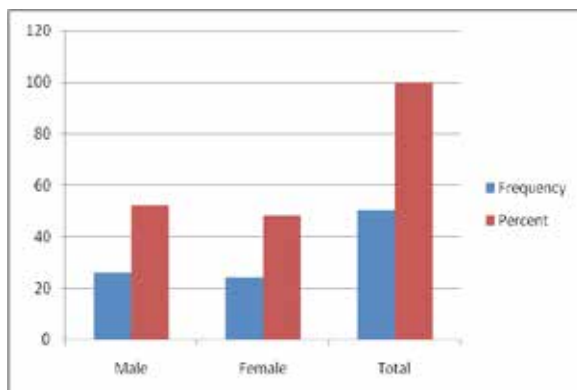
Primary data on the background characteristics of the employees of cooperative banks and various factors which facilitate employee empowerment and employee performance was gathered from the sample area by using the survey method. The information on employee empowerment and employee performance at the macro level was gathered from various secondary sources like, earlier studies conducted, research articles published in various journals and magazines, internet articles. Primary data was collected from the Cooperative Banks of Dakshina Kannada District of Karnataka State, by administering the Questionnaire Schedule. The collected data has been coded to SPSS code sheet.

To study the background characteristics of the performance of co-operative bank employees, 50 employees from the co-operative banks of Dakshina Kannada were selected. Among the 50 employees selected from the co-operative bank for the pilot study, 52% are male employees and 48% are female employees. (Table 1)

**Table 1: Classification of Employees by gender:**

Categories	Frequency	Percent
Male	26	52
Female	24	48
Total	50	100

Source: Survey data

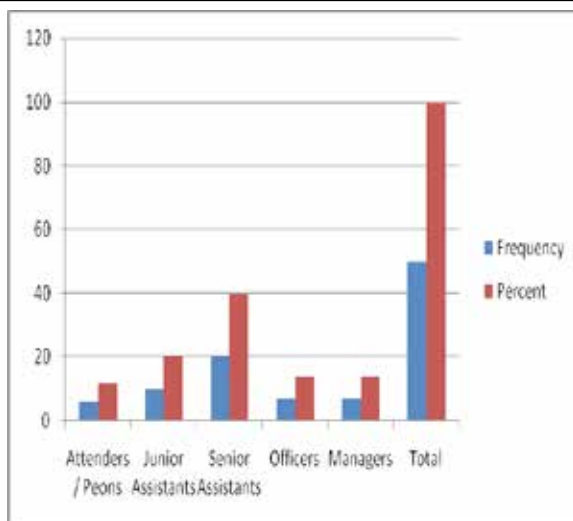


Among the 50 employees selected for the pilot study, 12% of the employees are working as attenders, 20% as Junior Assistants, 40% as Senior Assistants, 14% as Officers and the remaining 14% are working as Managers. (Table 2)

**Table 2: Classification of Employees by position:**

Categories	Frequency	Percent
Attenders / Peons	6	12
Junior Assistants	10	20
Senior Assistants	20	40
Officers	7	14
Managers	7	14
Total	50	100

Source: Survey Data

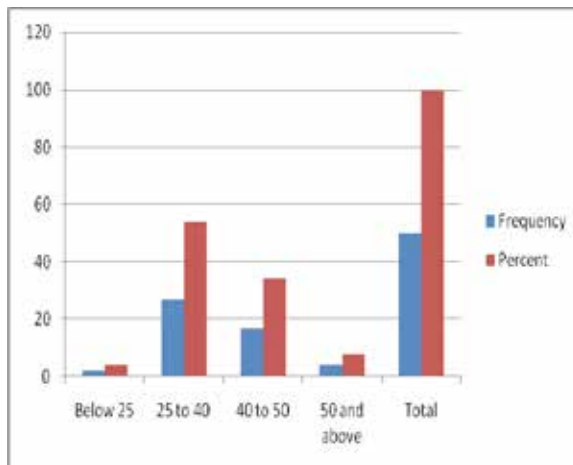


of the total employees selected for the study, 4% of the employees are below 25 years of age, 54% are between the age of 25 to 40, 34% are between the age of 40 to 50 and 8% are above 50 years of age. Hence it clearly shows that majority of the workers belong to the age group of 25 to 40 years. (Table 3)

**Table 3: Classification of Employees by age:**

Categories	Frequency	Percent
Below 25	2	4
25 to 40	27	54
40 to 50	17	34
50 and above	4	8
Total	50	100

Source: Survey Data

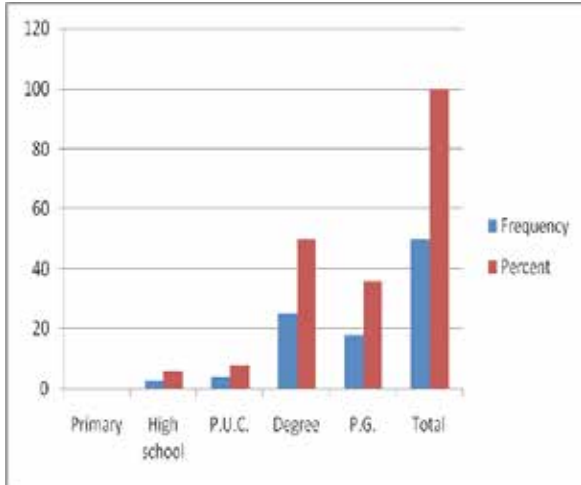


Out of the total employees selected, 6% of the employees have High school qualifications, 8% have P.U.C. qualifications, 50% have Degree qualification and 36% have P.G. qualification. Hence it clearly indicates that, a majority of the employees are well qualified. (Table 4)

**Table 4: Classification of Employees by educational qualification:**

Categories	Frequency	Percent
Primary	0	0
High school	3	6
P.U.C.	4	8
Degree	25	50
P.G.	18	36
Total	50	100

Source: Survey Data

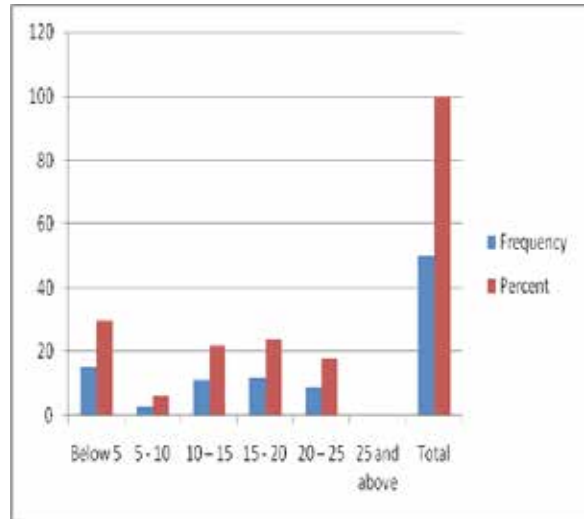


Regarding the number of years of service, 30% of the employees are of less than 5 years of service, 6% are with 5 – 10 years of service, 22% are with 10 – 15 years of service, 24% are with 15 – 20 years of service, 18% of the employees are with 25% years of service and none of the employees have more than 25 years of service. (Table 5)

**Table 5: Classification of Employees by years of service:**

Categories	Frequency	Percent
Below 5	15	30
5 -10	3	6
10 – 15	11	22
15 – 20	12	24
20 – 25	9	18
25 and above	0	0
Total	50	100

Source: Survey Data



**Reliability and validity of Pilot Study:** To test the validity and reliability of the questionnaire designed, Cronobach's Alpha has been used, which has provided an indicator of the internal reliability or consistency of items in a multiple item scale. If the value of Alpha is more than 0.78 then it is considered to be reliable and valid. Our pilot study conducted in our survey shows the value of Cronbach's Alpha is 0.89 for the importance, 0.892 for implementation of empowerment strategies and 0.897 for the impact of empowerment on performance. Hence, we may conclude that the questionnaire selected for the pilot study is valid and reliable.

**Table 6: Reliability Statistics- Importance**

Cronbach's Alpha	N of Items
.890	30

Source: Survey Data

**Table 7: Reliability Statistics-Implementation**

Cronbach's Alpha	N of Items
.892	30

**Table 8: Reliability Statistics - Impact on performance**

Cronbach's Alpha	N of Items
.897	30

Source: Survey Data

**Analysis of Table 9**

If the mean value of Employees' perception regarding importance on empowerment strategies is less than 2, then it shows that the employee perceives empowerment strategies as **not important**. If the mean value is less than 3, then employees perceive that it is **important** and if it is more than 3, then they perceive that it is **critically important**.

**Table 9 Employees' perception regarding importance of empowerment strategies on their performance.**

Empowerment Strategies	Employees' perception regarding importance on empowerment strategies		
	$\bar{x}$	S.D	Opinion
Career Planning	2.22	.932	I
Training and Development	2.20	.948	I

Employee Performance Appraisal	2.54	.952	I
Compensation Management	2.98	.473	I
Employees' Grievances Handling	2.42	.883	I
Promotional Policies	2.86	.606	I
Delegation and Decentralization of Authority and Power	1.94	.867	NI
Collective Decision Making	2.06	1.096	I
Incentive for Extra Work / Responsibility	1.64	.722	NI
Management Support and Co-operation	2.28	1.031	I
Healthy Working Environment and Facilities	2.78	.708	I
Seeking Opinion / Guidance on Work related Matters	2.22	1.075	I
No Unnecessary Interference from Superiors	2.56	.705	I
Good Retirement Benefits	3.16	.370	CI
Human Dignity for Labour	3.06	.424	CI
Equal Pay for Equal Work	2.80	.535	I
Innovative and Healthy HRD practices	2.76	.431	I
Good Leadership Style	2.14	.495	I
Participative Management	2.54	.734	I
Fringe Benefits and Other Allowances	2.86	.495	I
Organizational transformation and Environment Matching	3.34	.658	I
Job Re-structuring/ Job Re-designing/ Job Sculpting	2.86	.670	I
Career Growth Assurance	3.56	.611	I
Reward system Redesigning	3.46	.613	I
Flexi – Timings	2.74	.853	I
Raising Power of Individual Employees	2.58	.785	I
Changing Competitiveness of the Employees	2.72	.607	I
Shared Vision and Team Work	2.72	.834	I
Developing Intellectual Human Capital	2.94	.843	I
Multiple Work Stations	2.28	.809	I

Source: Survey Data

**Note:**

Abbreviations used in Table 9:

**I – Important**

**NI – Not Important**

**CI – Critically Important**

**Interpretation of Table 9**

The above table shows that, 'Good retirement benefits' and 'Human dignity for labour' are 'Critically Important' for the employees, 'Delegation and Decentralization of Authority and Power' and 'Incentive for Extra Work / Responsibility' are 'Not Important' for the employees and the remaining empowerment strategies are Important for the employees.

**Analysis of Table 10**

If the mean value of Employees' perception regarding effect of empowerment strategies on their performance is less than 2, then the employees perceive that the empowerment strategies hold **minimal influence** on their performance, if mean value is less than 3, then they perceive that empowerment strategies have a **moderate influence** on their performance, and if mean value is more than 3, then they perceive that it has **high influence** on their performance.

**Table 10**  
**Employees' perception regarding effect of empowerment strategies on their performance.**

Empowerment Strategies	Employees' perception regarding effect of empowerment strategies on their performance		
	$\bar{x}$	S.D.	Opinion
Career Planning	2.36	1.025	MI
Training and Development	2.42	.971	MI
Employee Performance Appraisal	2.52	.995	MI
Compensation Management	2.88	.480	MI
Employees' Grievances Handling	2.52	.863	MI
Promotional Policies	2.90	.647	MI
Delegation and Decentralization of Authority and Power	1.84	.738	Min I
Collective Decision Making	2.00	.881	MI
Incentive for Extra Work / Responsibility	1.64	.722	Min I
Management Support and Co-operation	2.12	.872	MI
Healthy Working Environment and Facilities	2.72	.640	MI
Seeking Opinion / Guidance on Work related Matters	2.06	.843	MI
No Unnecessary Interference from Superiors	2.44	.501	MI
Good Retirement Benefits	3.10	.303	HI
Human Dignity for Labour	3.00	.350	HI
Equal Pay for Equal Work	2.80	.535	MI
Innovative and Healthy HRD practices	2.76	.431	MI
Good Leadership Style	2.08	.444	MI
Participative Management	2.60	.808	MI
Fringe Benefits and Other Allowances	2.86	.495	MI
Organizational transformation and Environment Matching	2.78	.616	MI
Job Re-structuring/ Job Re-designing/ Job Sculpting	2.92	.528	MI
Career Growth Assurance	2.98	.589	MI
Reward system Redesigning	2.96	.402	MI
Flexi – Timings	2.96	.533	MI
Raising Power of Individual Employees	2.84	.766	MI
Changing Competitiveness of the Employees	2.94	.712	MI
Shared Vision and Team Work	3.08	.528	HI
Developing Intellectual Human Capital	2.82	.596	MI
Multiple Work Stations	2.64	.598	MI

Source: Survey Data

**Note:**

Abbreviations used in Table 10

**MI – Moderate Influence**

**Min I – Minimal Influence**

**HI – High Influence**

**Interpretation of Table 10**

The delegation and decentralization of authority and power and incentive for extra work has very minimum influence on the performance of the employees. Good retirement benefit, human dignity for labour and sharing vision and team work have high influence on the performance of the employees. And all other empowerment strategies given in the above table have moderate influence on the performance of the employees.

**Hypothesis**

**Table 11: Employee empowerment strategies significantly influence the empowerment of the employees of**

**co-operative banks (in Dakshina Kannada District) by applying Wilcoxon signed rank test**

	Mean	S.D.	Z Value	P Value
Performance of employees due to Employee Empowerment Strategies	2.62	0.48	0.94	0.46

Source: Survey Data

**Interpretation of Table 11**

Since, the value of p is greater than 0.05, null hypothesis (H0) is accepted at 5% level of significance. And we may conclude that the employee empowerment strategies discussed above have a significant influence on the performance of employees in the Co-operative Banks of Dakshina Kannada.

**Conclusion**

This paper provides some note worthy implication for practitioners. It suggests the various factors which influence employee performance. It has been observed that if managers do not pay attention to these factors, it is likely to result in demonization and ultimately may result in decrease in employee performance. To conclude employee empowerment makes employees feel at the centre, and they are vital to the success of the Co-operative Banks. This, in the long run would make the employees to be more committed towards the Organizational objectives with less intent to quit. Empowerment makes employees to feel that they are valued in the organization and will create a high degree of job satisfaction and commitment. Employees are motivated by both intrinsic and extrinsic rewards. It also builds and creates a sense of belonging. The need for belongingness and acceptance are satisfied through Employee Empowerment. Empowered employees find their work exciting, stimulating, enjoyable and meaningful. This is more particular when they are involved in decision making that influences, when and how the job is carried out. It builds trust, promotes effective communication and good relationship. Employees feel most valued, therefore they became more co-operative and loyal.

**REFERENCES**

- 1) Punia, B.K. (2004) "Employee Empowerment and Retention Strategies in Diverse Co-operate culture", Vision, The Journal of Business Perspective, January, PP 81-91 2) Australian Journal of Business and Management Research (Vol. 3, No. 05, 9 - 11) (August 2013) 3) The journal of Applied Behavioural Science (Vol. 35, No. 3,) (September 1999) 4) Bowen DE and Lawler III EE (1995) – "Empowering Service Employees", MIT Sloan management review (Vol. 36, No. 4, Page 73-84) 5) Rais Ahmad (2013) – Co-operative and Rural Development in India