

## The Various Elements of Psychological Employee Empowerment – with Special Reference to Banks in West Bengal, India.

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### **Abstract:**

*Employee empowerment is giving employees a certain degree of autonomy and responsibility for decision-making regarding their specific organizational tasks. This article aims to ascertain the various factors that affect psychological employee empowerment and also measure the extent of the impact of those factors. The study used survey method for data collection. Sample consisted of 402 employees of various banks in West Bengal, India. Data was analyzed using Chronbach Alpha, and Factor Analysis, in SPSS Software. Reliability Analysis by Chronbach alpha showed excellent reliability between items of Psychological*

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*Empowerment Scale. Factor Analysis has found out the factors affecting Psychological Empowerment. It is concluded that two factors emerged to contribute towards psychological employee empowerment.*

*Key Words : psychological, employee, empowerment, factors, banking sector.*

## **1. Introduction**

An environment consisting of empowered employees is a vital factor for ensuring the efficiency and success of any business establishment. Empowerment as a management philosophy is increasingly gaining acceptance among the corporate sector today.[1] Business houses pride themselves in having empowered employees. Through the process of empowerment, higher management delegates power, authority and responsibility to subordinates. Consequently, this will create a conducive organizational climate for decentralized decision making.[2] Empowering employees provide them with a sense of control over organizational decisions. In management practice, various complementary empowerment approaches are at play socio – structural , psychological, critical – social and social. [17]. Psychological employee empowerment has been defined as an intrinsic motivation that stems from an employees’ four cognitive characteristics – meaning, competence, self – determination , and impact regarding his job[14]. A fundamental aim of employee empowerment is for team members to stretch themselves to reach their full potential. This results in job satisfaction. [4]

Banks are the financial life line of any nation. They play a major role in the economic development

of the country and also act as a major source of employment generation. In the new Indian economic scenario, market – both private and public – has become highly liberalized, privatized, and globalized. They face cut – throat competition from rival organizations to retain their market share as also to expand. Attainment of customer satisfaction has become imperative for survival and growth[10]. A reservoir of talented employees who can take quick decisions is a must. For these reasons, employee empowerment is becoming a very important issue in organizations[3].

### **1.1. Literature Review**

Psychological empowerment puts the focus of empowerment on the employees work experience. It refers to the psychological state of employees wherein they feel a sense of control vis – a – vis their job [11]. This perspective weaves the concept of empowerment around the central theme of the personal beliefs that the employees have about their role in relation to the organization [12]. The cognitive nature of psychological empowerment reflects an active rather than passive orientation to one's work role. [13] Thus it is concerned with bringing in positive changes in the mind – set of the individual employees vis – a – vis his work, his role in the total job, his impact in the departmental and organizational issues, and above all his esteem – both his self esteem as well as his esteem in front of others [8,9]. The various dimensions of psychological employee empowerment are : Meaning, Competence, Self – Determination and Impact. [6]

The various dimensions of psychological empowerment are as follows:

- *Meaning*: It implies congruency between the needs of one's job – role and his or her own expectations and value systems. [5]
- *Competence*: It refers to self – efficacy in one's job responsibilities as also confidence in his or her abilities. [15]
- *Self Determination*: Self determination refers to the presence of alternatives in employees' work life in initiating and controlling one's actions. [7]
- *Impact*: Impact refers to the extent employees exert influence or affect strategic, administrative or operating decisions at the work place. [16]

## 1.2. Research Gap

Previous researchers have tried to establish as well as define the various factors that have contributed to employee empowerment. But there are only few existing researches from the Indian perspective. Whatever Indian studies have been conducted are mainly concentrated in the Northern and Southern states. However, they have focused more on the total concept of empowerment. The individual factors of psychological empowerment have not been much discussed and analysed.. Thus, we find that there is a dearth of literature that have focussed, studied, and analysed the various factors that have contributed to psychological empowerment of bank employees in West Bengal, India. This paper attempts to do that only.

## 1.3. Research Objectives

The purpose of this research study is to determine the factors that impact psychological empowerment of employees of banking sector in India.

## **2. Methodology**

### **2.1. Sources of Data**

**Primary Data:** The primary data collection has been done through the questionnaire filled by the employees of the banks.

**Secondary Data:** Secondary data have been collected from the various sources like textbooks on Strategic Management, Human Resource Management, Organizational Behaviour, Journals and Publications, Articles and Research papers of other researchers in the relevant field of study. Necessary information has also been gathered from bank websites and extensive literature review.

### **2.2. Sampling Plan**

We have selected 10 banks and their different branches situated in various districts of West Bengal. Both Private and Nationalized Banks were selected. The districts covered are Purba Burdwan, Paschim Burdwan, Hooghly, North 24 – Parganas, East Midnapore, West Midnapore, and Kolkata. We have adopted the random sampling design technique.

### **2.3. Sample Size**

For a survey based on random sample, the sample size required can be calculated according to the Raosoft formula. It has been estimated that the minimum sample size should be 383 when the following are considered:

The population size = 102705

Acceptable Margin of error = 5%

Confidence Level = 95%

Response Distribution = 50%

The sample size utilized in our research is 402. We had distributed the questionnaire to 450 employees associated with different branches of various banks. Thirty respondents did not return the questionnaire and 18 submitted incomplete responses which were rejected. Thus, a total of 402 respondents were considered as the sample for our study which is higher than the minimum required according to Raosoft formula. So, we can safely conclude that the sample size is sufficient and acceptable.

#### **2.4. Period of the Study**

This research work has been undertaken in West Bengal, India from June 2018 – March 2019.

#### **2.5. Area of Study**

The study has been conducted to evaluate the factors that have contributed to psychological employee empowerment of bank employees of West Bengal. 10 banks have been selected and their different branches situated in various districts of West Bengal have been included in the study. Both Private and Nationalized Banks have been taken under consideration. The districts covered are Purba Burdwan, Paschim Burdwan, Hooghly, North 24 – Parganas, East Midnapore, West Midnapore, and Kolkata. Random sampling design technique have been adopted..

### **3. Result and Discussion**

#### **3.1. Reliability Analysis**

Cronbach's alpha has been used as a measure of internal consistency; that is to see whether all items

within the instrument measure the same thing. Alpha typically varies between 0 and 1. As alpha gets close to 1.00, the internal consistency of items in the instrument being assessed also gets increased. It is understood that Alpha more than 0.80 signifies excellent reliability between different items of a multiple – item scale.

**Table 1. Chronbach Alpha of Psychological Employee Empowerment**

Chronbach Alpha	Chronbach Alpha Based on Standardized Items	Number of Items
0.945	0.945	12

In Table 1, the researchers have ascertained , the Chronbach alpha of the twelve psychological empowerment variables. The value has been determined to be .945. This denotes excellent internal consistency between the different items of this scale.

### **3.2. Factor Analysis of Psychological Employee Empowerment**

To determine the factors of psychological employee empowerment , the researchers have undertaken a Factor Analysis of the different variables of Psychological Employee Empowerment. For this purpose, at first a Kaiser-Meyer-Olkin (KMO) statistics have been conducted

**Table 2. KMO and Bartlett's Test of Psychological Empowerment**

KMO & BARTLETT'S Test of Psychological Employee Empowerment	
Kaiser – Meyer – Olkin Measure of Sampling Adequacy	.915
Bartlett's Test of Sphericity	Approx Chi – Square
	Df
	Sig
	4964.229
	66
	0.000

KMO and Bartlett's test is conducted to take decision whether factor analysis will be appropriate for the available dataset or not. Kaiser-Meyer-Olkin (KMO) statistics predict if data are likely to factor well, based on correlation and partial correlation. KMO varies from 0 to 1.0 and KMO should be 0.60 or higher to proceed with factor analysis.

From table 2, we find KMO value of Psychological Employee Empowerment to be 0.915 which implies that sample size is adequate. The significant value is 0 .000 which is less than 0.05. Hence, Bartlett's test is highly significant and we may proceed with factor analysis of Psychological Empowerment.

**Table 3. Rotated Component Matrix of Psychological Empowerment**

	Component	
	1	2

Q4. Capability	.881	
Q5. Self assurance	.867	
Q2. Importance	.848	
Q1. Meaningful to organization	.832	
Q3. Meaningful to self	.822	
Q6. Mastery over self	.794	
Q11. Control		.859
Q12. Influence		.858
Q8. Decisive		.852
Q9. Opportunity for independence		.833
Q10. Impact		.818
Q7. Autonomy at work		.766

(Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization  
Rotation converged in 3 iterations)

From above table 3, it is clear, that there are two (2) factors which influence Psychological Employee Empowerment in Banking Sector in West Bengal. These two factors have been named as F1: Competence and F2: Autonomy.

**Table 4. Total Variance Explained**

Factors	Total	% of Variance	Cumulative %
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F1	7.487	62.391	62.39
F2	1.876	15.633	78.024

Extraction Method: Principal Component Analysis

From the above Table 4, it is very clear that Factor 1 that is **Competence** explains 62.39 % of variance followed by **Autonomy** which explains 15.633%. Both the factors taken together, have successfully explained 78.024 % of variance through the above stated components.

#### 4. Conclusion

The findings from this study will hopefully exert a tremendous effect on managers' behaviours. The research study very clearly points out two factors, that is Competence and Autonomy that effectively result in empowered behaviour of employees. So , the top management need to ensure that their employees are competent enough by providing them with right kind of latest and state – of - the art – training. Organizations should possess a reservoir of highly skilled employees. According to the study if the organizations want empowered employees they need to ensure a competent human resource which is possible by promoting skill development. Another important finding has been that in order to induce and enhance a culture of empowerment in the enterprises, management should also corroborate that the employees have enough independence in decision making. They should be encouraged and allowed to exert their own judgement and rationality in an independent manner during the decision making process. When these two prerequisites are being met, the study concludes that employees feel empowered.

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