



## An empirical study on employee empowerment in banks during demonetization period with reference to select banks in Coimbatore District

<sup>1</sup> Dr. M Dhanabhakym, <sup>2</sup> R Rekha

<sup>1</sup> Associate Professor, School of Commerce, Bharathiar University, Coimbatore, Tamil Nadu, India

<sup>2</sup> PhD Research Scholar, Department of Commerce, R & D Centre, Bharathiar University, Ghaziabad, Uttar Pradesh, India

### Abstract

Employee empowerment is a talked about concept for many years. Empowerment is not a verb; it is more a state of mind and way of working. During the last two decades among the gigantic concepts and strategies, empowerment has evidently emerged as a winner. Banking sector is highly service oriented and its versatile manpower is in direct and uninterrupted correspondence with the customers. This necessitated the importance of employee empowerment in the banking sector which enhanced customer and employee satisfaction in the long run. The present study is aimed at identifying the various tools of empowerment used in banking industry and to ascertain the effect of empowerment on the role efficacy of the employees. The public sector banking giant SBI and the private sector banking leader HDFC have been considered in this study. This study concentrates on five major perspectives of employee empowerment namely job autonomy, communication, training, rewards and organizational culture and their impact on employee effectiveness.

**Keywords:** communication, employee empowerment, job autonomy

### Introduction

Employees in a service organization and particularly, those who have frequent contacts with the customer usually serve as representatives of both the organization and their products or services to the customer at contact point. The quality of the service and the satisfaction the customer may derive will be an assessment of the entire service experience. Employees who are empowered in an organization can either portray a positive or negative picture to the customers. Any retailing bank can provide an individual with retailing services, but not every bank manages to treat customers in a way that they are pleased with<sup>[1]</sup>. According to 2016 employee engagement and loyalty statistics only 32.6 % of the total workforce is fully engaged. The statistics further reveals that 43% of highly engaged employees receive feedback at least once in a week compared to only 18% of workers with low engagement<sup>[2]</sup>. The engaged employee's sin of graphic studies shows that companies with engaged employees outperform those without empowerment by 202%. According to this study the three major drivers of employee engagement are relationship with the supervisor, belief in the senior manager and pride in working for the company. The major traits exhibited by empowered employees are enthusiasm, engagement, inspiration and confidence<sup>[3]</sup>. Any modification in a developing economy is inevitable. The demonetization process in the Indian economy increased job stress among bank employees because of increased job pressure and wrath of customers. As no problem is without solution, the work imbalances caused by demonetization can be managed well by employee empowerment practices implemented by the bank. This illuminates the necessity of the study.

1. The key to foundation staff satisfaction report, 2012

2. Employee engagement and loyalty statistics, 2016.

3. Dale Carnegie training- engaged employee info-graphic

### Review of Literature

There is a plethora of literature on the practices of employee empowerment in the corporate world. Here an effort is made to review the various studies on the empowerment of employees and allied areas.

- Catherine Cheung, Tom Baum, Alan Wong (2013)<sup>[1]</sup>, the study "*Relocating Empowerment as a Management Concept for Asia*" is primarily concerned with relocation of predominantly western centric human resource management theories to explore perception of employee empowerment in Asian context. An in-depth analysis of hotel managers' perception and practices of empowerment in the workplace is carried out which provided tentative indicators of significant culture driven differences in the understanding and application of employee empowerment. The study indicate that employee empowerment in Asian countries relates much more to individual and his/her merits in contrast to the western country which is organization driven. Empowerment is related to the level of personal trust the manager has in the employer.
- H.S. Abzal Basha, Prof. B. Krishna Reddy (2014)<sup>[2]</sup>, in their study "*Employee Empowerment Practices in Indian Banking Sector*" studied the employee empowerment practices in banking sector by the perspectives of employees working in SBI and ICICI bank especially in terms of job autonomy, communication, training, rewards and organizational culture. The study revealed that public banks are ahead in practicing better communication and

training where private banks ahead in autonomy, rewards and organizational cultural practices.

- Shalinishukla (2015) <sup>[3]</sup>, in the study “*Emerging Issues and Challenges for HR in Public Sector Banks of India*” observed that the Indian public sector banks accounted for approximately 70% of nations total asset whose continuous decrease in profit is the concern for the regulatory authorities. The optimum utilization, development and retention of talented workforce become mandatory for public sector banks. The pivotal points which need much consideration are that HR practices and policies should be properly linked to the business strategies. These mandatory reforms strengthened the need for more employee empowerment strategies.
- Jalal Hanaysha (2016) <sup>[4]</sup>, in the study “*Examining the Effect of Employee Empowerment, Team Work and Employee Training and Organizational Commitment*” investigated the effect of three factors namely employee empowerment, team work and employee training on organizational commitment in Malaysian higher education context. The findings indicated that employee empowerment had a significant positive impact on organizational commitment. The study also confirmed that employee training and team work has statistically significant positive impact on organizational commitment.

#### Objectives of the study

- To find out the most common practices of employee empowerment adopted by bank managers of State Bank of India and HDFC bank, Coimbatore during demonetization period.
- To study the employee empowerment strategies among different groups of employees in SBI and HDFC bank, Coimbatore during demonetization period.
- To ascertain the impact of employee empowerment practices on the job effectiveness of employees working in SBI and HDFC bank, Coimbatore during the demonetization period.

#### Analysis and Interpretation

#### Research Methodology

The implementation of demonetization caused an unintended dissention in the entire financial economy of the country where the banking is the most affected sector. The banking industry with highest versatile workforce confronted the need for employee empowerment practices to nourish and manage the mandate process of demonetization. This study examines the role of employee empowerment practices in SBI and HDFC banks in Coimbatore district during the period of demonetization.

The study is descriptive in nature. The study is based on the primary data is collected through structured questionnaires and is administered on the branch managers of SBI and HDFC banks, Coimbatore district.

#### Sampling Technique

The study is based on the data collected from the employees of State Bank of India (SBI) and Housing Development Financial Corporation (HDFC) in Coimbatore district. The banks have been selected on the basis of highest number of employees working in public and private sector banks. According to All India Bank Branch Address IFSC, MICR code data 2016, SBI is the leading public sector bank employer with 2, 77,739 employees and HDFC is the leading private sector bank employer with strength of 84,325 employees.

#### Sample Size

According to All India Bank Branch Address IFSC, MICR code data 2016, SBI and HDFC have 98 and 19 branches respectively in the Coimbatore district. Data is collected from the branch managers of all the banks of SBI and HDFC bank in Coimbatore district.

Therefore the study is survey in nature with 117 respondents.

#### Tools used in the study

- Mean
- One way ANOVA
- Multiple regression

**Table 1:** Profile of branch managers

	State bank of India (SBI)		Housing development finance corporation (HDFC)	
	NUMBER	%	NUMBER	%
Gender:				
Male	69	70.41	17	89.47
Female	29	29.59	02	10.53
Total	98	100	19	100
Age:				
30-40	4	4.08	3	15.79
40-50	54	55.10	12	63.16
50-60	40	40.82	4	21.05
Total	98	100	19	100
Experience As Manager:				
0-5 Years	11	11.22	7	36.85
5-10 Years	54	55.10	11	57.89
10-15 Years	33	33.68	1	5.26
Total	98	100	19	100

- To find out the most common practices of employee empowerment adopted by bank managers of State Bank of India and HDFC bank, Coimbatore during demonetization period.

**Table 2:** Descriptive (mean) (SBI)

	N	Mean
Job autonomy	98	2.4388
Communication	98	2.5673
Training	98	2.8469
Rewards	98	2.5816
organizational culture	98	3.1399
valid N(list wise)	98	

**Table 3:** Descriptive (mean) (HDFC)

	N	Mean
Job autonomy	19	3.8732
Communication	19	2.0673
Training	19	2.4774
Rewards	19	3.1102
organizational culture	19	3.2399
valid N(list wise)	19	

**Anova (SBI)**

**Table 4:** Job autonomy on the basis of age:

	df	sum of squares	mean squares	f	sig
between groups	3	848.001	282.667	20.0142	0.002
within groups	95	13426.635	141.333		
total	98	14274.636			

**Anova (HDFC)**

**Table 5:** Communication on the basis of experience:

	df	sum of squares	mean squares	f	sig
between groups	3	137.191	45.733	4.467	0.021
within groups	16	163.792	10.237		
total	19	300.991			

**Interpretation:**

The descriptive analysis revealed that job autonomy and communication is adopted as employee empowerment strategy in SBI and HDFC banks respectively during demonetization. One way ANOVA was run to study the employee empowerment practices among different groups of employees in SBI and HDFC banks in Coimbatore district. The results shows that in SBI, the employee empowerment practices has a significant difference among different age groups ( $p < 0.05$ ). Conversely the HDFC bank differentiate employee empowerment practices on the basis of employees experience with the bank.

The Shapiro Wilks test for normality and Levenes test for homogeneity ensured the basic assumptions for ANOVA.

- To ascertain the impact of employee empowerment practices on the job effectiveness of employees working in SBI and HDFC bank, Coimbatore during the

**Interpretation**

Mean was used to find out the most common practice of employee empowerment adopted in State Bank of India and Housing Development and Finance Corporation. The results depict that SBI use job autonomy as the major tool of employee empowerment during demonetization period (mean=2.4388). Proper communication between the employees and the manager is also recognized as tool of empowerment with a mean value of 2.5673. The bank give less importance to the development of organizational culture as a technique of employee empowerment.

The HDFC bank uses communication as an employee empowerment tool with lowest mean value of 2.0673. It relies on adequate training practices to cope up with the challenges during demonetization(mean=2.4744). The bank believes that employee empowerment is related to reward policies of the bank with a mean of 3.1102. The bank does not recognize job autonomy as a tool for employee empowerment during demonetization period (mean=3.8732).

- To study the employee empowerment strategies among different groups of employees in SBI and HDFC bank, Coimbatore during demonetization period.

demonetization period.

**Model summary (SBI)**

**Table 6**

model	R	R-square	Adjusted R-square	Std. error
1	.760	.577	.559	5.69097

**Anova**

**Table 7**

	sum	Dof	mean	F	sig
Regression	4196.463	5	839.2926	25.3693	0.003
Residual	3076.778	93	33.083		
total	7273.261	98			

## Coefficients

**Table 8**

	<b>B</b>	<b>Std. error</b>	<b>beta</b>	<b>t</b>	<b>sig</b>
Constant	87.830	6.385		9.84	0.00
Job autonomy	16.5	.063	-.176	13.7	0.00
communication	.385	0.043	-.677	2.63	0.00
training	.118	0.032	-.252	8.88	0.00
rewards	13.28	1.344	-.758	3.67	0.00
Organizational culture	.442	.324	1.03	1.37	0.00

## Model summary (HDFC)

**Table 9**

<b>Model</b>	<b>R</b>	<b>R-Square</b>	<b>Adjusted R-square</b>	<b>std.error</b>	<b>Durbin Watson</b>
1	0.677	0.458	0.424	8.01352	2.119

## Anova

**Table 10**

	<b>sum</b>	<b>Dof</b>	<b>mean</b>	<b>F</b>	<b>sig</b>
Regression	15673.135	5	3134.627	46.699	0.000
Residual	939.736	14	67.124		
total	16612.871	19			

## Coefficients

**Table 11**

	<b>B</b>	<b>Std. error</b>	<b>beta</b>	<b>t</b>	<b>sig</b>
Constant	18.131	6.346		2.85	0.00
Job autonomy	.265	.044	.472	5.96	0.00
communication	.308	.050	.522	.616	0.000
training	.164	0.056	0.25	2.96	0.00
rewards	.083	.016	.181	5.01	0.00
Organizational culture	.0102	.015	.242	6.84	0.00

## Interpretation

Multiple regression was used to study the impact of employee empowerment on employee job effectiveness in SBI and HDFC banks in Coimbatore district during demonetization period. The R value shows the correlation between employee empowerment practices and job effectiveness. The correlation is more in SBI with R value of .760. Since correlation does not imply causation, correlation coefficient alone doesn't predict the dependent variable accurately. The R-square value shows that with any change in empowerment strategies followed by banks there will be 57.7% and 45.8% changes in employee job effectiveness in SBI and HDFC banks respectively. The adjusted R-square value shows that 55.9% of changes in dependent variable in SBI and 42.4% of changes in dependent variable in HDFC are explained by changes in independent variable. The effect size is good according to Cohen's (1988) classification with respect to SBI while the empowerment strategies needs to be efficiently enforced in HDFC bank.

## Conclusion

Employee empowerment is a term that many managers and

organizations think they understand, but few actually do, and even fewer really put into practice. Many managers feel that by empowering employees, they relinquish the responsibility to lead and control the organization. For an organization to practice and foster employee empowerment, the management must trust and communicate with employees. Employee communication is one of the strongest signs of employee empowerment in an organization. The times of demonetization resulted in vibrant changes in the Indian economy. The immoderate job pressure and the agitated customers were day mare for every bank employee. Both the private and public sector banks should incorporate the five major empowerment strategies to grapple with sudden and unproclaimed changes in the Indian economy. They are job autonomy, communication, rewards, training and development of sound organization culture. The private bank needs to enforce efficient employee empowerment strategies for their survival in the long run. Any modifications in the economy have immediate effect in the banking sector which can be handled productively only by empowered employee. Therefore, employee empowerment acts as a virtual partner for the success of any organization in the future.

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