

# THE EFFECT OF PSYCHOLOGICAL EMPOWERMENT AND COMMITMENT OF BANK EMPLOYEES- AN EMPIRICAL STUDY OF SBI AND ICICI BANKS

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## Abstract:

*The Employee Empowerment and commitment in banking sector has become a Buzzword in the recent management trends in both the public and private sector. Employee Empowerment has received wide recognition because it is a fundamental element of managerial and organizational effectiveness that increases when power and control are shared in an Organization. The astonishing development of the banking and financial services across the world has led to consider as one of the imperative contributor of the world gross domestic production. Unlike the developing nations, lots of people are employed in the banking Industry of developed countries. Today managing talent in the banking sector is the most crucial Human Resource Challenge all over the world, and it becomes as the main agenda of top management in every aspect in the predictable future. The ability to achieve competitive advantage through people strategy requires an overall HR approach. In the last two decades with rising Indian's economy, a significant progress has taken place in Indian Banking sector. In spite of development and opportunities in this sector, it also faces various HR issues which admit key challenge for the Industry in India.*

## Keywords:

*Gross Domestic Production, Competitive Advantage, Human Resource*

## 1. INTRODUCTION

Indian banking sector emerged from strong global financial turmoil and proved its mettle when the developed economies were shaking [1] [2]. Today's unstable public and private sectors, require management to seek out, evaluate and embrace new planning, organizational and operating techniques to remain on track in pursuit of their long term goals [3]. The need for employee empowerment gained great importance in service oriented Institution like Banks. As employees in a service organization have frequent contacts with the customer, they usually serve as representatives for both the organization and their products and services to the customers at contact point and play a major role in determining whether a customer would enjoy the experience or turn to their competitors for better solutions [4]-[7]. Human resource development has laid many new dimensions for building up a superior workforce and framing work life balance criteria in the lives of the people or employees resulting a vindicating step to achieve the best work life integration balance for women however there has numerous human resource empowerment interventions in many organizations but how effective and efficient were they practices and implemented in the working scenario is our study. During the past decades, in India the environment at the banking sector has been quite volatile, with numerous challenges [9]-[15].

## 1.1 SCOPE OF THE STUDY

The present study included examine the extent of interrelation between the select variables and organizational effectiveness in banking professionals with respect to SBI and ICICI banks in Andhra Pradesh only. In specific way, the Researcher has selected two banks because they are large in Public and private sector in terms of operations, employees and turnover. Among the various components, the present study is aimed at examining autonomy, communication, training, rewards and organizational culture which are important elements which are highly relevant to employee empowerment.

## 1.2 OBJECTIVES OF THE STUDY

- To study the impact of job autonomy on employee's effectiveness in SBI and ICICI banks in Andhra Pradesh.
- To study the role of employee communication on performance quality in SBI and ICICI banks.
- To analyze the role of employee communication on performance quality in SBI and ICICI Banks.
- To examine the effect of employee training on employee productivity in SBI and ICICI banks.
- To identify the role of employee rewards on employee motivation in SBI and ICICI Banks of Andhra Pradesh.
- To critically evaluate the effects of organizational culture on employee job satisfaction in SBI and ICICI banks.

## 1.3 HYPOTHESES

$H_1$ : There is a significant difference between the two banks regarding the role of job autonomy that effect the organizational effectiveness.

$H_2$ : There is a significant difference between the two banks regarding the communication system that affect the organizational effectiveness.

$H_3$ : There is a significant difference between the two banks regarding the training practice that effect the organizational effectiveness.

$H_4$ : There is a significant difference between the two banks regarding the reward system that effect the organizational effectiveness.

$H_5$ : There is a significant difference between the two banks regarding organizational effectiveness of culture that affect the organizational effectiveness.

## 2. RESEARCH DESIGN AND METHODOLOGY

The present study is an empirical approach in nature. The descriptive research procedure is also used for describing the current scenario in SBI and ICICI bank in Andhra Pradesh.

### 2.1 SOURCES OF DATA

For the present study, the data has been collected from both primary and secondary sources. The primary data is collected by administering a structured questionnaire from Non- Executive of selected Public and private sector banks. The secondary data has been gathered from Internet, Books, Reports, Research articles, Survey reports, newsletters, various journals and magazines [15]-[21].

### 2.2 SAMPLE SIZE

As on March 2018, there are 1864 non-executive employees on the rolls working in Andhra region working in 228 branches of SBI and ICICI bank in Andhra Pradesh Region. For the purpose of the present study uses the branches of Two Banks and all Non-executive employees were selected. For the collection of primary data, a structured questionnaire was designed and mailed to all the non-executive employees through E-mail in the form of word document and a google form. Out of the Total 1864 non-executive employees only 721 questionnaires were received, it is unfortunate to state that only 397 received questionnaire were duly filled in all respects from respondents of both the banks.

Table.1. Data Collection

Name of the Bank	Employees strength (No. of Non- Executives)	No. of Respondents. (Primary Data)
SBI	1664	247
ICICI Bank	200	150
Total	1864	397

Source: Primary Data

### 2.3 DATA COLLECTION INSTRUMENTS

Structured questionnaire method was adopted to collect primary data from employees. Based on the review of Literature on empowerment and detailed discussion in the Human Resources Consultants. Likert Scale was constructed following the procedure developed by Rinses Likert.

### 2.4 STATISTICAL TOOLS AND TECHNIQUES

The present study is qualitative analysis of the responses and results based on observations. The collected data is analyzed and interpreted based on Weighted Averages. Correlation Coefficient Analysis and Independent t-test with the aid of Microsoft Excel software and statistical package for social sciences (SPSS-20 Version).

Table.2. Job Autonomy and its Results

Statements	State Bank of India (Means)	ICICI Bank (Means)
Do you have job Autonomy in Your bank?	2.22	2.72
How many decisions do you made without referring to Higher Authorities	1.75	1.34
How often you Participate in problem solving.	2.60	2.50
Is your bank effectively Utilizing the Bank Staff suggestion scheme?	2.40	2.64
Have you got any chance to participate in Branch strategy preparations?	2.26	1.92
Have any control over the work schedule.	2.29	2.82
Is your opinion is asked before changes are made in the work	2.56	2.68
Is your superior tries to solve your work related problems.	2.72	2.74
Can you promise the customer on behalf of management?	2.71	2.08

Table.3. Correlation Co-efficient B/W Job Autonomy- Employee effectiveness

Criterion	Variables	Employee Effectiveness	Job Autonomy
Employee Effectiveness	Pearson's Correlation	1	0.056
	Sig. (2-Tailed)	0.000	0.000
	N	397	397
Job Autonomy	Pearson's correlation	0.056	1
	Sig. (2 Tailed)	0.000	0.000
	N	397	397

Correlation is significant at the 0.01 Level (2-tailed)

Table.4. Job Autonomy Differences B/W SBI and ICICI Bank

Group statistics					
Criterion	Bank name	N	Mean	Std. Deviation	Std. Error Mean
Job Autonomy	SBI	247	2.22	0.93903	0.06867
Differences Between SBI And ICICI Bank	ICICI Bank	150	2.72	0.66676	0.05444

Source: Primary Data

Table.5. Employee Communication and Results

Statements	SBI (Means)	ICICI Bank (Means)
I am getting prompt information to make quick and suitable decisions	4.35	3.54
I have observed Boost-up in My Morale with present Communication	4.06	3.76
If I have a Problem I can speak Directly to My Superior	4.21	4.32
I am able to give feedback on My subordinates and superior.	3.23	4.10
Employee weaknesses are Communicated in a smooth manner.	3.80	3.74
Hierarchy and Cross Culture are the barriers in Communication.	2.99	3.34

Source: Primary Data

Table.6. Correlation Coefficient B/W Communication - Performance Quality

Criterion	Variables	Performance quality	Communication
Employee Performance Quality	Persons Variable Sig. (2-Tailed) N	1 0.000 397	0.057 0.000 397
Employee communication	Pearson's correlation Sig. (2-Tailed) N	0.057 0.000 397	1 0.000 397

Correlation is significant at the 0.01 Level (2- tailed)

Source: Primary Data

Table.7. Communication Differences B/W SBI and ICICI Bank

Group Statistics					
Criterion	Bank name	N	Mean	Std. Deviation	Std. Error
Communication	SBI	247	4.3529	0.72106	.05273
Differences Between SBI and ICICI Bank	ICICI Bank	150	3.5400	0.90212	.07366

Source: Primary Data

Table.8. Employees Training and its outcome

Statements	SBI means	ICICI bank means
How many Training programs have you attended in your career?	3.37	1.56
I have observed Enrichment in my decision –making skills due to Training.	3.98	3.78
Training programs has improved my Performance quality.	4.36	4.08

Training increases my confidence and helps to tackle conflict situations.	4.11	4.08
Training programs has Enhanced My discipline.	3.73	4.14
Bank provides latest Training whenever New Technology adopted.	3.32	3.86
My work Relations with peers has become Healthy due to Training.	4.00	3.76

Source: Primary Data

Table.9. Correlation Coefficient B/W Employee Training- Productivity

Criterion	Variables	Productivity	Training
Employee Productivity	Pearson's Correlation Sig. ( 2 –Tailed)	1 0.000	0.018 0.000
Employee Training	N Pearson's correlation	397 0.018	397 1
	Sig. (2-Tailed) N	0.000 397	0.000 397

Correlation is significant at the 0.01 Level (2 –Tailed)

Table.10. Employee Training differences B/W SBI and ICICI Bank

Group Statistics					
Criterion	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Employee Training	SBI	247	4.3636	.62765	.04590
Differences Between SBI and ICICI Bank	ICICI	150	4.0800	.39323	.03211

Source: Primary Data

Table.11. Employee Rewards and its Impact on Employee performance

Statements	SBI (means)	ICICI bank (means)
I believe our Bank is Practicing a Fair and Equitable Reward system.	3.56	3.98
I feel satisfy, My work is Rewarded.	4.70	4.44
Reward has creates My unique Identity in the Organization.	4.14	4.62
I got more opportunities for personal growth due to Rewards.	3.58	4.00
Monetary and Non-monetary Rewards help me to improve Morale.	3.86	3.96
Rewards Increase My Responsibility towards Organizational Goals.	3.53	4.20
I am satisfied with the Transparency, Quality and Quantity of My Banks Reward system.	3.24	3.74

Source: Primary Data

Table.12. Correlation Co-efficient B/W Employee Reward-Work Motivation

Criterion	Variables	Work Motivation	Rewards
Work Motivation	Pearson's Correlation	1	0.031
	Sig.(2-Tailed)	0.000	0.000
	N	397	397
Employee Reward	Pearson's Correlation	0.031	1
	Sig. (2-Tailed)	0.000	0.000
	N	397	397

Correlation is significant at the 0.05 Level (2-Tailed)

Table.13. Employee Differences B/W SBI and ICICI Bank

Criterion	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Employee Reward	SBI	247	3.2353	1.0717	.07837
Differences Between SBI and ICICI Bank	ICICI Bank	150	3.7400	0.65977	0.05387

Source: Primary Data

Table.14. Organizational Culture and Its results

Statements	SBI (means)	ICICI (means)
I believe Ethics and Honesty	4.55	3.72
Customers delight is our main motive to provide & Improve new services	4.22	4.22
Conflicts are Resolved	3.89	3.86
Decisions are made prompt	3.74	3.76
Every Employee ideas are concerned	3.17	4.02
Our Organizational culture makes employee to feel pride	4.18	3.84
I feel Positive and Fun workplace is the sign	4.02	4.16

Source: Primary Data

Table.15. Correlation Coefficient B/W Organizational Culture- Employee Job

Criterion	Variables	Job satisfaction	Org. Culture
Employee Job Satisfaction	Pearson's correlation	1	0.034
	Sig. (2-Tailed)	0.000	0.000
	N	397	397
Org. Culture	Pearson's Correlation	0.034	1
	Sig. (2-Tailed)	0.000	0.000
	N	397	397

Correlation is significant at the .01 Level (2 Tailed)

Table.16. Organizational Culture Differences B/W SBI and ICICI Bank

Group Statistics					
Criterion	Bank Name	N	Mean	Std. Deviation	Std. Error Mean
Org. Culture and Differences Between SBI and ICICI Bank	SBI Bank	247	4.0214	.65548	0.4793
	ICICI Bank	150	4.1600	.41901	.03421

Source: Primary Data

### 3. CONCLUSIONS

The present study finds that there is significant relationship among employee empowerment and selected research variables, and its impact on organizational performance. In the current scenario both SBI and ICICI banks are practicing employee empowerment practices, but in prescribed areas each one of them are effective. Here, ICICI bank is practicing better Autonomy Practices, where SBI is ahead comparing to SBI. Moreover, the overall research analysis shows that public Banks are ahead in practicing better communication and training where Private Banks ahead in autonomy, Rewards and Organizational Culture practices.

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