

Employee Empowerment and Organizational Effectiveness: A Comparative Study of Public, Private and Foreign banks in Some North Indian States

A THESIS

**SUBMITTED IN FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE
OF**

DOCTOR OF PHILOSOPHY

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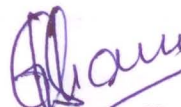
November 2013

DECLARATION

I hereby declare that this thesis entitled “ Employee Empowerment and Organizational Effectiveness: A Comparative Study of Public, Private and Foreign banks in Some North Indian States” is an original work done by me for the award of the degree of Doctor of Philosophy in Psychology. I also declare that this thesis or any part of it has not been submitted by me for the award of any degree, diploma, title or recognition.

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I hereby certify that this thesis entitled "EMPLOYEE EMPOWERMENT AND ORGANIZATIONAL EFFECTIVENESS: A COMPARATIVE STUDY OF PUBLIC, PRIVATE AND FOREIGN BANKS IN SOME NORTH INDIAN STATES" is a record of bonafide study and research carried out by Gurvinder Kaur under my supervision and guidance for the partial fulfillment of the requirements for the degree of Doctor of Philosophy. The results embodied in the thesis have not been submitted to any other University or Institute for the award of any degree, diploma, title or recognition. I am completely satisfied with the research carried out by Gurvinder Kaur for the purpose of the study.



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ACKNOWLEDGEMENTS

My utmost gratitude to my Supervisor Prof .Manoj. K.Sharma,UBS , Chandigarh for his continued support and guidance. Without his interventions and active participation it would not have been possible for this research to bear fruit. His suggestions and guidance have been with me through out.

I thank Prof P.K Bajpai,Dean(RSP) for his guidance. My gratitude is due to Prof Santha Kumari who has given me all support whenever needed. I thank Prof. Ravi Kiran, Head SBSBS for her guidance. I am extremely grateful to all my colleagues in the department who have been providing me with tacit support whenever needed.

I thank my family, friends and all those who wished me luck always and kept me in high spirits in dire times.

My head bows in gratitude before the God Almighty who has blessed me with all that is needed to rise in this world. Thanks to Providence for providing me inner strength and courage to face the odds and ends in the past for completion of this project and making my life more bountiful. May His name be exalted, honored, and glorified.


(GURVINDER KAUR)

DEDICATED
TO
MY FAMILY

ABSTRACT

The concept of empowerment has gained a lot of attention in present times because of its perceived benefits in the larger form of Industrial Democracy. With the thrust on human relations gaining ground in the last three decades or so, empowerment has been advocated as a measure to achieve organizational goals effectively. Since the last two decades many studies have examined this concept from many perspectives. Researchers have approached the concept from psychological as well as socio-political perspective. While the psychological concept has been concretized to a large extent, socio structural empowerment is presenting the empowerment theorists with a lot of opportunities and challenges.

The purpose of this thesis was to examine the effects of both psychological empowerment as well as structural empowerment on the organizational effectiveness of banks. Public sector banks, private sector banks and foreign banks were taken up for the study to facilitate comparison on the basis of ownership of banks .Questionnaires were used to assess the perceived levels of psychological, structural as well as organizational effectiveness of the employees. Competing Values framework was used to measure organizational effectiveness .

Data was analysed using correlation, regression, ANOVA, factor analysis as well as discriminant analysis. All the three types of banks reported high perceived empowerment levels, however interbank variations were found between the three types of banks regarding the variables under study. While in the public and private banks organization and job centric factors could explain variations in effectiveness, in foreign banks individual factors were also significant. It can be concluded that organizations need to identify a set of enabling conditions to enhance the perception of empowerment in the employees.

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Chapter 1

Employee Empowerment, Organizational Effectiveness and Banking Sector in India

Purpose of the Study

The study attempts to examine and compare the anticipated link between employee perceptions of empowerment and effectiveness of public, private and foreign banks in India. While most researchers accept that empowered employees contribute significantly to organizational effectiveness, not many have provided empirical evidence. While using the term organizational effectiveness, at best, a few indicators have been taken up which do not present the complete picture. Additionally, exploring linkages between employee empowerment and organizational effectiveness using the competing values framework has not been attempted so far. An effort in this direction is needed to assess the magnitude of the impact of empowerment perceptions on organizational effectiveness. This would also reveal areas/ domains where efforts at empowering employees are required to a greater degree.

Another area, which this study would examine, is the relationship between the two perspectives of empowerment i.e. psychological empowerment (empowerment cognitions) and socio-structural (macro, environmental, psychological climate) empowerment. As pointed out by some (Ahearne et al; 2005, Spreitzer, 2007), while a lot of studies concentrate on psychological empowerment and its potential benefits to employees and organizations, very few have attempted to explore the relationship between these two perspectives. While it is important that the employees perceive themselves to be empowered (Spreitzer 1999), it is equally possible that this perception can be shaped and facilitated by certain factors that may be present in the job, the organization and even in the employee himself.

Organization of the Thesis

Chapter 1 provides an introduction to the constructs of employee empowerment and organizational effectiveness. Empowerment has been discussed from both the perspectives; psychological and structural. The term *structural* has been used figuratively to refer to a collection of those factors that '*structure*' or '*shape*' the perception of empowerment. While the important approaches and indicators of organizational effectiveness have been presented briefly, the competing values approach has been discussed in a greater detail as it forms the

basis of studying organizational effectiveness in the present study. The relationship between empowerment and organizational effectiveness has also been discussed.

Chapter 2 examines the qualitative and quantitative research on empowerment and organizational effectiveness. Since the two constructs have been and still are a subject of rigorous debate and in a constant state of evolution, studies that have contributed to concept development, measurement have been presented along with the empirical contributions linking both the constructs with other variables.

Research framework has been elucidated in chapter 3. For assessing the levels of perceived psychological empowerment, Spreitzer's (1995) 12-item scale was used. Perceptions about structural empowerment were measured by a self-designed, 50-item scale that carried statements related to various factors taken up in the study. Organizational effectiveness was measured by a 46-item questionnaire. This self-designed measure contained statements related to the four dimensions of competing values approach. Both these measures were tested and found high on reliability. Demographic details of the sample are also presented in this chapter.

Results and analysis are discussed under chapters 4 & 5. While chapter 4 discusses the components and their relationships by analyzing descriptive statistics, t-tests, chi-square, ANOVA, correlation and regression techniques chapter 5 deals with the application of discriminant analysis between the three banks. The results have been arranged for the three different types of banks individually and also the entire sample. The relationships of different variables with the demographic variables of designation, length of service and education have also been explained.

Chapter 6 discusses the results in the light of the findings. References to previous studies have also been made and the findings compared. Implications of the results for the banking organizations under study have also been presented. Research gaps have been put forth as suggestions for further research..

Introduction

Few movements in management have been as tenacious as the Human Relations movement. In a way, Elton Mayo and other proponents changed the way (albeit slowly and skeptically) organizations managed themselves. Autocratic, exploitative (Likert, 1961) organizations started making way for the participative, democratized style of functioning. The 'iron fist' became a word, which was frowned upon, and efficiency, when not

accompanied by humane working conditions was no longer synonymous with success. Of course, autocratic style of working has not become redundant. Most organizations would secretly advocate it, especially in crisis management. But such organizations cannot lay a claim to being 'good' organizations.

As advocates of worker involvement in organizations grew, a search began for the best technique that would derive the most out of the employees. The approach to such techniques was, at best, cautious. No technique advocated an 'all-out' transfer of decision making to the subordinates. In fact, there appeared a vast literature on 'when' and 'how much' to involve subordinates in the decision making process. Participative management became popular and government mandated participation programmes acquired a glamorous form called 'Industrial Democracy'. Organizations and 'leader-managers' could choose from various kinds of programmes depending upon the need and context of decision-making. It was also accepted that the needs for participation were worker dependant. The use of participative techniques also depended on situational factors like environment, organization, task characteristics, technology, culture etc. All this resulted in a very confused and hazy implementation of the worker involvement techniques and the benefits so loudly advocated became leader/organizational philosophy dependant. This resulted in a substantial cynicism in the management literature regarding the efficacy of involving the subordinates in the decision making process. Probably this led Kanter to remark 'regardless of how well participation works, it will not solve all organizational problems'. (Kanter, 1982).

Employee Empowerment: Conceptual Framework

In present literature, empowerment at the individual level of analysis can be seen broadly from two perspectives-*psychological and structural*. (also referred to by some authors as socio-structural, environmental).

Psychological Empowerment

Power has been treated in various ways by social scientists. In management literature, power is primarily described as an influence or control that an individual has over others. Hence, it is the capacity of a person, team or organization to influence others. In an organizational setting, an individual or teams performance is dependant not only on own behavior but also on the response of the other associated individuals or teams. By this definition of power, an empowered person or a team has a better control over his/her

surroundings and more specifically the work area. Empowerment can be created or transferred. An example of creation of empowerment is the women empowerment.(Malhotra,S. 2009)

Conger and Kanungo (1988) popularized this concept and gave it relational as well as motivational dimensions. More specifically, Employee Empowerment was referred to as a “process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal both by formal organizational practices and informal techniques of providing efficacy information.”

Thomas and Velthouse (1990) approached the concept in a structured manner. They developed the empowerment process in terms of changes in cognitive variables that determine motivation in workers. Conceptually, empowerment was made more precise by identifying it with a *type* of motivation i.e. ‘intrinsic task motivation’ and a set of task assessments that provide this motivation. The proposed model also attempted to capture the interpretive processes through which the workers arrive at these assessments. Empowerment, hence, was viewed by these two authors as a motivational construct and how to achieve this motivation was the key to successful empowerment.

Spreitzer (1995) defined Employee Empowerment as a motivational construct manifested in four cognitions *meaning, competence, self-determination* and *impact*. Meaning implies the value of a work goal or purpose, judged in relation to an individual’s own ideas or standards. Competence or self-efficacy is an individual’s belief in his or her ability to perform activities with skill. Where competence is a mastery of behavior, self-determination is an individual’s sense of having choice in initiating and regulating actions. Impact is the degree to which an individual can influence strategic administration or operating outcomes at work. Hence, according to Spreitzer, empowerment, as a psychological state, is an active work orientation where individual wishes and feels able to shape his/her work role and context. (Speitzer, 1995)

Menon (1999) dwelt on three major psychological facets of power and defined psychological empowerment as a cognitive state characterized by a sense of perceived control, perceived competence and goal internalization. Perceived control includes beliefs about authority, decision-making, latitude and availability of resources, autonomy in scheduling etc. The second dimension of perceived competence reflects role mastery, which in addition to successful completion of assigned tasks also requires coping up with the non-routine tasks. The goal internalization dimension captures the energizing property of a

worthy cause or exciting vision provided by the organization leadership. Based on the above three major psychological facets of power, a working definition of psychological empowerment can be proposed as follows: the psychologically empowered state is a cognitive state characterized by a sense of perceived control, competence, and goal internalization.

A limitation with the psychological approach is its individual centric nature. A complete understanding of the empowerment at work requires an integration of both psychological and structural approaches.

Structural Approach

The socio structural approach has its roots in Kanter's theory of power in organizations. She identified the structures that are important to the growth of empowerment are access to information, being provided with appropriate resources and support to perform required tasks and access to programs that will allow individuals to develop and upgrade their work experience. Structural involves the transfer of power from those who hold power and decision making authority to those down the hierarchy.(Ozaralli,2003)

Structural perspective focuses on the managerial practices and policies that will facilitate empowerment. While any list of such practices cannot be exhaustive, a few practices have been discussed more widely in the empowerment literature. Since structural empowerment basically involves a movement from top down control system towards high involvement practices which entails sharing of rewards, information across the hierarchy, the most critical areas that need attention are-shared decision making, performance based rewards, open information flow, leadership development and training.(Spreitzer,1995)Some authors have gone beyond the socio-structural perspective and have discussed individual factors along with job and organization related factors.(Dimitrdes,2000,Spreitzer 1995; Menon &Pethe 2003)

This increasing interest in the pre requisites of empowerment has brought the role of the organization to the forefront in facilitating empowerment. No longer can empowerment be viewed as a functional style, which needs to be carried out by the supervisors only. The entire organizational system needs to gear itself up to facilitate the empowerment process in terms of introducing policies and procedures that make the task of implementing the empowerment programme less arduous and complex. While the list of such facilitators cannot be exhaustive, the most frequently quoted ones are summed up below:

Elements of Socio Structural Empowerment

While most researchers agree that organizations can play a very positive role in empowering behaviour, there is lack of consensus on how it can be actually done. Prominent work has been limited to mere identification of conditions/organizational practices/techniques that, if used, could lead to empowered employees. Conger and Kanungo identified contextual factors that could lead to absence of self-efficacy or personal power in organizations. These two authors listed these factors as below.

Organizational factors including significant organizational changes/transitions start up ventures, competitive pressures, impersonal bureaucratic climate, poor communications/network-forming systems, and highly centralized organizational resources.

Supervisory Style including authoritarian (high control), negativism (emphasis on failures), lack of reasons for actions/consequences.

Reward Systems including non contingency (arbitrary reward allocation), low incentive value of rewards, lack of competence based rewards, lack of innovation-based rewards.

Job Design including lack of role clarity, lack of training and technical support, unrealistic goals, lack of appropriate authority/discretion, low task variety, limited participation in programmes like meetings discussions that have a direct impact on the job performance, lack of appropriate/necessary resources, lack of network forming opportunities, highly established work routines, high rule structure, low advancement opportunities, lack of meaningful goals/tasks, limited contact with senior management.

Subsequent research has yielded more or less the same set of conditions that can facilitate empowerment efforts. The following factors have been listed by researches most frequently-

- *Information and Communication Resources*-Kanter (1989) suggested that in order to be empowering, organizations must make more information available to more people at more levels through more devices. Lawler (1992) referred to two types of information to be critical for empowerment; a) information about an organization's mission and b) information about performance. Information about mission is an important antecedent to empowerment because it creates a sense of meaning and purpose. It also increases an employees' ability to take and influence decisions that are aligned better with organization's goals and strategies. Information regarding performance is essential to help people judge their level of performance and influence

future performance. (Spreitzer, 1995). Experts say that open communication is absolutely essential in the organization to reduce stress and defuse ambiguity and anger, since communication, like training, permeates all other peace promotion strategies. It is also a prerequisite to improve the organization's ability to manage information and improve teamwork. In addition, open communication tends to flatten out the organization and de-emphasize the hierarchy. (Zollers and Callahan, 2003).

- *Rewards and Incentives*-An important work context variable important for empowerment is a reward incentive system. Individual performance based rewards are found to be important for empowerment because a) these recognize and reinforce personal competencies and b) provide individuals with incentives for participating in the decision making processes and impacting them. Incentives work to co-align employee preferences with those of the organization which reduces the risk of self interested behaviour. Some researches also argue that the role of incentives will help make the managers more interested and willing to involve lower level employees in the decision making process. Though literature is limited on the association between incentives and empowerment, this is an area that may be safely explored.
- *Autonomy*-Autonomy may be defined as the degree to which one may take significant decisions without the consent of others. Autonomy may have desirable outcomes in the right context. It promotes job satisfaction, performance, positive motivation, lowers absenteeism and turnover rates. (Hackman and Oldham 1976). Empowerment is often thought to be a technique capable of bringing about improvements in worker morale by giving them greater control over their work sphere. Autonomy and the freedom to make decision act on one's own is a prerequisite to employee empowerment. Employee empowerment is not the same as autonomy but rather autonomy may be created first to enhance empowerment at the workplace.
- *Skills and Knowledge*-Developing skills and knowledge are a very important tool for introducing any work context variable. Employee skills are becoming increasingly important in the light of globalization, technological change, trade liberalization, deregulation and a growing tendency towards empowerment culture. Acquisition of newer skills and updating the existing ones becomes imperative in the light of

increased quality consciousness. Employees armed with the right knowledge and skills report a host of indirect economic benefits in addition to the direct ones. The indirect economic benefits like the better teamwork, better coping up with changes at the work place etc. promote a creative empowered employee.

- *Self-esteem and Locus of Control*-Spreitzer (1995) also included these two variables as important personality traits as antecedents to empowerment. Self-esteem is defined as general feeling of self worth. Individuals who hold themselves in high self-esteem are more likely to see themselves as active participants in the work context than those who have a low self-esteem. Locus of control explains the degree to which people believe that they rather than their external influences are in a position to influence the work context. Individuals with an internal locus of control regarding life in general are more likely to feel capable of shaping their work environments and hence to feel empowered.

Models of Empowerment

The most important contribution of the structural perspective has been to provide some fundamental route to implementing empowerment programmes in different organizations. Though the nature of empowerment may vary across organizations given the organization specific nature of structure, yet they can decide upon the progress within their own structural framework. A few theoretical models have been proposed in the literatures that have been designed for specific organizations (These shall be discussed later in the review of literature section). The authors who pioneered the concept have proposed a few 'effective empowerment practices:

- Fostering participation in decision making
- Expressing confidence in subordinates and having high expectations
- Providing autonomy from bureaucratic control.
- Setting motivational and challenging goals
- Feedback and reward system
- Modeling

The above as said earlier are, at best, indicators at a theoretical level. Organizations desirous of implementing empowerment programmes need to derive practical and feasible ways to achieve the above keeping the structural framework and constraints in consideration.

Roadblocks to Empowerment

One of the biggest challenges to empowerment is empowerment itself. This, in no way implies that the ideology is not sound. The real challenge lies in two broad areas-

- Inadequate understanding/comprehension of the ideology itself
- Inappropriate/half hearted attempts at the individual level.

Howard (1995) studied factors that make it difficult for the leader to be empowering. These were:

- Not enough heart-lack of encouraging behaviour on forms of reward/praises and blaming subordinates for failures.
- Over evaluation-claim by supervisors to be engaging behaviour than observed which is attributable to the leaders' overestimation about their behaviour, insensitivity to feedback received or simply insufficient opportunities.
- Misunderstanding-lack of understanding on the part of the supervisors on what exactly is empowering behaviour e.g. being a good partner in attending to the needs of the other departments for effective working are as important as establishing a vision, inspiring people to change.
- Faulty implementation-failure to match the level of empowerment to the willingness of the subordinates to handle more responsibilities failure to provide enough direction and co-ordination or reverting to traditional leadership when confronted with a crisis.

Inappropriate/half hearted attempts at the individual level.

(i) The implementation of an empowerment programme can be a victim of certain preconceived notions about the benefit of empowering people. Often there is a gap between perceived results and the actual benefits. Learning and growth are frequently slower than first envisioned. The culture and process changes require changes in the belief systems of individual groups and entire organization. The paradox is that wanting to be empowered and truly being empowered are usually far apart. (Wickeiser, 1997).

(ii) An additional factor that can cause some problems in implementation relates to the collaborative nature of the decision making process (since empowerment involves sharing of the decision making process with subordinates).As the decision making process can be divided into several stages ,the managers need to know at what level the collaboration has to take place. Additionally, the very nature of decisions – strategic, tactical and

operational-also presents a dilemma regarding when and what type of collaboration should be done.

(iii) Moreover 2 basic questions need to be addressed about empowerment and its implementation-one the extent or the limit and two, the nature of the limit i.e. formal/informal, direct/indirect etc,(Pardo de Val and Lloyd,2003).

Do Empowerment and Participation mean the same?

Participatory management or *participative management* or participation are terms that are used many times, synonymously with empowerment. Participation means consulting and sharing of opinions and decisions of employees. It is a mental and emotional involvement of persons in group situations that encourage them to contribute to group goals and share responsibility for them. It has also been defined as “any or all of the processes by which employees other than the managers contribute positively towards reaching of managerial decisions which affect their work. Hence it is typically viewed as a communication process or technique to solicit and use employee feedback in the decision making process. Even when employees participate however, they do not necessarily have the authority to take decisions since these are commonly regarded as managerial prerogatives. Tannebaum and Massarik (1955) also referred to this limitation of participation as “in enterprises, subordinates can participate in the first two steps of decision making i.e. identifying alternatives and defining them but not in the third step i.e. exercising a choice between alternatives.

Empowerment, on the other hand involves the delegation of decision-making prerogatives to employees, along with the discretion to act on one's own. Thus, where delegation, participation, joint consultation etc. are essential for empowerment, these are not empowerment. Sometimes scholars use empowerment when they mean several other things, such as ‘empowered feelings’ (motivational or psychological perceptions of power.). The term has been used interchangeably with delegation, employee participation etc. Historically empowered feelings have related to specific contexts in which employees are given authority to make decisions, typically on issues that directly affect their performance. (Mills and Ungson, 2003). In these contexts the employees participate in the decision making process and assume tasks that are delegated to them.

Organizational Effectiveness-Conceptual Framework

Any discussion on Organizational Effectiveness needs to be preceded by the changing nature of organizations over the decades. Over the last 100 years or so ,the overall movement in organization literature has been away from closed, rational nature of organizations to more unique, tailored and flexible. The theorists of the notion that organizations were closed, rational entities assumed that the organizations were fairly generic.e.g Drucker described the work of organizations as the same in every country and society. (Drucker, 1985).

The rational, closed organization was characterized by a very high degree of internal control and stability. It was this much admired feature that had to face criticism as being irrational, misguided and even foolhardy (Baker and Branch, 2002) One of the main arguments advanced against the closed nature was its inability to respond to complex and uncertain environmental situations.(Perrow,1986).This was the breeding ground for the natural systems perspective which is identifiable with organizations being social collective entities with survival as the main concern. The survival required harnessing the minds and the hearts of the participants. The Human Relations School received a very wide acceptance by this perspective. The newer version of this view has been harnessing the minds of not only the participants but also other stakeholders. (Porter, 1985: Powell 1990)

As organizations' interaction with the environment grew in degree and in kind, the attention shifted to an open systems perspective. Some authors like Scott (Baker and Branch, 2002) identified open systems with two system processes- one that maintain a system in its given form and second, that change a system. It is at this point that organizations were broadly classified as mechanistic (closed, rational with rigid processes) and organic (flexible and adaptive). Hence an organization was considered to be appropriately designed .when that design enabled it to execute better, learn faster and change more easily (Mohrman,1995). While the classic bureaucratic style was considered suitable for organizations with low task complexity and a stable environment, organizations, which had highly complex tasks and unstable, dynamic environment, had to have the organic design.

Changing logic of organizations.

Table 1.1

Logic I	Logic II	Logic III
Bureaucratic Control	Engagement	Networking and Collaboration

Internal Orientation	External Awareness and Adaptation	External Positioning Orientation
Internally oriented Hierarchical processes and Relationships	Internally Oriented lateral relationships and Processes	Externally Oriented Relationships, Partnerships and Alliances
Generic Organizational Design	Contingent Organizational Design	Flexible and Fluid Network Design
Organization Designed around Internal functions	Organization Designed around Externally oriented Products and Customers	Organization Designed to Effect Positioning in External Environment
Primary value added is Management	Value Added of all employees	Value Added of partnerships and Alliances
Management focus	Leadership Focus	Facilitation Focus

(Source-Baker and Branch 2002)

The above discussion is pertinent to the concept of Organizational Effectiveness as being effective would vary according to different perspectives. e.g according to the closed, rational perspective effectiveness would mean

- Goal setting
- Establishing parameters through formal procedures for achievement of goals
- Monitor/control performance.

Thus, nature of effectiveness lent itself to interpretation according to the organization design. This has created a plethora of definitions none of which can be called universally acceptable. The concept of effectiveness is filled with obstacles regarding assessment namely criteria problems, criteria choices, and unique attributes of organizations involve. This probably led Campbell (1971) to remark-“Since an organization can be effective or ineffective on a number of different facets that may be relatively independent of each other, organizational effectiveness has no universal definition.

Models of Organizational Effectiveness

(i) Goal Attainment Model

By definition an organization is created deliberately to achieve one or more specified goals. It is not surprising therefore that the Goal Attainment Model is the most widely used model. Cost-Benefit analysis, MBO etc are examples of the goal attainment approach. Followers of this approach usually cite productivity, efficiency, profitability etc as indicators of effectiveness.

However defining goals is beset with its own problems like multiple goals, incompatibility of short term vs. long term goals, social responsibility vs profitability etc are factors that hamper this feasibility of this model further.

(ii) Systems Model

It has been argued that defining OE solely in terms of goal attainment results only in partial measurement of OE. Goals focus on outputs. But an organization should also be judged on its ability to acquire inputs, process these inputs, channel the outputs and maintain stability and balance. Another way to look at OE therefore is through the systems approach.

Systems models emphasize criteria that will increase the long term survival of the organization-such as the organization's ability to acquire resources, maintain itself internally as a social organism, and interact successfully with its external environment. So the systems approach focuses not so much on the specific ends as the means needed for the achievement of those ends. Thus to assess OE one should try to find out whether an organization is internally consistent, whether its resources are being judiciously distributed over a variety of coping mechanisms, whether it is using up its resources faster than it should and so on. The systems approach has found expression in a no of models like OD model, ISR-Likert model etc.

(iii) The Strategic Constituencies Model

This approach proposes that an effective organization is one that satisfies the demand of those constituencies in its environment from whom it requires support for its continued existence. This is similar to the systems view, except that it is not concerned with the

organization's entire environment. It is concerned only with those, which can threaten the organization's survival. This approach views organizations as political areas where vested interests compete for control over resources. In such a context, organization effectiveness becomes an assessment of how successful the organization becomes at satisfying those critical constituencies upon which the future survival of the organization depends.

(iv) Competing Values Model

If we were to have a comprehensive understanding of OE, then it would seem worthwhile to identify all the key variables in the domain of effectiveness and then determine how the variables are related. The competing values approach offers such an integrative framework. The main theme underlying the competing values approach is that the criteria we value and use in assessing an organization's effectiveness-return on investment, market share, new product innovation, job security-depend on who we are and the interests we represent. It is not surprising that the stockholders, unions, suppliers, management or internal specialists in marketing, personnel, production or accounting may be looking at the same organization but evaluate its effectiveness entirely differently. Modern business requires the imperative of economic, social and environment viability. This creates a holistic view for the organizations (Dhiman, S 2008)

Competing values approach acknowledges these diverse preferences. It also assumes that these diverse preferences can be consolidated and organized. There are common elements underlying any comprehensive list of OE criteria and these elements can be combined in such a way as to create a set of competing values.

Indicators of Organization Effectiveness

According to the existing literature on organizational effectiveness, *short-run* indicators of effectiveness are:

- Production-reflects the ability of an organization to produce the quantity and quality of output (whatever it is) that the environment demands.
- Efficiency-can be defined as the relation of outputs to inputs.
- Satisfaction-the conceptualization of the organization as a social system requires that some consideration be given to the benefits received by an organizational participant, as

well as by the customers, Satisfaction is the label for this criterion, and its measure includes attitude data, turnover absenteeism, tardiness and grievances.

Intermediate indicators of effectiveness are:

- Adaptive ness-refers to the extent to which the organization can and does respond to changes that are induced either internally or externally.
- Development-organization must invest in itself; the purpose of development is to enhance the capability of the organization to survive in the long run. Development may include training programmes for managerial and/or non-managerial personnel or organizational developmental efforts.

The *long-run* indicators

One of the most extensive literature surveys has been made by James L Price (1968) in his book *Organizational Effectiveness*. The model he developed is comprised of a dependant variable (effectiveness) and five intervening independent variables: productivity, morale, conformity, adaptive ness and institutionalization.

In addition to viewing the total organizational system and its interdependency with its environment, Friedlander and Pickle (1968) attempted to define the criteria of OE to reflect those interdependencies. Their criteria contain elements of the organization's contributions to society, as well as those that describe the maximization of returns to the organization from society. The purpose of the study was to explore the concept of OE by studying the relationship between internal and external system effectiveness. Mahoney & Wetzel (1969) examined organizational characteristics that manager's use in judging the overall effectiveness of their organizational units. They recognized three set of criteria in the determination of OE; ultimate, intermediate and immediate. The ultimate criterion is the achievement of the ' final goal', which is stated in the general terms and not susceptible to practical assessment. Mid-range criteria (intermediate and immediate) tend to apply in the short run assessment of effectiveness. Their concern was specifically with measurable mid-range organizational criteria, which are used as short r

Paul Mott's (1972) study points out the importance of measuring effectiveness externally and internally. Since they may not be all the same thing. Mott's criteria of OE consist of production, adaptability and flexibility. Productivity is perhaps the most studied single variable in effectiveness literature. Productivity for Mott is a component variable of both efficiency and effectiveness. Mott's evidence suggested that with appropriate

safeguards, worker's subjective judgments provide a fairly valid measure of the effectiveness of the unit under study. Mott provides primarily, an internally oriented view of effectiveness.

Prasad (1973) views all organizations as complex and dynamic, and the successful ones as adaptive and problem solving. He recognizes that organizations are socio-technical systems that are rationally structured and organized typically, on the basis of hierarchical authority principles, such as autocratic functional divisions, impersonal control mechanisms and formal work rules. Prasad addresses OE by viewing three subsystems of the organization:

- The economic subsystems, which include all activities measurable in economic terms.
- The technical subsystems, which include, in addition to technical outputs, design and manufacturing capabilities, market knowledge and information.
- The social subsystems, which encompass variables of adaptability, a sense of identity, capacity to test reality, involvement and participation, satisfaction, problem solving capacity, degree of harmonious inter unit relationships, goal perception, response capabilities and a host of others.

He concludes that an organization can be effective in either one or two subsystems without necessarily jeopardizing its total effectiveness to a significant degree. But if an organization is to maintain a high level of total effectiveness, equilibrium in the levels of all three subsystems has to be achieved.

Yutchman & Seashore (1977) have taken what they label as a "system resources approach" to OE. They postulate that the inter-dependence between an organization and its environment takes the form of an input/output transaction, which involves scarce and valued resources. The attempted acquisition of these resources leads to competition among organizations and Yutchman and Seashore define an organization's effectiveness in terms of the bargaining position that is attained between competing organizations.

Steers, Richard (1977) proposes looking at the major processes relating to effectiveness as an end state. He believes that to be effective, organizations must not only meet a series of organizational requirements (resource acquisition, efficiency, production, output, renewal, consistency, satisfaction etc.), but also satisfy behavioral requirements for their members. These include stable membership, dependable role performance and innovative behavior. Steers approach differs from others in that he argues that the 'basic unit

of analysis' should be employee behavior. Congruence of goal between employees and the organization determines effectiveness in his scheme.

In their study of OE, Georgopolous and Tanenbaum (1977) placed three major objectives:

- To examine the concept of effectiveness and to provide a definition derived from the nature of organizations.
- To develop operational criteria and to measure the concepts in a specific industrial setting
- To evaluate these criteria and operations in terms of operational character.

OE was defined as “the extent to which an organization as a social system, given certain resources and means, fulfills its objectives without placing undue strain upon its members”. This concept of OE assumes the following criteria (1) Organizational productivity, (2) Organizational flexibility in the form of successful adjustments to internal changes and successful adaptation to externally induced changes, and (3) absence of intra-organization strain of tension and of conflict between organizational subgroups.

Competing Values Approach (Quinn and Rohrbaugh, 1983)

Since the Competing Values Approach forms the basis of studying organization effectiveness in this study, it is pertinent to discuss it at a greater length to facilitate understanding. If we were to have a comprehensive understanding of OE, it would seem worthwhile to identify all of the key variables in the domain of effectiveness and then determine how the variables are related. The competing –values approach offers just such an integrative framework.

The main theme underlying the competing values approach is that the criteria we value and use in assessing an organization's effectiveness-return on investment, market share, new-product innovation, job security-depend on who we are and the interests we represent. It is not surprising that stockholders, unions, suppliers, management, or internal specialists in marketing, personnel, production, or accounting may look at the same organization but evaluate its effectiveness entirely differently.

This approach begins with the assumption that there is no “best” criterion for evaluating an organization's effectiveness. There is neither a single goal that everyone can agree upon nor a consensus on which goals take precedence over others. Therefore, the concept of OE, itself,, is subjective, and the goals that an evaluator chooses are based on his

or her personal values, preferences, and interests. This can be seen if we take one organization and look at how OE in terms of high profitability; production executives focusing on the amount and quality of equipment manufactured; marketing people and competitors looking at the percentage of market that plant's various products hold; personnel specialists viewing OE in terms of ability to hire competent workers and absence of strikes; research-and-development scientists keying in on the number of new inventions and products that the company generates; and the employment opportunities created by the company.

Competing values goes significantly beyond merely acknowledging diverse preferences. It assumes that these diverse preferences can be consolidated and organized. The competing values approach argues that there are common elements underlying any comprehensive list of OE criteria and that these elements can be combined in such a way as to create basic sets of competing values. Each one of these sets then defines a unique effectiveness model.

To apply this approach, it's necessary to go into more detail of how it evolved. It began with a search for common themes among thirty OE criteria. Three basic sets of competing values emerged from these criteria: flexibility vs control, people vs. organization and ends vs. means.

These three sets of values can be further combined to form eight cells or sets of OE criteria. For example, combining organization, flexibility and means (OFM) creates one cell, combining organization, flexibility and Ends (OFE) creates another cell; combining organization, control and means (OCM) creates still another; combining organization, control and means (PCM) creates still another; combining people, control and Ends (PCE) creates another; combining people, flexibility and means (PFM) creates still another and finally combining of people, flexibility and Ends (PFE) creates another cell

Table 1.2 Competing Values Cells

OFM	Flexibility	Able to adjust well to shifts in external conditions and demands
OFE	Acquisition of resources/growth	Able to increase external support and expand size of work force
OCM	Planning	Goals are clear and well understood

OCE	Productivity and efficiency	Volume of output is high; ratio of output to input is high
PCM	Availability of information/communication	Channels of communication facilitate informing people about things that affect their work.
PCE	Stability	Sense of order, continuity, and smooth functioning of operations.
PFM	Cohesive work force	Employees trust, respect, and work well with each other
PFE	Satisfied work force	Employees' needs are satisfied.

Now, we begin to combine the eight cells into some distinct models. The cells OFM and OFE are subsumed under the Open system Model. This model emphasis organization and flexibility and defines organization effectiveness in terms of flexibility (as means) and the ability to acquire resources (as ends). The cells PCM and PCE form the Internal Process Model. This model stands in contrast to Open system Model as its emphasis is on people and control. It stresses adequate dissemination of information (as means) and stability and order (as ends) in the assessment of OE. The cells PFM and PFE are subsumed under the Human Relations Model. It emphasizes people and flexibility. The Human Relations Model would define OE in terms of cohesive work force (as means) and satisfied work force (as ends). The cells OCM and OCE form Rational goal Model, as its emphasis is on organization and control. The existence of specific plans and goals (as means) and high productivity and efficiency (as ends) is used as evidence of effectiveness.

Now it is evident that each model represents a particular set of values and has a polar opposite with contrasting emphasis. “The human relations model with its effectiveness criteria reflecting people and flexibility stands in stark contrast to the rational goal model’s value-based stress on organization and stability. The open system model, defined by values of organization and flexibility, runs counter to the internal process model, the effectiveness criteria of which reflect a focus on people and stable structures”.

Competing values acknowledge that multiple criteria and conflicting interests underlie any effort at defining and assessing OE. Additionally, by reducing a large number of effectiveness criteria into four conceptually clear organizational models, the competing

values approach can guide the manager in identifying the appropriateness of different criteria to different constituencies and in different life-cycle stages.

Empowerment and Organizational effectiveness

Organizational effectiveness, as seen earlier, rests on a large no of factors. Empirical research suggests that empowerment matters both for the organization and their employees alike. When employees feel empowered, they have more positive attitudes in terms of job satisfaction (Spreitzer et al.,1997) and organizational commitment (Liden et al, 2000; Chiang and Jang, 2007; Meyersen and Kline, 2008). Research related to the hospitality industry suggests that when lower level employees feel empowered, they report higher satisfaction in terms of pay, more promotion satisfaction, and lesser intentions of turnover.(Sparrowe, 1994; Meyersen and Kline, 2007; Koberg1999; Carless, 2004; Chiang and Jang, 2007) reported similar results with regard to work satisfaction. Empowered employees are less prone to stress and burnout (Spreitzer et al, 1997;Savery and Luks, 2001; Laschinger,H, 2004).

Other than employee attitudes, empowerment also affects performance. Innovative behaviour (Bratincki, 2007), managerial effectiveness (Spreitzer, 1995; Menon and Pethe 2002), employee effectiveness (Spreitzer, 1995; Holden, 1999; Smith and Mouly, 1998)- all showed positive relationship with empowerment perception. Spreitzer et .al.(1999) reported a direct relationship between empowering supervisors and their perception as innovative, upward moving and inspirational leaders by their subordinates. Teams when empowered also report high performance.(Yang, 2007; Kirkman et al(2004).

Focus of the Present study: Indian Banking Sector

A sound and effective banking system is an essential pre-requisite to any economy. For the 4 decades or so, Indian banks have a lot of achievement to their credit. The reach is wide....to the remotest corners of the country contributing to India's economic growth.

The history of banks in India can be divided into three phases

- Early phase from 1786 to 1969
- Nationalization of Indian banks and upto 1991- prior to Indian banking sector reforms
- New phase of Indian Banking system with the advent of Indian Financial and Banking Sector reforms after 1991.

Phase I

The General Bank of India was set up in 1786. Next came the Bank of Hindustan and Bengal Bank. The East India Company established the Bank of Bengal (1809), Bank of Bombay (1840) and Bank of Madras (1843) as independent units and called it Presidency Banks. These banks were amalgated in 1865 and Imperial Bank of India was established which started as private shareholder banks with mostly European shareholders.

In 1865 Allah bad Bank was established and first time exclusively by Indians. Punjab National Bank Ltd was set up in 1894 with headquarters at Lahore. Between 1906 and 1913 Bank of India, Central Bank of India, Bank of Baroda, Canara bank, Indian Bank and Bank of Mysore were set up. Reserve Bank Of India came in 1935.

During the first phase the growth was slow and banks also experienced periodic failures between 1913 and 1948. To streamline the functioning and activities of the commercial banks, the Government of India came up with The Banking Companies Act 1949 which was later renamed as Banking Regulation Act 1949 as per amending Act of 1965. Reserve bank of India (RBI) was invested with extensive powers for the supervision of banks in India as the Central Banking Authority.

Phase II

Government took major steps in the Indian Banking Sector Reforms after Independence. In 1955, it nationalized Imperial Bank of India with extensive banking facilities on a large scale especially in rural and semi-urban areas. State Bank of India was formed to act as the principal agent of RBI and to handle the banking transactions of the Union and State governments all over the country.

14 major banks in the country were nationalized in 1969 after which the growth of branches was to the tune of 800% and that of advances 11000%. A next dose of nationalization of 6 more banks came in 1980 with which government controlled almost 91% of the banking business of India. Until 1990 the nationalized banks have grown at the rate of around 4% closer to the average growth rate of Indian economy.

Phase III

The early 1990s saw a wave of liberalization in the Indian economy and the banking sector too experienced changes on this front. Government gave licences to lot of small no of private sector banks which came to be known new Generation tech-savvy banks which included ICICI, HDFC, UTI (renamed as AXIS Bank). This move, along with the rapid growth in the economy of India, accelerated the rate of growth of the banking sector with a very

strong contribution from all the three players namely, government banks, private banks and foreign banks.

The banking sector in India can be considered fairly mature in terms of supply, product range, and reach, though, the reach in rural India is dominated by the public sector banks. Currently India has 88 Scheduled commercial banks (SCB)-28 public sector bank (PSBs), 29 private banks(PBs), and 31 foreign banks(FBs).

Hitherto, PSU banks which are a dominating force in the Indian banking system have lacked a proactive HR environment. However, much has changed with the opening of other sectors and increased competition from newer banks in the system. Banks are increasingly beginning to recognize Human resources as a possible area of core competence, and seek to pursue and retain the best talent in the industry. There is a realization that skill development is extremely important for staff retention as well as the quality of manpower, Public Sector Banks, Private Sector Banks as well as Foreign Banks view difficulty in hiring highly qualified youngsters as their biggest HR threat ahead of high staff cost overheads, poaching of skilled quality staff and high attrition rates (FICCI, 2010)

The primary concern of the banks now should be to integrate the human resource strategies with the business strategies. The changed work scenario needs more than just operational skills on the part of the employees keeping in mind the customer requirements. Banks have to understand that capital and technology-considered to be the most important pillars of modern banking are replicable-human resources are not.(Srinivasan,2009)

With the changes taking place in the external environment, the banks have no option but to tune in with the rest of the world by empowering their manpower.

Case for Empowerment in the Banks

The mammoth change that took place consequent to the liberalization wave in the entire economy had to have a very long lasting and deep impact on the way the banks had been functioning till now. There was a massive shift in the expectations of the customers and a demand for diverse services. The rapid familiarization of the Indian customer with the sophisticated technologies made them expect the same level of standards of service from the banks too. The private and the foreign were able to provide it to a very large extent and this necessitated that the public sector banks shed the cloak of complacency and lethargy and gear up to meet the challenge. Any slackening on this front now meant a loss of lucrative business in terms of customers shifting their preferences. Like their counterparts in the private and the

foreign sector, the public sector banks responded to this challenge with a massive up gradation of technology, a thrust on marketing and more shareholder value enhancement. The thrust was on efficiency that was rigorous (Arora,P 2012).For the banks in the public sector performance parameters of private banks like HDFC, ICICI became the yard sticks for measuring their own success.(Joshi and Joshi,2009; Joshi, M., 2003)

However, McKinsey and Co.(2005) have identified structural weaknesses like fragmented industry structure, restrictions on capital availability and deployment, lack of institutional support infrastructure, restrictive labour laws and weak corporate governance which can affect the health of the banks in the long run. Also, a simple reliance on tangible indicators of performance would not be wise. Banks need to approach their business with a methodology involving basic conditions, structure, conduct and performance, (KV Bhanumurthy & Debashish, 2008)

The above changes have brought the role of the human resources to the forefront, which unfortunately have not received the due attention. The basic flaw is in the human resource architecture in the banks. Typically these banks' model of operation is to centralize specialized services like treasury and foreign exchange and leaving the routine tasks, which are drab and monotonous to the majority of the employees. At the enterprise level also areas such as lending, especially to the larger among SMEs and the corporate sector, treasury and foreign exchange absorb only a very small fraction of employees and it is these tasks that need fairly high level of technical and relationship skill set. Resultantly, a large no of employees find themselves on the fringe, marginalized and disempowered.(Goswami,2007).This obviously has resulted in a deep sense of alienation and non belonging, affecting their integration with the organization's goals.

The primary concern of the banks now should be to integrate the human resource strategies with the business strategies. The changed work scenario needs more than just operational skills on the part of the employees keeping in mind the customer requirements. Banks have to understand that capital and technology-considered to be the most important pillars of modern banking are replicable-human resources are not. (Srinivasan, 2009)

With the changes taking place in the external environment, the banks have no option but to tune in with the rest of the world by empowering their manpower to lead the change.

Summary

While the relationship between empowerment and effectiveness seems obvious, there is a need to define this relationship clearly. This requires an identification of areas that need to be looked into to facilitate the sense of empowerment. Nowhere is this need more pertinent than the service sector, particularly the banks as the human intellect is their only instrument unlike the manufacturing sector that works with equipment and machinery.

Chapter 2 will take a look at the existing literature on both the constructs. Previous research provides the much-needed knowledge and provokes further thought process for entering domains not visited earlier.

CHAPTER 2

Literature Review

Empowerment

While a lot of research has been undertaken on empowerment, most of it is focused on the benefits or pitfalls of psychological empowerment. The review of literature revealed two pertinent issues. One, empowerment is still evolving and a universal definition has yet to emerge, and two, despite this inherent limitation, it has been researched in a variety of contexts and diverse countries across the globe. This might seem paradoxical, however, it is reflective of the ever-growing interest in the perceived outcomes of the practice of empowerment. Accordingly, this chapter has been arranged to accommodate and highlight the above observations. Studies on empowerment that reflect the evolution of the concept along with the models proposed for the implementation of empowerment have been put in one section. After this section, important studies that have dealt with empowerment as a dependant factor or an independent variable in relation to a host of variables like job satisfaction, organizational commitment, trust, climate, culture, service quality, work outcomes, turnover intentions, leadership behaviour etc. have been discussed.

Studies related to Concept Development, Measurement and Models for Implementation

The pioneers in introducing the term and provoking further research on the subject, **Conger, J.A & Kanungo, R.N (1988)** defined empowerment as a process of “enhancing feelings of self-efficacy among the organizational members through the identification of conditions that foster powerlessness and through their removal by both organizational practices and informal techniques of providing efficacy information.” The two authors viewed empowerment as a five-stage process that includes the psychological state of empowering experience, its antecedent conditions and its behavioral consequences. Certain conditions that lead to lowering of self-efficacy in the employees have been identified and these include organizational factors, supervisory style, reward system and job design. The identification of these conditions prompts managerial practices that aim at removal of these conditions that reduce the sense of self-efficacy. The discussion concludes by suggesting new directives for further research on empowerment, antecedents, effect of empowerment on employee behaviors and linkages between empowerment and leadership strategies.

Kenneth, Thomas.W & Velthouse, Betty.A (1990) further developed the approach taken by Conger and Kanungo by proposing a cognitive model of empowerment. It has been defined as “increased intrinsic task motivation, which involves those generic conditions by an individual

pertaining directly to the task that produce motivation and satisfaction”. The proposed model focused on identification of those conditions called task assessments, which manifest themselves in 4 dimensions-impact, competence, meaningfulness and choice. It also distinguished between task assessments and those at the global or general level. Interpretive dynamics that underlie the task assessments at both levels were also explicated as causal variables. Suggestions for further research included comparison of effects of interventions separately and in combination with each other and evaluating probable effects of empowerment interventions that have not been based on explicit motivational assumption.

Spreitzer, G.M (1995) developed and validated a multi dimensional measure of psychological empowerment in the workplace. The research used the 4 cognitions namely: Meaning, Competence, Self-determination and Impact as proposed in the Thomas and Velthouse model. A separate scale was used to measure each of the four dimensions. The reliability of the scale was .72 and .62 for primary and secondary samples respectively. Second order confirmatory analysis was used to demonstrate convergent and discriminant validity of the four dimensions and their contribution to the overall construct. Structural equations modeling was used to examine a nomological network of psychological empowerment in the workplace. Effectiveness and innovative behaviour have been hypothesized as consequences of psychological empowerment. Initial support for construct validity was demonstrated. Suggestions for further research include addressing the limitations of the nomological network across levels of organizational hierarchy, more comprehensive network using more personality and organizational variables and examination of a broader set of consequences.

Johnson Robin D and Thurstone E (1997) developed the ‘Empowerment Strategy Grid’ to help organizational leaders overcome the impediments to successful implementation of empowerment programme. The proposed grid had four quadrants namely empowering manager, empowered work team, platoons and automations. The vertical continuum, which is derived from firm specific definition of empowerment, illustrates transitions from disempowered to empowered. In the relevant study, authority control and trust were the firm relevant themes of the empowerment-disempowerment continuum. Authority implies authority to take decisions; control implies doing a task well in a self directed manner in ones way and time; employee trust was expressed as willingness to undertake tasks that might result in non-satisfactory outcomes exposing members vulnerabilities.

Baruch Y (1998) proposed a model to implement empowerment in organizations. According to the author the top managements perception, attitude beliefs and values can be described by constraints that can be grouped into 2 domains – ‘belief and fairness’. Belief represents the level to which top management genuinely believes in the underlying ideas of empowerment and its potential benefits. Fairness represents how far the top managements approach to empowerment in fair just and honest. These dual dimensions result in 4 quadrants namely dissociated, enlightened, fraudulent and

miser. 'Dissociated' bosses would reject the idea of empowerment because of a) personality/attitudinal reasons (e.g. belief in theory X) b) work processes do not allow delegations c) important decisions need skill and education that might be lacking. 'Enlightened' managers would apply empowerment 'text-book style' with associated positive outcomes. 'Fraudulent' bosses pay only lip service endorsing empowerment but without its basic nature. Decisions are delegated but the managers would have the last word. "Misers' believe that empowerment is a worthwhile idea and can be beneficial. However, empowerment stops at delegation and expectations on positive outcomes of their ideas of empowerment go up.

In case an organization lies in the enlightened or dissociated quadrant it need not move across, however a regular examination of whether empowerment is bearing fruit or not is required.

A strategic performance empowerment model was proposed by **Geroy, D., Wright, Philip and Anderson Joan (1998)**. The authors identified three essential ingredients of this model, namely –coaching, modeling and Career Path development. Coaching was defined as an informal, planned, ongoing process for interacting with employees. Authors suggested that to be effective, coaching must cut across hierarchies and functional boundaries. The goals of coaching were identified as skill enhancement and behavior modification. Modeling was referred to as the study of personal excellence as employees tend to emulate those whom they admire and respect. This was proposed as the most effective means of behavior modification. Quoting previous studies the authors contended that managers who earned the highest respect from their employees were concerned with career path & growth and goals. The authors linked the three variables together as a pre-requisite to any empowerment programme. Four premises were outlined by the strategic performance empowerment model (a) the three key variable, coaching modeling and career path development must be maximum (b) these three variables interact (c) only a combination of these three would optimize employee empowerment (d) anytime these three are not optimized, employees will not be fully empowered.

Menon, S.T. (1999) developed a psychometrically sound measure of empowerment. Empowerment was considered as a cognitive state characterized by a sense of perceived control, perceived competence and goal internalization. Perceived control includes impressions about authority, decision making, latitude, availability of resources, work autonomy etc. 'Perceived competence includes perceptions about ability to skillfully handle routine as well as non-routine tasks. Goal internalization refers to the organizations vision as being inspiring or not. The subscale reliabilities ranged from .80 to .88. Empowerment was correlated with degree of centralization, superiors' delegating and consulting behavior, self esteem, organization commitment and job involvement. The overall empowerment score was calculated by summing up the three subscales. It was found to be significantly negatively related to centralization. It was positively and significantly related to delegation and consulting behavior of the immediate boss, self esteem as also with the three outcome variables organizational commitment job, involvement and organization, citizenship

behavior. The scale developed showed strong discriminant validity at subscale level. Perceived control had negative correlation with centralization. Perceived competence was strongly related to self-esteem. Goal internationalization showed high correlation with affective organization commitment and job involvement.

Konczak et.al (2000) developed a Leader Empowering Behaviour Questionnaire (LEBQ) as an upward feedback instrument for employees to report on their perceptions regarding their leaders' inclination to empower. The scale with 17 items yielded alpha reliabilities from .82 to .88. The subscale dimensions included delegation, accountability, self-directed problem solving dimension, self-directed decision-making, skill development and coaching for innovative performance. The scale was further used to measure psychological empowerment (Spreitzer, 1995) with leader empowering behaviour.. It was further hypothesized that psychological empowerment would mediate relationships between leader empowering behavior and job satisfaction well as organization commitment. Correlations between LEBQ dimensions and individual factors were moderate to large. LEBQ dimensions demonstrated correlations with psychological empowerment as well as job satisfaction. Psychological empowerment partially mediated the relationship between each LEBQ dimension and job satisfaction as well as organizational commitment.

Mills & Ungson (2003) argued that from a structural perspective empowerment presents a dilemma for managers who fear loss of control and adverse effect on organizational performance. The authors presented six propositions relating to organizational constitution and trust as controls for offsetting the potential side effects of empowerment. Structural empowerment was viewed as the underlying condition under which stable and continuous exchanges in information and resources among organizational participants are facilitated and sustained. Organizational constitution has been defined as a set of agreements and understandings that define the limits and goals of the groups as well as the responsibilities and rights of participants standing in different relations to it. The authors proposed that in state of empowerment it is the organization constitution and its valuation component (norms established to address non recurring forms of transactional exchange) that will serve to moderate employee expectations and organization requirements on one hand as well as assuring performance & realizing organizational goals on the other. Trust has been seen here as two pronged which can increase effectiveness of organization constitution but also involves cuts on part of the organization and empowered employee.

Empowerment as a dependent, mediating, independent variable.

Spreitzer (1996) examined the influence of organizational context on individual empowerment with an objective to study the work unit design characteristics of an empowering system. The six work unit social structural characteristics that were examined were low role ambiguity, boss with a wider span of control, socio-political support, access to information, access to

resources and participative unit climate. Suitable hypotheses were formulated linking all the above factors to empowerment. Size of the organization and education were taken to be control variables. Data was collected from a sample of 393 middle managers representing diverse units of fortune 50 organizations. Role ambiguity and a wide span of control were found to be negatively related to empowerment and socio political support, access to information and unit climate showed a positive relation. Access to resources showed no relation whatsoever.

Cacioppe, Ron (1998) traced the implementation of an empowerment programme in a popular resort hotel in Australia. The article highlighted the concept behind its design; the training programme and the organizational support required as also the survey to measure the success, the problems encountered and future directions for research. The key aspects of the programme were management commitment & support, a flexible system with guidelines to support employee actions and training to staff to provide solutions for customer problems. Success was measured on responses received from employees on statements prior to inception and then 18 months after the implementation of the training programme. The result showed an increase of 9 points that was considered significant. The study cited problems encountered which can serve as directions for other organizations that wish to implement similar programmes. The key problems encountered were partial understanding of the concept that may lead to half-hearted encouragement & adoption on part of middle management and loss of direction & commitment on part of the empowerment team. This could be attributed to less reward, reinforcement or guidance given to empowerment team members by senior management.

Smith Amelia & Mouly, Suchitra. V (1998) explored empowerment status in New Zealand firms using two manufacturing firms as case studies. Two New Zealand firms were taken up for this largely quantitative case study. Largely unstructured interviews were used involving five managers and employees in each of the two organizations. Supplementary, relevant data was also gathered. The organizations were manufacturing firms that underwent workplace reform. Findings indicate that the notion of empowerment varied across and within organizations implying thereby that differences in understanding of the concept may give rise to different expectations regarding the outcomes. The data gathered also suggested differences in perceptions of being empowered limited by responsibility and accountability. The perceptions regarding being empowered also varied across hierarchical levels. Supervisors and middle managers experienced a loss in responsibility and power. The study also suggested that empowerment appeared to be context specific. The previous situations as well as other members in the organization also influenced perceptions regarding empowerment. Important facilitators quoted include clear statement of goals, strong leadership, and visible support from management, adequate feedback, appropriate rewards, long-term perspective.. Factors that inhibit employees include poor credibility of management, bureaucratic structure, fear of losing power

amongst others. The article concluded with the suggestions that these factors could be used as starting points for further investigations these can also be used to check whether the right environment for enabling employment has been created or not.

A comparison of Swedish and British banks was carried out with an aim to study the perception gap in employee empowerment. The aim of the research carried out by **Len Holden (1999)** was to compare the degree and type of employee empowerment in operation in two banks in Sweden and Britain. An examination of the constraints on empowerment practices in organizational and national contexts was also carried out. The research covered a three-year period from 1992 to 1995. The findings concentrated on the informational aspects of empowerment. Examination of communication forms yielded expected results that Swedish workers have greater sense of involvement and hence feel more empowered. They demonstrated greater awareness of their company's market and financial position as well as corporate and personnel strategies. Also, Swedish workers had a higher perception level regarding regular receipt of company information on all issues. The British counterparts reported lower levels of awareness on all the above issues. Within managerial and non-managerial respondents, largest differences were reported in perceptual levels on adequacy or inadequacy of information channels with managers scoring better in both the banks. Both the groups felt most informed about training courses and redundancy through the response rate was lower overall. There was however, little difference between the two countries as far as the most popular method of communication is concerned i.e. by the immediate superior. However, the Swedish workers were discovered to be more participative via channels like trade unions and work councils. The study revealed that while empowerment was perceived as a motivator, the employees perceived it in a wider context and desired to know the strategic issues that would influence them in the long run for empowerment to be successful.

Cloete, Venessa J., Crous F, & Schepers, J. M., (2000) studied empowerment levels in a local government setting to compare with diverse biogeographically on age, gender, language, length of service, qualification and remuneration. A scale was developed and evaluated for the purpose of the study. That 90-item scale was administered to 164 employees in a local government setting. The alpha reliability was .98. Results showed that male perceived themselves to be more empowered than the females. Various language groups also differed significantly from one another ($F(2141) = 9930$, $p < 0.0001$). The results for other variables like length of service, qualification, remuneration were insignificant. The article provided suggestions for implementing empowerment in context under study. It also suggested further areas like empowerment and job satisfaction & intentions to quit for investigation.

Baker, Denise Keltner (2000) examined the relationship between employee empowerment and organizational commitment. The conceptual framework used in the study to define empowerment consists of four dimensions meaning, competence, impact and an overall empowerment gestalt. The

conceptual framework used in the study to define commitment consists of three dimensions; affective, normative and continuance. 550 employees at two manufacturing organizations completed a self-report questionnaire. Fifteen study hypothesis, focused on the association of dimensions of empowerment and the empowerment gestalt and each dimension of commitment were investigated. Regression analysis showed statistically significant relationship between affective and normative commitment and the empowerment gestalt and dimensions of power except for self-determination. The level of education, gender and tenure had implications on the relationship between empowerment and commitment. Of the hypotheses investigated, significant interaction effects were present for ten of the hypotheses. For example, the results of the regression analysis examining the relationship between meaning and normative commitment, revealed 52% of the variance in meaning. The null hypotheses rejected provided evidence of the presence of a relationship between employee empowerment and organizational

Savery & Lucks (2001) presented some evidence from Australian organizations on relationship between empowerment, job satisfaction and reported stress levels. In an attempt to increase productivity, the organizations have been reducing workforce on one hand and empowering the survivors to make decision that affect them on the other. The objective of the study was to explore the possibility of using empowerment to reduce the job stress arising out of events like downsizing and also increase productivity. The data were collected by the Federal Government across Australia and released in 1997 (called AWIRS 95). 78% of the sample size felt highly influential on how they did their work. The area where influence over decision making was 'how work is done (48%)'. 'Type of work' "how to do work" and 'pace of work' emerged as most popular areas of high influence and least popular was 'workplace management' and/or organization. 41% of the respondents felt their job to be highly stressful. 13% of those who felt the above believed that they had a large amount of influence compared to 29% who claimed that no influence ($x^2 .79.91$, $p 0.00001$). This revealed a direct relation between low or non-existed amount of influence and stress. This relationship between job stress and influence also varied across occupational groups. 53% of managers who claimed a lot of influence found their jobs stressful compared to 32% of laborers, 34% of plant and machine operators, 30% of sales and personal service workers, 29% of clerks, 35% of tradespersons, 48% of para professionals and 44% of professionals, indicating a positive and direct relationship between hierarchy influence and job stress. Positive relationship also showed up in higher positions, higher education, and higher autonomy. Findings also indicated a positive relation between job satisfaction and perception of being paid fairly.

Menon and Pethe (2002) studied the organizational antecedents and outcomes of empowerment in India. The objective of the study was to examine the role of climate and leader empowering behaviour in creating a sense of psychological empowerment. Psychological empowerment was also examined as a mediating factor between climate and job involvement. The

sample consisted of 357 employees in small and medium manufacturing organizations. The results indicated a positive relation between leader empowering behaviour, organizational climate and psychological empowerment. To test mediating hypotheses, structural equation modeling was set up with organizational climate and; leadership as antecedental variables, job involvement as outcome and psychological empowerment as mediating variable. The results supported the mediating hypotheses.

Dimitriades, Zoe & Kufidu Stella (2002) correlated empowerment with individual job, organizational and contextual factors. Hypotheses relating psychological empowerment with gender, age total work experience, focus of control, job level organization size and industry were formulated. While nominal scales were used to measure demographics, locus of control job level, size and industry types, empowerment was measured using Spreitzer measure (1995) and Locus of Control using Sap's & Harrods (1999) three item measure. The data was collected from 163 students on two universities in Greece. Job level were positively associated with all empowerment dimensions but unrelated to empowerment dimensions of meaning. Positive associations were also identified between age, perceived impact, perceived competence and overall empowerment. Large organizations size was significantly negatively correlated with meaning dimension of empowerment. Employees in service industries were not found to be more empowered as compared to their counterparts in manufacturing. The study put forth 2 important suggestions:

(a) Further refinement of determinants and (b) further studies on exploring the link between empowerment and gender as well as empowerment and industry system

Geralis M & Terziovski, M. (2003) empirically examined the relationship between empowerment practices and service quality outcomes in Australian banks. The study was conducted on three major Australian Banks using existing theoretical models namely (Australian business excellence framework,, 2001, Heskelt's (1987) Quality Wheel and Schlesinger & Heskelt(1991) cycles of success and failure. The study hypothesized significant and positive relationships between employee empowerment and employee autonomy, empowerment and employee feeling of well-being. Also a significant and positive relationship was hypothesized between employee feeling of well being (job satisfaction and morale) and performance measures (customer satisfaction, customer loyalty and productivity). Quantitative data collection was done using a self-designed survey instrument. The empowerment construct of the survey instrument consisted of items reflecting employee autonomy, access to information & resources and involvement practices. The service quality construct contained items indicative of staff personal qualities, abilities of staff and performance outcomes. The reliabilities of both the constructs were .84 and .81.

The results indicated a strong positive relationship ($r = .581$) between empowerment and autonomy. The employee sense of well being was measured by job satisfaction and employee morale. Results indicated a strong positive relationship between ($r=0.528$) between job satisfaction and

empowerment. A moderate positive relationship ($r = 0.406$) was also identified between variables of empowerment and employee morale. A high positive relationship ($r = 0.492$) was identified between employee feelings of well-being and performance measures. The study demonstrated a strong positive correlation between empowerment and service quality outcomes. The importance of implementing empowerment practices that promote employee autonomy was advocated in managerial implications. The use of practices identified in the study viz discretion over tasks, access to training and skills and involvement in self-controlled work groups, was advocated to achieve successful implementation of empowerment programme.

Laschinger et al (2004) tested an expanded model of Kanter's Structural theory of organizational behavior (Kanter 1979) by examining the relationships between nurse empowerment and then perceptions of Effort-Reward Imbalance. 112 nurses responded to three instruments used for to measure structural empowerment consistent with Kanter concept of empowerment namely perceived access to information, opportunity, support and resources as well as perceptions of formal and informal power. Psychological empowerment was measured using Spreitzer (1995) scale manifested in meaningfulness competence self-determination and impact. The results showed nurses as moderately empowered ($M = 18.48$ S.D. 3.00). They had highest access to opportunity and lowest access to formal power ($M = 2.56$ S.D. 0.83). It was also reported by the nurses that moderate amount of effort was spent ($M = 18.52$ S.D. 3.75) and the rewards received were from moderate to high. The nurses did perceive some degree of effort. Reward imbalance (Mean ERI Ratio = 0.82) To examine the effects of different components of empowerment on ERI, bivariate correlational analysis was conducted which revealed access to resources being strongly united to extrinsic efforts ($r = -0.43$, $p < 0.001$). Perceived rewards were significantly related to all empowerment variables and most strongly with formal power ($r = -0.35$) and degree of autonomy nurses experienced in their jobs ($r = 0.28$). The study further emphasized the relationship that greater access to empowerment structures led to greater feelings of psychological empowerment. The study also showed how empowerment could lead to lower levels of job stress. The results suggest that employer's individual ways of coping up with job demands particularly the tendency to take on extra work should be borne in mind while creating healthy work environment which includes support feedback involvement in decision making, meaningful rewards and providing organization wide recognition for achievements.

Carless, Sally (2004) studied the impact of psychological empowerment as a mediating variable between psychological climate and job satisfaction. The data were collected from one seventy four-customer service employees working in call centers. Psychological climate was assessed by using scale developed by Hart et. al (2000) on measures of role clarity, supportive leadership, participative decision making, professional interaction, appraisal and recognition, professional growth and goal congruence. Empowerment was measured by a 12-item scale developed and validated by Spreitzer (1995) with meaning, competence, impact and self determination as its components. Job

satisfaction was measured using two scales from Job Descriptive Index (Balzer et.al (1997): Work on Present job and General Job Satisfaction. The NEO-FFI neuroticism scale assessed negative affectivity. The analysis revealed high average intercorrelations between the facets of psychological climate. The correlation between general job satisfaction and and present job satisfaction was high. Although negative affectivity had a moderately strong negative influence on psychological climate, it had no direct impact on empowerment and job satisfaction. The standardized indirect effects indicated that negative affectivity had a modest indirect influence on empowerment and job satisfaction. To test the mediating effects of empowerment on the psychological climate-job satisfaction relationship a direct pathway from psychological climate and job satisfaction was added. The results indicated that the pathway was insignificant thereby indicating that the relationship between psychological climate and job satisfaction was completely mediated by empowerment. Regression analysis indicated that general and present job satisfaction was significantly related to meaning and impact. Competence emerged as a suppressor variable. Self-determination was unrelated to job satisfaction.

An attempt was made by **Dimitriadis, Zoe (2005)** to examine the validity and reliability of two most used measures of psychological empowerment i.e. Spreitzer & Menon in culturally diverse settings. To examine the cultural dimensions Hofstede's cultural dimensions were used. The study used a non-probability sample of Greek employed students enrolled in two tertiary education institutions in the metropolitan cities. The reliability and validity of the Spreitzer measure revealed Spreitzer measure to be significantly positively related to Menon measure and its subscales and negatively related to helplessness. The results showed no correlation with social desirability scale. All the three dimensions of the Menon scale, namely perceived control, perceived competence and goal internationalization were found to be moderately correlated revealing their discrimination as separate components. It also displayed positive correlation with Spreitzer's scale and its subscales viz meaning, competence, self-determination and impact. Moreover, the Menon scale was significantly and negatively associated with helplessness and had no significant correlations with the social desirability scale.

The study also reported favorable comparisons with reported findings from Canada, USA and Australia revealing the universal applicability of the empowerment construct. Additionally, the search for a link between empowerment and individualized measure of Hofstede's cultural dimensions revealed no relation of power distance and positive association of uncertainty avoidance with overall empowerment.

Chaoping LI. et al. (2006) carried out the measurement of empowerment in the Chinese context and its effect on employee work attitude. While the Spreitzer measure was employed to study empowerment, work attitude was measured in terms of job satisfaction and organizational commitments, job burnouts and turnover intention. The sample size was 395 employees from three

different companies. Exploratory Factor Analysis showed support for all the four empowerment measures; meaning, self-efficacy, self-determination and impact. Cronbach alpha coefficients for all four subscales were above 0.70. Data was also taken from another sample of 942 employees that was subjected to confirmatory factor analysis. This confirmed the factorial validity of the Spreitzer measure. This sample was also used to cross validate the relationship between psychological empowerment and job satisfaction, organizational commitment, turnover intention and job burnout. Meaning and self-determination had positive association with job satisfaction and organizational commitments. Self-efficacy showed positive association with organizational commitment. Turnover intention and job burnout showed negative relationship with meaning.

In their study on the antecedents and consequences of psychological empowerment **Chiang, Chun-Fang, & Jang, Soo Cheong (2007)** took up the hotels in Taiwan. The primary objectives were to a) examine the consequences of psychological empowerment from the hotel employees' perspectives, b) to identify the antecedent factors influencing the aspects of psychological empowerment c) to examine the consequences of psychological empowerment from the hotel employees perspectives. 159 questionnaires received from the hotel employees in Taipei in Taiwan were analyzed using confirmatory factor analysis (CFA) and structural equation modeling (SEM). The CFA yielded high loadings on expected constructs except one item on organizational culture and self-determination. These were then dropped and the model a good fit. SEM established a positive association between supportive leadership and trust along with organizational culture. Trust also influenced the four components of psychological empowerment as hypothesized. Both trust and organizational culture were shown to be antecedents of psychological empowerment. Amongst the consequences, job satisfaction had significant and positive relationships with self-determination, organizational commitment had a non significant relationship with any component of psychological empowerment.

In a study on antecedents and consequences of Psychological and environmental empowerment **Meyersen & Kline (2008)** sought to clarify empowerment as a construct and to assess whether empowerment differently predicts job extremes at structural and psychological levels. The effects of transformational and transactional leadership on empowerment were also investigated. Breugh's nine-item scale (1985) was used to measure environmental empowerment based on three dimensions Work method work scheduling, work criteria). The competence subscale (Spreitzer, 1995) was used to assess psychological empowerment. Aroliv's (1999) multifactor questionnaire was used to assess participants' perceptions of transformational leaders. Wilhelm & Anderson's (1991) for job performance, job descriptive idea by Smith (1969) for job satisfaction, Meyer et al (1993) for organizational commitment and Neal (2006) for turnover intentions were other measures used to assess the respective variables. Data was collected from 197 university students. Results through CFA supported the hypotheses that a two-factor model would be a better fit. Both environmental and

empowerment predicted job satisfaction favorably through psychological empowerment did not. Similarly psychological empowerment did not predict organizational commitment favorably though environmental empowerment did. It was hypothesized that both environmental and psychological empowerment would negatively predict turnover intentions. This was not supported. However, both the types of empowerment predicted job performance favorably. Transformational leadership and its facets favorably predicted environmental empowerment but not psychological empowerment. Hence the construct of environmental empowerment was more predictive of workplace empowerment.

Naeem, Hummayoun & Saif, M.Iqbal (2010) investigated the relationship between employee empowerment and customer satisfaction in two banks in Pakistan. A multi stage cluster sample of 644 bank officers was drawn from these two banks. One was a foreign bank that empowerment in place and the other was local bank with no empowerment practices. A nine-item tool for measuring employee empowerment was adopted from a detailed questionnaire from a detailed questionnaire developed by Ngware et.al (2006). The customer satisfaction was assessed using Taylor and Baker's (2004) five-item scale. Both these instruments depicted high reliability. The regression analysis that was carried out revealed insignificant relationship depicting no relationship between employee empowerment and customer satisfaction. The authors cited non implementation of empowerment in letter and spirit, corruption, prevalence of collectivist mind set as a societal value, low risk taking ability of managers, lack of accountability, lack of pre- empowerment orientation as some of the reasons behind this insignificant relationship.

Biron and Bamberger (2010) integrated psychological and socio-structural perspectives on empowerment by examining: a) the impact of *actual* structural empowerment initiatives (as opposed to *perceptions* of such empowering acts) aimed at enhancing employee influence over *which* tasks to perform (as opposed to *how* to perform them) on employee well-being and performance, b) the degree to which self-efficacy mediates these effects, and c) the extent to which, by applying such initiatives more selectively, performance-related empowerment effects may be amplified. Results of a simulation-based experiment indicate that while granting decision latitude over which tasks to perform has beneficial effects on both individual performance and well-being, self-efficacy partially mediates the effects only on the latter. Results also indicate that the direct performance-related effects of such interventions may be further increased without any significant decline in employee well-being to the extent that such structural empowerment is applied more selectively and offered as a performance-based incentive.

Jinhua Yang(2013) identified a higher turnover rate in Chinese staff nurses and it was highly correlated with lower commitment. Empowering work environments that support professional practice have been positively related to nurse outcomes. This study was to integrate structural empowerment theory with magnet hospital characteristics and provide empirical evidence on the relationships between structural empowerment, professional practice environments and organizational

commitment. A cross-sectional design was used to examine the relationships in a sample of 750 full-time nurses employed in five Chinese hospitals in 2011. Structural equation modeling was used to test the proposed hypotheses. The results support the hypothesized model. Professional practice environments partially mediated the relationship between empowerment and organizational commitment. Our findings suggest that higher empowerment facilitates the professional practice environments and commitment of these nurses.

Fernandez and Moldogaziov(2013) used the Self-determination theory to theorize about the effects of different empowerment practices on job satisfaction. Employee empowerment was conceptualized as a multi-faceted approach that consisted of practices aimed at sharing information, resources, rewards and authority with lower level employees. The results indicate that empowerment practices facilitated improving self determination(sharing information about goals and performances, providing access to job related knowledge and skills and granting discretion to change work processes) have positive effects on job satisfaction and conversely, the practices that do not facilitate autonomy do not affect job satisfaction.

Organizational Effectiveness

Though research on Organizational Effectiveness started and evolved much earlier than empowerment, yet it is characterized by the same lack of consensus on what constitutes the term organizational effectiveness. What compounds this lack of consensus is the multi dimensional nature of the field. There are as many theories, models, indicators as the number of researchers. While such a rigorous debate is definitely fruitful for any discipline, it confuses a researcher who desires to undertake empirical research and measure the effectiveness of an organization. As in the previous section, review of literature on organizational effectiveness has also been divided into two subsections. The first reviews studies undertaken to develop models and indicators of organizational effectiveness. The second section reviews researches carried out to study the impact of different variables on organizational effectiveness. Competing Values Approach (CVA) has been used as the basis for studying OE. There was an attempt to include as many studies as possible that have derived or used this approach.

Despite the best attempts, studies undertaken earlier that sought to examine the relationship between empowerment and organizational effectiveness in banking organizations using specifically the CVA could not be located. Studies that have measured the effectiveness of banks have usually used financial/tangible/objective measures that are beyond the scope of this study and hence have not been included.

Indicators, Models, Approaches to Organizational Effectiveness.

Quinn & Rohrbaugh (1983) proposed an alternative approach to assessing organizational effectiveness that was labeled Competing Values Approach (CVA). The development of this approach was conducted at two levels. In the initial study, seven individuals who had research interests in the field of organizational effectiveness participated in the study. They were asked to participate in a 2-stage judgment task in order to reduce the list of 30 criteria as put forth by Campbell (1977). In the first stage participants were asked to eliminate the criteria by applying certain decision rules. 13 criteria were eliminated in this stage. In the second stage, each panel member made judgments of similarity between every possible pairing of the criteria not eliminated in the first stage. Three dimensions emerged out of the analysis; organizational focus (external or internal); second, organizational preferences (structure or flexibility); and third, organizational outcomes (means or ends). The results were then replicated with a larger, more diverse group of organizational theorists and researchers. Judgements about similarity between every possible pairing criteria not eliminated by the panel in the exploratory stage yielded 136 comparisons by each participant. The multi-dimensional scaling analysis yielded the same three value dimensions as before. The separation of 17 effectiveness criteria in multi dimensional scaling yielded four different models. Human Relations model that places a great emphasis on flexibility and internal focus; Open Systems model which emphasizes flexibility and external focus; Rational Goal model stresses upon control and external focus and the Internal Process model that stresses control and internal focus. The spatial model thus demonstrated how these four models are differentiated and related in terms of these value dimensions.

Quinn & Cameron (1983) proposed that the criteria of effectiveness would vary with the stage of development an organization would be in. Nine different models of organizational life cycles were taken up for the study and four common stages were identified in all the models. These were: entrepreneurial stage (early innovation, niche formation, creativity), collectivity stage (high cohesion, commitment), formalization and control stage (stability and institutionalization) and structure elaboration and adaptation (domain expansion and decentralization). The Competing Values framework was applied to bring some order to the diverse array of effectiveness criteria used in the empirical research. As stated earlier, individuals make assumptions about the effectiveness of the organizations based on three underlying dimensions-internal vs. external focus, flexibility vs. control and ends vs. means. The existing criteria for all effectiveness clustered around this dimension and were consistent with the four models that were used in the past i.e open systems, rational goal, internal process and human relations. The authors emphasized that as organizations progress through their lifecycle; the different criteria of effectiveness emphasized by the model should parallel the changing activities and characteristics of the organizations over time. In the entrepreneurial stage that is characterized by innovation, creativity and gathering of resources- the strongest emphasis should be on the open systems criteria i.e. the success of the organization would be associated with flexibility, growth acquisition etc. The collectivity stage is characterized by informal communication and

structure, a sense of family and cooperativeness among members, high member commitment and personalized leadership. Hence, human relations criteria would require emphasis. Rational goal and internal process models are most relevant in the formalization stage that is characterized by organizational stability etc. As an empirical analysis, New York State department of Mental Hygiene was studied for a period of three years. The organizational history suggested evidence of the predicted pattern as provided by the authors. The entrepreneurial stage was followed by the collectivity stage with an internal strategic constituency being the most powerful (i.e being led by the Director). Formalization and control were contradictory to the accepted values of the organization. The success of this internal strategic constituency faced a setback, when it had to face criticism on its working through a series of newspaper articles. This created an overwhelming pressure towards formalization characterized by efficiency, control and planning. This necessitated a change in structure and activities. The conclusion to the article highlighted the predictive value of the changes in the criteria of effectiveness and organizational lifecycle stages.

An exploratory study by **Smith and Gannon (1987)** examined how the criteria for organizational effectiveness vary with different stages of growth and development. In this study, the effectiveness criteria like control, leadership, communication, planning, perspectives on change, knowing the business, market orientation, innovation and risk taking employed by entrepreneurs by small start up firms in their initial stages of growth were compared to those of employed by professional managers from both high growth firms and more mature firms experiencing decline. Thirty-one entrepreneurs and professional managers from 27 firms participated in this study. The major conclusion drawn was that the criteria for organizational effectiveness were likely to change with different stages of organizational growth and development. Three effectiveness profiles emerged for the three stages of firm growth. Of the three entrepreneurial firms had the narrowest perspective emphasizing leadership, planning and knowing the business. In contrast professional managers from high growth and mature organizations used a broader set of criteria like communication, leadership, knowing business being innovative which probably reflected the more complex nature of their organization.

Handa & Das (1994) used the competing values approach to predict the level of organizational effectiveness in a construction firm. The multivariate model that was developed to relate the organizational characteristics along the 4 domains of effectiveness according to the CVA was done in three main steps. First, the relevant variables were identified, second, a field study was designed that collected data from management and workers by a questionnaire and reliability tests were carried out. In the final step, statistical analysis were used to determine and validate a multivariate linear model. 14 variables that were identified were grouped into four general categories: structural context, flexibility, rules and regulations, strategic means & goals and person oriented processes. Kendall's correlation showed very low correlation of subcontracting, integration of

services, level of goal setting and level of joint venturing. Moderate correlation was seen with adherence to rules and regulations, level of coordination, information flow and level of control. Attitude towards change, level of multi project handling ability, cultural strength, level of workers participation in decision making showed a very high correlation with organizational effectiveness. Hence a strong culture that promotes participative decision-making is strongly associated with organizational effectiveness.

A multivariate model of organizational effectiveness was examined by **Srivastava and Ghadially (1996)** taking organizational, structure, communication process and locus of control of executives as antecedent variables. The study tested some aspects of contingency theory of organizational performance in Indian context. Two criteria namely organizational adaptability and organizational performance were taken to measure effectiveness of organizations. The findings of the present study indicate that organizational structure; communication process and locus of control are significant predictors of organizational adaptability and organizational performance in case of large organizations. However, in case of small organizations these variables cannot predict the adaptability and performance of the organization. It implies that structure-performance relationship is influenced by the size of the organizations in Indian context and contingency view of organizational performance is applicable to only large organizations

Gilbert, Ronald & Parzhigarhi, Ali.M (2000) attempted to define the indicators of organizational effectiveness to support quality. Specifically the authors aimed to study organizational performance measures that employees view important, demonstrate the importance of these measures across private and public organizations and use these standards to compare effectiveness across organizations. The approach employed in this study was based on the assumption that employees of the organization being studied have invaluable knowledge and expertise that can help in the identification of these criteria. Organizational Assessment of Quality (OAQ) was developed in the initial phase by interviewing 1500 employees who were queried regarding their expectations from organizations to demonstrate quality work. Initial 197 statements were narrowed down to 154 and in the third phase 60 were retained after taking responses from employees. The entire sample consisted of 7555 employees. The factor analysis yielded 9 measures of organizational effectiveness. These were: importance of the mission, supportive policies towards the workforce, appropriateness of organizational design, working conditions, pay and benefits, positive supervisory practices, work force loyalty and pride, operational efficacy and customer oriented behaviour. Two additional statements were added to see the employees' perception in terms of quality of the customer service and overall organizational effectiveness. Correlation results of these two perceptions with the nine measures of organizational effectiveness were found to be moderately to strongly correlated with employees' judgment about their organization's performance. The study also revealed notable differences between public and private sector organizations. The authors recommended that such

derived measures be used to identify internal barriers to quality. Such measures can also aid leaders of organizations in their efforts to learn more about their organization's performance effectiveness, both externally as well as internally.

Maltz (2001) developed a new model for assessing organizational effectiveness on the basis of survey of 180 respondents. Descriptive statistics were deployed to study whether different organizational types (e.g. high technology vs. low technology; small or large; speed of life cycle) suggested different success measure. The multidimensional framework was developed by studying five relevant research streams: corporate entrepreneurship, strategy, process, and product development, marketing and economic finance. Multidimensional model of organizational effectiveness which included financial, market \ customers, process, people development and future was developed. The research suggested that organizational success was multidimensional and could not be defined by a limited number of variables.

Jordan et al (2003) developed criteria within the CVA to assess and improve the effectiveness of research organizations. The study had two basic objectives: one, increase the understanding of the key elements in research environments that contribute to the ability of the staff to accomplish excellent research; two, develop tools and processes for assessing and improving such environments. Focus groups, and panels that consisted of scientists, R& D managers of computer and administrative support staff were asked to define the meaning of excellent research. 36 attributes were thus identified that were then arranged in four groups that were consistent with the CVA namely, human and physical resource development, innovation and cross fertilization of ideas, management and internal processes, and lastly setting and achieving relevant goals. These 36 attributes served as a basis for the survey that was designed to measure the profit of a research environment. The survey included detailed questions about thirty six attributes, questions about the importance of each attribute and which five should be the focus of improvement, changes in areas where improvement actions were identified, demographic, information. The results of the survey provided the organizations' managers and staff with concrete information from which to craft actions and improve their research environment. The authors concluded by citing previous studies on research and finding consistency regarding the attributes determined in the survey.

Sowa et al (2004) introduced a multidimensional integrated model of non-profit effectiveness (MIMNOE). This model studied organizational effectiveness from two distinct levels-management effectiveness and program effectiveness. These two levels were further subdivided into two subsets-capacity and outcomes. Management was defined as organizational and management characteristics-those that describe an organization and actions of managers within it. Program refers to the specific service or intervention provided by the organization. The subsections of these i.e. capacity and 'outcome' refer to the operating processes and the results produced by management and program activities. The authors put forth that for each of the subsection researchers should collect two types of

measures to understand the construct-objective and perceptual. The objective indicators for managerial capacity were stated as –a formal mission statement, a strategic plan, the human resource system, an independent financial audit and an information technology system or systems. The perception of organizational employees regarding the existence/ level of objective management measures need to be taken to discover any possible disconnect between practices and perceptions. Management outcomes were defined as financial health and job satisfaction a objective measures with corresponding perceptions of employees on these as perceptual measures. The program capacity measures proposed by the authors include technology, level of material resources provided to a program as well as problems that have occurred during the implementation of particular programmes. The perceptual measures focus on how employees respond with their own views on these measures. The program outcomes included the degree to which the program achieves its purpose. The corresponding perceptual measure was the client satisfaction. The authors recommended that multi level structural equation-modeling programme be used to analyze the key aspects. Three aspects that need to be carefully thought of before the implementation of the model were proposed as a) using non random sampling methods that may allow for a clearly defined sample of the organizations along with the particular criteria, b) tailoring of instruments and data collection methods to the specific organizations and c) encouraging the participation of non profit organizations.

The purpose of the study by **Shilbury and Moore (2006)** was to apply the competing values approach of organizational effectiveness to a sample of non-profit Australian national Olympic Sporting Organizations (NOSOs). The study was to determine the psychometric properties of the subscales developed within each of the four quadrants composing the CVA. Two hundred eighty nine constituents from ten NOSOs participated in this study. Initial factor analysis resulted in six of the eight theoretically derived cells in the CVA each yielding one reliable factor. These were Flexibility, Resources, Planning, Productivity, Availability of Information, and Stability. The other two cells, Skilled Workforce and Cohesive Workforce, each produced a two- factor structure. Further a confirmatory factor analysis was conducted to understand the relationship between these manifest factors, and organizational effectiveness, which revealed that the rational- goal model, comprising Productivity and Planning, was the critical determinant of effectiveness in NOSOs.

A similar research was carried out by **Papadimitriou (2007)** that attempted to conceptualize the effectiveness in a non-profit setting. The sample frame consisted of twenty Greek National Sports Organization. The Board of Directors, the General Secretariat of Sports, paid administrative staff, technical staff, international officers and elite athletes were incorporated to conceptualize items that signify effectiveness according to them. Seventy-two items that were culled from existing literature were reduced to forty after experts' review. 4243 completed questionnaires were subjected to exploratory factor analysis. Five principal factors were extracted namely, caliber of board and extended liaisons, interest in athletes, internal procedures, long term planning, and sports science

support. These five factors reported cronbach alpha reliabilities ranging from 0.78 to 0.94. The study showed that the key factors in organizational effectiveness are effective board management and scientific support. The study indicated that the effective governance of NSOs could be enhanced by the consideration of different constituent viewpoints of effectiveness. The model proposed was claimed to have universal applicability because the sports organizations around the globe have similar organization structures and operations.

Balduck, Anne-Line & Buelens, Marc (2008) presented a methodological multidimensional platform to measure organizational effectiveness in non-profit organizations. A two level CVA was provided instead of the traditional single level. The authors proposed that the application of the CVA as given by the original authors needed to be applied with caution in NPOs. They propounded that the non-profit effectiveness should distinguish between the effectiveness of the management operations and the effectiveness of the programmes that the organization delivers. Organizations that fail to deliver qualitative programs but are well managed are not completely effective nor are the organizations that have shaky management operations but that deliver excellent programs. Hence, the two level competing values model as proposed by Sowa, et. al (2004), discussed earlier, was adopted. An extensive review of sports effectiveness was carried out by the authors to generate criteria on both the levels-within the four domains of CVA. Secondly the effectiveness criteria was discussed with the sports practitioners from different clubs. Thirteen management and ten programme criteria were identified within the four domains of CVA. The third step consisted of semi structured interviews with sports administrators from various sports clubs. This was done to ensure that the selected criteria were perceived as best suited to measure organizational effectiveness and to identify deficiencies in the dimension pool. The final list consisted of 22 effectiveness criteria; three in the rational goal model, four in the open systems model, two in the human relations model and three in the internal process model at the management level. The programme level included four in the rational goal model, one in the open systems model, two in the internal process model and three in the human relations model. The conclusion given by the authors justified the two level split in the case of non profit organizations.

Scenario Planning and Organizational Ambidexterity were positioned as tools for improving effectiveness by **Chermack et al (2010)**. The CVA was used to define organizational effectiveness. Scenario Planning (SP) involves the use of multiple scenarios of the future to underscore the fact that the future is unstable, unpredictable and inherently full of uncertainties. Reframed as tools for learning, scenarios try to shift the thinking inside the organization. Organizational ambidexterity (OA) is the ability of the organization to concentrate on current responsibilities as well as future opportunities was cited as the key to firms' survival. It leads to competitive advantage. The organizations have to 'explore and exploit'. Where exploration is the search for novelty, exploitation is the constant improvement for present products, services, processes etc. Teams have a major role to

play in OA, as it is the task and context to a team that creates a trade-off between exploration and exploitation. The authors presented research possibilities in the form of implications for HRD theory and practice for SP regarding the effect of team coherence, role perceptions in terms of contributions to the SP projects.

Studies that focus on factors contributing to or related to organizational effectiveness

Sayeed (1991) made an attempt to examine the degrees of relationship between internally assessed organizational health dimensions such as adaptive ness and organizational excellence and perceived measure of organizational effectiveness in a multivariate framework, besides analyzing the moderating effect of job/organizational demographics on organizational health and effectiveness relationships. Data was collected from seventy-two employees of a medium size manufacturing organization. The results showed that organizational health dimensions, such as adaptive ness and organizational excellence, contributed significantly to organizational effectiveness measures, while problem solving adequacy and innovativeness related negatively with some facets of productivity and adaptability dimensions. The overall analysis revealed significant relationship with productivity dimension of effectiveness, whereas the relationship with adaptability and the composite measure of effectiveness was insignificant. Although moderating effects of individual differences were found to be statistically insignificant, the findings suggested a meager influence of individual differences.

A study by **Wilhelm (1993)** investigated the discrepancies or conflict between the attributions of leaders and members as a function of Leader-Member-exchange quality and explored the relation between attribution conflict and subordinate job satisfaction, perceptions of equity, and turn over intentions. Data for the study were provided by 141 supervisor-subordinate dyads from the managerial ranks of a large manufacturing organization. Findings suggested that attribution discrepancies were due, in part; to the tendency of leaders to make more favorable attributions for subordinates reporting higher LMX quality than for subordinates reporting lower LMX quality. Results also revealed that, while attribution conflict was negatively related to subordinate satisfaction and perceptions of equity and positively related to turnover intentions, attribution conflict did not predict subordinate work outcomes when the effects of LMX quality were controlled.

Hariharan and Ganeshan (1994) examined the nature and extent of association between the perceptions about the different factors of organizational effectiveness like job satisfaction, morale, industrial relation, quality of work life, organizational climate and organizational health and participation. They also identified factors of organizational effectiveness, which could help to motivate the participation. The study was undertaken in the public textile mills under the control of National Textile Corporation. The sample of Two hundred and fifty employees across the various levels of hierarchy through random sampling was taken. The findings showed the association between the perceptions about the different factors of organizational effectiveness and participation in

general was positive. In case of skilled and semi-skilled workers, the relationship of job satisfaction, morale, industrial relations and with work life with organizational effectiveness were found to be highly significant. The relationship between organizational communication and health of the organization was however found to be negative. But, in case of supervisors and executives, the relationships among the variables organizational communication, organizational health, and participation were found to be strong.

The study by **Verma and Jain (1996)** aimed at investigating the relationship between leadership styles of higher and middle level managers on organizational effectiveness. It also sought to examine the influence of individual-centered variables of age, education and length of experience on organizational efficiency. Ninety-two executives representing two levels of managerial hierarchy, the higher and the middle, constituted the sample for the study drawn from twenty-five large public limited companies from the private corporate sector in India. The results of the research revealed that at both levels, participative style was not correlated with organizational effectiveness. At middle level, bureaucratic and nurturing leadership style were not conducive to organizational effectiveness. Whereas, at higher level, bureaucratic leadership style was highly correlated with one's own efficiency and that the nurturing and bureaucratic style were significantly correlated with the effectiveness of the superior in terms of his various abilities. Further the multiple regression analysis revealed that the most potent and significant predictors of organizational effectiveness were the authoritarians and the task oriented, leadership styles at the higher level.

Vandenberg (1999) examined the perspective on employee involvement. At the core of this perspective were four mutually reinforcing attributes; powers, information, reward and knowledge and to the degree in which these attributes were spread throughout the organization and were not only the privilege of a few individuals, the organization could be said to be effective. It was found the involvement variable possessed both a direct influence upon organizational effectiveness and an indirect influence through its impact on employee morale. It also supported the notion that the high involvement attributes did not exist in a vacuum but were themselves a function of an array of reinforcing business practices.

Bhal and Ansari (2000) compared the average leadership style approach with the vertical dyadic linkage approach to leadership and examined the two as simultaneous processes. The study incorporated the five-item version of leader member exchange scale of Green et. al and LMX scale as a multi dimensional tool with the potential to test the reciprocity in a leader member dyad. The analysis of the findings was incisive and revealing that focused on the leader-member dyad and the quality of interaction as the key variable that formed the basis of unit differentiation. The major conclusions, arrived at were: behaviors directly related to the leadership situations were instrumental in determining the quality of exchange in dyads. The use of both upward and downward influence

strategies was predicted by the quality of exchange as a measure of leadership. The findings also revealed that quality of exchange was not a good predictor of hard outcome variables like intent to leave, while, other outcome variables for the members do get influenced by the quality of leader-member exchange.

Reddy and Gayatri (2000) examined the differences between the large and small organizations in terms of structure, communication and effectiveness.. For this purpose six textile organizations were selected and 235 respondents were chosen from workers and supervisory levels who were directly involved in the line of production. The results revealed that large organizations with higher levels of bureaucratization were able to communicate all policies and procedures accurately to their members and functioned effectively whereas small organizations with relatively less bureaucratization, more open and less accurate in communication were relatively less effective in their functioning. In addition, the present research found that the organizational phenomenon (organizational dynamics, attitudes of employees etc) was shaped by contextual factors like size, thus leading to effective organizational performance.

Koys (2001) addressed the issue of whether positive employee attitudes and behaviors influenced business outcomes or whether positive business outcomes influenced positive employee attitudes and behaviors. It was hypothesized that employee satisfaction, organizational citizenship behavior, and employee turnover influenced profitability and customer satisfaction. Data were gathered from 28 units of a regional restaurant chain via employee surveys, manager's surveys, customer surveys and organizational records over a two-year period. Cross-lagged regression analyses showed that employee attitudes and behaviors at time one were related to organizational effectiveness at time two. Additional cross-lagged regression analyses showed no significant relationship between organizational effectiveness at time one and the employee attitudes and behaviors at time two. These results indicate that human resource outcomes influence business outcomes rather than the other way around.

Dumblekar and Sharma (2001) in their research study in banking sector identified the correlation and role of leadership in the Banking industry that would help transform a bank into a high performance organization. The younger group with a maximum experience of 24 years covered 23 respondents, while the older group had 25 respondents with a minimum experience of 25 years. And amongst the 50 variables the questionnaire covered, leadership style was also one of them, which attempted to classify bank manager's supervisors at three levels as leaders on the basis of their communicative styles. The immediate supervisors of the manager usually either told the managers what to do/or allowed them to participate in the management process. The superior's superior diverted on telling and delegating to him. Selling as a leadership communication technique was rarely employed by any of the three categories of managers in dealing with their subordinates. The managers found that their CMD favored delegation, but not in participative leadership. The younger

managers felt that there was less participation by their immediate superior. However, the next two levels, specially the CMD, used delegation more frequently, the CMD did not employ either selling or participating as leadership communication. The views of the older managers almost paralleled those of the total sample. One of the implications for the CMD and other leaders was that “the communicative style and leadership behavior is under constant watch, and is critiqued by subordinate managers.”

Truran (2001) collected data from eight organizations which were knowledge intensive firms to identify variables and conditions related to knowledge gained by individuals in organizations and to study how that knowledge was used by the organizations to improve its performance. The results indicated that the hypotheses related to influences on organizational learning were statistically significant. Influences on learning did affect organizational success and learning influences might be combined into three groupings (individual sources, collective sources, and structural sources). The three influences affected framed views of success: (a) Outward and product orientation, ((b) inward and process orientation, and (c) financial orientation.

A study by **Ogunrinde (2001)** examined the extent to which Fortune 500 corporations were engaged in formal comprehensive strategic human resource planning and whether or not more comprehensive HR strategies were related to higher performance and efficiency. Data were collected from 173 respondent corporations. The six effective measures were sales-net, earnings growth-decile, employee/total assets, Labor costs/employees, earnings/Labor cost, and return on investment. Corporations engaged in HR strategic planning performed better than those which did not. It was also found that 54% of the companies surveyed indicated that more senior executives were participating in long-range planning than in the past.

Malik and Goyal (2003) in order to establish and evaluate organizational effectiveness for improved information system effectiveness in the organizations, suggested ACE model – a 3-ring model, comprising of processes to adapt, collaborate and evaluate which was tested by using the sample comprising of three automobile manufacturing organizations and seven ancillaries that supplied the components to the manufacturing organizations in the sample. One hundred and thirty two respondents participated in the study. Results, showed that the e-mail was commonly used application for intra-office and inter-office communications. However, this facility was used to exchange general information and specific details about orders but in an unstructured data formats which resulted in duplicity, redundancy and inaccuracy. Therefore, the use of quality information was low for decision-making, control, future planning and information analysis. Also, it was found that the increased level of sophisticated Information Technology, discouraged employees from adopting. In the absence of constructive evaluation process, there was no check on use of information system, hence the defaulters went unnoticed and unanswered, sufferers unattended and organizational

investments underutilized. Hence the organizational effectiveness in Indian Automobile industry was less than moderate.

Priyadarshini and Venkatapathy (2003) made an attempt to identify the factors affecting the effectiveness of various categories of banks pertaining to their financial performance and level of ownership. A total of 200 complete responses were collected from 20 banks, which were categorized, into top performing private banks, low performing nationalized banks and low performing private banks. From the analysis of the data it was found that there was significant difference between types of ownership of banks (nationalized, private) with respect to the following components of organizational effectiveness: immediate supervision, management leadership, compensation, organizational values, communication etc. The results on ownership types and levels of performance indicated that top performance nationalized banks scored high in immediate supervision, management leadership and personal morale and motivation followed by top performing private banks, low performing private banks and finally the low performing nationalized banks. Results on ownership types and levels of performance showed the nationalized banks had a higher score than the private banks on the components of feedback and growth, working conditions and job demands and compensation. The results on ownership types and levels of performance showed that top performing private banks had high organizational values compared to other categories of banks. Results on ownership types and levels of performance indicated the nationalized banks exhibited a higher score on communication and productivity and decision-making.

Yang (2007) sought to empirically examine the relationship between knowledge sharing, organizational learning and organizational effectiveness. Organizational Effectiveness was defined as the outcome of managerial effectiveness and operational performance. It was hypothesized that organizational learning and knowledge sharing, positively influence organizational effectiveness. The sample size consisted of 499 employees of nine international tourist resorts in Taiwan. The self designed questionnaire consisted of 12 items on knowledge sharing and five each on organizational learning and organizational effectiveness. The reliabilities were 0.8, 0.8 and 0.9 respectively. Organizational learning explained 73 percent of the variability and organizational learning along with knowledge sharing explained 80 percent of the total variance in the output of organizational effectiveness.

Ann Ji- Young et.al (2010) investigated correlates and predictors of organizational effectiveness focusing on culture and quality of work life. A convenience sample of 145 nurses working in Korean hospitals responded to the questionnaire. Findings indicated significant correlations between organizational culture, quality of work life and organizational effectiveness. R^2 was 44.7 percent in the hierarchical multiple regression model explaining and predicting organizational effectiveness. The authors concluded that intact organizational culture and quality of

work life for nurses would undoubtedly lead to improved organizational effectiveness. Without efficient and effective nursing care desired patient outcomes would be difficult to achieve.

Asraf, G & Abd Kadir,S(2012) reviewed the four main models of organizational Effectiveness namely the goal approach, the system resource approach, the process approach and the strategic constituency approach. Moreover, this paper introduced several models of organizational effectiveness in higher education. Then, a brief review was made on some empirical studies that used the Cameron's (1978) model of organizational effectiveness. In the end, the paper suggested that Cameron's(1978) model seems the most appropriate for studying organizational effectiveness in higher education.

Amah and Ahiazu (2013) conducted a co relational study as cross -sectional survey with employee involvement as an independent variable and effectiveness as a dependant variable. Involvement was measured by empowerment, team orientation and capacity development. Organizational Effectiveness was measured by profitability, productivity and market share. Results indicate that employee involvement positively influenced Organizational effectiveness. Employee involvement showed positive correlation with productivity, profitability and market share.

Summary

In summary, the dissertation hypothesizes that employee empowerment is linked to organizational effectiveness. Additionally, psychological empowerment and structural empowerment are also related directly to each other. Specifically, the study will address these research questions.

1. Does the type of ownership affect the perceptions regarding empowerment?
2. Does a sense of psychological empowerment positively affect the organizational effectiveness?
3. Is structural empowerment positively associated with organizational effectiveness?
4. Does structural empowerment affect the employee's perception of psychological empowerment?
5. Do designation, length of service and educations have a bearing on the sense of empowerment in the employees?

Chapter 3 will deal with the research framework followed in the study, the sample demographics and development of specific hypotheses.

CHAPTER 3

Research Methodology and Hypotheses Development

Introduction

The study focused on investigating the relationship between a sense of empowerment and organizational effectiveness in the banking sector employees. A comparison between the perceived levels of empowerment among the employees of public, private and foreign banks was central to this study. Such an understanding of the relationship between empowerment and organizational effectiveness is crucial for organizations that wish to implement empowerment programmes with an eye on outcomes like better job satisfaction, lesser turnover, higher organization commitment, less strain, better product and service quality etc. An additional issue that this study tried to explore was the link between a sense of being empowered and the ‘facilitators’ or ‘enabling conditions’ that shape this sense of empowerment. As some authors (e.g. Ahearne et al., 2005; Spreitzer, 2007) have noted, with the bulk of the research focusing strictly on the beneficial effects of psychological empowerment, few attempts have been made to link it to structural empowerment. As stated earlier, in the domain of this study structural empowerment has been defined as a set of conditions that ‘shape’ or ‘structure’ the sense of empowerment (psychological empowerment).

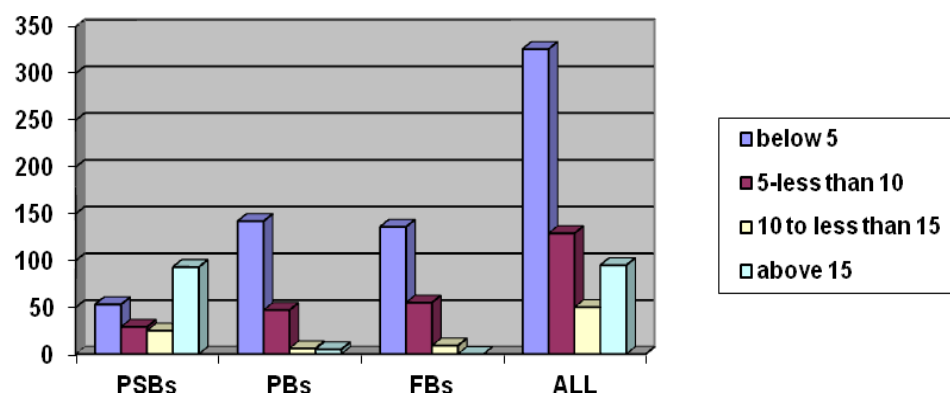
For every study, it is essential to apply appropriate sampling technique and adopt proper method; so as to achieve the objectives laid down for the investigation. It is more so, especially, when an investigation deals with human beings. Technique is to research, what method is to teaching in a sense that logic is to thinking. The selection of method depends upon the problem selected and the kind of data necessary for its solution.

Sample Size and Demographics

As discussed in chapter 1 Indian banks can be broadly classified into public sector banks (those banks in which the Government of India holds a stake), private banks (government does not have a stake in these banks; they may be publicly listed and traded on stock exchanges) and foreign banks. A random sample of 645 bank employees (215 from

each type of bank) was selected from various public, private and foreign banks. The sample was drawn from North Indian States- Punjab, Haryana, National Capital Region of Delhi and Union Territory of Chandigarh. Random stratified sampling technique was adopted to select the employees. After the initial screening 600 questionnaires (200 from each bank) were found suitable for further analysis and interpretation. A brief profile of the sample is as follows:

The sample profile on the basis of length of service is shown by figure 3.1. Out of the total sample of 600, 326 (54 percent) had length of service of less than 5 years, 129 (21.5 percent) had length of service between 5 to 10 years while 50 (percent) and 95 (16 percent) had length of service of 10 to 15 years and above 15 years respectively. In the public sector banks, out of the total sample of 200, 53 (26.50 percent) had length of service below 5 years; 29 (14.50 percent) had length of service between 5 and 10 years; 25 (12.50 percent) had length of service between 10 to 15 years and 93 (46.50 percent) had worked in the banks for more than 15 years. The distribution on the basis of length of service in the private banks was as follows; 142 (71 percent) had length of service of less than 5 years; 47 (23.50 percent) had a tenure of between 5 and 10 years; 6 (3 percent) had a length of service of 10 to 15 years and 5 (2.50 percent) had length of service of more than 15 years. In the foreign sector banks, 136 (68 percent) had a tenure of less than 5 years; 55 (27.50 percent) had worked in the foreign banks for a period between 5 to 10 years and 9 (4.50 percent) had a tenure of between 10 to 15 years. There was no respondent in the category of more than 15 years.

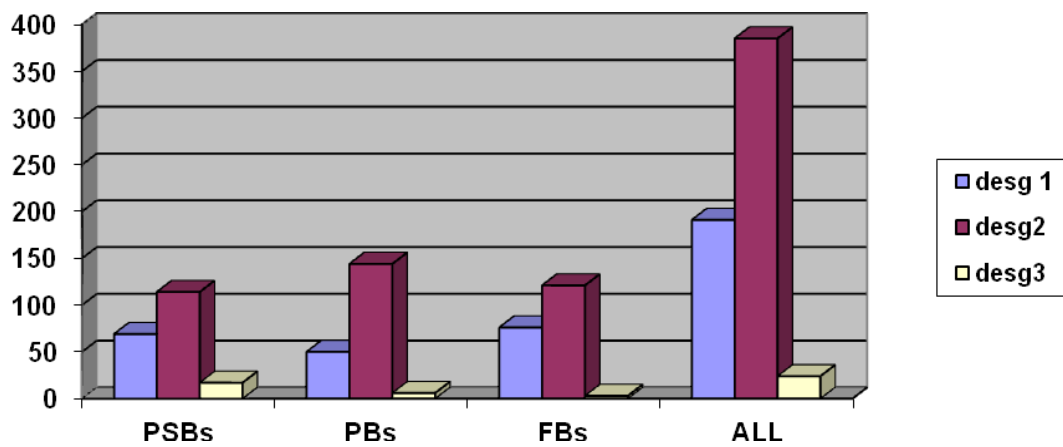


SAMPLE PROFILE ON THE BASIS OF LENGTH OF SERVICE

Figure 3.1

Figure 3.2 depicts the distribution of respondents on the basis of designation. For the purpose of the study, three categories of lower management, middle management and top

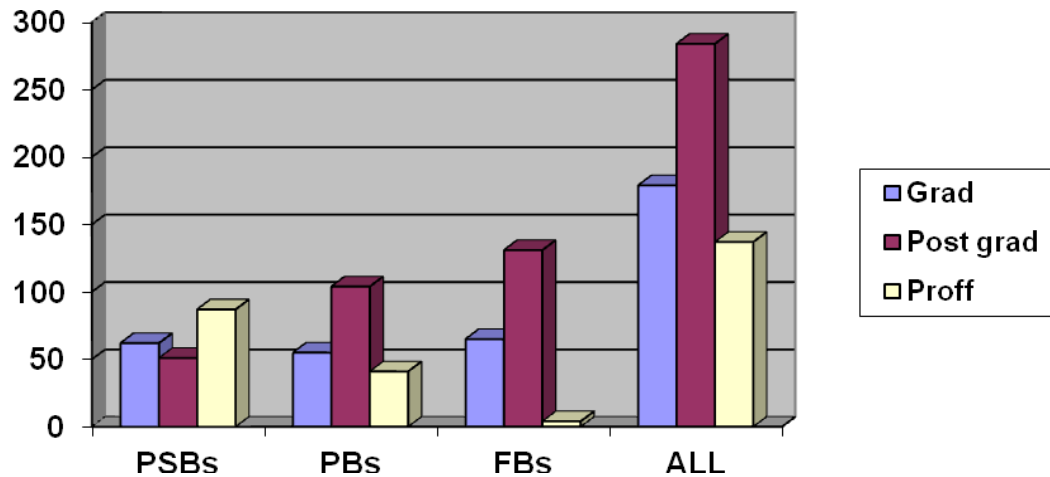
management were decided upon. Designation 1 represents the lower management, designation 2 stands for middle management and designation 3 stands for the top management category. Out of the total sample size of 600, 191 (32 percent) belonged to lower management, 385(64 percent) to middle management and 24(4 percent) to top management respectively. In the public sector banks, out of the total sample size of 200, 69(34.50 percent) were from the lower management; 114 (57 percent) from the middle management and 17(8.50 percent) were from the top management category. In the private sector banks, 50(25 percent) belonged to the lower management;144(72 percent) belonged to the middle management and 6(3 percent) belonged to the top management category. In case of foreign sector banks, the entire sample of 200 was divisible on the basis of designation as follows:76(38 percent)-lower management;121(60.50 percent)- middle management and 3(1.50 percent)- top management.



SAMPLE PROFILE ON THE BASIS OF DESIGNATION
Figure 3.2

Figure 3.3 gives the sample profile on the basis of education. The educational profile of the respondents was divided into three categories viz. graduates, post graduates and professionals. For the entire sample of 600, 137(22 percent) had professional degrees like CAIIB, MBA, CA etc., 284 (47 percent) were postgraduates and 179(30 percent) were graduates. Out of the total sample of 200 in the public sector banks,87(43.50 percent) had professional degrees;51(25 percent) were post graduates and 62(31 percent) were graduates. In the private sector banks, the sample of 200 consisted of 41(20.50percent) professionals;104(52 percent) post graduates and 55(27.50 percent) graduates. The

corresponding number for the foreign banks was 4(2 percent) professionals;131(65.50 percent) post graduates and 65(32.50 percent) graduates out of the total sample of 200.



SAMPLE PROFILE ON THE BASIS OF EDUCATION

Figure 3.3

Research Methodology

Measures used for Data collection

The three measures used in the study are described in the following sections.

Psychological Empowerment Questionnaire (PEQ): Popularly called the Spreitzer measure, this measure contains 12 items related to four dimensions (cognitions) of psychological empowerment:

- a) *Meaning* involves a fit between the needs of one's work role and one's beliefs, values and behaviors. (Hackman & Oldham, 1980). The following statements measured this cognition.
 - The work I do is very important to me
 - My job activities are personally meaningful to me.
 - The work I do is meaningful to me.
- b) *Competence* refers to self-efficacy specific to one's work, a belief in one's capability to perform work activities with skill (Gist, 1987; Bandura, 1989). This cognition is measured by the following statements
 - I am confident about my ability to do my job.

- I am self-assured about my capabilities to perform my work activities.
 - I have mastered the skills necessary for my job
- c) *Self-determination* is a sense of choice in initiating and regulating one's actions (Deci, Connell, & Ryan, 1989). Self-determination reflects autonomy over the initiation and continuation of work behavior and processes (*e.g.*, making decisions about work methods, pace, and effort) (Bell & Staw, 1989)
- I have significant autonomy in determining how I do my job.
 - I can decide on my own how to go about doing my work.
 - I have considerable opportunity for independence and freedom in how I do my job
- d) Finally, *impact* is the degree to which one can influence strategic, administrative, or operating outcomes at work (Ashforth, 1989).
- My impact on what happens in my department is large.
 - I have a great deal of control over what happens in my department.
 - I have significant influence over what happens in my department.

Together, these four cognitions reflect an active, rather than passive, orientation to one's work role. This measure of psychological empowerment assumes that empowerment is continuous rather than dichotomous – employees may perceive different degrees of empowerment rather than feeling empowered or not. The measure has been validated at the individual as well as team level (Kraimer, et. al., 1999; Kirkman and Rosen, 1999). It has been shown to be invariant across *gender* (Boudarias, et. al., 2004), *culture* (Aryee, & Chen, 2006; Ergeneli, et. al., 2007; (Avolio et. al., 2004; Holdsworth & Cartwright, 2003; Carless, 2004; Laschinger et. al., 2004; Hechanova et.al., 2006) and *contexts* (Corsun & Enz, 1999; Sparrowe, 1994; Spreitzer, 1995, 1996; Spreitzer & Mishra 1997; Moye et.al., 2004).

Structural Empowerment Questionnaire (SEQ)

This questionnaire was self-designed because one comprehensive measure that fitted in with the requirements of the study was not found in the literature. An extensive review of literature was undertaken to decide upon the statements. 50 statements were drawn up that related to the following variables:

I. Individual centric variables:

a) *Locus of Control* has been defined as the degree to which an individual's success is the result of one's own efforts or favorable surroundings. (Rotter1996).The following 9 statements were used to measure the locus of control.

- My success or failure depends mostly on the amount of effort that I put into my job.
- I am responsible for changing what I do not like in my life.
- My promotion in the organization depends on my ability and effort.
- Successful completion of work is mainly due to my hard work and detailed planning
- The organization one joins or the job one gets are to a very large extent accidental
- My experience is that the most important things that happen in an organization are largely beyond one's control.
- My ideas are accepted if I make them fit with the desires of my seniors.
- Being liked by seniors usually influences promotion decisions.

b) *Self-esteem* has been defined as a general feeling of self worth and those individuals who have a higher level of self worth are more likely to translate it into work specific competent behaviour. (Spreitzer, 1995).

- I like and accept myself right now, even as I grow and evolve.
- I feel of equal value to the other people, regardless of my performance, looks, IQ, achievements or possessions (or lack of them)
- I do not dominate others or allow others to dominate me.
- I find meaning and purpose in my life.

II. Job centric variables:

c) *Role clarity*: A role as distinct from a job or a task has been defined as a position or an office a person occupies as defined by the expectations from significant persons in the organization including the person himself. A clear understanding regarding one's role and not just the job affects empowerment perceptions. The following statements measured the perception regarding role clarity.

- I am clear about what my colleagues expect from me.
- I am clear about my priorities in my role task.

- I am clear about what my senior officers expect from me and how they expect me to perform.
 - I am clear about rules, regulations and procedures relevant to my role.
 - I have a very clear cut idea about my authority (financial and non financial)
- d) *Autonomy*: An employee is considered to be relatively autonomous if he can make decisions pertaining to his job without the need for permission from anyone in the organization. The following items measured the employees' perception regarding their autonomy.
- My job is such that I can decide when to do particular work activities.
 - I am allowed to decide what methods to use for my job.
 - I have control over the scheduling of my work.
 - My supervisor encourages me to take work related decisions.
 - I am trusted to carry out my work without the direction of my supervisor.
 - I have some control over what I am supposed to accomplish. (What my supervisor sees as my job objectives.)
 - My job allows me substantial flexibility so that I can modify what my job objectives are. (What I am supposed to accomplish)
 - I have had the opportunity to solve problems that I faced during my work without having to go to my supervisor.

III. Organization centric variables:

- e) *Information and Communication*: This includes the downward flow of information (about clear goals and responsibilities, strategic direction, competitive intelligence, and financial performance in terms of costs, productivity, and quality) and the upward flow of information (concerning employee attitudes and improvement ideas). Perception regarding information and communication are reproduced below.
- I have full knowledge about my organization's long-term goals
 - Whenever I am given a job outside my role, I am always given a reason for it.
 - I am told about my departments' ongoing plans periodically.
 - I am fully aware about my departments' performance in the last five years (or ever since I joined, whichever is less.)
 - Whenever I am given instructions these are very clear and I have full freedom to ask questions.

- I know how the work I am doing will effect the working of my department
 - I can always approach those who are experts on the subject in case I want any information in the organization
 - I am expected to be open about my feelings for the organization.
 - Informal suggestions are communicated; even criticism to others out of concern for others
- f) *Reward System*: Individual rewards motivate employees by recognizing personal competencies and encouraging them to influence work related decisions. One of the critical elements for a reward system is its acceptance by the majority of employees as fair and unbiased. The following statements measured perceptions regarding reward system.
- People in the organization are very clear about how performance is measured.
 - My boss discusses my job with me very clearly.
 - In case I fall short of my targets, my boss counsels me and discussions on how to improve are carried out.
 - The performance appraisal system of the organization is very well defined
 - People in my organization are almost always recognized for a job, which is very well done.
 - My performance, good or bad is always communicated through a written note.
- g) *Climate*: A participative climate has been considered to be conducive to the levels of empowerment in organizations. (Spreitzer, 1996; Menon & Pethe 2002). This is because it values creativity, freedom from excessive control and individual contribution as against the top down command and control that characterize a non-participative climate. Perceptions regarding climate were assessed by te following statements.
- High value is placed on trust between superior and subordinate.
 - Those who can achieve results are highly respected.
 - Specialists and experts are highly trusted.
 - Trusting and friendly relations are highly valued in this organization.
- h) *Skills and Knowledge*: Educative efforts enable employees to build knowledge, skills, and abilities -- not only to do their own jobs better but also to learn about skills and

the economics of the larger organization (Lawler, 1996). The statements given below measured the perceptions regarding skills and knowledge.

- Special efforts are made on a regular basis to assess whether the employees need training.
- If I wish to upgrade my skills, the organization supports me wholeheartedly.
- Sincere efforts are made to check whether the training has had a positive effect on work practices.
- Even without the employees demanding it, the organization periodically organizes programmes to enhance the skills of the employees.
- Creative and innovative behaviour is encouraged in the organization.

Organizational Effectiveness Questionnaire (OEQ)

To measure organizational effectiveness, competing values approach (CVA) was followed. (Quinn and Rohrbaugh, 1983). As discussed in the literature review, CVA framework consolidates all the criteria of effectiveness into four quadrants namely, human relations; internal process; rational goal and open system. After a rigorous literature survey, 46 statements were drawn up that were considered to be appropriate for each of the four quadrants.

a) The *human relations model* places a great deal of emphasis on internal focus and flexibility and values cohesion and morale, human resource development. The 15 statements that were included under this model referred to periodic feedback to employees, valuing employee suggestions, people friendly policies, open, trust worthy atmosphere etc. are:

- I am routinely asked to give suggestions for the decisions, which do not directly affect my work area.
- Employees are given periodic feedback on how to improve performance.
- Employee suggestions are valued.
- There is sufficient organizational support for development of skills of its human resources.
- The compensation package is comparable to the best in the industry.
- There is a proper grievance redressal procedure in the organization.
- Criticism of the company is taken very positively.

- The organization has an inbuilt system for periodically updating employee knowledge and skills.
 - Most employees identify with the organization.
 - I feel that the level of commitment in the organization is very high.
 - There is enough managerial support for managing work and home.
 - The organization arranges in- house training periodically.
 - I think most of my colleagues are satisfied with the organization.
 - In my opinion, most policies of the organization are people friendly.
 - There is enough incentive for employees to discuss their problems with their superiors.
- b) The *internal process* dimension measured the efficacy of the internal processes that make the organization effective. Transparency, people friendly bosses, proper definition authorities, simple routine processes like reporting etc. define the good internal processes of an organization. 11 items were included in this model.
- There are clear-cut policies for resource allocation, which are known to all in the organization.
 - The managers are willing to take tough decisions.
 - The managers are well informed and knowledgeable about staff responsibilities.
 - The line management is trustworthy and creditable.
 - The decisions taken by the line managers are consistent with the corporate values.
 - There is emphasis on teamwork and internal collaboration rather than turf battles and internal competition for resources.
 - There is excellent upward and downward communication about organizational information.
 - The employees are willing to share information with each other.
 - Routine processes like reporting are simple and uncomplicated.
 - The managers, can, by and large be called people friendly.
 - The degree of transparency in the organizational communication is very high.
- c) *Rational Goal model* component measured whether the organization has a system of goal setting that includes having a mission statement that is used as a parameter for

success, its alignment with the annual plans, a scientific system that is followed for setting targets etc. This dimension had 10 statements.

- My organization has a mission statement, which guides all its activities.
 - The mission statement is known to and is understood by all.
 - The organization uses its mission statement as a criterion for determining success.
 - Strategic plan of the organization is in tune with its mission statement.
 - The organization formulates its action plans annually consistent with its mission.
 - Annual action plans clearly indicate the deadline for achievement.
 - Annual plan is continuously monitored to achieve planned objectives and targets.
 - The organization takes necessary corrective actions on the basis of monitoring.
 - All the employees accept the organizational goals as appropriate targets for themselves.
 - The organization follows a systematic process for identifying opportunities in the environment.
- d) *Open System model* measured the ability of the organization to withstand environmental challenges, acceptability of new ideas, fruitful interaction with the external agencies etc. 10 statements were framed to define this model for the study.
- There is enough freedom to pursue and implement new ideas.
 - The work is challenging and stimulating.
 - The organization gives adequate freedom to discuss and pursue new ideas with customers.
 - There are effective mechanisms to facilitate interaction between and among disciplines.
 - The organization maintains good relationship with its agents/vendors and suppliers.
 - The management makes structured attempts to be well informed about its competitors.
 - The infrastructure has improved over the years to meet the customer demands.
 - Regular and systematic surveys are conducted to check the level of customer satisfaction.
 - The findings of the survey are discussed and appropriate action taken.
 - Service quality is considered most important.

Testing of Reliability for the Measures

Both the structural empowerment questionnaire and the organizational effectiveness questionnaire were tested on reliability using the **Cronbach Alpha** measure. This is the most common form of internal consistency coefficient. Alpha coefficient ranges from 0 to 1. The higher the score; the more reliable is the scale. There isn't a generally agreed cut-off. Usually 0.70 and above is acceptable. (Nunnally, 1978). However, by convention, a lenient cut-off of 0.60 is common in exploratory research. Cronbach's alpha can be interpreted as the percent of variance the observed scale would explain in the hypothetical true scale composed of all the items in the universe.

The structural empowerment questionnaire (SEQ) yielded the coefficient value of 0.98 (N=60) and the organizational effectiveness questionnaire (OEQ) that of 0.94 (N=60). All the three questionnaires used the Likert's 5-point scale for responses that ranged from 1- very low and 5- very high. Accordingly, three degrees of empowerment and effectiveness were defined on the basis of the means of the latent constructs:

- a) Low: 1 to less than 2.5
- b) Moderate: 2.5 to less than 3.5.
- c) High: 3.5 and above.

Statistical Techniques Used

In order to reach some meaningful conclusions and to sharpen the inferences drawn on the basis of simple description of facts in terms of frequencies, appropriate tools of statistical inferences have been applied.

- a) Descriptive Statistics have been used for measuring the degrees of perception regarding the psychological empowerment, structural empowerment and organizational effectiveness.
- b) Independent samples t-test has been applied for measuring the significance of the differences between the means scores of the employees regarding empowerment as well as organizational effectiveness of three types of banks viz. public, private and foreign. A low significance value for the t-test (typically less than 0.05) indicates that there is significant difference between the three group means. If the confidence interval of the mean interval does not contain zero, this also indicates that the difference is significant. If the significance is high and the confidence interval for the

mean contains zero, we cannot conclude that there is a significant difference between the two group means.

- c) Correlation analysis has been applied to study the association between psychological empowerment and its components with organizational effectiveness, structural empowerment and its components with organizational effectiveness. The association between psychological empowerment and structural empowerment has also been studied using correlation analysis. For the purpose of the study, *Pearson r*, also called *linear or product moment* correlation has been used. Correlation coefficients can range from -1.00 to $+1.00$. The value of -1.00 represents negative correlation whereas a value of $+1.00$ represents a perfect positive correlation.
- d) Regression analysis has been applied to see the effect of different variables on the constructs under study. The general purpose of multiple regression (the term was first used by Pearson, 1908) is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable. A line in a two dimensional or two-variable space is defined by the equation $Y=a+b*X$; in full text: the Y variable can be expressed in terms of a constant (a) and a slope (b) times the X variable. The constant is also referred to as the *intercept*, and the slope as the *regression coefficient* or *B coefficient*. In this equation, the regression coefficients (or B coefficients) represent the *independent* contributions of each independent variable to the prediction of the dependent variable. Another way to express this fact is to say that, for example, variable X_1 is correlated with the Y variable, after controlling for all other independent variables. *R-Square*, also known as the *Coefficient of determination* is a commonly used statistic to evaluate model fit. *R-square* is 1 minus the *ratio of residual variability*. When the variability of the residual values around the regression line relative to the overall variability is small, the predictions from the regression equation are good. For example, if there is no relationship between the X and Y variables, then the *ratio of the residual variability* of the Y variable to the original variance is equal to 1.0. Then *R-square* would be 0. If X and Y are perfectly related then there is no residual variance and the ratio of variance would be 0.0, making *R-square* = 1. In most cases, the ratio and *R-square* will fall somewhere between these extremes, that is, between 0.0 and 1.0. This ratio value is immediately interpretable in the following manner. If we have an *R-square* of 0.4 then we know that the variability of the Y values around the regression line is 1-0.4 times the original variance; in other

words we have explained 40% of the original variability, and are left with 60% residual variability. Ideally, we would like to explain most if not all of the original variability. The *R-square* value is an indicator of how well the model fits the data (e.g., an *R-square* close to 1.0 indicates that we have accounted for almost all of the variability with the variables specified in the model). Customarily, the degree to which two or more predictors (independent or *X* variables) are related to the dependent (*Y*) variable is expressed in the correlation coefficient *R*, which is the square root of *R-square*. In multiple regression, *R* can assume values between 0 and 1. To interpret the direction of the relationship between variables, look at the signs (plus or minus) of the regression or *B* coefficients. If a *B* coefficient is positive, then the relationship of this variable with the dependent variable is positive (e.g., the greater the IQ the better the grade point average); if the *B* coefficient is negative then the relationship is negative (e.g., the lower the class size the better the average test scores). Of course, if the *B* coefficient is equal to 0 then there is no relationship between the variables.

- e) Analysis of Variance (ANOVA) was applied to compare the means across the three groups of public, private and foreign banks with regard to the variables under study and to demonstrate whether the demographic variables have any effect on the sense of psychological and structural empowerment. The purpose of the analysis of variance is to test differences in means (for groups or variables) for statistical significance. This is accomplished by analyzing the variance, that is, by partitioning the total variance into the component that is due to true random error (i.e. within group SS) and the components that are due to difference within the means. The ratio of these two yields the F-ratio that is tested for significance. If significant, the null hypothesis is rejected and we accept the alternative hypothesis.
- f) Discriminant Analysis (DA) is a statistical technique used to build a predictive / descriptive model of group discrimination based on observed predictor variables and to classify each observation into one of the groups. In DA multiple quantitative attributes are used to discriminate single classification variable. DA is different from the cluster analysis and the multivariate analysis of variance (MANOVA). It is different from the cluster analysis because prior knowledge of the classes, usually in the form of a sample from each class is required. On the other hand, DA is a reversed multivariate analysis of variance, MANOVA. In MANOVA, the independent

variables are the groups and the dependent variables are the predictors, while in DA, the independent variables are the predictors and the dependent variables are the groups.

The common objectives of DA are i) to investigate differences between groups, ii) to discriminate groups effectively, iii) to identify important discriminating variables.

Statistical Packages Used

Statistical Package for Social Sciences, SPSS for Windows(14) and Microsoft Excel have been used to apply various statistical tests for data analysis purposes.

Development of Hypotheses

Specific hypotheses were developed on the basis of the research questions as defined towards the close of chapter 2. These are discussed further in the ensuing sections.

Research objective 1 *Does the ownership type (public, private, foreign) affect the perception regarding empowerment amongst employees of banks?*

While the perception of employees regarding their sense of empowerment has been studied earlier in different contexts that include big box retail (Chen, et al., 2007), the insurance industry (e.g., Spreitzer, 1995), teams of engineers (Seibert et al., 2004), high tech project teams (Chen & Klimoski, 2003), sales and service teams (Kirkman et al., 2004), the hospitality industry (e.g., Corsun & Enz, 1999; Sparrowe, 1994), manufacturing (e.g., Spreitzer, 1996), health care (e.g., Koberg et al., 1999; Kraimer, et al., 1999), aerospace (e.g., Mishra & Spreitzer, 1998), and education (Moye et al., 2004). However, little or no empirical research exists on investigating the effects of ownership differences within the same work context. Hence, the objective assumes importance in the light of the above observation.

1. H_0 : The ownership type does not affect the perception of employees regarding the sense of empowerment.

H_1 : The perception of banking employees is affected by the ownership type.

Research objective 2: *Does a sense of psychological empowerment positively affect the organizational effectiveness?*

Employees who perceive themselves as empowered contribute to the enhanced organizational functioning. Faced with competitive demands for lower costs, higher performance, and more flexibility, organizations have increasingly turned to employee empowerment to enhance their performance. Empowerment practices are often implemented

with the hopes of overcoming worker dissatisfaction and reducing the costs of absenteeism, turnover, poor quality work, and sabotage (Klein, Ralls, Smith-Major, & Douglas, 1998). Their focus is aimed at overcoming the debilitating psychological effects of traditional bureaucracies through the creation of high-involvement organizations. Empowerment enables employees to participate in decision making, helping them to break out of stagnant mindsets to take a risk and try something new. Empowering practices allow employees to decide on their own how they will recover from a service problem and surprise-and-delight customers by exceeding their expectations rather than waiting for approval from a supervisor (Bowen & Lawler, 1995). And perhaps most importantly, empowerment is viewed as critical in the process of organizational change. Rather than forcing or pushing people to change, empowerment provides a way of attracting them to want to change because they have ownership in the change process.

The meaning and to a lesser extent competence dimensions inherent in empowerment appear to be driving the strong and consistent relationship with job satisfaction (Spreitzer, 1997). Kraimer et al. (1999) found that the meaning and competence dimensions predict career progression intentions while the self-determination and impact dimensions predict organizational commitment. The fact that different dimensions of empowerment are related to different outcomes supports the notion of a “gestalt” of empowerment being necessary to achieve the range of outcomes. No single dimension of empowerment affords the range of outcomes that have been shown to link to overall construct of psychological empowerment.

On the basis of the above rationale the following hypotheses related to research objective 1 were developed.

2.1 H_0 : *A sense of meaningfulness is not significantly related with organizational effectiveness.*

H_1 : *A sense of meaningfulness is significantly related with perceived organizational effectiveness.*

2.2. H_0 : *A sense of competence is not significantly related with organizational effectiveness.*

H_1 : *A sense of competence is significantly related with organizational effectiveness.*

2.3. H_0 : *A sense of self-determination is not significantly related with organizational effectiveness.*

H_1 : *A sense of self-determination is significantly related with organizational effectiveness.*

2.4. H_0 : *A sense of impact is not significantly related with organizational effectiveness.*

H₁: *A sense of impact is significantly related with organizational effectiveness.*

Research objective 3: *Is structural empowerment positively associated with organizational effectiveness?*

Research has shown that high involvement practices which involve sharing power, information, knowledge, and rewards with employees at all levels often have positive outcomes for organizations, particularly in terms of improvements to employee quality of work life, the quality of products and services, customer service, productivity, and reduced turnover (Lawler et al., 2001).

Broader research in the area of high performance work systems (these include employee involvement but also things like long-term job security, flexible scheduling, and multiskilling) shows similar findings (Guthrie, 2001; Huselid, 1995; MacDuffie, 1995; Wright, Gardner & Moynihan, 2003)

A variety of different antecedents have been examined in relation to empowerment. Several features of organization design -- including a wide span of control (Spreitzer, 1996), enriching job characteristics (Liden et al., 2000), and a supportive/affiliative unit climate/culture (Sparrowe, 1994; Spreitzer, 1996) -- have been found to be related to high levels of employee empowerment. Other research has shown that high quality relationships (including LMX (Liden et al., 2000; Sparrowe, 1994), supportive peer and customer relationships (Corsun et al., 1999), sociopolitical support from one's boss, peers and subordinates (Spreitzer, 1996), and leader approachability (Koberg et al., 1999) are also important in facilitating empowerment. Still other research has examined the specific role of the employee as an enabler of empowerment: (1) having access to information about the mission and performance of the organization (Spreitzer, 1995); (2) rewards based on individual performance (Spreitzer, 1996); and (3) role clarity (Spreitzer, 1996). In addition, other research has found employee characteristics like organizational rank and tenure (Koberg et al., 1999) to be associated with higher levels of empowerment. Finally, Kark et al. (2003) found that transformational leadership by way of social identification enhanced employee empowerment. Hence, organizational practices, job characteristics and personality traits work towards a higher sense of empowerment that mediates the relationship between empowerment and organizational effectiveness. In light of the above discussion the following hypotheses were framed for the research objective under study:-

- 3.1 H₀: *Internal locus of control is not significantly related with organizational effectiveness.*
H₁: *Internal locus of control is significantly related with organizational effectiveness.*
- 3.2 H₀: *Self-esteem is not significantly related with organizational effectiveness.*
H₁: *Self-esteem is significantly related with organizational effectiveness*
- 3.3 H₀: *Role clarity is not significantly related with o organizational effectiveness.*
H₁: *Role clarity is significantly related with organizational effectiveness.*
- 3.4 H₀: *Autonomy is not significantly related with organizational effectiveness.*
H₁: *Autonomy is significantly related with organizational effectiveness.*
- 3.5 H₀: *Organizational information is not significantly related with organizational effectiveness.*
H₁: *Organizational information is significantly related with organizational effectiveness.*
- 3.6 H₀: *Participative organizational climate is not significantly related with organizational effectiveness.*
H₁: *Participative organizational climate is significantly related with organizational effectiveness.*
- 3.7 H₀: *Reward system is not significantly related with organizational effectiveness.*
H₁: *Reward system is significantly related with organizational effectiveness*
- 3.8 H₀: *Support for acquisition of skills and knowledge is not significantly related with organizational effectiveness.*
H₁: *Support for acquisition of skills and knowledge is significantly related with organizational effectiveness.*

Research objective 4: Does structural empowerment affect the employee's perception of psychological empowerment?

While a few authors have emphasized the importance of perception of empowerment (Spreitzer and Quinn, 2001), it is noteworthy that the sense of empowerment can also be shaped and enhanced by ensuring a few organizational practices and procedures and certain personality traits. In the last few years, it has been exciting to see more research examining the relationship between different elements of social-structural empowerment and the psychological experience of empowerment. A natural first step in this regard was to examine the extent to which Kanter's (1977) elements of social structural empowerment are related to feelings of psychological empowerment. Spreitzer (1996) found that Kanter's power tools,

including sociopolitical support, access to information, and access to resources was related to the psychological empowerment of middle managers. Other research has replicated a strong positive relationship between Kanter's power tools and psychological empowerment (Siu, Laschinger, & Vingilis, 2005), even in longitudinal research (Laschinger, et al., 2004).

Moving beyond operationalizing social-structural empowerment as Kanter's power tools, Wallach and Meuller (2006) found that actual participation in decision making (both decisions that shape the direction of the organization and decisions pertinent to one's own work) were related to stronger feelings of psychological empowerment in human service agency employees. Similarly, Spreitzer (1996) found that employees in units with a more participative work climate, wider spans of control, and performance-based pay reported higher levels of psychological empowerment. While no study looks at the full set of social-structural empowerment elements, findings do suggest that social-structural empowerment is related to psychological empowerment at the individual level.

At the team level, leaders who (1) encourage the team to set its own goals and self-manage its tasks (Kirkman & Rosen, 1999), (2) coach, inform, and show concern for the team (Arnold, et al., & Drasgow, 2000), and (3) create the structures, policies, and practices that support team empowerment (Seibert et al., 2004) were found to be related to psychological empowerment of the team. In particular, team-based HR practices like cross-training, team-based pay, and participation in hiring, developing, evaluating, and firing team members have been found to be related to team-level psychological empowerment (Kirkman & Rosen, 1999), particularly in terms of the self-determination dimension of empowerment (Mathieu, et al., 2006). These team-level findings also indicate that social-structural empowerment is related to team-level psychological empowerment.

Psychological empowerment is conceptualized as a key mechanism that explains how social-structural empowerment contributes to improved satisfaction, performance and the range of other outcomes examined. Hence,

4. H_0 *Structural empowerment is not significantly related with psychological empowerment.*

H_1 : *Structural empowerment is significantly related with psychological empowerment.*

Research objective 5: Do designation, length of service and education have a bearing on the sense of empowerment in the employees?

The effects of ownership, gender, length of service, designation and education were also examined. While the ownership issues have not really been examined in the previous research, very few studies have discussed the effects of other variables mentioned. Research

indicates that certain types of people are likely to report stronger feelings of empowerment. Spreitzer (1995) found that those with stronger self-esteem scores reported more empowerment, while locus of control appeared to have no relationship to empowerment. In terms of demographics, employees with higher levels of education, more tenure, and greater rank report more feelings of empowerment (Spreitzer, 1995). At the team level, racial diversity on a team, and between the team leaders and their teams, was found to be negatively related to empowerment (Kirkman, et al., 2004). Yet other forms of demographic diversity, such as gender diversity, tenure diversity, and age diversity, had no bearing on empowerment. Drawing on social categorization theory, it may be that these other sources of diversity are less “visible” than race and thus have less bearing on power sharing in the workplace. The following specific hypotheses were framed for investigating research objective 4.

5.1 H_0 : There is no significant association *between sense of empowerment and ownership type. i.e public, private, and foreign.*

H_1 : *There is a significant association between the sense of empowerment and ownership type.*

5.2 H_0 : *Sense of empowerment and gender are not related significantly.*

H_1 : *Sense of empowerment and gender are significantly related.*

5.3 H_0 *Sense of empowerment is not significantly related with length of service of the employee.*

H_1 : *Sense of empowerment is significantly related with length of service of the employee.*

5.4 H_0 : *There is no significant relationship between a sense of empowerment and designation of the employee.*

H_1 : *There is a significant relationship between a sense of empowerment and designation of the employee.*

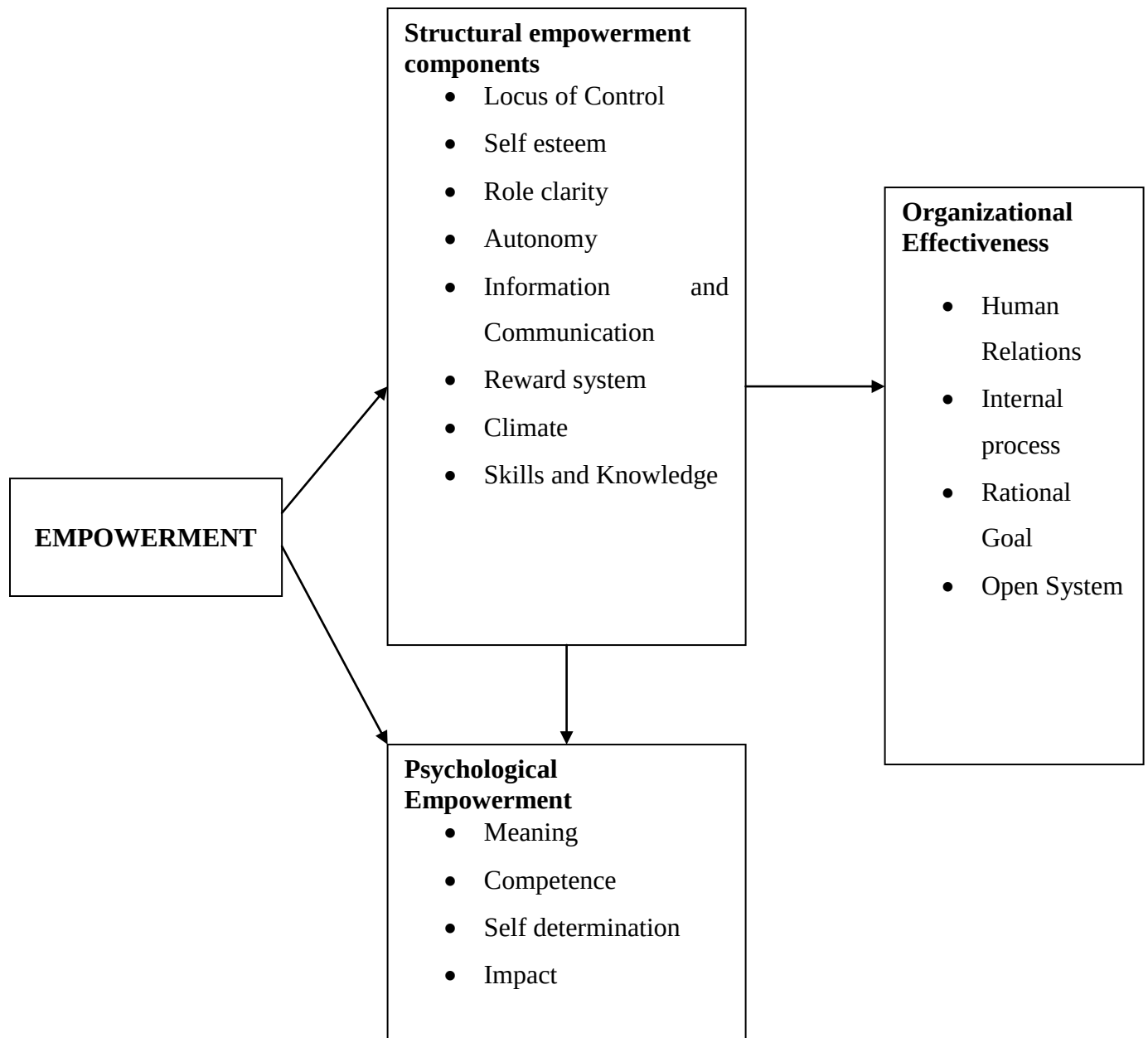
5.5 H_0 : *Sense of empowerment is not significantly related with the education level of the employee.*

H_1 : *Sense of empowerment is significantly related with the education level of the employee.*

Chapter four will present the results of the data in light of the above hypotheses.

Figure 3.4

Schematic Model



CHAPTER 4

RESULTS AND ANALYSIS-1

The chapter is divided into five sections based on the research objectives. Each section carries the results and the analysis relevant to the research questions and the hypotheses developed in pursuance of the objectives. The public sector banks have been represented as PSBs; the private banks as PBs and the foreign banks as FBs. As stated in chapter 3, the degrees of empowerment have been defined as under:

- a) Low: 1 to less than 2.5
- b) Moderate: 2.5 to less than 3.5.
- c) High: 3.5 and above.

The basis of the division was the means of the latent constructs.

Research Objective1: Effect of ownership type on perception of Empowerment and Organizational Effectiveness

An attempt was made to explore whether the ownership type impacts the perception regarding empowerment in the banking employees or not. The results are presented in the form of descriptive statistics and t- statistics.

Descriptive statistics

Psychological Empowerment

The mean and S.D for the entire sample and public, private and foreign banks were computed. The cumulative results for Psychological empowerment are given in Table 4.1. Similar results for organizational effectiveness are depicted in Table 4.2. PSB employees are showing higher levels of perceived empowerment, followed by private sector bank employees and then the foreign bank employees. Out of the individual components of psychological empowerment, perception regarding meaning was the highest for all the employees. This implies that the employees of the different banks perceive the fit between the job and their own beliefs as most important to empowerment.

Table 4.1
Psychological empowerment scores- total and components

Variables	Mean				Standard Deviation			
	PSB	PB	FB	ALL	PSB	PB	FB	ALL
Meaning	4.63	4.50	4.36	4.50	.47	.54	.63	.56
Competence	4.52	4.36	4.32	4.40	.40	.62	.51	.52
Self Determination	4.14	4.22	4.19	4.18	.66	.66	.59	.64
Impact	4.10	4.22	4.12	4.15	.74	.63	.60	.66
<i>Psychological Empowerment</i>	4.35	4.33	4.24	4.31	.43	.49	.43	.66

Structural Empowerment

The public sector bank employees show higher perceptions regarding existence of conditions that facilitate empowerment. The overall empowerment scores are the highest for the PSBs. The private and the foreign banks are depicting very marginal differences in the scores. Table 4.2 depicts the statistics for the overall structural empowerment and the components of the construct. The employees of all the banks have perceived role clarity as more important to empowerment than the other components of structural empowerment. In the PSBs it is followed by climate and then by self-esteem, signifying the holistic importance of job centric, individual centric and organization centric factors for empowerment. For the private sector banks employees, information and communication and self-esteem come next in importance. The foreign bank employees also perceived these two components as important, next only to role clarity. Well-established systems, a long history of banking operations leading to a better understanding of the business requirements and hence a better organizational design could be the reasons that can be cited to support the above. The foreign banks on the other hand are the latest entrants in the field and lag behind in the above factors. The private sector banks that tried to match the reach of the public sector banks by being techno-savvy reported lower levels of empowering conditions than public sector banks. Probably, with the onus on better returns, the organizational setup is not perceived to be as conducive to empowerment as the public sector banks.

Table 4.2

Structural empowerment scores- total and components

Variables	Mean				Standard Deviation			
	PSB	PB	FB	ALL	PSB	PB	FB	ALL
Locus of Control	4.10	4.07	4.06	4.06	.46	.54	.41	.48
Self Esteem	4.31	4.10	4.10	4.14	.43	.57	.52	.53
Role Clarity	4.39	4.17	4.16	4.20	.42	.53	.52	.51
Autonomy	4.18	3.88	3.88	4.02	.46	.41	.42	.46
Information and communication	4.19	4.12	4.12	4.12	.45	.54	.42	.48
Reward System	4.06	4.08	4.08	4.03	.57	.52	.53	.54
Climate	4.25	4.07	4.07	4.11	.49	.60	.45	.53
Skills and Knowledge	4.14	3.99	3.99	3.93	.56	.46	.40	.55
<i>Structural empowerment</i>	4.22	4.03	4.03	4.05	.36	.44	.38	.44

Organizational Effectiveness

Table 4.3 depicts the descriptive scores for organizational effectiveness for all the three categories of banks. PSBs are showing the highest perceived levels of organizational effectiveness followed by the private banks and then the foreign banks. The inter bank comparisons reveal that for the employees of the PSBs, the rational goal model or in other words an emphasis on goals, transparency regarding organizational goals and acceptance of the organizational goals as individual goals is regarded by the employees as most important to organizational effectiveness. The foreign bank employees also regard goal-seeking behaviour as important to organizational effectiveness; however, the average perception is a little less than the public sector banks.

Table 4.3

Organizational effectiveness scores - total and components

Variables	Mean				Standard Deviation				Sample size			
	PSB	PB	FB	ALL	PSB	PB	FB	ALL	PSB	PB	FB	ALL
Human Relations model	4.00	4.04	3.87	3.97	.61	.55	.58	.58	200	200	200	600
Rational Goal Model	4.11	4.02	3.95	4.05	.62	.60	.61	.61	200	200	200	600
Internal Process Model	4.03	3.96	3.91	3.97	.61	.60	.63	.61	200	200	200	600
Open Systems	4.07	3.98	3.90	3.98	.59	.63	.62	.61	200	200	200	600
<i>Organizational Effectiveness</i>	4.05	4.02	3.91	3.99	.56	.53	.57	.56	200	200	200	600

Results of t-statistics**Psychological Empowerment**

Table 4.4

t-values (public/private)for Psychological Empowerment and its components

		T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Meaning	PSBs	2.436	398	.015*	.12	.05
	PBs					
Competence	PSBs	3.137	398	.002**	.16	.05
	PBs					
Self Determination	PSBs	-1.269	398	.205	-.08	.06
	PBs					
Impact	PSBs	-1.716	398	.087	-.12	.06
	PBs					
PERCEPTIOINS REGARDING EMPOWERMENT	PSBs	.458	398	.647	.02125	.04

*p significant at 1%

** p significant at less than 1%

An independent-samples t-test was conducted to compare perceptions regarding psychological empowerment in the public sector bank employees and private sector bank employees. There was no significant difference in the scores for psychological empowerment in PSBs(M=4.35, SD=.43) and private sector bank employees(M=4.33, SD=0.49) $t(398)=0.46$, $p = 0.20$. These results suggest that the ownership type does not have an effect on the perceptions of employees regarding their sense of empowerment. However, the competence and meaning cognitions of psychological empowerment showed significant results. This implies that the type of organization has an impact on the sense of goal internalization as well as the beliefs regarding individual capabilities.

Table 4.5

t-values(public/foreign). for Psychological Empowerment and its components

		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Meaning	PSBs	4.80	398	.000**	.27	.05
	FBs					
Competence	PSBs	4.33	398	.000**	.21	.04
	FBs					
Self Determination	PSBs	-.64	398	.518	-.04	.06
	FBs					
Impact	PSBs	-.21	398	.835	-.01	.07
	FBs					
B-PERCEPTIOINS REGARDING EMPOWERMENT	PSBs	2.41	398	.017*	.10	.04
	FBs					

** p significant at less than 1%

*p significant at 1%

Table 4.5 gives the t-values for psychological empowerment between foreign banks and public banks. In this case, the results suggest significant difference in the scores of public bank vs. the foreign banks($t=2.41$, $p=.017$). The foreign banks have a different cultural orientation. The value systems that determine the work procedures may have an effect on the perceptions regarding sense of

empowerment. In this case also the meaning and competence dimensions are giving more significant results than the overall scores for psychological empowerment.

Table 4.6

t-values(private/foreign) for Psychological Empowerment and its components

		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Meaning	PBs	2.435	398	.015*	.14	.06
	FBs					
Competence	PBs	.640	398	.522	.04	.05
	FBs					
Self Determination	PBs	.688	398	.492	.04	.06
	FBs					
Impact	PBs	1.693	398	.091	.10	.06
	FBs					
PERCEPTIONS REGARDING EMPOWERMENT	PBs	1.766	398	.078	.08	.05
	FBs					

** p significant at less than 1%

*p significant at 1%

The above table 4.6 gives the t-values for private and the foreign banks. The t-value is not significant implying that the type of ownership does not have an impact on the sense of empowerment. However, the meaning cognition is significant once again at 1%.

If we observe the t- results it can be seen that while the values are not significant for two sets of samples, yet the values are higher when the comparison is made with the foreign banks. In addition to this, the only cognition that has emerged significant in all the three cases i.e. meaning is also reports higher significance levels when comparison is made with the foreign banks. While one cannot really draw a firm conclusion from this observation, yet it is indicative of the differences that can arise because of cultural differences in organizations. The reason for these cultural differences can be that the work values, procedures etc are determined by the culture of organizations.

Structural Empowerment

Table 4.7

t-values (public/private) for Structural Empowerment and its components

t-test for Equality of Means					
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Locus of control	.967	398	.33	.05	.05
Self esteem	1.175	398	.24	.06	.05
Role clarity	1.783	398	.07	.09	.05
Autonomy	-3.310	398	.001**	-.14	.04
Information and communication	1.334	398	.18	.06	.05
Reward system	2.590	398	.001**	.14	.05
Climate	1.037	398	.30	.05	.05
Skills and Knowledge	-5.745	398	.001**	-.28	.05
Structural Empowerment	.214	398	.83	.008	.04

** p significant at less than 1%

*p significant at 1%

As can be observed from Table 4.7, t-values are not significant for the two banks in question i.e. public and private. Broadly speaking, this implies that the ownership type does not affect the perception regarding conditions facilitating empowerment in organizations. However, if the individual components are observed then, autonomy, reward system and skills and knowledge emerge as significant factors implying that the type of ownership public or private affects the attitude of the organization towards these variables.

Table 4.8
t-values(public/foreign) for Structural Empowerment and its components

t-test for Equality of Means					
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Locus of control	.967	398	.33	.05	.05
Self esteem	1.175	398	.24	.06	.05
Role clarity	1.783	398	.07	.09	.05
Autonomy	-3.310	398	.001**	-.14	.04
Information and communication	1.334	398	.18	.06	.05
Reward system	2.590	398	.001**	.14	.05
Climate	1.037	398	.30	.05	.05
Skills and Knowledge	-5.745	398	.001**	-.28	.05
Structural Empowerment	.214	398	.83	.008	.04

** p significant at less than 1%

*p significant at 1%

As can be observed from Table 4.7, t-values are not significant for the two banks in question i.e. public and private. Broadly speaking, this implies that the ownership type does not affect the perception regarding conditions facilitating empowerment in organizations. However, if the individual components are observed then, autonomy, reward system and skills and knowledge emerge as significant factors implying that the type of ownership public or private affects the attitude of the organization towards these variables.

Table 4.9
t-values(public/foreign) for Structural Empowerment and its components

t-test for Equality of Means					
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Locus of control	1.862	398	.063	.08250	.04
Self esteem	5.582	398	.000**	.26750	.05
Role clarity	6.617	398	.000**	.31600	.05
Autonomy	3.482	398	.001**	.15556	.04
Information and communication	2.919	398	.004**	.12910	.04
Reward system	2.091	398	.037	.11550	.05
Climate	4.942	398	.000**	.23417	.05
Skills and Knowledge	3.281	398	.001**	.18325	.06
Structural Empowerment	5.158	398	.000**	.19209	.04

** p significant at less than 1%

*p significant at 1%

The independent samples t-test between public and foreign banks showed significant results in all the variables of structural empowerment except locus of control. Structural empowerment was highly significant at less than 1%. Similarly, self esteem, role clarity, autonomy, information and communication, climate and skills and knowledge showed highly significant t-values. Reward system was also significant at less than 5%. Locus of control was the only variable that did not show any significant results. This was probably because locus of control is largely influenced by the personality of the individual and less by the organization.

Table 4.10

t-values(private/foreign) for Structural Empowerment and its components

t-test for Equality of Means					
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Locus of control	.967	398	.334	.04688	.05
Self esteem	1.175	398	.241	.06458	.06
Role clarity	1.783	398	.075	.09500	.05
Autonomy	-3.310	398	.001**	-.14000	.04
Information and communication	1.334	398	.183	.06528	.05
Reward system	2.590	398	.010*	.13733	.05
Climate	1.037	398	.300	.05583	.05
Skills and Knowledge	-5.745	398	.000**	-.28500	.04
Structural Empowerment	.214	398	.831	.00886	.04

** p significant at less than 1%

*p significant at 1%

The results of the t-test for the independent samples of private and foreign banks reveal that the overall structural empowerment did not give significant scores on the t-test. This implies that for the employees of both the type of banks, perception of empowerment is not dependant on the type of bank they are working for. Among the components of structural empowerment, autonomy and skills and knowledge have shown highly significant results at less than 1% while reward system is significant at 1%. One can conclude that these results are indicative of the impact that the ownership might have on the perception of empowerment.

Organizational Effectiveness

Table 4.11

t-values(public/private) for organization effectiveness and its components

	t-test for Equality of Means				
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Human Relations	-.556	398	.579	-.03267	.06
Rational Goal	.423	398	.673	.02611	.06
Internal Process	1.041	398	.298	.06345	.06
Open system	1.436	398	.152	.08811	.06
Organizational Effectiveness	.660	398	.510	.03625	.05

** p significant at less than 1%

*p significant at 1%

The above table depicts the t-values for the independent samples of public and foreign banks. As can be seen, t-values are not significant in any of the components as well as overall organizational effectiveness. One can conclude that the perception regarding organizational effectiveness is dependant on factors other than ownership issues.

Table 4.12

t-values(public/foreign) for Organizational Effectiveness and its components

	t-test for Equality of Means				
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Human Relations	2.315	398	.021	.13869	.06
Rational Goal	2.658	398	.008**	.16444	.06
Internal Process	1.876	398	.061	.11664	.06
Open system	2.827	398	.005**	.17178	.06
Organizational Effectiveness	2.599	398	.010*	.14789	.06

** p significant at less than 1%

*p significant at 1%

The t-values for public and foreign banks are shown in table 4.11. The perception regarding organizational effectiveness is significant. Two components of organizational

effectiveness i.e. rational goal model and open systems model are also showing significant results. In fact, the significance of the t-value for overall organizational effectiveness can be attributed to these two components. One can conclude from this table that the type of bank one is working for i.e public or foreign affects the perceptions of employees regarding goal achievement and flexibility regarding work environment.

Table 4.13

t-values(private/foreign) for Organizational Effectiveness and its components

	t-test for Equality of Means				
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Human Relations	3.010	398	.003**	.17136	.06
Rational Goal	2.270	398	.024	.13833	.06
Internal Process	.858	398	.391	.05318	.06
Open system	1.332	398	.184	.08367	.06
Organizational Effectiveness	2.004	398	.046	.11163	.06

** p significant at less than 1%

*p significant at 1%

The independent samples t-test for private and foreign banks depicts non-significant values. This implies that the type of bank one works for does not affect the perceptions of employees regarding the organizational effectiveness. The t-values for the human relations component are significant. The human relations policies are largely framed keeping in mind the culture of the organizations. This could be the plausible reason for the significance if this value.

Discussion on research objective 1

A comparison between the three types of banks was one of the main objectives of research. It was pertinent, therefore, to see before comparing the three types of banks, whether the ownership type effects the perceptions regarding empowerment and organizational effectiveness i.e public, private and foreign. The responses of the employee would, to a large extent, be indicative of the work environment, policies or procedures that exist in the organizations. It is these policies that shape the sense of empowerment and perceptions regarding organizational effectiveness.

The descriptive statistics (tables 4.1,4.2,4.3) clearly show a higher perception regarding empowerment of public sector bank employees. Statistically speaking, this is indicative but not conclusive evidence. As discussed earlier,(chapter 3, page 19) previous research has studied perceptions regarding in different work contexts but comparisons between different organizational set ups in the same work contexts have not been carried out

The results of the t-statistics show that the above differences in means is significant only between public and foreign banks (Table 4.5) However, in case of all the banks, t-values of meaning have emerged significant statistically. (Tables 4.4, 4.5,4.6) Meaning essentially means a 'fit' between the one's work role and one's beliefs, values and behaviour. In other words an employee finds his work meaningful if it is synchronous with his/her beliefs and values. This suggests that the type of ownership can affect the employees' sense of meaningfulness though the relationship is not clear and warrants further analysis that is beyond the scope of this objective.

In case of structural empowerment also, employees of public sector banks have reported higher perceptions in all the dimensions of empowerment. (Table 4.2) The difference in means (t-values) was again found significant between public sector and foreign banks. In fact, except locus of control, t-values of all the variables were significant statistically. While the t-values were non-significant between public and private as well as between private and foreign banks, autonomy and skills and knowledge emerged significant in all the three comparisons. (Tables 4.7, 4.8, 4.9) The public sector banks scored high on these two variables.(Table 4.2)Proper training and the due importance given to up gradation of knowledge can enhance an employees sense of autonomy(freedom from supervision).The public sector banks have proper training orientation not only at the entry level but through out the career span of an employee. While the private and foreign banks are serious about employing top quality personnel, regular training policies are not very well structured or planned.

In case of organizational effectiveness, again the difference in means is significant between public and foreign banks.(Table 4.12). One observation that can be made on the basis of the above results is that there is no significant difference in means between public and private banks as also between private and foreign banks. One plausible explanation for this could be that the private banks in India have borrowed from both the existing public sector banks and the later entrants foreign banks. While they follow the basic business model

of the public sector banks, the technology and service orientation policies are modeled on the lines of the foreign banks.

Summarizing the above in light of hypothesis 1, the null hypothesis- *ownership type does not affect perceptions regarding empowerment and organizational effectiveness*- is partially supported.

Research objective 2: Examining the Relationship between Psychological Empowerment and Organizational Effectiveness.

Another objective of the research was to investigate the relationship between cognition of empowerment and its effect on the effectiveness of the organization. To study the significance of the relationship, correlation analysis and regression analysis were carried out. While the correlation analysis shows the direction of the relationship, regression analysis helps to extract the magnitude of effect that each component of independent variable has on the dependant variable. Stepwise regression was carried out to study the relationship.

The results of the correlation analysis are presented first followed by the results of the regression analysis.

Results of the correlation analysis

The correlation provides a test of association between two variables without the influence of other variables.

The results of the correlation are presented in the following order:

- Correlation between psychological empowerment and Organizational Effectiveness- all banks and bank wise.
- Correlation between psychological and structural empowerment-all banks and bank wise.

Psychological Empowerment and Organizational effectiveness

Table 4.14

*Pearson's Correlation coefficients** between organizational effectiveness and psychological empowerment-total and components for PSBs (N=200)*

	Human Relations model	Rational Goal Model	Internal Process Model	Open Systems model	<i>Organizational Effectiveness</i>
Meaning	.20	.33	.21	.24	.26
Competence	.21	.30	.24	.23	.27
Self Determination	.51	.44	.49	.45	.51
Impact	.49	.42	.43	.38	.47
<i>Psychological Empowerment</i>	.51	.51	.49	.46	.54

** p significant at less than 1%

*p significant at 1%

Table 4.13 gives us the correlation figures between psychological empowerment and organizational effectiveness for PSBs (N=200). Both the variables are correlated strongly and positively. Individually, self-determination is exhibiting the strongest correlation with all the components of organizational effectiveness. Overall, a positive and strong correlation is demonstrated between psychological empowerment and organizational effectiveness ($r = 0.54, p=0.01$). The strongest correlation is seen between the variable of self-determination and internal process model ($r = 0.49, p=0.01$). A strong correlation between psychological empowerment and organizational effectiveness is indicative that a sense of empowerment has an effect in the organizational effectiveness and since the value of 'r' is positive the, direction of the relationship is positive i.e. higher the perception regarding the sense of empowerment, other things remaining the same, higher would be the perception regarding organizational effectiveness.

Table 4.15 *Pearson's Correlation coefficients** between organizational effectiveness and psychological empowerment-total and components for PBs (N=200)*

	Human Relations model	Rational Goal Model	Internal Process Model	Open Systems model	Organizational Effectiveness
Meaning	.41	.36	.39	.36	.42
Competence	.33	.29	.38	.35	.38
Self Determination	.44	.34	.45	.49	.48
Impact	.35	.33	.36	.42	.41
Psychological Empowerment	.47	.41	.49	.51	.53

** p significant at less than 1%

An observation of the Table 4.14 shows that both the constructs under consideration are strongly correlated with each other ($r = 0.53, p=0.01$) in case of PBs ($N=200$). A closer look at the individual level reveals that self-determination is showing strongest correlation with the individual components of organizational effectiveness as well as overall organizational effectiveness ($r=0.48, p=0.01$). The strongest correlation is observed between self-determination and open systems model ($r=. 0.49, p=0.01$).

Table 4.16

*Pearson's Correlation coefficients** between organizational effectiveness and psychological empowerment-total and components for FBs (N=200)*

	Human Relations model	Rational Goal Model	Internal Process Model	Open Systems model	Organizational Effectiveness
Meaning	.40	.42	.39	.37	.42
Competence	.31	.32	.34	.28	.33
Self Determination	.32	.32	.29	.29	.32
Impact	.32	.29	.25	.21	.28
Psychological Empowerment	.46	.46	.43	.39	.46

** p significant at less than 1%

The correlation results of the FBs ($N=200$) are depicted in Table 4.15. A strong correlation is shown between organizational effectiveness and psychological empowerment ($r = 0.46, p=0.01$). The meaning component is exhibiting the strongest correlation with the variables of organizational effectiveness ($r=0.42, p=0.01$). Rational goal model of organizational effectiveness is most strongly correlated with meaning ($r=0.42, p=0.001$).

Table 4.17

*Pearson's Correlation coefficients** between organizational effectiveness and psychological empowerment-total and components for all employees (N=600)*

	Human Relations model	Rational Goal Model	Internal Process Model	Open Systems model	Organizational Effectiveness
Meaning	.35	.37	.34	.34	.38
Competence	.29	.31	.33	.30	.34
Self Determination	.42	.36	.41	.40	.43
Impact	.39	.35	.35	.33	.38
<i>Psychological Empowerment</i>	.49	.46	.47	.46	.51

** p significant at less than 1%

The correlation results of the entire sample (N=600) are shown in Table 4.17 While the two constructs are strongly correlated ($r=0.51$), self- determination exhibits the strongest correlation with organizational effectiveness ($r= 0.43$, $p=0.01$) and with the human relations model in particular ($r=0.42$, $p=0.01$).

A comparison between all the three banks shows that PSBs are demonstrating the highest correlation between organizational effectiveness and psychological empowerment followed by PBs and then by the FBs. Self- determination has emerged as the strongest contributor to this relationship both in case of PSBs and PBs. In case of FBs, however, meaning has shown strongest correlation overall and with individual components of organizational effectiveness. Hence for the foreign bank employees , better the perception regarding the fit between their work role and beliefs, higher is their perception regarding organizational effectiveness. For public sector and private sector employees, choice in initiating and regulating their actions at work without any need for supervision, was more important to the perception regarding organizational effectiveness.

Results of the regression analysis

While correlation provides insight into the direction of the relationship between two variables, the regression analysis provides the magnitude of this relationship. Additionally, the contribution of each independent variable to the dependant variable can be studied and compared. For the purpose of this study multiple regression analysis-step wise was carried out.

Psychological empowerment and organizational effectiveness.

The relationship between the dependant variable organizational effectiveness and its components of psychological empowerment (independent variables) can be expressed in the form of the equation:

$$\text{Organizational Effectiveness (Y)} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where X_1, X_2, X_3, X_4 represent meaning, competence, self-determination and impact respectively.

Table 4.18
Regression estimates for organizational effectiveness and psychological empowerment

Coefficients(a)								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.403	.136		17.644	.000	2.135	2.670
	Self determination	.381	.032	.436	11.847	.000	.318	.444
2	(Constant)	1.564	.178		8.794	.000	1.214	1.913
	self determination	.299	.033	.342	9.038	.000	.234	.364
	Meaning	.263	.038	.264	6.983	.000	.189	.337
3	(Constant)	1.355	.182		7.441	.000	.997	1.712
	Self dermination	.214	.038	.245	5.597	.000	.139	.289
	-Meaning	.247	.037	.249	6.633	.000	.174	.321
	Impact	.153	.036	.182	4.264	.000	.083	.223
Dependent Variable: Organizational effectiveness								

Out of all the four components, only three emerged significant. Competence was not significant statistically. Self- determination emerged as the strongest variable capable of causing 19 percent of variation in the organizational effectiveness scores. $(\beta = 0.436, t=11.847, p < .001)$. All the three variables that emerged significant could cause 27 percent variation in the organizational effectiveness scores in the entire banking industry under consideration $(R^2 = .270, F(1, 596) = 18.18)$. One can derive two broad conclusions from

the above data; one, a low value of R^2 implies that there are other factors besides psychological empowerment components that affect the organizational effectiveness and two, freedom in initiating and regulating work related decisions contributes to a sense of empowerment that in turn contributes to better work effectiveness and overall organizational effectiveness.

The model summary is given below

Table 4.19

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.436(a)	.190	.189	.50539	.190	140.357	1	598	.000
2	.501(b)	.251	.249	.48634	.061	48.760	1	597	.000
3	.523(c)	.273	.270	.47949	.022	18.181	1	596	.000
a Predictors: (Constant) Self determination									
b Predictors: (Constant), Self determination-Meaning									
c Predictors: (Constant) Self determination Meaning, Impact									

In case of the PSBs, as table 4.20 depicts, self-determination emerged as the most important variable out of all the other variables to explain the phenomenon of organizational effectiveness. Interpreting the three components together, when employees can correlate their own beliefs with that of the organization and their jobs, they feel more in control of their jobs and hence can contribute more effectively to the organization's goals. Competence was not significant statistically to organizational effectiveness.

Table 4.20

Regression estimates for organizational effectiveness and psychological empowerment-bankwise

Coefficients(a)									
Bank	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
			B	Std. Error	Beta			Lower Bound	Upper Bound
Public sector banks	1	(Constant)	2.266	.216		10.484	.000	1.840	2.692
		Self determination	.433	.052	.513	8.401	.000	.331	.535
	2	(Constant)	2.066	.222		9.318	.000	1.629	2.504

		Self determination	.305	.066	.361	4.625	.000	.175	.435
		-Impact	.178	.059	.237	3.035	.003	.062	.294
	3	(Constant)	1.427	.358		3.984	.000	.721	2.134
		Self determination	.266	.067	.314	3.937	.000	.133	.399
		-Impact	.185	.058	.247	3.190	.002	.071	.300
		BMeaning	.166	.074	.140	2.257	.025	.021	.312
Private sector banks	1	(Constant)	2.371	.216		10.969	.000	1.944	2.797
		Self determination	.391	.051	.482	7.737	.000	.291	.491
	2	(Constant)	1.690	.284		5.955	.000	1.131	2.250
		Self determination	.293	.056	.361	5.207	.000	.182	.404
		Meaning	.243	.068	.247	3.563	.000	.109	.378
Foreign banks	1	(Constant)	2.251	.258		8.726	.000	1.742	2.759
		Meaning	.381	.059	.420	6.505	.000	.265	.496
	2	(Constant)	1.684	.312		5.404	.000	1.069	2.298
		Self determination	.201	.065	.208	3.104	.002	.073	.328
		Meaning	.318	.061	.351	5.241	.000	.199	.438
a Dependent Variable: Organizational effectiveness									

Interpreting the three components together, when employees can correlate their own beliefs with that of the organization and their jobs, they feel more in control of their jobs and hence can contribute more effectively to the organization's goals. Competence was not significant statistically to organizational effectiveness. In case of the private sector banks , self-determination emerged as the strongest predictor variable ($\beta = 0.482$, $p < .001$).It could explain 23 percent of variance in the effectiveness scores. $R^2 = 0.228$, $F(1, 198) = 59.81$, $p < .001$.Only two components of psychological empowerment were found to have a significant impact on the organizational effectiveness scores. Competence and impact were not statistically significant Meaning - the internalization of organization's beliefs and values with the individual beliefs- was considered by the employees to affect the organizational effectiveness through psychological empowerment. Meaning could explain 17 percent of the variation in organizational effectiveness scores. Both the variables that emerged significant could together explain 21 percent of the variation in effectiveness of the organization. $R^2 = 0.207$, $F(1, 198) = 9.633$, $p < .001$.The summary of the model is given below

Table 4.21

Model Summary										
Bank	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
						R Square Change	F Change	df1	df2	Sig. F Change
Public sector banks	1	.513(a)	.263	.259	.48334	.263	70.581	1	198	.000
	2	.544(b)	.296	.289	.47362	.033	9.210	1	197	.003
	3	.560(c)	.314	.303	.46877	.018	5.094	1	196	.025
Private sector banks	1	.482(a)	.232	.228	.47164	.232	59.860	1	198	.000
	2	.528(d)	.279	.271	.45830	.046	12.696	1	197	.000
Foreign banks	1	.420(e)	.176	.172	.52449	.176	42.312	1	198	.000
	2	.463(f)	.214	.207	.51341	.038	9.633	1	197	.002

Discussion on Research Objective 2

The focus of empowerment has been an attempt to improve organizational performance in terms of both productivity and quality, as it is usually implemented as strict management agenda (Redman and Wilkinson, 2001). However, it also assumes that increase of job satisfaction and commitment would result in higher effectiveness and quality of organizational performance (Ellickson, 2001). The empirical literature on empowerment suggests that empowerment matters for both employees and for their organizations. When employees feel empowered, they have more positive attitudes in terms of work/job satisfaction (Spreitzer, Kizilos, & Nason, 1997) and organizational commitment (Liden et al., 2000). In addition, Sparrowe (1994) found that when lower level hospitality employees felt empowered, they had more pay satisfaction, more promotion satisfaction, and less propensity to turn over. Similarly, Koberg et al. (1999) found that empowerment perceptions were associated with increased work satisfaction and reduced propensity to leave the organization. Empowered employees also reported less job strain (Spreitzer et al., 1997). But empowerment does not only affect attitudes, it also affects performance – more specifically, managerial effectiveness and innovative behavior (Spreitzer, 1995), employee effectiveness (Spreitzer et al., 1997), employee productivity (Koberg, et al., 1999), and work unit performance (Seibert, Silver, & Randolph, 2004). Spreitzer, DeJanasz, and Quinn (1999) found that supervisors who reported higher levels of empowerment were seen by their subordinates as more innovative, upward influencing, and inspirational. And Kirkman et al. (2004) found that virtual teams are higher performing when empowered. All in all, the

findings suggest a great deal of positive potential for psychological empowerment in a work context.

The first general hypothesis of the study was that a higher perceived sense of psychological empowerment would lead to higher organizational effectiveness. The importance of perception is highlighted by the fact that individual judgments about the observable organizational conditions are shaped by their interpretations, which go beyond verifiable reality (Thomas and Velthouse, 1990).

The employees of the banking industry, in general, perceive themselves to be highly empowered as demonstrated by the descriptive statistics (Table 4.1). The significantly strong and positive relationship between the two constructs is proved by the correlation analysis (Table 4.17). The strength of this relationship is most in case of self-determination that is also significantly and strongly related with the human relations model of organizational effectiveness.

The inter bank study shows that the two constructs are correlated to a higher degree in case of public sector banks (Table 4.14), followed by the private banks (table 4.15) and then the foreign banks (Table 4.16). While in the public sector banks this correlation is the highest with the human relations model, in private sector banks it is the strongest with the internal process model. The foreign banks perceive the sense of empowerment contributing most to the rational goal model.

The general hypothesis that higher perceived psychological empowerment leads to greater effectiveness is supported for the entire banking industry as well as public, private and foreign banks individually.

It would be pertinent to discuss the relationship between organizational effectiveness and each cognition of psychological empowerment.

Meaning and organizational effectiveness

Meaning has been defined as the a 'fit' between the requirements of the work role and a person's belief, value and behaviour. In the study of the entire sample, meaning has been perceived as the most important indicator as far as the descriptive statistics are concerned. It could explain a substantial amount of variance in the gestalt of psychological empowerment. It also emerged as a significant predictor for organizational effectiveness. Meaning has also exhibited a strong relationship with all the components of organizational effectiveness (Table 4.17). This relationship is particularly strong in case of the rational goal model component of

organizational effectiveness. Hence, higher the sense of perception regarding meaningfulness of the job, greater the orientation towards understanding organizational mission, goals and achievement of these goals.

A comparative study of different banks shows that the public sector bank employees perceive themselves to be highly empowered (Table 4.1). Their perception regarding organizational effectiveness is also the highest (Table 4.3). The private banks in this perception follow the foreign banks. A different culture could represent different work orientation for the employees of the foreign banks and hence a lower perception regarding this cognition. The relationship between meaning and organizational effectiveness is strongest in case of foreign banks (Table 4.16) and private banks (table 4.15), while the public sector banks report a strong but a lower correlation in comparison with other banks (Table 4.14). While the foreign banks depict the highest correlation with the rational goal model, the private banks correlate meaning most strongly with the human relations model. The emphasis on achievement of targets is implicit in the foreign banks whereas the orientation towards a better human relations climate is obvious in the private banks.

In light of the above interpretation, the hypothesis 1(a) is supported, i.e a sense of meaningfulness contributes to organizational effectiveness for the entire sample as well as for the three different categories of banks.

Competence and organizational effectiveness

The second empowerment cognition, competence is an individual's belief in his/her capability to perform task activities skillfully. Bandura's(1997) self efficacy concept reflects this empowerment cognition. Managers may strengthen perceptions of competence by communicating their confidence in employees.(Moye and Henkin,2006)High efficacy tends to result in initiating behaviour, high effort and persistence in the face of obstacles. In the study undertaken, competence has been perceived highly by the banking employees as a measure of empowerment.(Table 4.1) It has also emerged as a significant predictor for psychological empowerment as a construct(Table 4.18, 4.19). The relationship between competence and organizational effectiveness has been demonstrated by significantly high correlation between the two constructs (Table 4.17) It was most strongly correlated with the internal process component of organizational effectiveness while displaying least correlation with the human relations model. As stated earlier, self- efficacy is also shaped by the organizational efforts and these efforts reflect in the internal processes of the organization

like clear resource allocation, transparent and simple reporting, well-informed managers, emphasis on teamwork etc.

In the interbank study, the public sector employees perceive themselves to be more competent followed by the private and then by the foreign bank employees.(Table 4.1) However, the correlation between the two constructs was the strongest for the private sector banks followed by the foreign banks(Tables 4.15, 4.16). The public sector banks demonstrated a weaker correlation in comparative terms (Table 4.14) .In case of private sector banks and the foreign banks this relationship was the strongest with the internal process model that was stronger in case of the private banks. Strength of competence as a predictor for organizational effectiveness also varied from bank to bank. The impact was the strongest for the private sector banks, followed by the foreign banks and then the public sector banks.

In light of the above discussion, hypothesis 1(b)- a sense of competence contributes to organizational effectiveness- is supported for the entire sample and individual category of banks.

Self-determination and organizational effectiveness

Self-determination as defined in the study involves causal responsibility for a person's actions. It is the employees' perception of the autonomy in the initiation and continuation of work behaviour and processes. Both cognitive and motivational explanations link self-determination with effectiveness. From cognitive perspective, employees generally have a more complete knowledge and information about their work than their bosses and hence are in a better position to plan and schedule their work .This also enables them to identify and remove obstacles in achieving job performance. The understanding in the effective behaviour and task strategies is enhanced(Lawler,1992)Thomas and Tymon(1994) found that employees who had an obvious choice regarding how to do their job were found to be higher performers than those with little work autonomy.

The data for the entire sample shows a high perception of this dimension of empowerment implying that the employees of the banking sector on general perceive themselves to be fairly autonomous in the performance of their jobs. The relationship between self-determination and organizational effectiveness was also the strongest statistically. Organizations that give due credit to the suggestions of the employees, give periodic feedback on how to improve performance, perception of the employees regarding

company policies being people friendly and other such factors help increase the sense of freedom and autonomy which gets reflected in the increased productivity.

The inter bank comparison reveals a high perception regarding self-determination in the three banks. Private sector bank employees reported the highest perception as compared to the foreign banks and the public sector banks.(Table 4.1) The relationship between the organizational effectiveness and self-determination was the strongest in the public sector bank employees followed by the private banks and then the foreign bank employees.(Tables 4.14, 4.15,4.16) However, the strength of this correlation differed from bank to bank. While in the public sector banks, it was the strongest with the human relations model, in private banks the relationship was the strongest with the open systems model. The foreign bank employees' data revealed this relationship to be the strongest with both human relations model and the rational goal model. As discussed earlier, the human relations model has a lot to contribute to the employees' sense of freedom and initiation in his/her domain of work. The private sector in the banking industry is quicker to respond to changes in the external environment, implying a greater freedom to employees to take decisions that are non-routine in nature.

The analysis regarding relationship between self-determination and organizational effectiveness supports hypothesis 1(c)-self-determination contributes to the organizational effectiveness- for the entire sample as well as the public, private and foreign banks individually.

Impact and Organizational effectiveness

Though the impact dimension has not received much attention in the literature than the other dimensions, theory suggests that it should be positively related to effectiveness. If individuals believe that they can have an impact on the system in which they are embedded, that they can influence organizational outcomes, then they will be seen as more effective. In contrast, individuals who do not believe that they can make a difference will be less likely to try as hard in their work and hence will be often seen as less effective (Ashforth, 1989). The impact dimension of empowerment extends the notion that individuals who have some control over their own jobs also have some influence over larger organizational matters.

Impact is hypothesized to have a positive relationship with organizational effectiveness. Though this dimension has been perceived as the least important out of all the other dimensions if the descriptive statistics are considered, yet in absolute terms, it is on the

higher side.(Table 4.1) As the correlation analysis depicts, it is significantly and strongly related to the perceived sense of organizational effectiveness. The relationship is the strongest with the human relations model while it is the least strong with the open system model. Impact as defined earlier refers to the ability of an employee to take strategic, operational and tactical decisions in the workplace. An employees' sense of control over what happen sin the department may be mostly due to the human relations climate in the organization. The strength of impact as the predictor of organizational effectiveness was significant.

The bank wise analysis shows that the employees of the private banks perceived themselves to be high on the dimension of impact followed by the foreign banks and the by the public sector banks. However, the employees of the public sector banks displayed the strongest correlation between the two constructs followed by the private banks and the by the foreign banks.(Table 4.14) Hence, the public sector bank employees perceive themselves as capable of influencing the strategic, operational and tactical outcomes the most. The correlation is highest with the human relations component of organizational effectiveness in the public sector as well as foreign sector employees.(Table 4.16) However, in the private sector banks this correlation is the highest with the open systems component of organizational effectiveness. As a predictor of organizational effectiveness, its effect was the strongest in the public sector banks followed by the private banks and then by the foreign banks.(Table 4.21)

Hence, hypothesis 1(d)-*a sense of impact contributes to organizational effectiveness-is supported.*

Research Objective 3: Examining the Relationship between Structural Empowerment and Organizational Effectiveness.

The study also tried to examine the effect of structural empowerment practices on the perception of organizational effectiveness. As with the previous research question, correlation and regression analysis were applied to accomplish this objective.

Correlation Results:

In case of PSBs, a high positive correlation is shown between overall structural empowerment and organizational effectiveness. ($r=.74$, $p<0.01$). Of all the components of structural empowerment, skills and knowledge is demonstrating the highest correlation with

all the components of organizational effectiveness. The correlation statistics between the two constructs along with their individual components are shown in table 4.22.

Table 4.22

*Pearson's Correlation coefficients** between organizational effectiveness and structural empowerment-total and components PSBs(N=200)*

	Human Relations model	Rational Goal Model	Internal Process Model	Open Systems model	<i>Organizational Effectiveness</i>
Locus of Control	.49	.44	.44	.42	.49
Self-esteem	.37	.44	.40	.44	.45
Role clarity	.25	.37	.35	.39	.37
Autonomy	.58	.56	.54	.52	.60
Information and Communication	.59	.62	.61	.59	.66
Reward System	.72	.64	.64	.59	.71
Climate	.41	.47	.44	.43	.48
Skills and Knowledge	.73	.69	.68	.59	.74
Structural Empowerment	.66	.67	.65	.63	.71

** significant at $p=0.01$

Correlation figures between the two constructs in case of private banks are shown in table 4.23. While the correlation between overall structural empowerment and organizational effectiveness is highly positive($r=.67, p<0.01$), the highest correlation is observed between reward system and organizational effectiveness($r=.63, p<0.01$). This is followed by information and communication which is marginally less than reward system($r=.62, p<0.01$). Among individual components, the highest correlation is observed between human relations model and the internal process system components of organizational effectiveness with overall structural empowerment.

Table 4.23

*Pearson's Correlation coefficients** between organizational effectiveness and structural empowerment-total and components PBs (N=200)*

	Human Relations model	Rational Goal Model	Internal Process Model	Open Systems model	<i>Organizational Effectiveness</i>
Locus of Control	.56	.48	.56	.52	.59
Self-esteem	.51	.41	.59	.51	.55
Role clarity	.49	.45	.50	.46	.53
Autonomy	.51	.48	.52	.47	.56
Information and Communication	.60	.49	.58	.53	.62
Reward System	.59	.52	.57	.50	.63
Climate	.58	.49	.54	.51	.59
Skills and Knowledge	.46	.41	.41	.36	.45
<i>Structural Empowerment</i>	.63	.55	.63	.59	.67

** significant at $p=0.01$

The data of the foreign bank employees (Table 4.24) depicts a highly significant and positive correlation between structural empowerment and organizational effectiveness ($r=.55, p<0.01$). An observation of the individual components reveals that the overall structural empowerment is the highest in case of role clarity ($r=.52, p<0.01$). A higher correlation is also reported between overall structural empowerment and human relations model ($r=.56, p<0.01$) and open system model ($r=.53, p<0.01$).

A comparison between all the three banks reveals that the PSBs are reporting the highest correlation followed by the private banks and then the foreign banks. The differences are also noticeable between the correlations observed between individual components. E.g. for PSBs skills and knowledge depicts the highest correlation whereas for private banks and foreign banks reward system and role clarity are most highly correlated.

Table 4.24

*Pearson's Correlation coefficients** between organizational effectiveness and structural empowerment-total and components FBs (N=200)*

	Human Relations model	Rational Goal Model	Internal Process Model	Open Systems model	Organizational Effectiveness
Locus of Control	.47	.36	.38	.39	.42
Self-esteem	.39	.36	.34	.36	.38
Role clarity	.52	.47	.47	.51	.52
Autonomy	.51	.47	.45	.51	.51
Information and Communication	.47	.44	.42	.43	.47
Reward System	.46	.39	.44	.46	.46
Climate	.32	.29	.26	.32	.32
Skills and Knowledge	.38	.26	.35	.36	.36
<i>Structural Empowerment</i>	.56	.49	.49	.53	.55

** significant at p=0.01

Table 4.25 shows the overall correlation figures for all 600 employees. While structural empowerment is very highly correlated with organizational effectiveness($r=.64$, $p<0.01$), reward system depicts the highest correlation with organizational effectiveness($r=.61$, $p<0.01$). The overall structural empowerment shows the highest correlation with the human relations model($r=.60$, $p<0.01$)

Table 4.25

*Pearson's Correlation coefficients** between organizational effectiveness and structural empowerment-total and components for all employees (N=600)*

	Human Relations model	Rational Goal Model	Internal Process Model	Open Systems model	Organizational Effectiveness
Locus of Control	.51	.43	.47	.45	.51
Self-esteem	.43	.41	.44	.45	.47
Role clarity	.43	.44	.45	.47	.48
Autonomy	.51	.49	.49	.49	.54
Information and Communication	.56	.52	.54	.52	.58
Reward System	.61	.53	.55	.54	.61
Climate	.45	.43	.43	.44	.47
Skills and Knowledge	.48	.43	.47	.42	.49
<i>Structural Empowerment</i>	.60	.56	.59	.59	.64

** significant at p=0.01

Results of the regression analysis

Predictors for organizational effectiveness (DV) with structural empowerment (IV)

The relationship between the dependant variable organizational effectiveness and its components of structural empowerment(independent variables)can be expressed in the form of the equation:

$$\text{Organizational Effectiveness (Y)} = \beta_0 + \beta_1 X_1 + \beta_1 X_2 + \beta_1 X_3 + \beta_1 X_4 + \beta_1 X_5 + \beta_1 X_6 + \beta_1 X_7 + \beta_1 X_8 + \varepsilon$$

Where $X_1, X_2, X_3, X_4, X_5, X_6, X_7, X_8$ represent locus of control, self- esteem, role clarity, autonomy, information and communication, reward system, climate, skills and knowledge respectively.

The following table 4.26 predicts the effect of every component of structural empowerment on organizational effectiveness for the entire sample. As the table depicts, reward system predicted the maximum variance in organizational effectiveness ($\beta = 0.60$, $t=18.58$, $p < .001$; $R^2 = 0.37$, $F(1, 598)$).

Table 4.26

Regression estimates for organizational effectiveness and structural empowerment

Coefficients(a)								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.495	.136		10.997	.000	1.228	1.762
	Reward system	.620	.033	.605	18.578	.000	.555	.686
2	(Constant)	.782	.161		4.872	.000	.467	1.098
	Reward system	.497	.036	.484	13.846	.000	.426	.567
	Role clarity	.288	.038	.264	7.560	.000	.213	.363
3	(Constant)	.603	.164		3.672	.000	.281	.926
	Reward system	.385	.045	.376	8.655	.000	.298	.473
	-Role clarity	.207	.042	.190	4.872	.000	.123	.290
	-Information and communication	.235	.057	.202	4.114	.000	.123	.347
4	(Constant)	.539	.166		3.245	.001	.213	.865
	-Reward system	.343	.048	.335	7.174	.000	.249	.437
	-Role clarity	.194	.043	.178	4.548	.000	.110	.278
	Information and communication	.212	.058	.182	3.680	.000	.099	.326
	Skills and Knowledge	.097	.041	.096	2.351	.019	.016	.179
Dependent Variable: Organizational effectiveness								

The model summary is given below

Table 4.27

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.605	.366	.365	.44717	.366	345.138	1	598	.000
2	.649	.421	.419	.42754	.055	57.153	1	597	.000
3	.661	.437	.434	.42195	.016	16.928	1	596	.000
4	.665	.443	.439	.42036	.005	5.528	1	595	.019
Predictors: (Constant), -Reward system									
Predictors: (Constant), Reward system,-Role clarity									
Predictors: (Constant),Reward system,Role clarity, Information and communication									
Predictors: (Constant),Reward system,Role clarity, Information and communication, Skills and Knowledge									

Table 4.28 shows the statistics for regression analysis estimates of organization effectiveness and structural empowerment.

Table 4.28

Regression estimates for Organizational effectiveness bank-wise

Coefficients(a)									
Bank	Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
			B	Std. Error	Beta			Lower Bound	Upper Bound
Public sector banks	1	(Constant)	1.027	.200		5.141	.000	.633	1.420
		Skills & Knowledge	.732	.048	.737	15.324	.000	.638	.826
	2	(Constant)	.668	.197		3.398	.001	.280	1.055
		-Skills and Knowledge	.464	.065	.467	7.120	.000	.335	.592
		Reward system	.361	.064	.369	5.623	.000	.235	.488
	3	(Constant)	.167	.228		.731	.466	-.283	.616
		Skills and Knowledge	.384	.066	.386	5.812	.000	.254	.514
		Reward system	.272	.066	.277	4.115	.000	.141	.402
		-Information and communication	.286	.072	.234	3.956	.000	.143	.428
	4	(Constant)	-.229	.280		-.817	.415	-.781	.324
		Skills and Knowledge	.379	.065	.381	5.798	.000	.250	.507
		Reward system	.296	.066	.303	4.487	.000	.166	.427

		Information and communication	.195	.081	.160	2.408	.017	.035	.355
		Role clarity	.159	.067	.120	2.375	.018	.027	.290
Private sector banks	1	(Constant)	1.425	.231		6.164	.000	.969	1.881
		Reward system	.635	.056	.627	11.327	.000	.525	.746
	2	(Constant)	1.224	.228		5.362	.000	.774	1.674
		Reward system	.418	.076	.412	5.467	.000	.267	.568
		Climate	.268	.066	.304	4.035	.000	.137	.399
	3	(Constant)	1.026	.235		4.374	.000	.563	1.488
		- system	.329	.081	.324	4.052	.000	.169	.489
		Climate	.216	.068	.245	3.186	.002	.082	.349
		-Self esteem	.189	.066	.203	2.876	.004	.059	.318
	Foreign banks	1	(Constant)	1.586	.273		5.811	.000	1.048
-Role clarity			.571	.066	.521	8.589	.000	.440	.702
2		(Constant)	1.019	.298		3.419	.001	.431	1.606
		Reward system	.296	.073	.272	4.046	.000	.152	.440
		-Role clarity	.423	.074	.386	5.746	.000	.278	.569
Dependent Variable: Organizational Effectiveness									

Skills and knowledge predicted the maximum amount of variance in the structural empowerment; $R^2 = 0.54$, $F(1, 198)$, ($\beta = 0.74$, $t=15.32$, $p < .001$). Out of the eight components of structural empowerment, only four were statistically significant. Role clarity was the only job related factor that emerged significant. This implies that for the employees of the public sector banks, organization centric factors are critical for performing and contributing to the effectiveness of the organization. Locus of control and self-esteem that are individual centric were not statistically significant. Hence, the public sector employees place a greater emphasis on the role of the organizational policies and procedures to improve the effectiveness of the organization.

In the private banks, the reward system emerged as the strongest predictor from all the components of structural empowerment. It could significantly explain 39 percent of the variance in the organizational effectiveness $R^2 = 0.39$, $F(1, 198)$, ($\beta = 0.63$, $t=11.32$, $p < .001$). In case of the private sector bank employees, only three factors emerged significant. Reward system and the climate of the organization were perceived to be the most important contributors to the effectiveness among the organization related factors. Self-esteem also emerged significant out of the individual variables. Together these three variables could explain 45 percent of the variance in the organizational effectiveness scores.

The regression estimates for organizational effectiveness on structural empowerment for foreign banks are depicted in table. Role clarity could explain 27 percent of the variance in the organizational effectiveness. $R^2 = 0.27$, $F(1, 198)$, ($\beta = 0.52$, $t=8.58$, $p < .001$). Only two variables emerged significant out of the eight variables in explaining the variance in organizational effectiveness. Reward system along with role clarity could explain 32 percent of the variance in the organizational effectiveness.

Discussion regarding relationship between Structural empowerment and organizational effectiveness (Research Objective 3)

Originally the structural view focused on the empowering practices including the delegation of decision making from higher to lower organizational levels and increasing access to information and resources for individuals at all levels. As such central to the notion of structural empowerment is that it entails the delegation of decision making prerogatives to employees along with the discretion to act on one's own (Mills and Ungson, 2003). In this structural view the rationale is that employees will behave in an empowered way by making the changes at the structural level.

The meaning of the term structural empowerment in the present study differs from the existing literature in two ways. By definition as adopted in the study structural empowerment refers to the set of enabling conditions in the individual, job and the organization that help to facilitate a sense of empowerment in the employees. One difference is the inclusion of individual factors under the term structural empowerment; two, while some studies have studied self-esteem and locus of control as antecedents and not factors that make up structural empowerment, viewed narrowly this difference is only of perception. All factors under structural empowerment can be considered antecedents at the same time.

Bowen and Lawler (2001) talk about high involvement practices that include sharing of power, information sharing and rewards with employees and at all levels. This has positive outcomes for the organizations both in terms of improvement in quality of work life, quality of products and services, customer service, productivity leading to more effectiveness.

The study hypothesized a positive relationship between structural empowerment and its components with organizational effectiveness. The perception of the employees of the entire banking sector under study was high. (Table 4.2) The correlation analysis depicted a high association between the two constructs. (4.25) This association was highest with the

human relations model of organizational effectiveness. The strongest relationship statistically was between reward system and overall organizational effectiveness. Information and communication was another variable that exhibited a strong relationship with organizational effectiveness. The variables that could cause the maximum variance in structural empowerment as a construct were information and communication followed by autonomy and then locus of control.(Table 4.26) This lends support to the inclusion of individual, job related as well as organization related variables under structural empowerment. As a predictor of organizational effectiveness, all variables were statistically significant. However reward system emerged as the strongest predictor followed closely by information and communication.

The inter bank analysis also shows the existence of a high perception regarding existence of conditions that facilitate a sense of empowerment. The perception is the highest in the public sector banks and the difference is very marginal between private and foreign banks that follow the public sector banks.(Table 4.2) The association between structural empowerment and organizational effectiveness is the highest in the public banks followed by private and then the foreign banks. The intra bank analysis reveals that the component of skills and knowledge showed the strongest association in the public banks with organizational effectiveness.(Table 4.23 In the private banks this association was the strongest with the reward system(Table 4.24) and in foreign banks with the role clarity.(Table 4.25) Different components of organizational effectiveness also exhibited differences in association with structural empowerment. In PSBs, rational goal model was most strongly correlated, in private and foreign banks the human relations model displayed highest association. Skills and knowledge could explain the maximum variance out of all the variables under study in organizational effectiveness.(Table 4.28) Employees of private banks saw reward system as most important to the organizational effectiveness(Table 4.28). With the foreign banks, role clarity was considered most important out of all the variables of structural empowerment.(Table 4.28)

Hence, hypothesis 2-structural empowerment contributes to organizational effectiveness – is supported both for the entire industry under study and the different categories of banks.

Locus of control and organizational effectiveness

The first individual trait taken up in the study was locus of control. Thomas and Velthouse (1990) proposed locus of control to be the most relevant to the concept of empowerment. Locus of control explains the degree to which the employees feel that they, rather than the external forces determine what happens in their lives. People with an internal locus of control are more likely to feel capable about shaping their work environment and hence to feel empowered. They see themselves as causal agents rather than being externally controlled. A high locus of control results in more efficient usage of resources/ demand for the resources to perform better. Hence, employees with a high internal locus of control are hypothesized to contribute to organizational effectiveness.

The entire banking industry under study shows a significant and strong positive correlation.(Table 4.25) It was the highest with the human relations model. As a predictor of organizational effectiveness, its effect was substantial. It also emerged as a significant predictor for the construct of organizational effectiveness.(Table 4.26)

The bank wise comparison showed the locus of control to be affecting organizational effectiveness significantly in all the banks. However, this effect was the strongest in the private sector banks followed by the public sector banks and then the foreign banks.(Tables 4.24, 4.25, 4.26) The strength of locus of control as a predictor for structural empowerment also varied from bank to bank. Its effect was the strongest in case of private sector banks and least in case of the public sector banks. It demonstrated a high correlation with the human relations model and the open system model in the private sector banks whereas in the public and foreign banks it was the highest with the human relations model. The above discussion lends support to hypothesis 2(a)-locus of control contributes to organizational effectiveness.

Self-esteem and organizational effectiveness

The perception of the banking employees regarding their self-esteem is on the high side. The effect of this variable on effectiveness was found to be significant for the entire banking industry. The correlation between self-esteem and effectiveness was also effective and strong as demonstrated by the correlation analysis.(Table 4.25)

The public sector banks while demonstrating a strong relationship between the two variables sought the strongest association of self-esteem with the rational goal model, while private bank employees and foreign bank employees showed the highest correlation of self-esteem with the internal process model and human relations model.(Tables 4.22, 4.23, 4.24)

The impact of self-esteem as a predictor of the construct was the highest for private banks followed by foreign banks and then by the public sector banks.(Tables 4.28)

One assumption could be that the association with the techno savvy private banks and the foreign banks leads to higher self-esteem. The effect of self-esteem on organizational effectiveness was also observed to be the highest in case of private banks followed by public sector banks then the foreign banks.

The significance of the results as discussed above justifies hypothesis 2(b) – *self-esteem contributes to organizational effectiveness*.

Role clarity and organizational effectiveness

A role as distinct from a job or a task has been defined as a position or an office a person occupies as defined by the expectations from significant persons in the organization including the person himself. A clear understanding regarding one's role and not just the job affects empowerment perceptions. Hence, it has both social as well as psychological implications organizations need to take another look at their job descriptions. A typical jobs description would carry the various components of the job detailing each and every task and activity. However, since all jobs are interdependent and impact other jobs in the organization it is the role, which becomes more important. The job descriptions would need to change into role descriptions. Further, some functions of a job or a role are relevant at present and also in future. These require priority attention and are rightly referred to as key performance Areas (KPAs). KPAs are more specific and indicate what the job contributes to the organizations; something, which the traditional job descriptions do not do. Hence, role clarity becomes a basic necessity if empowerment has to be undertaken. Unfortunately, not many studies have taken up role clarity as a predictor of organizational effectiveness or structural empowerment .Spreitzer(1996) studied role ambiguity as one of the issues impacting empowerment and proposed a negative relationship between role ambiguity and empowerment.

A significant relationship is depicted between role clarity and organizational effectiveness for the entire banking industry. The correlation is observed to be the strongest in case of the open systems model. (Table 4.25) The impact of role clarity on organizational effectiveness is also significant. As a predictor for the construct of structural empowerment the effect of role clarity was towards the higher side as compared to other predictors.(Table 4.26, 4.27)

The inter bank comparisons show the highest correlation of role clarity with organizational effectiveness in the private sector banks and in the foreign banks.(Tables 4.23, 4.24) The public sector banks depicted the lowest association of role clarity with the construct of organizational effectiveness.(Table 4.22) While in the private banks, the correlations was highest with the internal process model, in foreign banks the component of human relations showed the maximum correlations. Clearer job description is a very important component of the internal processes of the organization and the climate that facilitates better human relations in an organization contributes to clearer expectations regarding the job for the employee and others through a system of feed back. The effect of role clarity on organizational effectiveness was the strongest and private and foreign banks and the least in the public sector banks.

The above analysis provides support for hypothesis 2(c)- *Higher self-esteem leads to a greater perception regarding empowerment and hence organizational effectiveness.*

Autonomy and Organizational Effectiveness

An employee is considered to be relatively autonomous if he can make decisions pertaining to his job without the need for permission from anyone in the organization. Autonomy has been found to promote competitiveness of the firms (Nielsen and Pedersen, 2003). It has also been found to promote job satisfaction and lower rates of absenteeism among employees. (Turner and Lawrence, 1965) Autonomy and freedom to make decisions is taken to be a prerequisite to empowering employees. Though autonomy and empowerment are distinct constructs, yet autonomy has to be imbibed in the organization for empowerment to be successful.

The study demonstrated a positive and strong relationship between autonomy and organizational effectiveness. Out of the two jobs and factors i.e. role clarity and autonomy the latter showed a stronger association. This association was the highest with the human relations component of organizational effectiveness. Autonomy could also significantly predict the organizational effectiveness scores.

The inter bank comparisons showed the perception regarding autonomy to be the highest in public sector banks.(Tables 4.2) Both private and foreign banks differed very marginally in his perception. Autonomy displayed the strongest correlation with organizational effectiveness in the public sector banks (Table 4.22) followed by the private banks (Table 4.23) and than the foreign banks.(Table 4.24) The association of the autonomy

was the highest with the human relations model for the public sector banks and with the internal process model for the private banks. The foreign banks exhibited a stronger correlation with the human relations model. Autonomy also emerged as the stronger predictor for the construct of structural empowerment in foreign banks.(Table 4.28) Though not the strongest predictor in public sector banks and private sector banks yet it was amongst the top predictor. In all the three banks it could significantly predict the organizational effectiveness scores. However its effects was stronger ion the effectiveness perception of the public sector banks than the private banks and foreign banks.

Following the above discussions hypotheses 2(d)- sense of autonomy contribute to organizational effectiveness- is supported.

Information and Communication and Organizational Effectiveness

One issue that has received wide spread attention and acknowledgement in empowerment literature is the information and communication dimension. As Kanter (1989) remarked “to be more empowering, organizations must make more information valuable to more people at more levels through more devices. The types of information that have been found to be critical for empowerment are (a) information about the organizations mission (b) information about individual performance (Lawler 1992). The information about mission is important to an employees because it helps in creating a sense of meaning and purpose. It also makes an individual more capable to take decisions that are appropriately aligned to organizational goals and missions. Employees also need feedback on their performance and the units performance to enable them to maintain and improve performance. The elements of information and communication might include date about work flow, productivity, external environmental competitions and strategy of the firm. Block (1987) argued that to create empowering environment managers must ensure that information cascades through out an organization. Open communication and free flow of information is essential in an organization to reduce stress. It also tends to flatten out the organization and de-emphasized the hierarchy. (Zollers and Callahan 2003). More and better information make employees feel a part of the organization thereby increasing quality of work and enhancing effectiveness.

The results of the entire banking industry taken up under the study justify the attention given to this critical variable. It has emerged as the strongest predictor for the construct of structural empowerment (Table 4.26) and second only to reward system as a

predictor of organizational effectiveness. The association of the variable according to the correlation analysis is also amongst the strongest out of all the components of structural empowerment. (Table 4.25) Its relationship is strongest with the human relations model.

The inter bank analysis also follows the trends of the entire industry with marginal variation. The correlation was the strongest in the public sector banks (Table 4.22) followed by the private banks (Table 4.23) and foreign banks. (Table 4.24) While in the public sector banks the correlation was observed to be the strongest with their rational goals model, for private banks and foreign banks it was the strongest with the human relations model. The public sector employees view information and communication critical to the achievement to the goals whereas employees of the other banks perceive it as a causal factor for the human relations frame work in the organizations. As an independent variables, capable of causing to this construct, its impact was the strongest in the public sector banks. The private bank employees perceive it as the most important factor that makes a structural empowerment. Its impact on organizational effectiveness scores was the highest in the public sector banks followed by private banks and foreign banks. (Tables 4.28)

Hence hypotheses 2 (e) – Greater access to organizational information leads to a greater perception regarding empowerment and hence organizational effectiveness.

Reward System and Organizational Effectiveness

A fair and just reward system that is based on individual performance has been accepted as a strong motivator for better and sustained performance. In traditional hierarchical system a major determinant of an individual pay is the type of work (Miles and Creed, 1995). A high involvement system requires a different reward system- one that rewards performance rather than the job. To be empowering, reward system must recognize individual contribution (Lawler 1986). Though group rewards or broad based rewards based on organizational performance may be beneficial, it might impede understanding regarding individual contribution. Individual based rewards are hence important for empowerment as these helps an employee to recognize and reinforce personal competencies. Additionally it motivates them to participate and affect decision-making. It is also argued that the role of incentive and rewards make managers more willing to involve lower level employees in decision making and enhance employees concerned for success of their organization.

Results of the study depict a very high perception of employees regarding the reward system. It demonstrated the strongest correlation out of all the variables with organization

effectiveness particularly in the human relations model.(Table 4.25) It merged as the strongest predictor for organizational effectiveness capable of causing maximum variance in the effectiveness of organizations. It is evident that the employees of the banking sector place a high emphasis on fair rewards, parameters for these rewards and more importantly communication regarding the performance and rewards. As a predictor for structural empowerment, though statistically significant its effect was demonstrated to be lower than a few other variables (Table 4.26). However a strong association exists between reward system and organizational effectiveness.

The above association was strongest for the public sector banks (Table 4.28) and weakest for foreign bank employees(Table 4.28). In public sector banks the correlation of reward system was the highest with the human relations model and lowest with the open systems model. In the private banks while the strongest correlation was strong with the human relations model, the least correlation was observed with the open systems model. Reward system emerged as the strongest predictor for organizational effectiveness in private sector banks as compare to other components of structural empowerment. While not the strongest in other banks, it could, still significantly predict the organizational effectiveness scores. As a predictor for structural empowerment its impact was the strongest for the private banks followed by foreign banks and then the public sector banks.(Tables 4.28)

In light of the above discussion, hypothesis 2(g)- : *A fair and just reward system leads to a greater perception regarding empowerment and hence organizational effectiveness* is supported.

Organizational Climate and Organizational Effectiveness

A high level of trust between the superior and the subordinates, respect for achievers, knowledgeable, trusting and friendly relations; are some of the attributes of an organization's climate that is considered to be appropriate for achieving high performance. Generally speaking, a participative organizational climate has a motivating effect on the work behaviour and work outcomes. It also acts as a facilitator for instilling a sense of empowerment. In a participative climate, the acknowledgement, creation and liberation of employees are valued, whereas in non-participative climates control, order and predictability are valued. Menon,2001; Menon and Pethe 2002) found a participative climate to be positively related to organizational commitment, extra role behaviour and job involvement.

A significant and strong correlation is observed between climate and organizational effectiveness and this is reflected more strongly in the human relations component (Table 4.25) Climate could also significantly predict the organizational effectiveness scores as well as the structural empowerment scores. (Tables 4.26)

The interbank comparison shows that the association between climate and was the strongest for the private banks (Table 4.23) followed by the public sector banks.(Table 4.22) Interestingly, the foreign banks demonstrated the lowest correlation of climate with organizational effectiveness.(Table 4.24) As a predictor for structural empowerment also, climate, though significant, had the lowest effect on the construct.(Table 4.28) The private sector banks demonstrated the its effect to be the strongest with reference to the construct of organizational effectiveness.(Table 4.28) Impact of climate on organizational effectiveness scores also varied from bank to bank. While in the private sector banks, it was the strongest predictor out of all the three banks; in foreign banks it was the least. One of the reasons could be the reliance of foreign banks on lesser number of employees as against the number in private and public sector banks.

The hypothesis 2(f)- : *A participative organizational climate leads to a greater perception regarding empowerment and hence organizational effectiveness-* is supported in light of the above discussion.

Skills and Knowledge and Organizational Effectiveness

An assessment of the training needs, proper training and the follow up post training are the critical elements of any empowerment programme. The development of skill and knowledge is undeniably a major instrument for promoting decent work measures. The challenge of skills and knowledge development is to define new approaches and to assess training needs(Miller-Stennett 2002)..When employees learn that high quality work is crucial to the success of the organization and to their own job security, they are likely to become more conscientious. Once they become fully aware of what is expected of them and how their efforts fit into the big picture, and then receive the skills to meet these demands, the quality of their work generally rises (Bloom and Lafleur 1999).

For the entire sample the skills and knowledge component displayed significant correlation that was manifested more strongly in the human relations model.(Table 4.25) Skills and knowledge was also a significant predictor for the organizational effectiveness scores(Table 4.26). However, for the construct of structural empowerment it was one of the

weakest predictors, though the statistics were significant. The interbank comparison shows this correlation to be the highest with the organizational effectiveness in the public sector banks.(Table 4.22) In fact, the correlation was the highest between skills and knowledge than other components of structural empowerment. This was the strongest with the human relations model. This association was a little lower for the private banks(Table 4.23) and the least for the foreign banks(Table 4.24). Skills and knowledge emerged as the strongest predictor of organizational effectiveness in the public sector banks.(Table 4.28) Most public sector banks have very well structured training policies in place where all employees are trained at regular intervals. Hence, the effect of this variable was more on the organizational effectiveness. In complete contrast, in the private banks it was the weakest predictor though it was statistically significant.(Table 4.28). The hiring criteria of the private banks are quite rigorous and the employees are highly qualified at the entry level. This is probably why lesser importance is accorded to skills and knowledge. The same trend was discernible in the foreign banks where it was the weakest predictor for organizational effectiveness amongst all the predictors.

Hypothesis 2(h)- *Greater support for acquisition of skills and knowledge leads to a greater perception regarding empowerment and hence organizational effectiveness-* given the above discussion.

Research Objective 4: Studying the relationship between Structural Empowerment and Psychological Empowerment

Theoretically, psychological empowerment is shaped by a lot of factors, which can be individual, job related or organization related. The presence of certain conditions in the individual, his/her job and the organizational environment can help facilitate a sense of empowerment in the individual. The following results show the association between these factors and the sense of empowerment.

Both correlation and regression analysis have been used to study this relationship.

Correlation Results

Table 4.29

*Pearson's Correlation coefficients** between structural empowerment and psychological empowerment-total and components PSBs(N=200)*

	Meaning	Competence	Self-determination	Impact	Psychological empowerment
Locus of Control	.31	.29	.51	.48	.56
Self-esteem	.40	.42	.42	.34	.52
Role clarity	.43	.43	.19	.15	.36
Autonomy	.29	.34	.51	.41	.54
Information and Communication	.37	.37	.52	.55	.63
Reward System	.23	.20	.43	.44	.47
Climate	.41	.30	.35	.31	.45
Skills and Knowledge	.24	.26	.45	.35	.45
<i>Structural Empowerment</i>	.44	.44	.55	.49	.65

** significant at p=0.01

The public sector banks show a high correlation between both the constructs. It is the highest for information and communication. (r=.63, p=0.01)

The correlation statistics for the private banks is depicted in table 4.30. There existed a very high correlation between the two main constructs. (r=.54, p<0.01). Autonomy and information and communication demonstrated the strongest correlation with psychological empowerment. (r=.51, p<0.01)

Table 4.30

*Pearson's Correlation coefficients** between structural empowerment and psychological empowerment-total and components PBs (N=200)*

	Meaning	Competence	Self-determination	Impact	Psychological empowerment
Locus of Control	.36	.33	.45	.33	.46
Self-esteem	.35	.35	.45	.31	.46
Role clarity	.40	.28	.38	.28	.41
Autonomy	.43	.39	.47	.35	.51
Information & Communication	.45	.39	.45	.36	.51
Reward System	.45	.32	.47	.39	.50
Climate	.39	.32	.41	.33	.45
Skills and Knowledge	.32	.26	.27	.20	.33
<i>Structural Empowerment</i>	.46	.39	.50	.38	.54

** significant at p=0.01

Overall correlation figures for foreign banks showed a very high association between structural empowerment and psychological empowerment($r=.62, p<0.01$). Locus of control demonstrated the highest correlation with a sense of empowerment($r=.57, p<0.01$). A closer look at table 4.31 reveals that the foreign bank employees consider the individual traits and the job related factors i.e role clarity and autonomy as more important for shaping the sense of empowerment.

Table 4.31

*Pearson's Correlation coefficients** between structural empowerment and psychological empowerment-total and components FBs(N=200)*

	Meaning	Competence	Self-determination	Impact	Psychological empowerment
Locus of Control	.37	.35	.48	.46	.57
Self-esteem	.36	.34	.46	.41	.53
Role clarity	.41	.34	.44	.41	.54
Autonomy	.38	.28	.49	.40	.53
Information and Communication	.31	.36	.48	.44	.54
Reward System	.28	.22	.37	.29	.40
Climate	.16	.22	.33	.25	.33
Skills and Knowledge	.28	.22	.30	.33	.38
Structural Empowerment	.42	.37	.54	.49	.62

** significant at $p=0.01$

The correlation statistics for the entire sample are shown in table 4.44. While the overall correlation was very high at $r=.59, p<0.01$, information and communication showed the strongest association at $r=.56, p<0.01$.

A comparative observation between the three banks showed highest correlation between the constructs under study revealed that the strongest association existed in the PSBs, followed by the foreign banks and then the private banks. While organization centric factors took precedence in the PSBs as contributors to this association, in the foreign banks it were the individual factors and in the private banks the job related factors showed the highest correlation as the factors that can shape the sense of empowerment.

Table 4.32

*Pearson's Correlation coefficients** between structural empowerment and psychological empowerment-total and components for all employees (N=600)*

	Meaning	Competence	Self-determination	Impact	Psychological empowerment
Locus of Control	.35	.33	.47	.41	.52
Self-esteem	.39	.39	.42	.33	.50
Role clarity	.44	.36	.32	.26	.44
Autonomy	.37	.35	.45	.36	.51
Information and Communication	.39	.38	.48	.44	.56
Reward System	.32	.25	.42	.38	.46
Climate	.34	.30	.35	.28	.42
Skills and Knowledge	.28	.26	.30	.25	.36
Structural Empowerment	.46	.41	.50	.42	.59

** significant at p=0.01

In case of the PSBs, both the constructs are shown to be highly correlated ($r=.65, p=0.01$). The factor that contributed most to this sense of empowerment was information and communication ($r=.63, p<0.01$), followed by locus of control and autonomy ($r=.56, r=.54, p<0.01$). This demonstrated a strong association between structural empowerment and psychological empowerment in case of PSBs.

Regression analysis results

The relationship between psychological empowerment and structural empowerment can be expressed in the form of the equation

Psychological Empowerment (Y) = $\beta_0 + \beta_1 X_1$, where X stands for structural empowerment.

If we examine the relationship between overall structural empowerment and psychological empowerment with the latter as the dependant variable, it could predict 36 percent of the variance in psychological empowerment. $R^2 = 0.36, F(1, 598) = 344.24$. ($\beta = 0.60, t = 18.55, p < .001$)

Table 4.33

Regression estimates for psychological empowerment (DV) on structural empowerment (IV)- All banks (N=600)

Predictor Variable for Psychological empowerment	Beta Coeff. *	t value	R square (adj.)	F value (df)
Structural empowerment	0.60	18.55	.36	344.24(1,598)

* significant at $p < 0.01$

In case of PSBs, 40 percent of the variance in psychological empowerment could be explained by structural empowerment. A strong beta coefficient and a strong F value indicate the strength of the relationship. $R^2 = 0.40$, $F(1,598) = 134.30$. ($\beta = 0.64$, $t = 11.59$, $p < .001$)

Table 4.34

Regression estimates for psychological empowerment (DV) on structural empowerment (IV) - PSBs (N=200)

Predictor Variable for Psychological empowerment	Beta Coeff. *	t value	R square (adj.)	F value (df)
Structural empowerment	0.64	11.59	.40	134.30(1,198)

* significant at $p < 0.01$

In case of the private banks, as shown in table 4.47, structural empowerment could explain 40 percent of the variance in psychological empowerment. $R^2 = 0.33$, $F(1,598) = 98.26$. ($\beta = 0.58$, $t = 9.91$, $p < .001$)

Table 4.35

Regression estimates for psychological empowerment (DV) on structural empowerment (IV)- PBs (N=200)

Predictor Variable for Psychological empowerment	Beta Coeff. *	t value	R square (adj.)	F value (df)
Structural empowerment	0.58	9.91	.33	98.26(1,198)

* significant at $p < 0.01$

36 percent of the variance in psychological empowerment could be explained by the structural empowerment ($\beta = 0.60$, $t = 10.61$, $p < .001$). The magnitude of beta coefficient is

significant as shown by the t value and a high F value denotes a very strong relationship. $R^2 = 0.36, F(1,198)=112.61$

Table 4.36

Regression estimates for psychological empowerment (DV) on structural empowerment (IV) - FBs (N=200)

Predictor Variable for Psychological empowerment	Beta Coeff. *	t value	R square (adj.)	F value (df)
Structural empowerment	0.60	10.61	.36	112.61(1,198)
significant at $p < 0.01$				

The inter bank analysis reveals that the existence of conditions that facilitate the sense of empowerment are perceived most strongly by the public sector bank employees. This variance is the least in case of the private sector bank employees.

Discussion regarding relationship between structural and psychological empowerment (Research objective 4)

Research on the relationship between the different element of structural empowerment and psychological empowerment has suggested a number of conditions that facilitate a sense of empowerment.e.g wide span of control between management and workers, more access to information about mission and performance about the organization, rewards based on individual performance, role clarity, enriching job characteristics and supportive organizational cultures where employees feel valued and affirmed. Strong work relationships also enable feelings of empowerment. Employees also experience more empowerment when they have more socio political support from the subordinates, peers, superiors and even customers. Employees also experience more empowerment when their leaders are approachable and trustworthy. While these findings indicate that structural empowerment enables psychological empowerment, the converse is also true. Employees who experience empowerment at work seek out and shape out their work contexts to further enable their empowerment.

While the structural perspective is limited as it is mostly organizational centric in nature, the psychological perspective is individually centric. A complete understanding requires an integration of both the perspectives. An understanding needs to be developed of how structural empowerment can enable psychological empowerment as well as how the

beliefs regarding being psychologically empowered can enable the development of a structure favouring empowerment through proactive behaviour.

The entire sample under study demonstrated a significantly strong and positive relationship between structural empowerment and psychological empowerment (Table 4.32). Information and communication was most strongly correlated with psychological empowerment. Skills and knowledge displayed the least correlation. Competence-a component of psychological empowerment exhibited the weakest correlation with structural empowerment. However, all these associations were statistically significant. Structural empowerment could also predict psychological empowerment scores significantly. (Table 4.33)

The correlation between the two constructs was the highest in public sector banks (Table 4.29) followed by the foreign banks (Table 4.31) and then the private banks (Table 4.30). While in the public sector banks information and communication was correlated most strongly with a sense of empowerment, role clarity was the least associated. The impact of structural empowerment as a predictor of psychological empowerment was the strongest in public banks (Table 4.34) followed by the foreign banks (Table 4.36) and then the private banks (Table 4.35).

In the private banks both information and communication and autonomy reported high correlation with a sense of empowerment while skills and knowledge showed the weakest correlation. (Table 4.30) In the foreign banks locus of control depicted the highest correlation while the association of climate was the least strong. (Table 4.31) Self-determination was correlated most strongly with structural empowerment in all the banks. This implies that a sense of freedom in work activities, scheduling etc is critical to facilitating a sense of empowerment.

The above discussion provides support for hypothesis 3- Higher levels of Structural empowerment will lead to higher perceptions of psychological empowerment.

Research Objective 5: Investigating the effect of Length of service, Designation, Education on empowerment.

To study the effects of the above demographic variables, the statistical tools of ANOVA was used. The discussion for the following analysis has been included as an integral part of the results.

Results of ANOVA

Length of service

The length of service was divided into four categories; less than 5 years, 5 to less than 10 years, 10 years to less than 15 years and 15 years and above. The results are presented in the following sequence:

ANOVA for psychological empowerment-all banks

ANOVA for psychological empowerment –bank wise

ANOVA for structural empowerment-all banks

ANOVA for structural empowerment –bank wise

Psychological empowerment and length of service-all banks

A one-way ANOVA was conducted to compare the effect of length of service on the various components of psychological empowerment. There was a significant effect on meaning $F(3,595) = 3.84, p = .010$. The effect of length of service was also significant on competence and impact components. ($F(3,595)=3.59, p=0.014$; $F(5,595)=8.55, p=.001$).

Table 4.37

ANOVA summary for psychological empowerment (N=600)

		SS	df	MSS	F	Sig.
B1-Meaning	Between Groups	3.621	3	1.207	3.836	.010
	Within Groups	187.203	595	.315		
	Total	190.824	598			
Competence	Between Groups	2.966	3	.989	3.585	.014
	Within Groups	164.123	595	.276		
	Total	167.090	598			
Self-determination	Between Groups	2.889	3	.963	2.352	.071
	Within Groups	243.687	595	.410		
	Total	246.577	598			
Impact	Between Groups	10.980	3	3.660	8.550	.000
	Within Groups	254.697	595	.428		
	Total	265.677	598			
PERCEPTIOINS REGARDING EMPOWERMENT	Between Groups	.303	3	.101	.486	.692
	Within Groups	123.873	595	.208		
	Total	124.176	598			

Psychological empowerment and length of service –bank wise

The ANOVA summary for the three categories of banks is given in table 4.38. As can be observed from the table 4.49, in case of PSBs, the effect of length of service is significant on the self-determination and impact dimensions. $F(3,196) = 4.31$, $p = .006$; $F(3,196) = 10.79$, $p = .001$. The overall psychological empowerment also showed significant relationship. $F(3,196) = 4.91$, $p = .007$. This implies that the length of service has an effect on the cognitions regarding empowerment in the employees of public sector banks. In private banks as well as foreign banks these two variables in question did not show any relationship with the length of service.

Table 4.38 --ANOVA summary for Psychological empowerment wrt length of service-bank wise

		PSBs					PBs					FBs				
		SS	df	MS	F	Sig	SS	df	MS	F	Sig	SS	Df	MSS	F	Sig
Meaning	Between Groups	.26	3	.08	.39	.762	.621	3	.207	.688	.560	1.032	2	.516	1.284	.279
	Within Groups	43.87	196	.22			58.65	195	.301			79.17	197	.402		
	Total	44.12	199				59.27	198				80.20	199			
Competence	Between Groups	.161	3	.05	.329	.804	1.196	3	.399	1.025	.382	.102	2	.051	.188	.829
	Within Groups	31.83	196	.16			75.80	195	.389			53.41	197	.271		
	Total	31.99	199				77.00	198				53.52	199			
Self-determination	Between Groups	5.438	3	1.81	4.306	.006	.921	3	.307	.694	.556	.452	2	.226	.633	.532
	Within Groups	82.51	196	.42			86.16	195	.442			70.39	197	.357		
	Total	87.95	199				87.08	198				70.84	199			
Impact	Between Groups	15.71	3	5.24	10.790	.000	.819	3	.273	.664	.575	.602	2	.301	.830	.437
	Within Groups	95.18	196	.48			80.22	195	.411			71.40	197	.362		
	Total	110.8	199				81.04	198				72.00	199			
PERCEPTIONS REGARDING EMPOWERMENT	Between Groups	2.205	3	.73	4.194	.007	.713	3	.238	.956	.415	.020	2	.010	.052	.950
	Within Groups	34.35	196	.17			48.49	195	.249			37.18	197	.189		
	Total	36.56	199				49.21	198				37.20	199			

Structural empowerment and length of service-all banks

As table 4.39 shows, the effect of length of service was significant on the locus of control, role clarity and reward system components of structural empowerment. [F (3,595) =3.40, p = .018; F (3,595) =3.79, p = .010; F (3,595) =3.03, p = .029]. All other components including overall structural empowerment did not show any significant results implying no association regarding perception of enabling conditions for creating/ facilitating a sense of empowerment in the employees.

Table 4.39

<i>ANOVA summary for structural empowerment wrt length of service-all bank s</i>						
		Sum of Squares	df	Mean Square	F	Sig.
Locus of control	Between Groups	2.325	3	.775	3.399	.018
	Within Groups	135.638	595	.228		
	Total	137.963	598			
Self esteem	Between Groups	1.313	3	.438	1.585	.192
	Within Groups	164.350	595	.276		
	Total	165.663	598			
Role clarity	Between Groups	2.981	3	.994	3.785	.010
	Within Groups	156.210	595	.263		
	Total	159.191	598			
Autonomy	Between Groups	1.330	3	.443	2.169	.091
	Within Groups	121.611	595	.204		
	Total	122.941	598			
Information and communication	Between Groups	.501	3	.167	.718	.542
	Within Groups	138.479	595	.233		
	Total	138.980	598			
Reward system	Between Groups	2.695	3	.898	3.025	.029
	Within Groups	176.747	595	.297		
	Total	179.442	598			
Climate	Between Groups	1.529	3	.510	1.808	.144
	Within Groups	167.693	595	.282		
	Total	169.222	598			
Skills and Knowledge	Between Groups	1.555	3	.518	1.693	.167
	Within Groups	182.213	595	.306		
	Total	183.768	598			
Structural Empowerment	Between Groups	.743	3	.248	1.500	.214
	Within Groups	98.260	595	.165		
	Total	99.003	598			

Structural Empowerment and length of service –bank wise

The results of the ANOVA for different banks are depicted in table 4.40..As the results show, in case of public sector banks ,the locus of control demonstrated a significant association with respect to length of service($F(3,195)=6.28$, $P=.001$).Autonomy also showed the same results with $F(3,195)=4.86$, $P=.003$.The other two variables that depicted positive relationship were information and communication and reward

system(3,195)=3.84,P=.011;F(3,195)=4.55, P=.004.The overall structural empowerment also demonstrated significant relationship(3,195)=5.15,P=.002.In case of private sector and foreign sector banks none of the variables showed a significant association with the length of service.

		PSBs					PBs					FBs				
Locus of control	Between Groups	3.839	3	1.280	6.279	.000	1.792	3	.597	2.030	.111	.981	2	.490	2.895	.058
	Within Groups	39.945	196	.204			57.355	195	.294			33.366	197	.169		
	Total	43.785	199				59.147	198				34.347	199			
Self esteem	Between Groups	1.279	3	.426	2.293	.079	.679	3	.226	.671	.571	.585	2	.292	1.084	.340
	Within Groups	36.435	196	.186			65.786	195	.337			53.095	197	.270		
	Total	37.714	199				66.465	198				53.680	199			
Role clarity	Between Groups	.187	3	.062	.344	.794	.155	3	.052	.174	.914	.106	2	.053	.190	.827
	Within Groups	35.544	196	.181			57.747	195	.296			54.937	197	.279		
	Total	35.731	199				57.901	198				55.043	199			
Autonomy	Between Groups	2.980	3	.993	4.859	.003	.619	3	.206	1.178	.319	.304	2	.152	.830	.438
	Within Groups	40.071	196	.204			34.180	195	.175			36.095	197	.183		
	Total	43.051	199				34.799	198				36.399	199			
Information and communication	Between Groups	2.318	3	.773	3.807	.011	.460	3	.153	.506	.678	.699	2	.349	1.962	.143
	Within Groups	39.780	196	.203			58.986	195	.302			35.072	197	.178		
	Total	42.097	199				59.446	198				35.770	199			
Reward system	Between Groups	4.254	3	1.418	4.546	.004	.834	3	.278	.984	.401	1.422	2	.711	2.565	.079
	Within Groups	61.123	196	.312			55.042	195	.282			54.583	197	.277		
	Total	65.377	199				55.876	198				56.004	199			
Climate	Between Groups	.894	3	.298	1.242	.296	1.112	3	.371	.993	.397	.304	2	.152	.728	.484
	Within Groups	47.036	196	.240			72.793	195	.373			41.107	197	.209		
	Total	47.930	199				73.905	198				41.411	199			
Skills and Knowledge	Between Groups	3.287	3	1.096	3.563	.015	.131	3	.044	.229	.876	.855	2	.427	1.410	.246
	Within Groups	60.272	196	.308			37.248	195	.191			59.705	197	.303		
	Total	63.558	199				37.379	198				60.560	199			
Structural Empowerment	Between Groups	1.905	3	.635	5.148	.002	.451	3	.150	.759	.519	.415	2	.208	1.425	.243
	Within Groups	24.177	196	.123			38.651	195	.198			28.700	197	.146		
	Total						39.102	198				29.115	199			

Table 4.40
ANOVA summary for structural empowerment

Designation

The designation was divided into three categories; top, middle and low. The results are presented in the following sequence:

ANOVA for psychological empowerment-all banks

ANOVA for psychological empowerment –bank wise

ANOVA for structural empowerment-all banks

ANOVA for structural empowerment –bank wise

Psychological empowerment and designation-all banks

The table 4.41 shows the association between designation and components of psychological empowerment. Meaning, competence and self-determination demonstrated significant association with designation. $F(2,597) = 3.51$, $P=.031$; $F(2,597)=3.45$, $P=.032$; $F(2,597)=5.16$, $P=.006$. The overall perception of empowerment or psychological empowerment also demonstrated significant relationship. $F(2,597)=5.05$, $P=.007$.

Table 4.41

ANOVA summary for Psychological empowerment

		SS	df	MSS	F	Sig
Meaning	Between Groups	2.217	2	1.109	3.509	.031
	Within Groups	188.633	597	.316		
	Total	190.851	599			
Competence	Between Groups	1.909	2	.954	3.449	.032
	Within Groups	165.185	597	.277		
	Total	167.094	599			
Self -determination	Between Groups	4.192	2	2.096	5.163	.006
	Within Groups	242.407	597	.406		
	Total	246.600	599			
B4-Impact	Between Groups	1.281	2	.641	1.446	.236
	Within Groups	264.419	597	.443		
	Total	265.700	599			
B-PERCEPTIOINS REGARDING EMPOWERMENT	Between Groups	2.063	2	1.031	5.042	.007

Psychological empowerment and Designation-bank wise

Table 4.42 depicts the F values for the ANOVA results w.r.t designation separately for different types of banks. In the case of foreign banks overall psychological empowerment showed significant results $F(1,198)=9.29, p=.003$. In terms of components, meaning is also showing significant results $F(1,198)=13.20, p=.001$. A sense of competence was also affected by the designation in the foreign bank employees. $F(1,198)=8.76, p=.003$. Amongst the private bank employees, out of all the components only self-determination demonstrated association with designation. $F(2,197)=2.98, p=.001$. The employees of the public sector banks showed no association with psychological empowerment or any of its components.

Table 4.42
ANOVA Summary for Psychological empowerment-bank- wise

		PSBs					PBs					FBs				
		SS	df	MSS	F	Sig.	SS	df	MSS	F	Sig.	SS	df	MSS	F	
Meaning	Between Groups	.28	2	.14	.62	.540	.79	2	.39	1.34	.26	5.01	1	5.01	13.20	
	Within Groups	43.85	197	.22			58.51	197	.29			75.19	198	.38		
	Total	44.12	199				59.30	199				80.21	199			
Competence	Between Groups	.29	2	.15	.91	.406	1.52	2	.76	1.99	.14	2.27	1	2.27	8.76	
	Within Groups	31.71	197	.16			75.48	197	.38			51.25	198	.26		
	Total	31.99	199				77.00	199				53.52	199			
Self-determination	Between Groups	1.95	2	.98	2.24	.110	2.56	2	1.28	2.98	.05	.95	1	.95	2.67	
	Within Groups	85.99	197	.44			84.54	197	.43			69.90	198	.35		
	Total	87.95	199				87.09	199				70.84	199			
Impact	Between Groups	1.65	2	.82	1.49	.229	.7	2	.39	.95	.40	.20	1	.20	.56	
	Within Groups	109.24	197	.56			80.32	197	.41			71.80	198	.37		
	Total	110.89	199				81.09	199				72.00	199			
PERCEPTIONS REGARDING EMPOWERMENT	Between Groups	.43	2	.22	1.18	.309	1.22	2	.61	2.52	.08	1.67	1	1.67	9.29	
	Within Groups	36.13	197	.18			47.99	197	.24			35.53	198	.18		
	Total						49.21	199				37.20	199			

Structural empowerment and designation-all banks

As the results in Table 4.43 show overall structural empowerment showed association with education Education had an effect on the perceptions regarding empowerment. $F(2,597)=4.52, p=.012$. The components of locus of control also showed significant relationship with education. $F(2,597)=3.153, p=.043$. Both the job centric factors i.e role clarity and autonomy showed significant relationship. $F(2,597)=3.67, p=.026$ $F(2,597)=5.325, p=.005$. Among the job centric factors information and communication[$F(2,597)=3.61, p=.028$] along with climate showed significant relationship with education.[$F(2,597)=4.46, p=.012$; $F(2,597)=4., p=.012$]

Table 4.43

<i>ANOVA Summary for structural empowerment/designation</i>						
		Sum of Squares	df	Mean Square	F	Sig.
Locus of control	Between Groups	1.442	2	.721	3.153	.043
	Within Groups	136.525	597	.229		
	Total	137.967	599			
Self esteem	Between Groups	.933	2	.467	1.691	.185
	Within Groups	164.740	597	.276		
	Total	165.673	599			
Role clarity	Between Groups	1.931	2	.965	3.665	.026
	Within Groups	157.261	597	.263		
	Total	159.191	599			
Autonomy	Between Groups	2.156	2	1.078	5.325	.005
	Within Groups	120.848	597	.202		
	Total	123.004	599			
Information and communication	Between Groups	1.663	2	.831	3.613	.028
	Within Groups	137.361	597	.230		
	Total	139.023	599			
Reward system	Between Groups	1.225	2	.612	2.051	.129
	Within Groups	178.219	597	.299		
	Total	179.443	599			
Climate	Between Groups	2.493	2	1.246	4.462	.012
	Within Groups	166.743	597	.279		
	Total	169.235	599			
Skills and Knowledge	Between Groups	1.685	2	.842	2.761	.064

	Within Groups	182.100	597	.305		
	Total	183.784	599			
	Between Groups	1.478	2	.739	4.524	.011
	Within Groups	97.525	597	.163		
	Total	99.003	599			
	Total	124.179	599			

Structural Empowerment and designation-bank wise

Table 4.44 shows the association of structural empowerment variables with designation in case of the three categories of banks. In case of public sector banks, autonomy displayed significant association with designation $F(2,197)=4.86, p=.009$. Skills and knowledge was the only other variable that showed significant association ($F(2,197)=3.90, p=.022$). In case of private bank employees, overall structural empowerment showed significant association with designation. $F(2,197)=3.720, p=.026$. Self-esteem, role clarity, information and communication and climate also showed significant association with designation. In case of foreign, only role clarity showed significant association $F(2,197)=3.64, p=.058$.

Table 4.44

ANOVA summary for structural empowerment/designation-bank wise

		PSBs					PBs					FBs				
		SS	df	MSS	F	Sig.	SS	df	MSS	F	Sig.	SS	df	MSS	F	Sig.
A11-Locus of control	Between Groups	1.086	2	.543	2.505	.084	1.230	2	.615	2.092	.126	.276	1	.276	1.603	.207
	Within Groups	42.699	197	.217			57.920	197	.294			34.071	198	.172		
	Total	43.785	199				59.150	199				34.347	199			
A12-Self esteem	Between Groups	.557	2	.278	1.476	.231	3.046	2	1.523	4.729	.010	.180	1	.180	.666	.415
	Within Groups	37.157	197	.189			63.440	197	.322			53.500	198	.270		
	Total	37.714	199				66.486	199				53.680	199			
A21-Role clarity	Between Groups	.122	2	.061	.338	.714	2.528	2	1.264	4.496	.012	.993	1	.993	3.636	.058
	Within Groups	35.609	197	.181			55.374	197	.281			54.051	198	.273		
	Total	35.731	199				57.902	199				55.043	199			
A22-Autonomy	Between Groups	2.025	2	1.012	4.861	.009	.686	2	.343	1.981	.141	.139	1	.139	.757	.385
	Within Groups	41.026	197	.208			34.124	197	.173			36.260	198	.183		
	Total	43.051	199				34.811	199				36.399	199			
A31-Information and communication	Between Groups	.636	2	.318	1.511	.223	1.915	2	.958	3.276	.040	.371	1	.371	2.076	.151
	Within Groups	41.461	197	.210			57.574	197	.292			35.399	198	.179		

	Total	42.097	199				59.489	199				35.770	199			
A32-Reward system	Between Groups	1.480	2	.740	2.281	.105	1.101	2	.550	1.979	.141	.054	1	.054	.193	.661
	Within Groups	63.897	197	.324			54.783	197	.278			55.950	198	.283		
	Total	65.377	199				55.884	199				56.004	199			
A33-Climate	Between Groups	1.086	2	.543	2.284	.105	2.117	2	1.059	2.905	.057	.335	1	.335	1.617	.205
	Within Groups	46.844	197	.238			71.793	197	.364			41.075	198	.207		
	Total	47.930	199				73.911	199				41.411	199			
A34-Skills and Knowledge	Between Groups	2.418	2	1.209	3.896	.022	.017	2	.009	.046	.955	.152	1	.152	.497	.482
	Within Groups	61.140	197	.310			37.378	197	.190			60.408	198	.305		
	Total	63.558	199				37.395	199				60.560	199			
Structural Empowerment	Between Groups	.676	2	.338	2.619	.075	1.423	2	.711	3.720	.026	.289	1	.289	1.983	.161
	Within Groups	25.406	197	.129			37.680	197	.191			28.826	198	.146		
							39.103	199				29.115	199			

Education

The educational qualification was divided into three categories; graduates, post graduates and professionals.

The results are presented in the following order:

ANOVA for psychological empowerment-all banks

ANOVA for psychological empowerment –bank wise

ANOVA for structural empowerment-all banks

ANOVA for structural empowerment –bank wise

Psychological empowerment and education-all banks

The perceptions regarding empowerment of all the bank employees showed an association with education. $F(2,597)=5.53, p=.004$. Within the individual components of psychological empowerment education affected perceptions regarding meaning, self-determination and impact $F(2,597)=4.09, p=.017$; $F(2,597)=8.48, p=.001$; $F(2,597)=8.92, p=.001$. Competence did not show any relationship with education.

Table 4.45

ANOVA summary for psychological empowerment/education (All Banks)

		SS	df	MSS	F	Sig.
Meaning	Between Groups	2.583	2	1.291	4.095	.017
	Within Groups	188.268	597	.315		
	Total	190.851	599			
Competence	Between Groups	.896	2	.448	1.610	.201
	Within Groups	166.198	597	.278		
	Total	167.094	599			
Self-determination	Between Groups	6.810	82	3.405	8.478	.000
	Within Groups	239.789	597	.402		
	Total	246.600	599			
Impact	Between Groups	7.707	2	3.854	8.918	.000
	Within Groups	257.993	597	.432		
	Total	265.700	599			
PERCEPTIOINS REGARDING EMPOWERMENT	Between Groups	2.257	2	1.129	5.527	.004
	Within Groups	121.922	597	.204		
	Total	124.179	599			

Psychological empowerment and education-bank wise

The effect of education on the perceptions regarding psychological empowerment is given in table 4.46. All the employees of private and foreign banks demonstrate significant relationship of psychological empowerment with education $F(2,197)=11.28, 8.58, p=.001$ respectively. Self-determination and impact were found to have significant relationship with education in PSBs [$F(2,197)=3.76, 8.58, p=.025$; $F(2,197)=3.59, p=.030$]. The employees of the private sector banks demonstrated a significant relationship with all the components as well as the overall psychological empowerment whereas in the foreign banks the meaning and competence showed a significant association.

Table 4.46
ANOVA summary for psychological empowerment -bank wise

		PSBs					PBs					FBs				
		SS	df	MS	F	Sig.	SS	df	MS	F	Sig.	SS	df	M	F	Si
				S					S					SS		g.
Meaning	Between Groups	.261	2	.130	.586	.558	5.807	2	2.903	10.691	.000	4.710	2	2.355	6.145	.003
	Within Groups	43.864	197	.223			53.498	197	.272			75.499	197	.383		
	Total	44.124	199				59.304	199				80.208	199			
Competence	Between Groups	.524	2	.262	1.641	.196	4.536	2	2.268	6.166	.003	5.567	2	2.784	11.436	.000
	Within Groups	31.472	197	.160			72.466	197	.368			47.953	197	.243		
	Total	31.997	199				77.002	199				53.520	199			
Self Determination	Between Groups	3.238	2	1.619	3.764	.025	6.123	2	3.061	7.448	.001	1.598	2	.799	2.273	.106
	Within Groups	84.712	197	.430			80.975	197	.411			69.246	197	.352		
	Total	87.950	199				87.097	199				70.844	199			
Impact	Between Groups	3.896	2	1.948	3.586	.030	4.507	2	2.253	5.796	.004	1.295	2	.647	1.804	.167
	Within Groups	107.003	197	.543			76.590	197	.389			70.714	197	.359		
	Total	110.899	199				81.097	199				72.009	199			
PERCEPTIOINS REGARDING EMPOWERMENT	Between Groups	.477	2	.238	1.302	.274	5.057	2	2.528	11.279	.000	2.986	2	1.493	8.595	.000
	Within Groups	36.086	197	.183			44.160	197	.224			34.218	197	.174		
	Total	36.563	199				49.217	199				37.203	199			

Structural empowerment and education-all banks

Structural empowerment showed significant relationship in all its components with education except role clarity. [$F(2,597)=.69, p=.502$]. Overall structural empowerment, locus of control, information and communication and reward system showed very highly significant relationship with education with F values equal to .000001. The F values and relevant results are depicted in table 4.47.

Table 4.47

<i>ANOVA Summary for structural empowerment-all banks</i>						
		Sum of Squares	df	Mean Square	F	Sig.
Locus of control	Between Groups	4.460	2	2.230	9.972	.000
	Within Groups	133.507	597	.224		
	Total	137.967	599			
Self esteem	Between Groups	2.224	2	1.112	4.061	.018
	Within Groups	163.449	597	.274		
	Total	165.673	599			
Role clarity	Between Groups	.368	2	.184	.691	.502
	Within Groups	158.824	597	.266		
	Total	159.191	599			
Autonomy	Between Groups	2.561	2	1.281	6.347	.002
	Within Groups	120.443	597	.202		
	Total	123.004	599			
Information and communication	Between Groups	4.513	2	2.257	10.016	.000
	Within Groups	134.510	597	.225		
	Total	139.023	599			
Reward system	Between Groups	8.634	2	4.317	15.088	.000
	Within Groups	170.810	597	.286		
	Total	179.443	599			
Climate	Between Groups	1.834	2	.917	3.271	.039
	Within Groups	167.401	597	.280		
	Total	169.235	599			
Skills and Knowledge	Between Groups	1.890	2	.945	3.102	.046
	Within Groups	181.894	597	.305		
	Total	183.784	599			
Structural empowerment	Between Groups	2.490	2	1.245	7.702	.000
	Within Groups	96.513	597	.162		
	Total	99.003	599			

Structural empowerment and Education-bank wise

The private sector bank employees showed significant association with overall structural empowerment as well as all the components of structural empowerment. However, in the foreign banks none of the components as well as overall structural empowerment showed any significant relationship. The public sector bank employees showed a significant

relationship of education with autonomy $F(2,197)=5.69, p=.004$. Similarly, information and communication $F(2,197)=4.17, p=.017$, reward system $F(2,197)=8.88, p=.001$ and skills and knowledge $F(2,197)=6.39, p=.002$ also showed a significant relationship. The overall structural empowerment's relationship with education was also significant $F(2,197)=4.22, p=.016$.

Table 4.48

ANOVA Summary for structural empowerment –bank wise

		PSBs					PBs					FBs				
		SS	df	MSS	F	Sig.	SS	df	MSS	F	Sig.	SS	df	MSS	F	Sig.
Locus of control	Between Groups	1.006	2	.503	2.316	.101	12.726	2	6.363	27.001	.000	.355	2	.178	1.030	.359
	Within Groups	42.779	197	.217			46.424	197	.236			33.992	197	.173		
	Total	43.785	199				59.150	199				34.347	199			
Self esteem	Between Groups	.405	2	.203	1.070	.345	16.904	2	8.452	33.580	.000	.196	2	.098	.360	.698
	Within Groups	37.308	197	.189			49.583	197	.252			53.484	197	.271		
	Total	37.714	199				66.486	199				53.680	199			
Role clarity	Between Groups	.102	2	.051	.283	.754	37.347	197	.190			.039	2	.019	.069	.933
	Within Groups	35.629	197	.181			52.087	199				55.004	197	.279		
	Total	35.731	199				9.768	2	4.884	19.990	.000	55.043	199			
Autonomy	Between Groups	2.351	2	1.175	5.689	.004	48.134	197	.244			.151	2	.075	.409	.665
	Within Groups	40.700	197	.207			57.902	199				36.248	197	.184		
	Total	43.051	199				6.230	2	3.115	21.472	.000	36.399	199			
Information and communication	Between Groups	1.708	2	.854	4.165	.017	28.581	197	.145			.054	2	.027	.149	.862
	Within Groups	40.389	197	.205			34.811	199				35.716	197	.181		
	Total	42.097	199				14.143	2	7.071	30.720	.000	35.770	199			
Reward system	Between Groups	5.408	2	2.704	8.883	.000	45.347	197	.230			.144	2	.072	.254	.776
	Within Groups	59.969	197	.304			59.489	199				55.860	197	.284		
	Total	65.377	199				11.277	2	5.639	24.902	.000	56.004	199			
Climate	Between Groups	1.437	2	.719	3.045	.050	44.607	197	.226			.328	2	.164	.787	.457

	Within Groups	46.493	197	.236			55.884	199				41.083	197	.209		
	Total	47.930	199				14.414	2	7.207	23.864	.000	41.411	199			
Skills and Knowledge	Between Groups	3.874	2	1.937	6.393	.002	59.496	197	.302			.083	2	.042	.136	.873
	Within Groups	59.685	197	.303			73.911	199				60.477	197	.307		
	Total	63.558	199				3.795	2	1.898	11.126	.000	60.560	199			
Structural empowerment	Between Groups	1.072	2	.536	4.223	.016	33.600	197	.171			.087	2	.044	.297	.743
	Within Groups	25.010	197	.127			37.395	199				29.027	197	.147		
	Total	26.082	199				10.676	2	5.338	36.994	.000	29.115	199			

Discussion regarding research objective 5

Length of Service and Empowerment

While not many studies have demonstrated the relationship between empowerment and length of service in the organizations, from a purely theoretical viewpoint a longer tenure enables a better knowledge about organizational procedures and the employee is in a better position to make use of resources and confident enough to take work related decisions without the need for supervision. Accordingly the study hypothesized the sense of empowerment to be dependant on the length of service. Out of the psychological empowerment variables, only meaning and competence showed significant association. Out of the structural empowerment components locus of control, role clarity and reward system showed a significant association. More years in an organization results in clearer role description, which has resulted in a significant association.

The interbank results revealed that length of service had an impact on the overall sense of empowerment as well as the self- determination and impact dimensions only in the public sector banks. The private and foreign banks did not display any association in this construct. The association of length of service with the overall structural empowerment and its components was absent in case of private and foreign banks. In the public sector banks however, locus of control, autonomy, information and communication, reward system, skills and knowledge and overall perception of structural empowerment displayed significant results. One probable reason could be the some percentage of employees having a length of service above 10 years and 15 years in the public sector banks which might have led to these results. Since foreign and private banks are relatively new players in the field, the employees having a longer tenure were relatively less in number.

The hypothesis -*Sense of empowerment is dependant on the length of service of the employee*-is partially supported for the public sector banks only. For private and foreign banks the results do not lend any support to the hypothesis.

Designation and Empowerment

According to Emerson (1962), individuals who are in position to have others dependant on them are considered to be powerful while those who are dependant are

considered to be relatively powerless. Hence, the study hypothesized that designation affects sense of empowerment.

For the entire sample, meaning, competence and self –determination demonstrated positive association while impact did not. These results are contrary to a few studies carried out earlier. Honnagar and Applebaum (1998) did not find any relationship between designation and empowerment in a study carried out in a small healthcare institution on exploring empowerment among nurses. More recently, Dimitriades (2002) conducted a study among employed Greek students in education institutes regarding correlates of empowerment. The results yielded a positive association between overall psychological empowerment, impact and competence while no association was seen between meaning and designation. One reason could be the type of sample chosen for the study. In the present study all the employees belonged to the same industry while the sample in the previous study was heterogeneous. People with high designation tend to feel competent and meaningful about their jobs as they have more knowledge about the goals of the organization, have better access to resources and feel fairly autonomous on taking work related decisions. However, the ability to make an impact has nothing to do with the designation; it is more individualistic in nature.

While public sector banks and private banks did not display any association with designation on any of the components of psychological empowerment, the meaning, competence and overall empowerment displayed a positive association. For the public sector employees, designation is more of a time bound phenomenon and hence no association with a sense of empowerment was seen.

In case of structural empowerment for the entire sample self-esteem, reward system and skills and knowledge did not show any association. No association between designation and any of the components except role clarity was seen in the foreign banks. The private banks depicted association of self-esteem, autonomy and overall structural empowerment with designation. On the other hand, the public sector banks displayed significant association of designation with role clarity and skills and knowledge.

Hence only partial support is proved for the hypothesis 4(d)- *sense of empowerment is dependant on the designation.*

Education and empowerment

Spreitzer (1995) reported that education has an impact on the sense of empowerment. This, perhaps was the only study that attempted to find a link between education and various components of empowerment.

Meaning, self-determination and impact were associated significantly with education for the entire sample. While competence was not associated statistically. In the public sector banks, education was associated with self-determination, impact and overall sense of empowerment. The other two banks did not display any association. For the entire sample except role clarity, all dimensions of structural empowerment displayed significant association. This association was extremely significant for the private sector banks with all the dimensions of structural empowerment. The foreign banks did not display any association either overall or with individual parameters. The public sector banks demonstrated association between education and autonomy, information and communication, reward system, skills and knowledge.

Chapter 5

RESULTS AND ANALYSES -2

Results of the Discriminant Analysis

In this study the objective was to investigate differences between the three groups of banks and to identify the important discriminating variables:

Structural Empowerment variables

The discriminant function takes the following form $L_i = b_0 + b_1 \times \text{Locus of control} + b_2 \times \text{Self-esteem} + b_3 \times \text{Role clarity} + b_4 \times \text{Autonomy} + b_5 \times \text{Information and communication} + b_6 \times \text{reward system} + b_7 \times \text{Climate} + b_8 \times \text{Skills and Knowledge}$, $I=1$ i.e we have 2 groups, 8 independent variables and I discriminant function for each of the discriminant analysis conducted for structural empowerment variables.

Public and private sector banks

A direct discriminant function analysis was performed using eight variables as predictors of membership in two groups of banks.. Predictors were locus of control, self-esteem, role clarity, autonomy, information and communication, reward system, climate and skills and knowledge. The diagnostic groups were employees in public and private sector banks.

One discriminant function was calculated, with $\chi^2(8) = 206.39$, $p < .001$. The standardized discriminant function coefficients for the function are shown in table 5.2. The loadings are also shown in the same table. These weights and loadings both suggest that the best predictors for distinguishing between employees who are in the private sector and those who are in the public sector are self-esteem, role clarity, autonomy, climate and skills and knowledge.

Equal numbers of individuals appeared in each group of the diagnosis group variable. Overall, 83% of the sample was correctly classified into their diagnosis group, exceeding the value for classification based on chance (50%). At the individual group level, 82.5% of individuals in public sector banks were correctly classified, 83.5% of individuals in private sector banks were correctly classified. (Table 5.3)

Table 5.1

Mean Comparison of public/private sector banks

Variable	Bank		
	Public	Private	F-value
Locus of Control	4.10	4.07	.491
Self-esteem	4.31	4.10	15.727**
Role clarity	4.39	4.17	20.760**
Autonomy	4.18	3.88	44.652**
Information and communication	4.19	4.13	1.596
Reward system	4.06	4.09	.156
Climate	4.25	4.08	10.389**
Skills and Knowledge	4.14	3.67	86.441**

** $p < 0.01$

Table 5.1 shows interpretive results of the discriminant analysis.

The smaller the value of wilks lambda for an independent variable, the more the variable contributes to the discriminant. The values of skills and knowledge, autonomy, role clarity, self-esteem and climate are smaller than the others. Also, the p value is less than 0.5, these predictors are more significant i.e these predictors discriminate amongst the two groups as far as the mean is concerned.

The unstandardized coefficients are used for making classifications in the DA. The constant plus the sum of the products of the unstandardized coefficients yields the discriminant scores. These coefficients are partial coefficients reflecting the unique contribution of each variable to the classification of the criterion variable i.e public and private sector banks. It is evident that skills and knowledge, autonomy, self-esteem, role clarity and climate have the most contribution in the classification of the dependent variable i.e public or private sector banks.

The standardized discriminant coefficients are used to assess each variable's unique contribution to the discriminant function. They reflect the contribution of one independent variable in the context of other variables in the model. A low standardized coefficient might mean that the groups do not differ much on that variable or it might mean that a variable's correlation with the grouping variable is redundant with that of another variable in the model. In other words the larger the standardized coefficient, the greater the contribution of the respective variable to the discrimination between groups. From the table it is evident that skills and knowledge, autonomy and self-esteem are contributing more to the model than the others.

Another way to determine which independent variables define a particular discriminant function is to look at the factor structure. Structure matrix below gives coefficients of correlation between independent variables and discriminant function. Generally, any predictor with a loading of 0.30 or more is considered to be important in defining the discriminant dimension. It is evident from discriminant loadings that autonomy and skills and knowledge are more correlated with the function.

Table 5.2

Summary of interpretive measures for discriminant analysis of public / private banks.

Variable		Wilks lambda	Unstandardized	Standardized	Discr. loading	F ratio
Locus of Control		.999	-.865	-.440	.042	.491
Self-esteem		.962	.733	.375	.240	15.727**
Role clarity		.950	.255	.123	.275	20.760**
Autonomy		.899	1.701	.752	.404	44.652**
Information and communication		.996	-.990	-.500	.076	1.596
Reward system		1.00	-1.710	-.944	-.024	.156
Climate		.975	.187	.103	.195	10.389**
Skills and Knowledge		.822	2.074	1.044	.562	86.441**
Gp. Centroid 1	.828					
Gp. Centroid 2	-.828					
Wilks' lambda	.592**					
Can. Corr.	.639					

****p<.0.01**

The group centroid presents the group means. Since the sample size was the same for both the groups, the values are the same with positive and negative signs.

The Wilks lambda shows the significance of the model. It has the significance of .0001 that is less than the level of significance of 0.05.

On the basis of the DFA, the position of the public and private sector can be predicted as shown in table 5.3. In case of public sector banks, 82.5% i.e. 165 respondents belong to the public sector while 35 i.e. 17.5% emerge into the private sector banks category. On the other hand, 83.5% (167) of the private sector banks are correctly predicted in the private sector bank category while 33 out of 200 are classified into the public sector banks. This shows that 83% of the cases are correctly classified.

Table 5.3

Classification Results

Actual Group	No. of cases	Predicted group membership	
		Public	Private
Public	200	165(82.5)	35(17.5)
Private	200	33(16.5)	167(83.5)

(Figures in brackets indicate percentages)

83% of original grouped cases correctly classified.

Public and foreign sector banks

A direct discriminant function analysis was performed using eight variables as predictors of membership in two groups of banks. Predictors were locus of control, self-esteem, role clarity, autonomy, information and communication, reward system, climate and skills and knowledge. The diagnostic groups were employees in public and foreign sector banks.

One discriminant function was calculated, with $\chi^2(8) = 57.940$, $p < .001$. The standardized discriminant function coefficients for the function are shown in table 5.5. The loadings are also shown in the same table. These weights and loadings both suggest that the best predictors for distinguishing between employees who are in the public sector and those who are in the foreign sector are self-esteem, role clarity, autonomy, climate and skills and knowledge.

Equal numbers of individuals appeared in each group of the diagnosis group variable. Overall, 64% of the sample was correctly classified into their diagnosis group, exceeding the value for classification based on chance (50%). At the individual group level, 65.5% of individuals in public sector banks were correctly classified, 62.5% of individuals in foreign sector banks were correctly classified. (table 5.6).

Table 5.4

Mean Comparison of public and foreign sector banks

Bank			
Variable	Public	Private	F-value
Locus of Control	4.10	4.02	3.467
Self-esteem	4.31	4.04	31.161**
Role clarity	4.39	4.07	43.782**
Autonomy	4.18	4.02	12.182**
Information and communication	4.19	4.06	8.518
Reward system	4.06	3.95	4.374
Climate	4.25	4.02	24.428**
Skills and Knowledge	4.14	3.96	10.768**

** $p < .01$

Table 5.5 shows interpretive results of the discriminant analysis.

The standardized, unstandardized and the discriminant loadings are depicted. Wilks' lambda is significant at less than 1%. The smaller the value of Wilks lambda for an

independent variable, the more the variable contributes to the discriminant. The values of role clarity, self-esteem, climate, autonomy, skills and knowledge and information and communication are smaller than the others. Also, the p value is less than 0.5, these predictors are more significant i.e these predictors discriminate amongst the two groups as far as the mean is concerned.

The unstandardized coefficients are used for making classifications in the DA. The constant plus the sum of the products of the unstandardized coefficients yields the discriminant scores. These coefficients are partial coefficients reflecting the unique contribution of each variable to the classification of the criterion variable i.e public and private sector banks. It is evident that role clarity, self-esteem, climate and skills and knowledge have the most contribution in the classification of the dependent variable i.e public or foreign sector banks.

The standardized discriminant coefficients are used to assess each variable's unique contribution to the discriminant function. They reflect the contribution of one independent variable in the context of other variables in the model. A low standardized coefficient might mean that the groups do not differ much on that variable or it might mean that a variable's correlation with the grouping variable is redundant with that of another variable in the model. In other words the larger the standardized coefficient, the greater the contribution of the respective variable to the discrimination between groups. From the table it is again evident that role clarity, self-esteem, climate and skills and knowledge are contributing more to the model than the others.

Another way to determine which independent variables define a particular discriminant function is to look at the factor structure. Structure matrix below gives coefficients of correlation between independent variables and discriminant function. Generally, any predictor with a loading of 0.30 or more is considered to be important in defining the discriminant dimension. It is evident from discriminant loadings that role clarity, self-esteem, climate, autonomy, skills and knowledge are more correlated with the function.

Self-esteem, role clarity, autonomy, climate and skills and knowledge along with information and communication are the variables that significantly discriminate between public and foreign banks.

Table 5.5

Summary of interpretive measures for discriminant analysis of public and foreign banks.

Variable		Wilks lambda	Unstandardized	Standardized	Discr. loading	F ratio
Locus of Control		.991	-.998	-.442	.234	3.467
Self-esteem		.927	.940	.450	.703(2)	31.161**
Role clarity		.901	1.413	.675	.833(1)	43.782**
Autonomy		.970	-.056	-.025	.404(5)	12.182**
Information and communication		.979	-.600	-.265	.368(6)	8.518
Reward system		.989	-.349	-.193	.263	4.374
Climate		.942	.834	.395	.622(3)	24.428**
Skills and Knowledge		.974	.598	.334	.562(4)	10.768**
Gp. Centroid 1	.397					
Gp. Centroid 2	-.397					
Wilks' lambda	.863					
Can. Corr.	.370					

**p<.01

On the basis of the DFA, the position of the public and foreign sector can be predicted as shown in table 6.6. In case of public sector banks, 65.5% i.e. 131 respondents belong to the public sector while 35 i.e. 17.5% emerge into the foreign sector banks category. On the other hand, 62.5%(125) of the foreign sector banks are correctly predicted in the public sector bank category while 69 out of 200 are classified into the foreign sector banks. This shows that 64% of the cases are correctly classified. (Table 5.6)

Table 5.6

Classification Results

		Predicted group membership	
Actual Group	No. of cases	Public	Foreign
Public	200	131(65.5)	69(34.5)
Foreign	200	35(17.5)	125(62.5)

(Figures in brackets indicate percentages)

64% of original grouped cases correctly classified.

Private and Foreign banks

A direct discriminant function analysis was performed using eight variables as predictors of membership in two groups of banks. Predictors were locus of control, self-esteem, role clarity, autonomy, information and communication, reward system, climate and skills and knowledge. The diagnostic groups were employees in public and private sector banks.

One discriminant function was calculated, with $\chi^2(8) = 140.121$, $p < .001$. The standardized discriminant function coefficients for the function are shown in table 5.8. The loadings are also shown in the same table. These weights and loadings both suggest that the best predictors for distinguishing between employees who are in the private sector and those who are in the foreign sector are autonomy and skills and knowledge..

Equal numbers of individuals appeared in each group of the diagnosis group variable. Overall, 74.3% of the sample was correctly classified into their diagnosis group, exceeding the value for classification based on chance (50%). At the individual group level, 73.5% of individuals in private sector banks were correctly classified, 75% of individuals in foreign sector banks were correctly classified. (table 5.6).

As is evident from table 5.7, only two variables i.e autonomy and skills and knowledge are significant as far as the differences in the mean values are concerned. The F values for all the other variables are non significant.

Table 5.7

Mean Comparison of private/foreign sector banks

Bank			
Variable	Foreign	Private	F-value
Locus of Control	4.02	4.07	.935
Self-esteem	4.04	4.10	1.381
Role clarity	4.07	4.17	3.180
Autonomy	4.02	3.88	10.955**
Information and communication	4.06	4.13	1.780
Reward system	3.95	4.09	6.709
Climate	4.02	4.08	1.076
Skills and Knowledge	3.96.	3.67	33.002**

** $p < 0.01$

Table 5.8 shows interpretive results of the discriminant analysis. The standardized, unstandardized and the discriminant loadings are depicted. Wilks' lambda is significant at less than 1%.

The smaller the value of wilks lambda for an independent variable, the more the variable contributes to the discriminant. The values of skills and knowledge and autonomy are smaller than the others. Also, the p value is less than 0.5, these predictors are more significant i.e these predictors discriminate amongst the two groups as far as the mean is concerned.(table 5.7)

The unstandardized coefficients are used for making classifications in the DA. The constant plus the sum of the products of the unstandardized coefficients yields the discriminant scores. These coefficients are partial coefficients reflecting the unique contribution of each variable to the classification of the criterion variable i.e private and foreign sector banks. It is evident that skills and knowledge and autonomy have the most contribution in the classification of the dependent variable i.e private and foreign sector banks.

The standardized discriminant coefficients are used to assess each variable's unique contribution to the discriminant function. They reflect the contribution of one independent variable in the context of other variables in the model. A low standardized coefficient might mean that the groups do not differ much on that variable or it might mean that a variable's correlation with the grouping variable is redundant with that of another variable in the model. In other words the larger the standardized coefficient, the greater the contribution of the respective variable to the discrimination between groups. From the table it is evident that autonomy and skills and knowledge are contributing more to the model than the others.

Another way to determine which independent variables define a particular discriminant function is to look at the factor structure. Structure matrix below gives coefficients of correlation between independent variables and discriminant function. Generally, any predictor with a loading of 0.30 or more is considered to be important in defining the discriminant dimension. It is evident from discriminant loadings that only autonomy has a correlation above 0.30. However, skills and knowledge can be considered marginally with a correlation of 0.254.

Table 5.8

Summary of interpretive measures for discriminant analysis

Variable		Wilks lambda	Unstandardized	Standardized	Discr. loading	F ratio
Locus of Control		.998	-.628	-.304	.441	.935
Self-esteem		.997	.402	.221	.254	1.381
Role clarity		.992	-.991	-.528	-.199	3.180
Autonomy		.973	2.392	1.012.	-.137	10.955**
Information and communication		.996	-.500	-.245	-.102	1.780
Reward system		.983	-1.959	-1.039	-.090	6.709
Climate		.997	.014	.008	-.080.	1.076
Skills and Knowledge		.923	-2.251	.993	-.074	33.002**
Gp. Centroid 1	-.652					
Gp. Centroid 2	.652					
Wilks' lambda	.701**					
Can. Corr.	.547					

****p<.0.01**

On the basis of the DFA, the position of the private and foreign sector banks can be predicted as shown in table 5.9. In case of private sector banks, 73.5% i.e 147 respondents belong to the private sector while 50 i.e 25% emerge into the foreign sector banks category. On the other hand, 75%(150) of the foreign sector banks are correctly predicted in the foreign sector bank category while 53 out of 200 are classified into the private sector banks. This shows that 74.3% of the cases are correctly classified.

Table 5.9

Classification Results

Actual Group	No. of cases	Predicted group membership	
		Private	Foreign
Private	200	147(73.5)	53(26.5)
Foreign	200	50(25)	150(75)

(Figures in brackets indicate percentages)

74.3% of original grouped cases correctly classified.

Results for Psychological Empowerment variables

Public and Private sector banks

A direct discriminant function analysis was performed using four variables of psychological empowerment as predictors of membership in two groups of banks. Predictors were meaning, competence, self-determination and impact. The diagnostic groups were employees in public and private sector banks.

One discriminant function was calculated, with $\chi^2(4) = 25.845$, $p < .001$. The standardized discriminant function coefficients for the function are shown in table 6.11. The loadings are also shown in the same table. These weights and loadings both suggest that the best predictors for distinguishing between employees who are in the public sector and those who are in the private sector are meaning and self-determination.

Equal numbers of individuals appeared in each group of the diagnosis group variable. Overall, 57.3% of the sample was correctly classified into their diagnosis group, exceeding the value for classification based on chance (50%). At the individual group level, 62.5% of individuals in public sector banks were correctly classified, 52% of individuals in private sector banks were correctly classified. (Table 5.12).

Table 5.10

Mean Comparison of public/private sector banks

Bank			
Variable	Public	Private	F-value
Meaning	4.63	4.50	5.933*
Competence	4.52	4.36	1.611
Self-determination	4.14	4.22	9.841**
Impact	4.10	4.22	2.944

* $p < .05$ ** $p < .01$

Table 5.11 shows interpretive results of the discriminant analysis. The standardized, unstandardized and the discriminant loadings are depicted. Wilks' lambda is significant at less than 1%. The smaller the value of Wilks' lambda for an independent variable, the more the variable contributes to the discriminant. The values of competence and meaning are smaller than the others. Also, the p value is less than 0.5, these predictors are more significant i.e. these predictors discriminate amongst the two groups as far as the mean is concerned. (Table 5.10)

The unstandardized coefficients are used for making classifications in the DA. The constant plus the sum of the products of the unstandardized coefficients yields the discriminant scores. These coefficients are partial coefficients reflecting the unique contribution of each variable to the classification of the criterion variable i.e. public and private sector banks. It is evident that competence and meaning have the most contribution in the classification of the dependent variable i.e. public or private sector banks.

The standardized discriminant coefficients are used to assess each variable's unique contribution to the discriminant function. They reflect the contribution of one independent

variable in the context of other variables in the model. A low standardized coefficient might mean that the groups do not differ much on that variable or it might mean that a variable's correlation with the grouping variable is redundant with that of another variable in the model. In other words the larger the standardized coefficient, the greater the contribution of the respective variable to the discrimination between groups. From the table it is evident that competence and meaning are contributing more to the model than the others.

Another way to determine which independent variables define a particular discriminant function is to look at the factor structure. Structure matrix below gives coefficients of correlation between independent variables and discriminant function. Generally, any predictor with a loading of 0.30 or more is considered to be important in defining the discriminant dimension. It is evident from discriminant loadings also that competence and meaning are more correlated with the function.

Table 5.11

Summary of interpretive measures for discriminant analysis for public and private sector banks.

Variable		Wilks lambda	Unstandardized	Standardized	Discr. loading	F ratio
Meaning		.985	.600	.306	.470	5.933*
Competence		.976	-1.030	-.683	-.245	9.841.**
Self-determination		.996	1.818	.951	.605	1.611
Impact		.993	-.056	-.341	-.331	2.944
Gp. Centroid 1	.397					
Gp. Centroid 2	-.397					
Wilks' lambda	.937					
Can. Corr.	.251					

**p<.0.01

On the basis of the DFA, the position of the public and private sector can be predicted as shown in Table 5.12. In case of public sector banks, 62.5% i.e 125 respondents belong to the public sector while 96 i.e 48% emerge into the private sector banks category. On the other hand, 52%(104) of the private sector banks are correctly predicted in the private sector

bank category while 75 out of 200 are classified into the public sector banks. This shows that 57.3% of the cases are correctly classified. (Table 5.12).

Table 5.12

Classification Results

Actual Group	No. of cases	Predicted group membership	
		Public	Private
Public	200	125(62.5)	75(37.5)
private	200	96(48.0)	104(52.)

(Figures in brackets indicate percentages)

57.3% of original grouped cases correctly classified.

Public and Foreign banks

A direct discriminant function analysis was performed using four variables as predictors of membership in two groups of banks. Predictors were meaning, competence, self-determination and impact.. The diagnostic groups were employees in public and foreign sector banks.

One discriminant function was calculated, with $\chi^2(4) = 36.603$, $p < .001$. The standardized discriminant function coefficients for the function are shown in table 5.14. The loadings are also shown in the same table. These weights and loadings both suggest that the best predictors for distinguishing between employees who are in the public sector and those who are in the foreign sector are meaning and self-determination.

Equal numbers of individuals appeared in each group of the diagnosis group variable. Overall, 61.5% of the sample was correctly classified into their diagnosis group, exceeding the value for classification based on chance (50%). At the individual group level, 65.5% of individuals in public sector banks were correctly classified, 57.5% of individuals in private sector banks were correctly classified. (Table 5.15).

Table 5.13

Mean Comparison of public and foreign sector banks

Bank			
Variable	Public	Foreign	F-value
Meaning	4.63	4.36	23.049**
Competence	4.52	4.18	.418
Self-determination	4.14	4.32	18.772**
Impact	4.10	4.12	.044

**p<.0.01

Table 5.14 shows interpretive results of the discriminant analysis. The standardized, unstandardized and the discriminant loadings are depicted. Wilks' lambda is significant at less than 1%. The smaller the value of wilks lambda for an independent variable, the more the variable contributes to the discriminant. The values of meaning and competence again are smaller than the others. Also, the p value is less than 0.5, these predictors are more significant i.e these predictors discriminate amongst the two groups as far as the mean is concerned.(table 5.13)

The unstandardized coefficients are used for making classifications in the DA. The constant plus the sum of the products of the unstandardized coefficients yields the discriminant scores. These coefficients are partial coefficients reflecting the unique contribution of each variable to the classification of the criterion variable i.e public and private sector banks. It is evident that competence and meaning have the most contribution in the classification of the dependent variable i.e public or foreign sector banks.

The standardized discriminant coefficients are used to assess each variable's unique contribution to the discriminant function. They reflect the contribution of one independent variable in the context of other variables in the model. A low standardized coefficient might mean that the groups do not differ much on that variable or it might mean that a variable's correlation with the grouping variable is redundant with that of another variable in the model. In other words the larger the standardized coefficient, the greater the contribution of the respective variable to the discrimination between groups. From the table it is evident that

competence is contributing more to the model than meaning. The other two are not significant and hence not contributing to the model.

Another way to determine which independent variables define a particular discriminant function is to look at the factor structure. Structure matrix below gives coefficients of correlation between independent variables and discriminant function. Generally, any predictor with a loading of 0.30 or more is considered to be important in defining the discriminant dimension. It is evident from discriminant loadings that meaning and competence have a correlation value of more than 0.30 and hence are more correlated with the function.

Meaning and self-determination are the variables that significantly discriminate between public and foreign banks.

Table 5.14

Summary of interpretive measures for discriminant analysis for public and foreign banks

Variable		Wilks lambda	Unstandardized	Standardized	Discr. loading	F ratio
Meaning		.945	1.119	.625	.773	23.049**
Competence		.955	-.863	-.545	-.104	.418
Self-determination		.999	1.412	.654	.698	18.772**
Impact		1.000	-.133	-.090	-.034	.044
Gp. Centroid 1	.310					
Gp. Centroid 2	-.310					
Wilks' lambda	.912**					
Can. Corr.	.297					

**p<.0.01

On the basis of the DFA, the position of the public and foreign sector can be predicted as shown in table 5.15. In case of public sector banks, 65.5% i.e 131 respondents belong to the public sector while 85 i.e 42.5% emerge into the foreign sector banks category. On the other hand, 57.5% (115) of the foreign sector bank employees are correctly predicted in the foreign sector bank category while 69 out of 200 are classified into the public sector banks. This shows that 61.5% of the cases are correctly classified.

Table 5.15

Classification Results

		Predicted group membership	
Actual Group	No. of cases	Public	Foreign
Public	200	131(65.5)	69(34.5)
Foreign	200	85(42.5)	115(57.5)

(Figures in brackets indicate percentages)

61.5% of original grouped cases correctly classified.

Private and foreign banks

A direct discriminant function analysis was performed using four variables as predictors of membership in two groups of banks. Predictors were meaning, competence, self-determination and impact. The diagnostic groups were employees in private and foreign sector banks.

One discriminant function was calculated, with $\chi^2(4) = 7.839$, $p < .098$. The standardized discriminant function coefficients for the function are shown in table 6.17 The loadings are also shown in the same table. These weights and loadings both show that none of the predictors are significant enough to discriminate between the employees of both the different groups of banks.

Equal numbers of individuals appeared in each group of the diagnosis group variable. Overall, 75.3% of the sample was correctly classified into their diagnosis group, exceeding the value for classification based on chance (50%). At the individual group level, 76% of individuals in private sector banks were correctly classified, 74.5% of individuals in foreign sector banks were correctly classified. (Table 5.18).

Table 5.16

Mean Comparison of private and foreign sector banks

Bank			
Variable	Private	Foreign	F-value
Meaning	4.50	4.36	5.29
Competence	4.36	4.18	.473
Self-determination	4.22	4.32	.410
Impact	4.22	4.12	2.866

**p<.0.01

Table 5.17 shows interpretive results of the discriminant analysis. The standardized, unstandardized and the discriminant loadings are depicted. Wilks' lambda is insignificant. None of the variables are significant statistically.

Table 5.17

Summary of interpretive measures for discriminant analysis for public and foreign banks

Variable		Wilks lambda	Unstandardized	Standardized	Discr. loading	F ratio
Meaning		.985	1.617	.957	.863	5.29
Competence		.999	-.649	-.204	.244	.473
Self-determination		.999	-.324	-.372	.227	.410
Impact		.993	.826	.512	.600	2.866
Gp. Centroid 1	.141					
Gp. Centroid 2	-.141					
Wilks' lambda	.980					
Can. Corr.	.140					

**p<.0.01

On the basis of the DFA, the position of the private and foreign sector can be predicted as shown in table 5.18. In case of private sector banks, 62% i.e. 124 respondents belong to the private sector while 103 i.e. 51.5% emerge into the foreign sector banks category. On the other hand, 48.5% (97) of the foreign sector banks are correctly predicted

while 76 out of 200 are classified into the private sector banks. This shows that 55.3% of the cases are correctly classified.

Table 5.18

Classification Results

		Predicted group membership	
Actual Group	No. of cases	Private	Foreign
Private	200	124(62)	76(38.)
Foreign	200	103(51.5)	97(48.5)

(Figures in brackets indicate percentages)

55.3% of original grouped cases correctly classified.

CHAPTER 6

Conclusions, Recommendations and Suggestions for Future Research

Introduction

This chapter presents what the results mean for the banking sector .It also summarizes the limitations of the current study and future research that would expand the results of this study as well as take these limitations into consideration. The overviews of the findings are presented separately for different banks. Implications and suggestions for further research are given towards the completion of the chapter.

This study has examined the relationship between the constructs of empowerment and organizational effectiveness. While empowerment was approached from both the perspectives; psychological and structural; organizational effectiveness was studied using the competing values approach. While a comparison between the three ownership types was the central objective, the study also investigated the effect of ownership type on the perceptions regarding empowerment. An additional investigation was also carried out to study the effects of demographic variables of tenure, designation and education on the sense of empowerment. Descriptive as well as inferential statistics were used for analysis. Appropriate hypotheses were framed to carry out the objectives. The sample size consisted of 600 employees across 10 cities of North Indian states of Punjab, Haryana, NCR of Delhi and Uttar Pradesh.

Overview of the findings

Public Sector banks

Self-determination emerged as the strongest predictor of organizational effectiveness for the public sector banks. It was followed by meaning and then impact. Competence was not significant statistically. Self- determination was also the most significantly correlated variable with the construct of organizational effectiveness followed by impact, competence and meaning. The overall correlation between psychological empowerment and organizational effectiveness was high. Out of all the variables composing structural empowerment, skills and knowledge could explain maximum variance in the organizational effectiveness scores. This was followed by reward system, information and communication

and role clarity. All the other variables, i.e. locus of control, self-esteem, autonomy and climate were not significant statistically. Structural empowerment was more highly correlated with organizational effectiveness than psychological empowerment. Skills and knowledge demonstrated the highest correlation and self-esteem the least though the scored were significant statistically.

The effect of length of service was seen on overall psychological empowerment as well as self-determination and impact. Overall the length of service also effected structural empowerment. Locus of control, autonomy, information and communication, reward system and skills and knowledge also showed association with the length of service. While no association was observed between designation and empowerment –both psychological and structural- only autonomy and skills and knowledge showed significant association. An investigation of the relationship of education with empowerment variables showed self-determination and impact to be affected by education along with autonomy, information and communication, reward system and skills and knowledge as structural empowerment variables.

Private Sector Banks

Organizational effectiveness scores in private sector banks were affected most strongly by self-determination followed by impact and then meaning. The other two components of psychological empowerment were not significant statistically. However, all the variables were showed significant correlation and self-determination was showed the highest correlation. The open systems model showed the strongest relationship with the variables. Reward system was depicted as the strongest predictor for organizational effectiveness amongst all the variables of the construct of structural empowerment. Climate and self-esteem were the other two variables that could affect effectiveness scores. All the other variables turned out to be non significant in predicting the effectiveness scores.

Length of service also showed no association with any of the variables. As regards designation, overall structural empowerment showed significance. Role clarity, self-esteem, information and communication were affected by designation as per the data analyzed. As an extraneous variable, education showed significant association with both the overall constructs of empowerment as well as their individual components.

Foreign Sector Banks

Meaning component was the strongest predictor for organizational effectiveness out of all the psychological empowerment components. The only other component was self-determination. The other two were not statistically significant. Both human relations model and rational goal showed high correlation with psychological empowerment. Among the structural empowerment components, only role clarity and reward system were statistically significant. Role clarity could cause the maximum variance followed by reward system. Role clarity also depicted the highest correlation with organizational effectiveness.

The overall psychological scores were significant with regard to designation. Meaning and competence showed significant association. The structural empowerment variables were not affected by designation at all. Education showed significant association with meaning and competence. Structural empowerment did not demonstrate any association with education at all.

Some practical contributions for the banking organizations.

Empowerment was defined as a multi-dimensional motivational state within employees shaped by individual, job centric as well as organization centric factors present in the work environment referred to as 'structural' in the present study. Organizational effectiveness was defined in terms of the competing values model measuring the perception of the employees regarding organizational policies related to internal processes, human relations, goal oriented approach and open systems orientation.

Self-determination and meaning dimensions showed to be more important drivers of organizational effectiveness than competence and impact. In fact, in foreign banks meaningfulness has emerged as the strongest predictor for effectiveness. The employees of the public sector as well as the private sector banks regard autonomy in the work area, decisions on how to go about doing their work and being given considerable opportunity for independence and freedom in the job as very critical to empowerment. Self-determination results in learning, interest in activity and resilience in the face of adversity. (Deci and Ryan, 1989). Meaning results in commitment and concentration of energy. (Kanter, 1989). While some have argued that empowerment is a critical ingredient of organizational effectiveness, this research presents a more challenging picture. The banking organizations need to understand that the employees would always strive to achieve a fit between their personal

values and work values. Any imbalance between any of these would affect the perception regarding performance adversely.

This research does not imply, however that, the dimensions of competence and impact can be ignored in an attempt to increase effectiveness. More research is needed to establish a better understanding on how these two dimensions influence effectiveness.

Reward system has emerged as an important predictor in all the three banking organizations. As stated earlier, for a sense of empowerment, individual reward based systems are considered to be more important as individuals can have an understanding of how performance at higher levels is affected by their actions. Individual incentives enhance empowerment by a) recognizing and reinforcing personal competencies and b) providing individuals with incentives for participating in and affecting decision making processes at work. Perception of a reward system as fair, just and transparent by the employees is extremely important for an organization. Equally important is a clear information regarding the parameters on which the performance would be measured. Discussions about the actual performance is an essential element that contributes to the perception of reward system being just.

The second component of structural empowerment that emerged important in both public sector and foreign banks was role clarity. A clear job description highlights the expectations of the peers as well as superiors. Role clarity contributes to an employee's sense of self-determination. Once the authority is clearly demarcated, the autonomy can be exercised quite effectively. Similarly, the sense of meaning can also be enhanced by a clear role description. Once the work requirements are clear, an employee is in a better position to understand these and match them with the personal values. Role clarity also implies absence of role ambiguity. (Spreitzer, 1997).

Information and communication along with skills and knowledge were other important predictors of effectiveness in public sector banks. Information about an organization's mission is important because it facilitates clearer understanding of the employees' roles in the entire organization workflow. This facilitates the sense of meaning. It also contributes to role clarity. For individuals to feel empowered, it is important that they understand the goals of their work units and how their own work can contribute to these

goals. Managers must ensure that information cascades throughout the organization if a sense of empowerment has to be ensured.

Skills and knowledge, as taken up in the study refers to the efforts made by the organizations to support and encourage acquisition and up gradation of skills and knowledge by the employees. When employees learn that high quality work is crucial to the success of the organization and to their own performance, they are likely to become more conscientious. Once they become fully aware of what is expected of them and how their efforts fit into the entire picture, they would acquire skills to meet the demands of better performance. This results in a host of direct and indirect economic benefits for the employees like increased output, reduced error rate, reduced time per task, better team performance, improved quality of work etc

Climate emerged as a significant predictor in the private sector banks. Climate is defined as the characteristics describing the personality of an organizational and influencing the behaviour of its members. In participative climates, particularly, the employees are acknowledged, created and liberated in contrast to nonparticipative climates where control, order and predictability are emphasized. Participative climate also emphasizes individual contribution and initiative. Employees are more responsive to changes in the external competitive environment. Hence, a participative climate contributes to effectiveness.

Self-esteem, an individual centric factor, also gave significant results in its relationship with organizational effectiveness. Employees with a high self-esteem are likely to extend their feelings of self-worth to the work specific sense of competence.(Bandura,1977)Through self-esteem the employees see themselves as valued resources having talents worth contributing and they assume an active orientation with regard to their work and work units.(Gist and Mitchell,1987).While it is largely an individual trait, the social perceptions of the kind of organization one works for can affect the self esteem of employees. It can increase if the organization has a respectable image in the society and vice versa.

Recommendations

The study has demonstrated that a) a sense of empowerment and empowerment facilitators contribute to the effectiveness of an organization b) empowerment facilitators

affect the sense of empowerment as it is perceived by the employees. While this does have a lot of implications for the organizations, it is noteworthy that there is no consensus between empowerment theorists regarding implementation of empowerment models. While a number of models have been proposed (as discussed in chapter 2), a universal model is yet to evolve. Organization theorists, by and large concentrate on providing an environment that facilitates a sense of empowerment. It is presumed that if such enabling conditions were created then employees' empowerment would be an obvious outcome.

However, this approach does not always work.(Sprietzer and Quinn,1996) The implementation of any empowerment programme is greatly affected by the understanding of the concept of empowerment. To facilitate the implementation of the any empowerment programme, the implementers must agree on the meaning of the concept and spread it across the organizational levels. Hence,

- a) *an empowerment programme will be successful only if all levels agree and converge on what it actually means.*

Spreitzer and Quinn propose that organizations need to answer the following questions to meet the above challenge.

- i) What do organizations mean when they say that they want to empower employees?
- ii) What are the characteristics of empowered people?
- iii) Do we really need empowered people?
- iv) Do we really want empowered people?

Generally speaking, any organization that intends to implement an empowerment programme must be prepared to confront different implicit assumptions and perspectives. Any conflicts or misunderstanding needs to sort out and integrated if possible before embarking on an empowerment programme. Organizations also need to make an honest assessment about the need to have empowered employees. If a company wants employees who are more effective, innovative and transformational, then empowerment appears to be worth the effort. To reap the benefits of empowerment, most large organizations similar to ones taken up in the study suffer from three constraints-bureaucratic culture, multi-level conflict and personal time constraints. Once the entire organization agrees to what empowerment means, only then can an empowerment programme should be attempted.

Empowerment is anything but quick and simple-it demands a willingness to embrace uncertainty, trust people and exercise faith. (Spreitzer and Quinn,1996).As stated earlier, an integration of various views and perspectives needs to be done. Organizations must specify areas that would undergo changes to implement empowerment programmes. Hence,

b) Empowerment facilitating strategies must be specified and accordingly adapted to implement the empowerment programmes successfully.

Role clarity, autonomy, information and communication, fair reward system, participative climate and appropriate skills and knowledge were taken up in the study as work related factors that facilitate empowerment.

Role clarity and autonomy need discipline and control. The organizations have to provide clear goals, clear lines of authority and clear task responsibilities. While the autonomy is present, employees are also aware of their decision- making boundaries. Clear lines reduce the disabling uncertainty and ambiguity that so often accompany empowerment efforts.

The information, which is assumed to be critical to empowerment efforts, is related to organizational mission and the employee's performance. Information like vision, mission, goals, financials, performance objectives, quality and productivity needs to be communication to employees at all levels. Such information becomes both a need and result of a participative climate that is so essential to an empowerment process. In a participative climate high value is placed on trust between superior and subordinate. Those who can achieve results are valued; specialists and experts are highly trusted. Friendly relations are regarded as valuable. These two attributes require a clear vision and challenge as well as openness and team work.

In addition to having the need to share information and a participative climate, training and rewards are also important. Employees need relevant training and knowledge to be able to take decisions on their own. They must learn how to work collaboratively. They must also be taught the tools of problem solving and understanding company performance. Companies must make structured and continuous efforts to identify training gaps and upgrade the skills of the employees. Recognition of a job well done is essential to any empowerment programme. Empowered employees take on increased responsibility and accountability and they need to be compensated for the same. A reward system should be

perceived as fair and just by all the employees. Standards against which performance has to be measured should be clearly defined. An open discussion regarding performance needs to be incorporated in any reward policy.

The above discussion assumes that the individuals will increase their self-efficacy by the above facilitators and become empowered over a period of time. Employees with a higher internal locus of control and a high self-esteem will experience empowerment earlier than the others. According to Towns(2009), this creates an imbalance in the empowerment scenario. While creating empowerment facilitators, organizations should also actively try to increase these two factors so that a sense of self-efficacy at work place is enhanced for all the employees. Hence,

c) Efforts must be made to increase the sense of self -efficacy of the employees.

The employer facilitates an empowerment climate by changing structures, policies, procedures and practices, with hopes of creating a non-threatening environment that signals to their employees that behaving in an empowered manner is encouraged and desired. This can be referred to as the ‘pull’ strategy. As a result of the employer’s actions, employees will generally model one of the four adoption profiles, described by Hersey and Blanchard as ‘a follower’s ability and motivation’^{vii}.

1. Organization employees that are ‘early adopters’ i.e., those employees that want to change and can change, quickly began to behave in a more empowered manner. They have the knowledge, skills and abilities to emulate the desired behavior and prefer to behave in an empowered manner. They are also comfortable with leading change and migrating away from the majority culture.
2. Employees that can change but don’t want to change, must be convinced that the new empowerment climate is real and here to stay, before they are motivated to modify their behavior, but will eventually adopt an empowered behavior.
3. Employees that believe they cannot change but want to change, require training and other support to develop the knowledge, skills and abilities to behave in a more empowered manner; however, without employee self-efficacy, employees will not internalize the training because they don’t truly believe they can change;

consequently, they will not be motivated to change. The two dimensional approach often does not provide enough support to fully modify this group's behavior.

4. Employees that believe they cannot change and do not want to change also require training and other support to develop the knowledge, skills and ability to behave in a more empowered manner. Those employees must also improve self-efficacy in order to embrace and internalize the training. Additionally, enough employees in the organization must adopt the empowerment behavior in order to create enough peer pressure to force this last group to adopt empowerment behaviors, or be out of step with the new empowerment culture.

The above leads to an imbalanced spread of the empowerment culture in the organization .It also takes more time for all the employees to feel empowered. What is needed is a push strategy that makes the employees more active players in the entire process

Implementing the Employee-Driven Self-efficacy Component

The typical behavior modification model consists of five steps and is based in cognitive and behavioral theory.

1. Awareness and acceptance that the employees need to change

Before employees can increase their self-efficacy relative to their feelings of empowerment, or any other behavior, they must become aware that an undesirable behavior exists and accept that they need to change that behavior. This personal awareness can result from the feedback of trusted family members, work colleagues and friends, self-assessment instrument results or other trusted objective sources.

2. Determine effective self-motivation techniques

Once the employees realize that they need to change, they must identify and employ the motivational techniques that are most effective. They will vary from person-to-person and may include; recognition, the challenge itself, financial reward, determination not to fail or a myriad of other factors. Bandura (1977) identified four sources of self-efficacy that are also sources of motivation.

Social Modeling: When we observe others who are similar to ourselves succeed at a task we previously felt was unattainable, we are also motivated to succeed. For example, until the first sub-four minute mile was run, conventional wisdom among the athletic and scientific communities said it could not be done. After Roger Bannister completed the task in 1954, several runners followed suit. Bandura's social cognitive theory emphasizes the role of observational learning and social experience. When employees observe others behaving in an empowered fashion and the benefits derived thereof, they are more motivated to behave in a similar manner.

Social Persuasion: Social persuasion as a source of self-efficacy and motivation asserts employees can be persuaded to believe that they have the ability to succeed in a specific situation. Supervisors, mentors, trainers, coaches and employees are well positioned to persuade employees of their self-empowerment abilities.

Psychological Responses: An employee's emotional response to situations can significantly influence their feelings of self-efficacy in that situation. If an employee wants to behave in a more empowered manner and one of their psychological responses to taking risks (a key empowerment behavior) is avoidance, their empowerment self-efficacy will be low because empowerment behavior requires taking risk.

Mastery Experiences: Once new behaviors that are consistent with empowerment are substituted for old behaviors that are not, those behaviors should be practiced until they become second nature. "The most effective way of developing a strong sense of efficacy is through mastery experiences. Each time we perform a behavior successfully, our sense of self-efficacy related to that behavior increases. If we choose to understand and practice specific empowerment behaviors, we will become more confident in our ability to act in an empowered manner and others will see us in the same light.

3. Identifying the behaviors that need to be changed.

. In this step employees need to determine which o specific behaviors are reinforcing and undermining the empowerment behavior.

Table 6.1

Empowerment behaviours

<i>Empowerment Undermining Behaviors</i>	<i>Empowerment Reinforcing Behaviors</i>
Lack of initiative	Initiative
Risk adverse	Risk orientation
Insecure	Confidence
Indecisiveness	Decisiveness
Independent	Collaborative
Untrustworthy	Trustworthy
Apathy	Intellectual curiosity
Irresponsible	Responsible
Uninformed	Knowledge of laws, policies, procedures and practices
Uncommitted	Commitment

4. Substitute New Behaviors for Old

Employees can choose to empower themselves by substituting behaviors that undermine others' perceptions of them as empowered individuals, with empowerment reinforcing behaviors. Initially, it will feel awkward and unnatural but the more they practice the reinforcing behaviors, the more the behaviors will become second-nature.

5. Reinforce new behaviors

Practicing the new empowerment behaviors are an important component of becoming a more empowered person. Other reinforcing techniques include:

- Making others aware that you are modifying specific behaviors and ask for their help by providing feedback and other constructive criticism
- Fully considering the feedback you receive without discounting or rationalizing
- Utilize systems and processes that reinforce new behaviors

Over the past several decades, behavioral scientists and psychologists have conducted research that validates the increased efficiency and effectiveness that empowered employees bring to organizations. Human Resources practitioners and management consultants have assisted organizations to implement employee empowerment initiatives with varying results. In addition to the above it is extremely important for the organizations to keep a track of their empowerment efforts by measuring the sense of empowerment regularly. This will serve as a feedback to review and take necessary measures as needed. To sum up, organizations attempting to implement empowerment programmes must

- a) Clarify what is meant by empowerment in precise terms
- b) Specify and adapt the strategies that will form part of empowerment facilitating environment.
- c) Push the employees to actively improve their self-efficacy.
- d) Consistently monitor and measure the results of the empowerment efforts.

Limitations of the study and suggestions for future research.

Due to obvious reasons, no study can be termed as complete in itself. Loopholes always exist-some intentional and some unintentional. Both however provide a genesis for

further research. A few issues that have been left incomplete or untouched by the present research will be elucidated below along with discussions on why these are important from the researcher's point of view.

The study has evaluated empowerment and its effect from on organizational effectiveness from the employees' perspective. As such no objective indicators have been included. Any future research may take up tangible measures like productivity, rate on investment etc.

Previous research was drawn upon extensively to include the elements under structural empowerment. Future research can explore each of these individually to study their effect on the four cognitions of empowerment as well as organizational effectiveness by taking help of more extensive tools for data collection.

Since the measures of structural empowerment and organizational effectiveness have been self-designed, their reliability needs to be tested further in the context and culture to be used before administration.

Leadership has been studied implicitly in the present research. It has been assumed that the immediate boss shares the information, job design etc.. However, the effect of leadership style on empowerment can be studied further. Closer integration of leadership and psychological empowerment appears to be an important development (Kark et al 2003; Liden et al, 2000) meriting further investigation.

Though theoretical framework guided the choice of the study variables, empowerment may have abroad range of facilitators as well as consequences. Additionally, these need to be examined more at the team level that has not been attempted in the study.

Moderators of the links between effectiveness and empowerment need to be explored; moderators may be individual differences and organizational variables lik ealignment with the organization's vision and job security.

A recent study by Bamberger and others (2010) has discussed the difference between 'broad' empowerment and 'partial' empowerment. As discussed above in the recommendations, some individuals are early adapters and hence get empowered earlier than the others. But their presence or identification is a natural outcome of the process rather than an attempted one. Possibility of identifying these employees prior to the initiation of the

empowerment process through certain individual traits like self-esteem and locus of control can be another rigorous research area with a great potential.

Summing up

Organizations do not empower people. People empower themselves. However, organizations can create certain conditions that can facilitate this process. Organizations that have empowered employees are those that have successfully accomplished this task.

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APPENDIX

Dear Respondent

As part of my PhD Thesis, I am conducting a research on Employee Empowerment and its relation with the Organizational Effectiveness. This study concentrates on the banking sector and will try to make a comparison between the public sector banks, the private sector banks and the foreign banks which are operating in the rapidly growing Indian finance market.

The booklet contains 108 statements that are to be rated on a Five-point scale. Please go through each statement carefully and try to give a realistic response. In case you do not understand a statement kindly reserve the doubt for the collection round.

This study will go a long way in giving an empirical support to the concept of employee empowerment and will also throw light on many ways in which the banks can benefit from their employees by empowering them with more decision making powers.

The information collected will be used for academic purposes only.

Thank you so much for your precious time.

**(Gurvinder Kaur)
Researcher and Faculty
School of management and Social Sciences
Thapar University
Patiala.**

**Tel: 9815601485
E-mail: gurvinder@thapar.edu**

Kindly fill in the following details

- Name: _____
- Gender: Female_____Male_____ (Please tick the appropriate)
- Department:_____
- Length of service: (Please tick the appropriate)
 1. Less than 5 Yrs
 2. More than 5 and less than 10 yrs.
 3. More than 10 and less than 15 yrs.
 4. More than 15 yrs.
- Designation:

- Education: PG_____ Graduate _____ Professional (Mgt., CAIIB etc.)_____

Instructions:

Kindly rate the statements on a 5 point scale ranging from 1 (strongly disagree) to 5 (strongly agree)

PART A

Kindly rate the following statements on the scale as given below

Strongly Agree				Strongly Disagree
5	4	3	2	1

S.no	Statement	5	4	3	2	1
1	I have full knowledge about my organization's long-term goals.					
2.	My job is such that I can decide when to do particular work activities.					
3	Special efforts are made on a regular basis to assess whether the employees need training.					
4	People in the organization are very clear about how performance is measured.					
5.	I have control over my work.					
6.	I am clear about what my colleagues expect from me.					
7	I am allowed to decide what methods to use for my job.					
8	Whenever I am given a job outside my role, I am always given a reason for it.					
9	My success or failure depends mostly on the amount of effort that I put into my job.					
10.	I am told about my departments' ongoing plans periodically.					
11	I have control over the scheduling of my work.					
12	My boss discusses my job with me very clearly.					
13.	If I wish to upgrade my skills, the organization supports me wholeheartedly.					
14	My supervisor encourages me to take work related decisions.					
15	I am clear about my priorities in my role task.					
16	I am trusted to carry out my work without the direction of my supervisor.					
17.	I am responsible for changing what I do not like in my life.					
18	I am fully aware about my departments'					

	performance in the last five years (or ever since I joined, whichever is less.)					
19.	High value is placed on trust between superior and subordinate.					
20.	The organization one joins or the job one gets are to a very large extent accidental.					
21.	I am clear about what my senior officers expect from me and how they expect me to perform.					
22.	I have some control over what I am supposed to accomplish. (What my supervisor sees as my job objectives.)					
23.	Those who can achieve results are highly respected.					
24.	Whenever I am given instructions these are very clear and I have full freedom to ask questions					
25.	Specialists and experts are highly trusted.					
26.	My promotion in the organization depends on my ability and effort.					
27.	I know how the work I am doing will effect the working of my department					
28.	My job allows me substantial flexibility so that I can modify what my job objectives are. (What I am supposed to accomplish)					
29	Sincere efforts are made to check whether the training has had a appositive effect on work practices.					
30	Trusting and friendly relations are highly valued in this organization					
31.	I can always approach those who are experts on the subject in case I want any information in the organization					
32.	Successful completion of work is mainly due to my hard work and detailed planning					
33.	Even without the employees demanding it, the organization periodically organizes programmes to enhance the skills of the employees.					
34	My experience is that the most important things that happen in an organization are largely beyond one's control.					
35	In case I fall short of my targets, my boss counsels me and discussions on how to improve are carried out.					
36.	I like and accept myself right now, even as I grow and evolve.					
37.	I am clear about rules, regulations and					

	procedures relevant to my role.					
38.	I feel of equal value to the other people, regardless of my performance, looks, IQ, achievements or possessions (or lack of them)					
39.	The performance appraisal system of the organization is very well defined					
40.	I do not dominate others or allow others to dominate me.					
41.	I am expected to be open about my feelings for the organization.					
42.	Creative and innovative behaviour is encouraged in the organization.					
43.	People in my organization are almost always recognized for a job, which is very well done.					
44.	My ideas are accepted if I make them fit with the desires of my seniors.					
45.	I have a very clear cut idea about my authority (financial and non financial)					
46.	I find meaning and purpose in my life.					
47.	My performance, good or bad is always communicated through a written note.					
48.	I have had the opportunity to solve problems that I faced during my work without having to go to my supervisor.					
49.	Being liked by seniors usually influences promotion decisions.					
50.	Informal suggestions are communicated; even criticism to others out of concern for others					

PART B

Kindly rate the following statements on the scale as given below

Strongly Agree				Strongly Disagree
5	4	3	2	1

S.No	Statement	5	4	3	2	1
1	The work I do is very important to me.					
2	My job activities are personally meaningful to me.					
3	The work I do is meaningful to me.					
4	I am confident about my ability to do my job.					
5	I am self-assured about my capabilities to perform my work activities.					
6	I have mastered the skills necessary for my job.					
7	I have significant autonomy in determining how I do my job.					
8	I can decide on my own how to go about doing my work.					
9	I have considerable opportunity for independence and freedom in how I do my job.					
10	My impact on what happens in my department is large.					
11	I have a great deal of control over what happens in my department.					
12	I have significant influence over what happens in my department.					

PART C

Kindly rate the following statements on the scale as given below

Strongly Agree				Strongly Disagree
5	4	3	2	1

S.no	Statement	5	4	3	2	1
1	I am routinely asked to give suggestions for the decisions, which do not directly affect my work area.					
2	Employees are given periodic feedback on how to improve performance.					
3	Employee suggestions are valued.					
4	There is sufficient organizational support for development of skills of its human resources.					
5	The compensation package is comparable to the best in the industry.					
6	There is a proper grievance redressal procedure in the organization.					
7	Criticism of the company is taken very positively.					
8	The organization has an inbuilt system for periodically updating employee knowledge and skills.					
9	Most employees identify with the organization.					
10	I feel that the level of commitment in the organization is very high.					
11	There is enough managerial support for managing work and home.					
12	The organization arranges in- house training periodically.					
13	I think most of my colleagues are satisfied with the organization.					
14	In my opinion, most policies of the organization are people friendly.					
15	There is enough incentive for employees to discuss their problems with their superiors.					
16	My organization has a mission statement, which guides all its activities.					
17	The mission statement is known to and is understood by all.					

18.	The organization uses its mission statement as a criterion for determining success.					
19	Strategic plan of the organization is in tune with its mission statement.					
20	The organization formulates its action plans annually consistent with its mission.					
21	Annual action plans clearly indicate the deadline for achievement.					
22	Annual plan is continuously monitored to achieve planned objectives and targets.					
23	The organization takes necessary corrective actions on the basis of monitoring.					
24	All the employees accept the organizational goals as appropriate targets for themselves.					
25	The organization follows a systematic process for identifying opportunities in the environment.					
26	There are clear-cut policies for resource allocation, which are known to all in the organization.					
27.	The managers are willing to take tough decisions.					
28	The managers are well informed and knowledgeable about staff responsibilities.					
29	The line management is trustworthy and creditable.					
30	The decisions taken by the line managers are consistent with the corporate values.					
31	There is emphasis on teamwork and internal collaboration rather than turf battles and internal competition for resources.					
32	There is excellent upward and downward communication about organizational information.					
33	The employees are willing to share information with each other.					
34	Routine processes like reporting are simple and uncomplicated.					
35	The managers, can, by and large be called people friendly.					
36	The degree of transparency in the organizational communication is very high.					
37.	There is enough freedom to pursue and implement new ideas.					
38	The work is challenging and stimulating.					
39	The organization gives adequate freedom to discuss and pursue new ideas with customers.					
40	There are effective mechanisms to facilitate					

	interaction between and among disciplines.					
41	The organization maintains good relationship with its agents/vendors and suppliers.					
42	The management makes structured attempts to be well informed about its competitors.					
43	The infrastructure has improved over the years to meet the customer demands.					
44	Regular and systematic surveys are conducted to check the level of customer satisfaction.					
45	The findings of the survey are discussed and appropriate action taken.					
46	Service quality is considered most important.					