



The effect of Employee Empowerment on Job Satisfaction in the Banking Sector of Pakistan

Dr. Lala Rukh^{a*}, Ijaz Sanobar^b, Dr. Naveed Farooq^c

^aProfessor, Institute of Social Policy and Research (ISPaR). ^bMPhil Scholar at CM &C, University of Swat. ^cAssociate Professor, Institute of Business Studies and Leadership (IBL), Abdul Wali Khan University Mardan.

^{*}**Email:** Lalarukh@uswat.edu.pk

Abstract: Any organization's ability to function depends on its workforce. Employee satisfaction increases the likelihood that they will perform to the best of their abilities. In the very competitive banking sector, banks must strive to improve employee happiness in order to get a competitive advantage. One important component that has a big impact on work happiness is employee empowerment. The purpose of the current study was to investigate how work satisfaction is affected by employee empowerment. 175 employees of the seven well-known banks that operate in the Swat area provided firsthand information. Using regression analysis and Pearson correlation, the study looked at the connection between work satisfaction and employee empowerment. The findings suggest that work happiness is significantly and favorably impacted by employee empowerment. The study's conclusions are highly valuable to the banking industry and may be applied by different institutions to determine the best ways to improve employee happiness and increase output.

Keywords: Banking Sector, Job Satisfaction, Employee Empowerment

1. Introduction

The concept of empowerment, which is commonly expressed through verbs like "authorization," "to energize," and "to give power to," refers to the process of increasing an employee's independence and capacity for decision-making. The sense of inner fulfillment that workers get from their work is known as job satisfaction. Company owners should take a number of actions to improve their workers' job happiness (ULUTA, 2018). It is imperative that businesses give increasing priority to improving their skills in light of the ever-changing business landscape. It's critical to understand that having committed, very motivated, happy, and creative employees is essential to the organization's success and competitive advantage. Even though employee empowerment has been extensively covered in the literature for a while, more study into the notion is still necessary due to the quickly evolving corporate environment (Abou El naga & Imran, 2014). Companies have significant challenges in optimizing their productivity and efficacy inside the contemporary dynamic and cutthroat industry. Experts see staff empowerment as a beneficial tactic that improves service quality, employee satisfaction, and organizational success (Ukil, 2016). For many years, there has been continuous discussion surrounding the concept of empowerment. Even while a lot of organizations want to empower people, they have a hard time accomplishing so. Even while organizations say they support empowerment, it is rarely seen at the bottom of the hierarchy. Frontline staff members are the ones that deal directly with consumers in the banking industry because of

its service-oriented culture. Therefore, empowering staff members in the banking sector is crucial to improving the caliber of services offered to clients (Sarkar, 2009). Because of its theoretical connection to job happiness, the idea of employee empowerment is seen as a crucial human resource management technique (Kohli & Sharma, 2017). One key component of modern management techniques is employee empowerment. It is expected that individuals who are empowered would perform better than those who work in traditional or authoritarian organizational settings (Naeem & Saif, 2010).

1.1 Problem Statement

Due to intense rivalry in the banking sector, banks are putting a variety of tactics into practice in an effort to succeed and meet their goals as an organization. Reaching company objectives depends on employees doing well, which depends on them being happy in their jobs. Banks must find ways to foster employee job satisfaction since it is a critical factor in worker productivity. Job happiness is significantly influenced by employee empowerment. In order to alleviate the fierce rivalry in the banking industry, this study looks at how employee empowerment affects work happiness.

1.2 Study Significance

The banking sector is extremely competitive, and banks need to improve their operating procedures to survive in this cutthroat market. Staff skill and commitment are critical to a bank's success. When workers are happy in their positions, they perform at their best, and one of the key variables affecting job happiness is employee empowerment. This research is important because it aims to assess how employee empowerment affects work satisfaction in the banking industry.

1.3 Scope of the Study

The purpose of the research was to determine how employee empowerment affects job satisfaction. Seven significant banks were the subject of the study: Muslim Commercial Bank Limited, United Bank Limited, Bank of Khyber, Habib Bank Limited, Bank Al Habib Limited, and National Bank of Pakistan. The Swat district was the only research area.

1.4 Hypothesis

Employee empowerment has a positive and significant effect on job satisfaction.

2. Literature Review

For a business, the idea of employee empowerment offers quantifiable advantages. Since the banking industry depends so heavily on its employees to offer services to customers, it has a particularly high human capital requirement. In human resource management, employee empowerment is essential because it makes an organization more successful, competitive, distinctive, and—most importantly—grows. One tactic to do this is through employee empowerment (Kirubi, 2014).

Increased employee empowerment dramatically raises job satisfaction. Male and female employees' work satisfaction levels also differ noticeably; data indicates that male employees often report higher levels of job satisfaction (Hunjra et al, 2011). The weak relationship found between empowerment and work satisfaction implies that feeling empowered has a favorable effect on employees' job satisfaction. Ameer (2014) among others. Improving collaboration, giving employees more authority, and offering training all dramatically increase job satisfaction.

Furthermore, research has demonstrated that teamwork is a highly reliable indicator of workplace happiness, and this tendency is continuing. Moreover, employee empowerment is a major predictor of job satisfaction (Khaliq et al., 2020). Workplace satisfaction and employee empowerment, together with factors like competency, self-determination, incentive programs, and information accessibility, are positively and significantly correlated. Increasing these variables will make work more satisfying. Abadi and Chegini (2013). The characteristics of psychological empowerment—meaningfulness, self-determination, competence, and impact—have a positive and significant correlation with employee work satisfaction (Abdissa&Fitwi, 2016). Job happiness and employee

empowerment are positively associated. Additionally, research indicates that there is a noteworthy distinction between the empowerment and job satisfaction levels of male and female employees, with the former reporting better job satisfaction than the latter (Singh, 2016). Emotional intelligence, employee empowerment, and cultural intelligence must all be combined to increase worker pleasure. Bank management should encourage active employee participation at the organizational level in order to boost employee satisfaction. Making ensuring that employees are content in their current roles will increase employee loyalty and decrease turnover (Akhter, 2021). When workers feel empowered, their level of job satisfaction increases dramatically. The notable disparities in employee empowerment and work satisfaction between the top and lower levels of the organizational hierarchy raise questions about how organizational changes will spread and how long-lasting strategic adjustments will be (Idris et al., 2018). Since employees who feel empowered at work tend to be happier there, empowerment and job satisfaction are closely related concepts. Happy people are more likely to perform better, make fewer mistakes, and boost corporate performance because they are passionate about what they do. To increase employee satisfaction at work, employers should priorities employee empowerment. If empowerment techniques are implemented, workers will feel more valued, have more freedom to think, behave more autonomously at work, and actively participate in business-related decision-making processes (ULUTAŞ, 2018).The following is the suggested hypothesis, which is based on the literature.

3. Research Methodology

3.1 Research Design

The study is descriptive and explanatory. It involves hypothesis testing for finding out the relationship between the dependent and independent variables. Survey method was used for data collection for which a questionnaire was used.

3.2 Conceptual Framework

The suggested conceptual framework for determining the link between the dependent and independent variables is provided below.

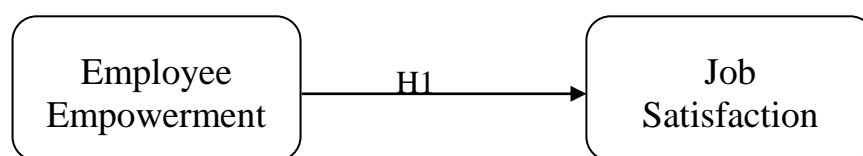


Figure 1: The relationship between Employee Empowerment and Job Satisfaction

Figure1shows that work satisfaction is a dependent variable and employee empowerment is an independent variable.

3.3 Data Collection Method

The research approach dictates the data gathering procedure. The purpose of this study is to look at how work happiness is affected by employee empowerment. While main data was gathered via a questionnaire, secondary data was obtained from already published works. Employees from seven major banks are included in the study population: Bank of Khyber in the Swat area; Habib Bank Limited; Bank Al Habib Limited; United Bank Limited; Bank of Pakistan; and Muslim Commercial Bank Limited. Information was gathered from 175 workers in these particular banks.

3.4 Questionnaire Design

There are three components in the main data gathering questionnaire. The respondents' demographic data is gathered in the first part. Ten items in the second portion pertain to the independent variable of employee empowerment, while five items in the third section pertain to the dependent variable of work satisfaction. The

second and third portions of the questionnaire took their material from Idris et al. (2018). A five-point Likert scale was used in the questionnaire: 1 as "strongly agree," to 5 as "strongly disagree."

4. Analysis

To determine the association between independent and dependent variables, correlation and regression analyses were conducted using the SPSS software.

4.1 Reliability

Table 1: Reliability

Variables	Items	Cronbach's Alpha
Employee Empowerment	10	.868
Job Satisfaction	05	.826

A reliability test was conducted to assess the consistency of the data collection tool as a measurement instrument. Table 1 displays the Cronbach's Alpha values for the independent variable employee empowerment and the dependent variable job satisfaction. As indicated in the table, the Cronbach's Alpha value for employee empowerment is 0.868 and for job satisfaction is 0.826. The data collection tool demonstrates high reliability, exceeding the standard value of 0.70 as proposed by Nunnally (1978).

4.2 Demographic Analysis

Table 2: Demographic Analysis

Variables	Categories	Number
Gender	Male	148
	Female	27
Age	Up to 30	66
	31-40	54
	41-50	26
	Above 50	29
	Up to 30,000	10
Income	30,001-40,000	28
	40,001-50,000	48
	50,001-60,000	29
	Above 60,000	60
	Less than 4 years	68
Job Experience	4 years to 8 years	60
	Above 8 years	47

The bank workers' demographic data is displayed in Table 2. There are 148 male respondents and only 27 female respondents overall. There are sixty-six responders under the age of thirty. There are 54 responders, ranging in age from 31 to 40. There are 26 responders between the ages of 41 and 50. There are 29 responders that are older than 50. There are ten responders whose income is up to 30,000. There are twenty-eight responders whose income falls between 30,001 and 40,000. There are 48 responders whose income ranges from 40,001 to 50,000. There are 29 responders whose salary ranges from 50,000 to 60,000. There are sixty responders who earn more than 60,000. There are 68 responders that have worked for a company for fewer than four years. Sixty respondents reported having four to eight years of work experience. Of the respondents, 47 had worked for a company for more than eight years.

4.3 Correlation Analysis

Table 3: Correlation Analysis

	Employee Empowerment	Job Satisfaction
Employee Empowerment		
Pearson Correlation	1	.606**
Sig. (2-tailed)		.000
N	175	175
Job Satisfaction		
Pearson Correlation	.606**	1
Sig. (2-tailed)	.000	
N	175	175

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

The correlation coefficient between the independent and dependent variables is displayed in Table 3. The correlation coefficient between work satisfaction and employee empowerment is 0.606, indicating a very significant positive association between the two variables. Furthermore, the significant association between the two variables is indicated by the p-value, which is less than 0.05. It implies that as employee empowerment rises, so does work happiness.

4.4 Regression Analysis

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.606 ^a	.367	.363	.36099
Predictor: Employee Empowerment				

Regression analysis between work satisfaction and employee empowerment is displayed in Table 4, Model 1. The simple correlation between work happiness and employee empowerment is shown by the value of R (0.606), which shows a fairly strong positive association between the two variables. Employee empowerment is responsible for 36.7% of the improvement in work satisfaction, according to the R Square value of 0.367.

Table 5: The Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error			
1	(Constant)	.405	.100		4.061	.000
	Employee Empowerment	.668	.067	.606	10.012	.000

Dependent Variable: Job Satisfaction

Table 5 Model 1 demonstrates that a 66.8% difference in work satisfaction is caused by a unit change in employee empowerment. Furthermore, the model's p-value is less than 0.05, indicating the statistical significance of the B coefficient.

4.5 Research Hypothesis Results

Table 6: Research Hypothesis Results

Serial #	Hypothesis	Results	Decision
H1	Employee empowerment has a positive and significant effect on job satisfaction.	$r = .606^{**}$ p-value = .000	Research hypothesis is accepted.

4.6 Discussion

To get an advantage in the fiercely competitive banking industry, banks need to outperform each other, which is dependent on employee performance. When workers are happy in their professions, they often create more. One major element that promotes work happiness is employee empowerment. The goal of this study was to examine at how work happiness is affected by employee empowerment. The results of the correlation analysis showed that work satisfaction and employee empowerment had a substantial positive association ($r = 0.606$). Additionally, the regression study found that there is a 66.8% shift in work satisfaction for every unit change in employee empowerment. The p-value for the regression and correlation analysis was less than 0.05. Thus, the research hypothesis is supported and it can be stated that employee empowerment has a positive and large influence on job satisfaction.

5 Conclusion

The goal of the current study was to determine how employee empowerment affects work satisfaction in the banking industry. Correlation and regression analysis showed that employee empowerment significantly and positively influenced work satisfaction. The findings support a stronger focus on employee empowerment in banks to improve job satisfaction, since it has a direct impact on worker productivity and organizational outcomes. Employees may find it difficult to perform at their best without a sense of fulfillment in their work, which would lower productivity. On the other hand, increased job satisfaction has the potential to enhance worker performance, which in turn may lead to increased organizational efficacy and enhanced positioning in the face of competition in the banking industry.

5.2 Implications

The banking industry is extremely competitive, and in order to thrive in this challenging environment, banks must offer a favorable work environment to their employees. As a consequence, they will be more motivated and happier at work. Employee empowerment is one of the most significant variables influencing pleasure at work. The most recent study found that work pleasure is greatly increased by employee empowerment. Since they show how important employee empowerment is to enhancing organizational effectiveness and efficiency in achieving goals and objectives, these findings are extremely beneficial to many banks.

5.1 Limitations and Future Studies

The aim of the research was to investigate the relationship between employee empowerment and work happiness. Seven banks in the Swat district were chosen for the study due to limitations on funds, time, and other resources. Bank staff members received the questionnaire and had a brief period of time to fill it out and send it back. Future research should cover all institutions in order to obtain more accurate results across the banking industry. The current study was restricted to the Swat district; therefore, future research should encompass the entire province or the entire country. Additionally, the study only examined one element that influences work happiness—employee empowerment—so future research should take into account additional aspects that affect job satisfaction.

References

Abadi, M. V. N. A., & Chegini, M. G. (2013). The relationship between employees empowerment with job satisfaction in Melli Bank of Guilan Province. *Arabian Journal of Business and Management Review (OMAN Chapter)*, 2(12), 71.

- Abdissa, G., & Fitwi, T. (2016). The impact of psychological empowerment on employees' job satisfaction: With reference to commercial bank of Ethiopia, Gedeo zone. *Pyrex Journal of Business and Finance Management Research*, 2(7), 65-80.
- Abou Elnaga, A., & Imran, A. (2014). The impact of employee empowerment on job satisfaction theoretical study. *American Journal of Research Communication*, 2(1), 13-26.
- Akhter, A. (2021). The impact of emotional intelligence, employee empowerment and cultural intelligence on commercial bank employees' job satisfaction. *Banks and Bank Systems*, 16(4), 11.
- Ameer, M. H., Bhatti, S., & Baig, S. (2014). Impact of employee empowerment on job satisfaction. *Developing country studies*, 4(9), 114-125.
- Hunjra, A. I., Ul Haq, N., Akbar, S. W., & Yousaf, M. (2011). Impact of employee empowerment on job satisfaction: an empirical analysis of Pakistani service industry. *Interdisciplinary journal of contemporary research in business*, 2(11), 680.
- Idris, A., See, D., & Coughlan, P. (2018). Employee empowerment and job satisfaction in urban Malaysia: Connecting the dots with context and organizational change management. *Journal of Organizational Change Management*, 31(3), 697-711.
- Khaliq, A., Kayani, U. S., & Mir, G. M. (2020). Relationship of employee training, employee empowerment, team work with job satisfaction. *Journal of Arts & Social Sciences*, 7(2), 185-198.
- Kirubi, P. W. (2014). Employee empowerment practices and performance of commercial banks in Kenya
- Kohli, A., & Sharma, A. (2017). An analysis of employee empowerment and job satisfaction: A review. *Management Dynamics*, 17(1), 13-23.
- Naeem, H., & Saif, M. I. (2010). Employee empowerment and customer satisfaction: Empirical evidence from the banking sector of Pakistan. *African Journal of Business Management*, 4(10), 2028.
- Nunnally, J. C. (1978). An overview of psychological measurement. *Clinical diagnosis of mental disorders: A handbook*, 97-146.
- Sarkar, S. (2009). Employee Empowerment in the Banking Sector. *IUP Journal of Management Research*, 8(9).
- Singh, V. (2016). Employee empowerment and job satisfaction: An empirical study of manufacturing sector. *International journal of business quantitative economics and applied management research*, 2(9).
- Ukil, M. I. (2016). The impact of employee empowerment on employee satisfaction and service quality: Empirical evidence from financial enterprises in Bangladesh. *Verslas: teorija ir praktika*, 17(2), 178-189.
- Ulutaş, M. (2018). The effect of empowerment on employees' job satisfaction: a research on konya industrial zone. *MANAS Sosyal Araştırmalar Dergisi*, 7(1), 589-600.