
Employee Empowerment and Job Satisfaction in Nepalese Commercial Banks

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Abstract

The discourse surrounding the issue of employee empowerment (EE) has consistently been of great importance on a global level. The aim of this study is to assess the status, relationship, and impact of employee empowerment and job satisfaction in Nepalese commercial banks. The study employed a deductive approach with descriptive and analytical research designs. The study population includes all employees working in Nepalese commercial banks in Sunsari, totaling 258 individuals. A structured questionnaire was designed to collect primary data through convenience sampling with a five-point Likert scale. SPSS was used to manage and analyze data. Cronbach alpha was used to test the reliability of constructs and descriptive statistics were used to assess the status of employee empowerment and job satisfaction. Furthermore, inferential statistics were used to analyze the relationship and level of significance between variables and measure the impact of employee empowerment on job satisfaction. The research findings indicate that employees have a positive response towards all dimensions of employee empowerment and job satisfaction. Furthermore, the finding revealed a significant impact of employee empowerment on job satisfaction. Thus, commercial banks should continuously work on programs empowering employees to enhance job satisfaction.

The Introduction

Organizations are becoming more concerned about knowledge workers in the 21st century, since they are the ones who actually drive business. Organizations to become competitive are giving emphasis on individual participation, appropriate knowledge, and autonomy. Organizations take every precaution in this cutthroat world to guarantee success and effectively manage their workers. In today's environment, the phrase "employee empowerment" is becoming more and more significant and it is viewed as one of the essential components of managerial and organizational success, which rises when authority and control are shared in an organization. Empowerment helps to create autonomy for employees, allows the sharing of responsibility and power at all levels, builds employee self-esteem, and energizes the work force for better performance.

The general concept of empowerment refers to the delegation of legislative power, authority, mission, and sector power by employees. Rodwell (1996) explained the idea of empowerment seems to be a process of allowing or shifting power from one person or community to another. According to Weiner et al., (2010), employee empowerment can be considered as an effective strategy to increase productivity in employees and the optimal use of their skills and capabilities to achieve organizational goals.

Globalization, downsizing and reengineering has given opportunities and challenges for Nepalese organizations. In this globalization, employee empowerment is required for workers to be able to take quick decisions and respond promptly to any updates (Johnson, 1993). Empowerment practices are not yet usual in Nepalese banking. A study on employee empowerment is still a big research gap in the background of Nepalese banking. Nepalese banks' employers may not be able to fully leverage the capacity of their employees without in-depth knowledge on how employees view empowerment and how it relates to their performance. Employee empowerment, if managed properly, increases the employee's and organizational performance. This research aims to study the status of employee empowerment in the

commercial banking sector in Nepal. Furthermore, it analyzes the relationships between employee empowerment and job satisfaction.

1.1 Research Objectives

- To assess the status of employee empowerment and job satisfaction in Nepalese commercial banks
- To analyze the relationship between employee empowerment and job satisfaction
- To examine the impact of employee empowerment on job satisfaction.

Literature Review

A lot of research has emphasized employee empowerment and job satisfaction. Manonmani (2019) studied the impact of employee empowerment on job satisfaction in the banking sector with reference to Thanjavur district. The findings indicate that the empowerment of an employee has a very well-built partnership to promote employee satisfaction. The results verify the direct effect of employee empowerment on employee job satisfaction in Thanjavur District.

Aklilu (2018) analyzed the employee empowerment effect on job satisfaction at the Dire Dawa branch of Ethiopian commercial banks. The goal of this research is to explore the link between employee satisfaction among bank employees and aspects of employee empowerment and their individual effects on the determination of overall job satisfaction. The causal research approach was used in this research. The questionnaires were designed and distributed to 90 selected respondents. Pearson correlation and multiple regressions were employed to analyze the data. The result of this research concluded that empowerment and job satisfaction are related and correlated with each other and are moving in the same direction as one variable moves. Training, reward, information sharing, trust, and autonomy have correlations among themselves.

Dahou and Hacini (2018) analyzed successful employee empowerment: major determinants in the Jordanian context. This correlational cross-sectional field research explores the impact of the six variables on the acceptance of employee empowerment using a hypothesis-testing methodology. The findings of a multiple linear regression study have shown that knowledge sharing; role design, transformative leadership, and decision-making authority have a positive influence on employee empowerment. The strongest impact of exchanging knowledge and implementing the required job design within the company is that supporting these programs will definitely make the empowerment of bank employees successful.

K.C. and Neupane (2020) explored the status of employee empowerment in the commercial banking sector in Nepal. The purpose of this study is to determine the status of employee empowerment in Nepalese banks. Descriptive and exploratory research was carried out for the study. Further, the data used in this research was qualitative as well as quantitative. A structured questionnaire was administered for the study and 150 sampled respondents were selected by the random sampling method from commercial banks. The research concluded that the status of employee empowerment, from the perspective of the workers, is not as expected in the case of the Nepalese commercial banking sector.



Fig 2.1 Conceptual Framework

- **Autonomy**

Autonomy is defined as the degree to which one, without the consent of others, may make important decisions. Empirical research demonstrated the effects of autonomy on job performance and job satisfaction were significant and had positive relationship (Delic, Djedovic and Mekic, 2021; Liu et al. , 2011).

H1: There is a significant relationship between autonomy and job satisfaction in Nepalese commercial banks.

- **Decision Making**

Employee participation in decision making increases job satisfaction. The research conducted by Mohsen and Sharif (2020) demonstrates that employee involvement in decision making has a positive effect on job satisfaction. Khezerloo, et al. (2016), conducted study on "the study of the causal effect of participation in decision making on job commitment and Job satisfaction." The finding demonstrates a constructive and significant relation between participation and job commitment and satisfaction.

H2: There is a significant relationship between decision-making and job satisfaction in Nepalese commercial banks.

- **Information**

Information defined as awareness of job priorities, strategies, organizational decisions, and policy changes, environmental relationships, and future decisions in an organization. It is comprised of accessibility of information by relevant employees, organizational feedback system, suggestions from supervisors to employees, exchange of ideas among employees, dissemination of information from the management.

H3: There is a significant relationship between information and job satisfaction in Nepalese commercial banks.

- **Compensation**

Compensation is the payment provided by an employer to its employee for services rendered. Adnan, Zarrar, and Zaffar (2021) revealed that employee empowerment, employee compensation, and employee accountability are all positively and significantly related to employee job performance.

H4: There is a significant relationship between compensation and job satisfaction in Nepalese commercial banks.

- **Training**

Hanaysha (2016) stated that training is the systematic process which seeks to assist employees enhance their skills and knowledge, and develop positive behavior through experiential learning, which is expected to help employees realize greater performance.

H5: There is a significant relationship between training and job satisfaction in Nepalese commercial banks.

Research Methodology

This research combines cross-sectional, descriptive, and analytical research design to describe and analyze the relationship and impact between employee empowerment and job satisfaction and their constructs. The population of this research paper is the total number of employees within Nepalese Commercial Banks, Sunsari. Three hundred questionnaires were distributed; 258 were collected, consisting of 143 males and 115 females, from junior assistant to senior officer via Google Form, and the response rate was 86%. Microsoft Excel 2019 and the SPSS 25 software package were used to manage and analyze data. A structured questionnaire was developed to collect data through the convenience sampling method of the non-probability sampling technique with a five-point Likert scale. Primary data and secondary data were collected from questionnaires and websites of banks, annual reports, journal articles, dissertations, and so on. Statistical tools such as mean, standard deviation, percentage, frequencies for descriptive analysis and ANOVA, F-test, Pearson correlation matrix, and multiple linear regression for inferential analysis, along with Cronbach alpha, are used to test the reliability of constructs. The questionnaire consists of a total of 34 items, including 4 demographic, 25 employee empowerment, and 5 job satisfaction.

Findings

Based on the collected data, the following findings have been drawn.

Reliability of the constructs

All constructs are reliable and acceptable because all the values of Cronbach's Alpha are > 0.70 .

Cronbach's Alpha	No. of Items
0.78	30(6 constructs*5 items for each construct)

Table 4.1 Reliability of the Constructs in Aggregate

Variable	Constructs	No. of Items	Cronbach's Alpha
Independent	Autonomy	5	0.769
Independent	Decision Making	5	0.763
Independent	Information	5	0.753
Independent	Compensation	5	0.771
Independent	Training	5	0.829
Dependent	Job Satisfaction	5	0.808

Table 4.2 Reliability of the Constructs

The result from above table shows the reliability measurement scales used for measuring the independent and dependent variables.

Attribution	Description	No. of cases	Percentage
Gender	Male	143	55.4
	Female	115	44.6
Academic qualification	Bachelor & below	118	45.8
	Master & above	140	54.2
Job position	Junior assistant	134	51.9
	Assistant	72	27.9
	Supervisor	15	5.8
	Junior officer	26	10.1
	Senior officer	11	4.3
Types of banks	Public limited banks fully owned by local promoters	104	40.3
	Joint venture	78	30.2
	Government	76	29.5

Table 4.3 Demographic Characteristics of Sample

The above table reflects that, among 258 respondents, males exceed females by 10.8%, which indicates that few females are passionate about or have opportunities in Nepalese commercial banking. However, these contexts can be transformed. When an organization has more women on the board, the diversity will trickle down faster (Macheel, 2016). Here, most of the respondents have completed a master's degree or above, which indicates that most of the respondents who have completed a master's level prefer banking. The majority of respondents are junior assistants and very few are senior officers. This means there is very little opportunity at the top level, and the bank structure needs more employees at the operational level. Lots of respondents are from private commercial banks because of their large numbers compared to joint ventures and governments, and for other reasons as well, such as: more salary, facilities, bonuses, challenging jobs, and so on.

Constructs	N	Mean	SD
Autonomy	258	3.38	0.814
Decision making	258	3.36	0.887
Information	258	3.59	0.823
Compensation	258	3.62	0.828
Training	258	3.74	0.849
Job satisfaction	258	3.69	0.849

Table 4.4 Status of employee empowerment and job satisfaction

The above table shows employees have a positive response towards all dimensions of employee empowerment and job satisfaction, as all mean values are greater than three and values of standard deviations are relatively uniform. The mean value of job satisfaction is 3.69, which shows employees are satisfied with their job.

Pearson's Correlation	N for EI	N for OP	Sig. (at the 2-tailed)
0.3484**	258	258	0.000

** . Correlation is significant at the 0.05 level (2-tailed).

Table 4.5 Correlation between employee empowerment and job satisfaction

This result from the above table shows that there is a moderately significant positive correlation between employee empowerment and job satisfaction scale ($r = 0.3484$, $p < 0.05$) in Nepalese commercial banks.

Model	R	R Square	Adj. R Square	Std. Error of the estimate
1	0.724	0.524	0.514	0.5921

Table 4.6 Regression between employee empowerment and job satisfaction

The above table shows that the R-square value is 0.524, i.e., 52.4% of the variation in job satisfaction are explained by independent variables, and the R-square value is significant at the 5% level. However, it is still leaving 47.6% unexplained; there are other additional variables that are important in explaining job satisfaction that have not been considered in this research. Similarly, the adjusted R-square is 0.514, which means 51.4% of the variation in job satisfaction is explained by independent variables after adjusting the degree of freedom (df). The model summary also indicates the standard error of the estimate of 0.5921, which shows the variability of the observed value of job satisfaction from the regression line of 0.5921 units.

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	16577.229	1	16577.229	175.014	0.000
Residual	37035.198	391	94.719		
Total	53612.427	392			

Table 4.7 ANOVA

This table expresses that the model is a good description of the study of the relation between independent variables (autonomy, decision-making, information, compensation, and training) and dependent variables (job satisfaction) because the p-value is 0.000, which is less than the alpha value of

0.050.

Model	Unstandardized beta coefficients		Standardized beta coefficients	t-values	Sig.
Constant	B 0.379	Std. Error 0.230		1.649	0.100
Autonomy (AT)	-0.027	0.071	-0.025	-0.374	0.709
Decision Making (DM)	0.018	0.064	0.018	0.275	0.783
Information (IT)	0.062	0.074	0.060	0.843	0.400
Compensation (CS)	0.164	0.062	0.160	2.628	0.009
Training (TG)	0.675	0.046	0.658	14.727	0.000

Table 4.8 Coefficients

Dependent variable Job Satisfaction

Taking autonomy, decision-making, information, compensation, and training as independent variables ($X_1, X_2, X_3, X_4,$ and X_5) model is constructed with equation as below:

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon_i$$

Based on the coefficients, the regression equation for the job satisfaction can be written as: $\hat{Y} = 0.379 - 0.027X_1 + 0.018X_2 + 0.062X_3 + 0.164X_4 + 0.675X_5$

The above table shows that regression coefficients are significant independent variables. This illustrates that a 1-unit increase in an independent variable at a time when other independent variables remain constant (AT, DM, IT, CS, and TG) will bring a -0.027, 0.018, 0.062, 0.164, and 0.675, respectively, decrease or increase in job satisfaction, and this coefficient is significant at the 5% level. Based on the standard coefficient value, training has the most significant influence on increasing job satisfaction among employees, followed by compensation respectively. Whereas, information, decision making and autonomy has no significant relationship with job satisfaction in Nepalese commercial banks since there p-value is greater than 0.05.

Discussions and Conclusions

The study is able to find out the present condition of employee empowerment and job satisfaction in the Nepalese banks. It is also clear from the findings that both employee empowerment and job satisfaction are well present in Nepalese commercial banking. The research shows that there is a significantly positive relationship between employee empowerment and job satisfaction. It can be said that an employee with high employee empowerment has high job satisfaction in comparison to less empowered human capital. All of the constructs of employee empowerment have a positive and significant relationship with job satisfaction. Training has the most significant influence on increasing job satisfaction among employees, followed by compensation. The study found that the main sources of employee job satisfaction are training and compensation among the facets of empowerment. Bank should provide employees with ongoing training in the technological knowledge and skills needed to perform their job effectively and efficiently. In addition to training, bank should compensate employees based on their performances that motivate employees to become best performer and able to provide high quality service to their customers. Furthermore, study revealed that autonomy, decision making, and information also have a positive correlation with job satisfaction hence these factors are also important factors to be considered while empowering employees.

With an in-depth understanding of the significance of empowerment in minimizing job dissatisfaction in the banking sector, this paper supports theory and managerial practice. The outcomes of the research are valuable in various ways for banks, academics, national policy, and so on. This research demonstrates the value of empowerment in Nepalese commercial banks and adds to both theoretical and empirical literature in the field of employee empowerment and job satisfaction relationships. Banks should focus on

training, compensation, information sharing, participation in decision-making, and autonomy for better employee empowerment, which ultimately enhances the level of job satisfaction.

Limitations and Directions for Future Research

The study focused on Sunsari district only, but similar studies should explore other districts and institutions to broaden the understanding of employee empowerment in Nepalese commercial banks. A comparative study can reveal similarities between findings. Additionally, conducting in-depth case studies on specific banks can provide comprehensive insights. Exploring employee empowerment in other sectors, like Nepalese universities, is also recommended to investigate its impact on organizational productivity.

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