



A PROPOSED MODEL OF PSYCHOLOGICAL EMPOWERMENT ON CUSTOMER ORIENTED BEHAVIOR IN BANKING SECTOR

Dr. K. Vasanthi Kumari

HOD, Department of Business Administration, GTM College, India.

Ms. E. Sharanya,

Research Scholar, Bharathiyar University, India.

1. EMPLOYEE EMPOWERMENT

According to Hancer and George (2003), the origin of empowerment can be traced to the theory developed by Douglas McGregor that emerged in the field of organizational behavior. McGregor developed a theory named “Theory Y,” based on the notion that employees’ motivation, productivity, and participation can be attained and enhanced by designing more autonomous and flexible jobs.

In terms of the meaning and definition of empowerment, several authors and scholars have offered and developed definitions. For instance, Del Val and Lloyd (2003) define empowerment as “the involvement of employee in decision making process” (Del Val and Lloyd, 2003, p: 102). Jha (2010) offers a more detailed definition of empowerment through defining such a concept as “a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information” (Jha, 2010, p: 380). Ahmad and Oranye (2010) also use a very traditional view of empowerment, considering it as “energizing followers through leadership, enhancing self-efficacy by reducing powerlessness and increasing intrinsic task motivation (p: 583).

Melhem (2004) argues that the empowerment literature shows different meanings and definitions of empowerment. However, most definitions indicate that empowerment implies giving employees more authority and discretion in performing work tasks and giving them

autonomy to solve all issues related to their work. To summarize, in spite of a diversity of definitions of empowerment, this concept means giving power to subordinates at a lower level to make them able to make their own decisions when serving customers.

The relevant literature suggests diverse classifications and categories of empowerment. Sun et al. (2012), for instance, claim that empowerment has three broad categories including leadership empowerment, structural empowerment, and psychological empowerment. Kuokkanen and Leino-Kilpi (2000) offer three approaches to studying empowerment: improvement of conditions for oppressed groups, structural empowerment, and psychological empowerment. Menon (2001) groups empowerment into three broad groups: situational (structural) empowerment, motivational (psychological) empowerment, and leadership empowerment. However, empowerment has been introduced and explained more frequently using two main alternative perspectives, a structural/relational perspective and a motivational/psychological perspective.

2. STRUCTURAL/RELATIONAL EMPOWERMENT

The structural empowerment concept can be defined as “management practices and policies that aimed to transfer power from management to employees” (Abu Kassim et al., 2012, p: 133). Melhem (2004) also offers a more explicit definition of structural empowerment by defining it as “freeing someone from rigorous control by instructions, policies, and orders, and giving that person freedom to take responsibility for ideas that he/she provide for management, decisions, and actions that he/she made in the workplace context” (p: 73). According to this approach, empowerment is considered to be a set of activities and practices that give power, control and authority to subordinates (Daft, 2001).

According to this perspective, empowerment means giving employees the possibility of taking necessary actions in modifying the current work processes or employing a new process in order to simplify job-related tasks and decisions (Chebat and Kollias, 2000). To conclude, structural empowerment focuses on policies and practices that are undertaken by management that aim to distribute power, decision-making authority, delegations and responsibility to lower levels of the organization.

3. PSYCHOLOGICAL/MOTIVATIONAL EMPOWERMENT

The psychological empowerment concept can be defined as “a state of mind in which an employee experiences the feelings of control over how the job can be done, have enough aware to the work tasks that being performed, a great level of responsibility to both personal work outcome and overall organizational advancement, and the perceived justice in the rewards based on individual and collective performance” (Melhem, 2006, p: 586). Spreitzer (1995) also offers a more traditional definition of this concept, defining it as “a motivational state that reflects an employee orientation toward work characteristics that rely on four determinants that are competence, impact, meaning and self-determination” (Spreitzer, 1995, p: 1441). Also, Borghei et al. (2010) view the psychological perspective as subjective feelings and phenomena, meaning that this perspective is considered an internal motivational construct.

4. CUSTOMER-ORIENTED BEHAVIOR

For the service setting, scholars provide, design, and implement a theory called the Service-Profit Chain (Heskett et al., 1997). This theory and these practices suggest that employees being satisfied make them more committed to their organizations and to the service they offer. Because of this, customers and clients become more satisfied and loyal, and more sales, revenues, and profits can be guaranteed.

Several terms and concepts have been developed in the literature as positive and favorable behaviors by providers and frontline employees. These include customer-oriented selling (Martin and Bush, 2003), customer orientation (Chow et al., 2006; Reychav and Weisberg, 2009; Gazzoli et al, 2013), organizational citizenship behavior (Chaing and Hsieh, 2012; Tang and Tang, 2012), and customer-oriented behavior (Peccei and Rosenthal, 2001; Lanjananda and Patterson, 2009; Pimpakorn and Patterson, 2010).

To be more precise, customer-oriented behavior can be defined as “the ability to identify, evaluate, understand, and meet customer needs” (Reychav and Weisberg, 2009, p: 354). Mechinda and Patterson (2011) define it as “specific behaviors that frontline employee displayed during service contact point with aim to make customer more satisfied with service” (Mechinda and Patterson, 2011, p: 103).

Pimpakorn and Patterson (2010) view customer-oriented behavior as a willingness of subordinates to behave with a favorable attitude and deliver a high quality of services to customers. Taheri and Gharakhani (2012) argue that employees with friendly and courteous

personalities have a high level of customer orientation: “If you want friendly, courteous service, you must hire friendly, courteous people. It is possible to provide employees with the technical skills needed for the job, but difficult to train them to be friendly and caring” (Taheri and Gharakhani, 2012, p.12).

5. RATIONALE FOR THE MODEL

A model on psychological empowerment of employees in banking sector was proposed due to the following reasons:

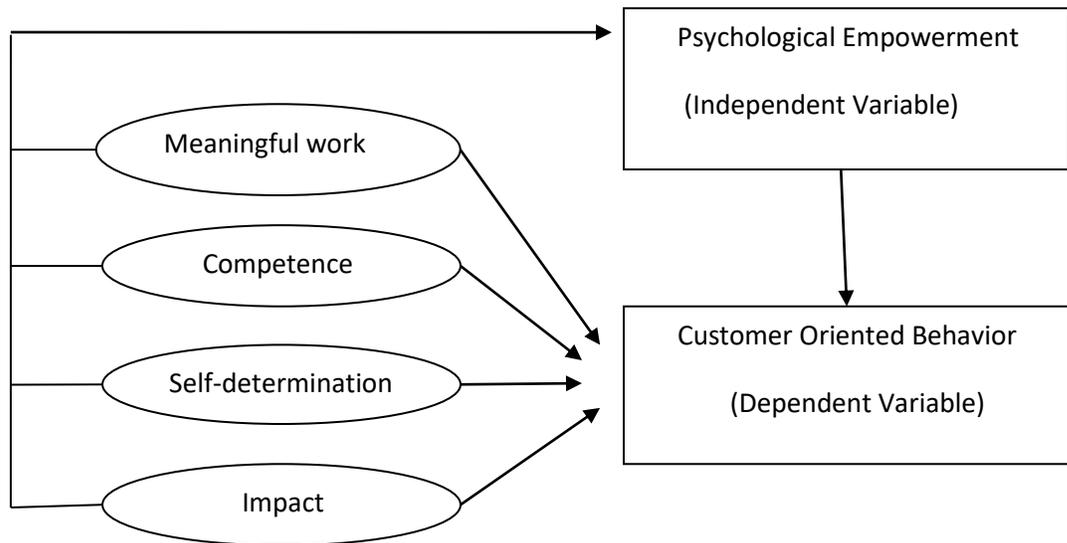
Firstly, very little research has been conducted in understanding empowerment as a psychological construct. Majority of the studies have been conducted on the various empowerment practices in the organizations.

Secondly, there is no empirical evidence that the empowerment practice will create a subjective feeling of empowerment within the individual. Employee empowerment will be effective only if the employees actually experience the empowerment. Even if the organizations have the empowerment practices like providing power and open communication it is not necessary that the employee is empowered. Empowerment describes only the condition of work environment. It does not describe employees’ response to these conditions. These responses form the basis for psychological empowerment (Sprietzer, 1995a).

Thirdly, majority of the studies in psychological empowerment are carried out in manufacturing sector. Studies in hospitality sector are concentrated on hotel industry and hospitals. Zimmerman (1995) states that empowerment takes different forms in different contexts. There is no much study investigating the effect of psychological empowerment in banking sector. These deficiencies in the research related to the construct of psychological empowerment shows the requirement for more empirical research and it would be more appropriate if conducted in banking sector.

6. PROPOSED RESEARCH MODEL

Based on rigorous study on literature the following model was concluded.



The need for Psychological Empowerment has gained great importance in service-oriented institutions like banks. As employees in a service organization have frequent contacts with the customer, they usually serve as representatives for both the organization and their products and services to the customer at contact point. When service interactions are not properly controlled and handled, the outcome is poor perception of service quality that leads to customer dissatisfaction. The quality of service and satisfaction that the customer may derive will be an assessment of the entire service experience. The employees play a major role in determining whether a customer would enjoy the experience or turn to their competitors for better solutions.

7. LIMITATIONS OF THE STUDY

This proposal is subject to following limitations:

1. This research study is limited to select Tamilnadu based Public sector banks (Indian Bank & Indian Overseas Bank) in Thanjavur region only.
2. The results of the research cannot be generalized to other banks like Private, rural, co-operative, foreign and also public sector banks in other states.
3. The accuracy of given information may owe to change by time, work place and individual factors.

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