

ASSESSING THE EFFECT OF EMPLOYEE EMPOWERMENT ON SERVICE QUALITY

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Abstract – The main objective of this paper was to look at the effect of employee empowerment on service quality in typical commercial bank. Banks like in any service organisation survives by the customers they service. Customers seek for the best service available to do business with. Simple random sampling was employed to select and gather data from 270 customers. Pearson correlation was used to ascertain the relationship between service quality and employee empowerment. Simple regression was further used to measure the contribution of empowerment to service quality. The results showed that there was significant negative correlation between employee empowerment and service quality. It is therefore recommended that management ensure that employees are monitored during the service delivery. Equally important is periodic check at the point of delivery where employees have direct contact with customers.

Keywords: Empowerment, service quality, customer satisfaction

1.0 Introduction

Organisations that seek to achieve higher productivity put premium on the quality of staff they have. The quality of employees available to an organization does not only depend on their academic qualification but also, how they are empowered at the workplace. The intangibility of services therefore, necessitates that organisations give their employees the best of training, motivation, and the needed support to perform. It is in this direction that most service organizations have sought to employee empowerment programmes in a bid to raise the level of performance of their employees (Larsley, 1999; Kumar and Kumar, 2017). Empowered and motivated employees are in the position to perform with minimal or no supervision, thereby, responding promptly to customer needs (Chauha, 2018). Employees in the service sector should have the ability to easily adapt to the dynamics in the sector. Banks stand to gain in terms of profit when their customer-base increases and potential customers are attracted. Such a feat can be achieved and sustained when service deliveries are improved. Banks, therefore, need to give attention to indicators that will empower employees to perform creditably. The operations of banking services place the employees in constant touch with customers and their actions influence the perception customers have with the service provision. Service quality contributes greatly to the success and growth of businesses (Parasuraman et al., 1988), and more especially, the banking industry (Hossain& Leo, 2009). The purpose of this paper was to examine the relationship that exists between empowerment and service quality.

2.0 Literature

2.1 Concept of Empowerment

The concept of empowerment has been subjected to varied interpretations. Thus, understanding the term depends much on the context in which it is used. The concept is described as the ability to act and achieve results (Blanchard, Carloss and Randolph, 1996; cited in Honold, 1997), and has varied meanings and interpretations (Chaudhuri, 2016).

Kanter (1993) Theory of Structural Empowerment

Employee empowerment deals with issues revolving around power and control. Management has employed the concept of empowerment as a means of motivating employees by way of delegating authority and or sharing power (Kanter, 1983). In his exposition on structural empowerment, Kanter (1993) described empowerment as promoting a kind of climate that provides employees the relevant resources and a window to develop and contribute to organisation growth. Kanter (1997) asserts that, management essentially needs to make available the

needed 'tools' for employees to maximize their potential, since employees' actions, to a large extent, are influenced by the milieu they find themselves. Thus, a well structured environment creates a congenial avenue for empowerment. Empowerment in organization can be realized when employees have access to information, receive the needed support and, are given adequate resources to perform and have the opportunity to learn and develop.

2.1.2 Spreitzer Psychological Empowerment

This is a resource which emanates from within the individual. The desire to act is motivated from within the individual. Psychological empowerment is therefore, based on perceptions and experiences.

Spreitzer (1995), outlines four cognitions to constitute empowerment as:

1. Meaning: the perceive value given to a pre-determined idea.
2. Competence: the extent of one's ability to perform a given task.
3. Self-determination: self-initiating and taking decisions with respect to one's task.
4. Impact: the capability to affect strategies of management.

These four dimensions form the basis for psychological empowerment construct and reflect the way individual employees perceive who they are in relation to the workplace environment (Spreitzer, 1995). Lee and Koh (2001), believe that empowerment can be viewed from the way superiors relate with subordinates and how the subordinates perceive being empowered.

2.1.3 Empowerment

Giving employees the opportunity to make decisions without any reference to a higher authority boost their confidence and commitment (Spritzer,1996). According to Randolf (2000), the firm should consider commitment as part of the organizational culture. Commitment emanates either internally or externally, and are of great importance to the firm (Argyris, 1998). To Argyris (1998), external commitment is drawn from top management and serve as a disincentive to employees' confidence building. On the contrary, internal commitment promote empowerment. Committed employees usually perform responsibly to the satisfaction of customers. Whenever customer perceive quality is greater, customer relationship commitment becomes stronger (Sharma and Patterson, 2000) and customers repurchase behaviour (Wilson, Soni and O'Keeffe, 1995).

2.1.4 Implementing Empowerment

Empowerment will be an elusive concept until it is put in action. Thus, empowerment becomes a reality when management deliberately empower their subordinates. Employees should psychologically feel being empowered to perform. Recent studies have shown that empowerment can be drawn from four thematic areas – empowerment as seen from the individual's perspective, empowerment expressed emotionally, the individual sense of performing, self-regulating, power and control, being responsible, being committed, initiative and resourcefulness (Larshley and Mc Goldrick, 1994). Empowerment thus, gives the employee the commensurate authority to perform without any external influence (Potter, 1994). The full benefit of empowerment can be realized when management see it as not only investing in their employees, but as strategy for competitiveness (Larshley and McGoldrick, 1994) Superiors and subordinates together must develop a positive attitude and skills, pursue good superior subordinate relationship (Randolf, 2000).

It is also noteworthy that, when the right framework is created for the implementation of empowerment, frontline employees are positioned to promptly respond to customers' needs, and exercise power and more space to determine and make decisions in the course of performing their duties (Spreitzer, 1996). Mustapha and Bon (2012), concluded that, empowering employees at the workplace positively affect the performance of organisations. Sahoo and D as (2011), posit that, organisations should make empowerment a priority by creating a congenial climate that will elicit commitment at the workplace. They further suggest that, employees' need to be trained, educated and counselled to boost their morale. In the face of all such measures, management should ensure that, employees are up to task and utilizing the authority granted *Turkmenoglu, (2019)*.

2.1.4 Service quality

Service quality is the extent at which customers expected performance differs from actual and overall service experience (Parasuraman et al., 1985; Parasuraman et al., 1988). The competitive marketing environment makes quality central and essential in service provision in a bid to penetrate the market. However, the available literature has not critically and satisfactorily addresses the concept in the context of services (Leblanc and Uguyen, 1998).

2.1.5 Service dimensions

Parasuraman et al., (1995), outline five key quality service indicators in order of priority as;

- Tangibles – those aspects of the service that can be felt and touched,
- Reliability – the dependability and accuracy of the performed service,
- Responsiveness – employees responding to customers at the right time.
- Assurance – employees' competence and credibility, courtesy and security,
- Empathy – understanding customers and communicating appropriately. All five indicators are applicable to the banking sector

Customers' judgement on what they consumed is usually based on the expected satisfaction and the outcome of the service experienced. Service providers need to address any gap that will be created out of the service experience. Parasuraman et al (1998) SERVQUAL construct was employed to give direction to this study. The service delivery can be looked at from two perspectives – the human aspect which embodies the tangibles aspect of the service and the intangibles which informs the judgement customers give the quality of service provided (Cronin and Taylor, 1992). The SERVPERF model, a derivative of the SERVQUAL give more meaning to and how the quality of a service is measured. The two concepts seek to measure the satisfaction a customer derives from the service.

2.1.6 Employee empowerment and service quality

Customers' expectation about services is based on their overall judgement on the level of quality (Lewis and Booms, 1983). (Parasuraman, Zeithaml, and Berry (1988), assert that, the quality of a service is assessed based on the customer's expectation and the actual performance. Unfortunately, frustration and unsatisfactory experiences have characterised the quality of service in the US, developing countries are not exceptional (Anthony, 2001). Service quality is the key in differentiating services and building competitive advantage (Tanner and Anthony, 2006).

Empowering employees is a vital strategy in improving service quality in financial institutions (Geralis and Terziovski, 2003). Thus, when employees are empowered they perform better towards achieving quality. There exists a correlation between empowering employees and the quality of service provided (Karimi, 2013, Timothy and Abubakar, 2013). In this light, the role of frontline employees in service organizations in meeting customer satisfaction is vital since they are the first point of contact. The quality of service rendered hinges on the extent of authority of 'frontlines' in making job related decisions (Robbins, 2001). Previous work has proven that when employees are empowered, they perform creditably to the delight of customers (Thevaran and Rage I, 2016), and this is more important the fact that customers' expectation keep changing after some time lapse (Tanner, 2001). However, studies by Une (2008) and Naem et al., (2010) proved that there was no relationship between empowerment and service quality.

3.0 Methodology

A semi structured questionnaire base on a five Likert-scale was carefully designed to gather data on empowerment and service quality for the study. The questionnaire was grouped into two parts. The first part covers employees believe in being empowered. Three items each was considered for the empowerment factors. The second part of the questionnaire covered customers' assessment of the quality of service and customer satisfaction. The items under each dimension was as follows: tangibility (4), reliability (6), responsiveness (6), assurance (6), empathy (4). Convenience sampling method was used to select respondents as they came in to do business with their respective banks. Questionnaires were personally administered to ensure that the right respondents were contacted and

appreciate the study. Twenty questionnaires were piloted on some selected individuals to check the clarity of the questions.

Results

3.1 Discussions of Results

The results cover the outcome of the various statistical procedures used in analyzing the data collated and coded. It serves as the foundation for interpretation, discussion and drawing of conclusion for the purpose of achieving the research objectives.

Table 1: correlation between service quality and employee empowerment

		Servicequality	Empowerment
Pearson Correlation	Servicequality	1.000	-.148
	empowerment	-.148	1.000
Sig. (1-tailed)	Servicequality	.	.008
	empowerment	.008	.
N	Servicequality	270	270
	empowerment	270	270

Pearson correlation was performed to ascertain whether there is a relationship between service quality and employee empowerment. It is clear from table 1 that there is a statistically significant relationship between service quality and employee empowerment as indicated by the p-value=0.008. This implies that as the employee empowerment increases service quality turns to decrease. This is in consonance with the finding by Karimi, 2013, Timothy and Abubakar, 2013. They both agreed that there exists a correlation between empowering employees and the quality of service provided. However, studies by Une (2008) and Naem et al., (2010) proved that there was no relationship between empowerment and service quality which is total deviation from the findings discovered in the research.

Table: 3 contribution of employee empowerment to service quality

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					F	Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. Change		
1	.148 ^a	.022	.018	9.47434	.022	5.991	1	268	.015	2.216	

a. Predictors: (Constant), empowerment

b. Dependent Variable: servicequality

A simple regression was performed to ascertain the contribution of the employee empowerment to service quality. The R², 0.022 with an adjusted R² of 0.018 in the table 3 clearly shows that employee empowerment explains about 2.2% of the variability in service quality. This implies that, besides the variable identified, extra variables (factors) nevertheless, not in the model have a chance of predicting about 97.8% to service quality.

Table 4: model estimation of empowerment and service quality

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	132.086	12.754		10.356	.000			
	empowerment	-.655	.268	-.148	-2.448	.015	-.148	-.148	-.148

a. Dependent Variable: servicequality

The model indicated that empowerment ($\beta = -0.655$, $p\text{-value} = 0.015$) contributed significant to service quality. This implies that an increases in the employee empowerment would lead to 65.5% decrease in the service quality. It is clear from the findings that if management empower their employees, there is the need for them to supervise them in order to have a positive service quality.

Conclusion and Managerial Implications

Even though the name of the bank for this research has not been mention for ethical and good reasons, it is believed that the main finding will guide management in the implementation of employee empowerment in organisations, especially banks. Undoubtedly, employee empowerment plays a major function in the operations of organisation (Mustafa and Bon (2012). It is clear from this study that it is not always true that empowerment will lead to service quality. Empowerment may be applied, however, quality may fall as shown in table 4 ($\beta = -0.655$, $p\text{-value} = 0.015$). Whiles emphasising the need to empower employees, it is equally important for management to monitor what goes on during the service delivery and managed it with tact. Supervision at point of delivery is equally crucial if empowerment will reap its’ full benefit. Where possible, employees should be made to account for the day’s performance (Potterfield, 1999).

Future research

It is suggested that similar work is replicated in other organisations (banks) to explore deeply in this area of empowerment.

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