Are Bank Employees Psychologically and Structurally Empowered? an Assessment from the Indian Banking Sector

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Abstract

The main purpose of our research is to seek insight into the antecedents of employee empowerment at both organizational and individual levels. We also address the outcomes of empowerment at the individual level. Subsequently, the research discusses the mediation effect of psychological empowerment on structural empowerment and its outcome as job satisfaction. A total of 400 samples were collected from the employees of public and private sector banks in India using an online questionnaire, during the Covid-19 pandemic period. To test the hypotheses, Confirmatory factor analysis (CFA) and path analysis were used. The study proved that the antecedents such as psychological and structural empowerment have a positive and significant effect on job satisfaction, while psychological empowerment partially mediates between structural empowerment and job satisfaction. This research attempts an integrative approach as suggested by the Social Cognitive Theory for predicting empowerment. We have used unidimensional constructs of psychological empowerment, structural empowerment, and job satisfaction in the Indian banking sector. This study contributes to both theory and practice by providing insights into the benefits of public and private sector bank employees which is gained through the implementation of empowerment policies during the Covid-19 period.

Keywords Public and private sector banks · Empowerment · Psychological empowerment · Structural empowerment · Job satisfaction · Covid-19

JEL Classification G21 · M10 · J28

Introduction

The concept of employee empowerment is developed in correspondence with the development and promotion of human resources of the organizations (Turban et al., 2003). Organizations are implementing several empowerment initiatives to motivate workers to perform beyond their formal job requirements and to engage in extra-role or citizenship behaviors

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(Park, 2017). Empowerment is the process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes (Alsop et al., 2006). Empowerment provides a win-win situation for the organization, customers, and employees. The organization benefits from satisfied customers through competent, empowered employees. Empowerment aims to shift authority from top to bottom and switch the employees' capability into performance with their qualities and insight (Zimmerman, 1990). Empowerment is a multidimensional aspect consisting of psychological and structural empowerment. Structural empowerment is a state in the organization that influences employees' work-related behavior, allocation, and delegation of authority among managers and employees (Kanter, 1983; Conger & Kanungo, 1988). Psychological empowerment is a set of motivational cognitions shaped by the work environment and it reflects the active orientation of an individual (Spreitzer, 1995). Job satisfaction is one of the major anticipated outcomes of empowerment (Spreitzer et al., 1997). In the words of Locke (1976), job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience.

The banking sector is suffering from a high degree of employee attrition rate (Branham, 2005; Nelson, 2007; Letchumanan et al., 2017). We can read from the past literature that banking sector employees are facing a high level of stress (Chen & Lien, 2008; George & K.A., 2015; Chaudhary & Lodhwal, 2017). The reasons are lack of job autonomy, role conflict, long working hours, organizational culture, improper reward system, and lack of management support to employees (Ali et al., 2013). Thus the banking sector employees adopt new get-by tactics for sustaining a good physical and mental state to increase productivity (Lopes & Kachalia, 2016). The employees of the banking sector are less satisfied and empowered than employees of other sectors (Kellev, 1990) due to the stress and lack of employee orientation.

For every organization, the workforce is the key success factor (Indermun & Bayat, 2013). The performance of the banking sector is more closely linked to the economy than perhaps that of any other sector (Limboore, 2014). Bank employees have been given more autonomy to participate in the decision-making process (Chahal et al., 2013). The impact of Covid-19 on the banking sector has led to a severe fall in the demand for products, low incomes, and production shutdowns, all of which have adversely affected the business of banks. The situation has been worsened by staff shortages, inadequate digital maturity, and pressure on the existing infrastructure, leading the banks to struggle in order to stay profitable (Perwej, 2020). In responding to the pandemic, banks should be ready to adopt new organizational behaviors and change their business models and strategies. Empowerment is an important strategy to consider when dealing with the great pressures of the continuously changing world of work (Stander & Rothmann, 2010).

Presently, organizations are experiencing unprecedented workforce disruption globally due to the pandemic situation. Job satisfaction is essential for the efficient implementation of empowerment by adapting modern corporate culture, which supports employee empowerment (Reidhead, 2020). There is an imperative need to assess the effects of empowerment on the job satisfaction of banking sector employees. If the employees are satisfied with their jobs, they will volunteer to help others and conduct their duties very well (Hamidizadeh et al., 2012). If the banking sector enhances the empowerment of employees, whether psychologically or structurally, it will enhance job satisfaction. Therefore, the present study is a novel approach to investigating the effects of psychological and structural empowerment on the job satisfaction of bank employees using unidimensional constructs during the pandemic situation. Also, examined is the mediation effect of psychological empowerment on structural empowerment and job satisfaction.

Literature Review & Development of Hypotheses

Dimensions of Employee Empowerment

The previous literature has precisely recognized two different dimensions of empowerment, structural or relational empowerment, and psychological or motivational empowerment (Maynard et al., 2012; Rhee et al., 2017; Eylon & Bamberger, 2000; Greasley et al., 2008; Mathieu et al., 2006). Employee empowerment changes the attitude and behavior of employees and also leads to the increase in job satisfaction and organizational commitment. The behavior changes from the empowerment will increase the employees' self-confidence, self-esteem, skill, and knowledge (Arthur, 1994; Srivastava et al., 2006; Kizilos et al., 2013; Fernandez & Moldogaziev, 2013). We can correlate several studies of empowerment that were applied in service organizations (Conger & Kanungo, 1988; Thomas & Velthouse, 1990; Spreitzer, 1992, 1995; Zimmerman, 1995). Numerous studies have provided evidence of the significant association between empowerment and job satisfaction (Engström et al., 2010; Sarwar & Khalid, 2011; Ahmad & Oranye, 2010; Fernandez & Moldogaziev, 2014; Bentley et al., 2012; Hanaysha & Tahir, 2016; Kokila, 2016; Idris et al., 2018; Qing et al., 2019; Ahmad, 2020; Suriadnyana, 2020). A positive correlation exists between empowerment and job satisfaction in Chinese nurses (Ning et al., 2009). The research by Choi et al. (2016) states that the empowerment factor positively affects job satisfaction as well as acts as a mediator between transformational leadership and job satisfaction. The study by Ahmed et al. (2019) finds employee empowerment partially mediating the relationship between perceived leadership and job satisfaction.

The Social Cognitive Theory (SCT) suggests that empowerment is a dynamic and interactive process and an integrative approach will be useful to predict a complete picture of employee empowerment (Bandura, 1986). Hence, it is better to conceive structural conditions and managerial activities jointly when they are to be considered for empowerment. An integrative approach has the power to influence and reinforce the cognitive states of employee empowerment, and eventually promote positive outcomes (Mathieu et al., 2006; Menon, 2001; Robbins et al., 2002). In the same vein, the present study has adopted an integrated approach that simultaneously reflects both the structural and psychological perspectives through the understanding of the processes and manifestations of employee empowerment. The existing literature has proved the effects of psychological or structural empowerment and that its dimensions are prevalent on job satisfaction. The study is pertinent because there is a deficiency of academic work on the influence of a combined effect of both psychological and structural empowerment on a unidimensional construct of job satisfaction in the Indian banking sector.

Influence of Structural Empowerment on the Job Satisfaction of Bank Employees

Many empowerment programs fail because they focus on power without redistributing information, knowledge, and rewards. Bowen and Lawler (1992) proposed that the effective use of empowerment needs the managers to share with their employees four organizational ingredients: information about the organization's performance, rewards based on the organization's performance, knowledge that enables employees to understand and contribute to organizational performance, and power to make decisions that influence organizational direction and performance. Our research used seven dimensions of structural

empowerment adapted from various scales because a single scale suitable for this research was not found. These dimensions include information and communication, reward system, skills & knowledge, decision making (Bowen & Lawler, 1992; Spreitzer, 1995), leadership, self-esteem (Spreitzer, 1995), and role clarity (Sawyer, 1992).

Structural empowerment elements are allowed to take proper action through a set of structures, policies, and practices in the organization (Seibert et al., 2011). The structural empowerment dimensions such as access to information and reward systems have a positive impact on job satisfaction (Abadi & Chegini, 2013). It has been proved from a study among Filipino and American registered nurses that an increase in structural empowerment level provides a positive push to increase job satisfaction and organizational commitment (Vacharakiat, 2008). Structural empowerment consists of several dimensions: employees' discretion (Rafiq & Ahmed, 1998; Bowen & Lawler, 1992), information sharing, knowledge and resources, responsibility, autonomy, accountability, and rewards (Bowen & Lawler, 1992; Randolph & Sashkin, 2002; Eylon & Bamberger, 2000; Rafiq & Ahmed, 1998; Eylon & Au, 1999; Seibert et al., 2004). Structural empowerment is the significant predictor of job satisfaction (Al-Ababneh et al., 2017; Wong & Laschinger, 2013; Abadi & Chegini, 2013; Pelit et al., 2011; Gazzoli et al., 2010; Lautizi et al., 2009; Patah et al., 2009; Dickson & Lorenz, 2009; Wang & Lee, 2009; Hechanova et al., 2006; Hancer & George, 2003; Spreitzer, 1996; Fulford & Enz, 1995). This research applies the theoretical models of structural empowerment on job satisfaction on the cross-sectional population of banking sector employees. This study developed the following hypothesis as evolved from the conceptual framework.

H1. Structural empowerment has a positive and significant influence on the job satisfaction of banking sector employees.

Influence of Psychological Empowerment on the Job Satisfaction of Bank Employees

The psychological empowerment aspect was introduced by Conger and Kanungo (1988) in connection with the concept of self-efficacy (Bandura, 1977) and increased intrinsic task motivation (Thomas & Velthouse, 1990). This study used Spreitzer's (1995) psychological empowerment scale for the assessment of psychological empowerment of bank employees. This particular scale is comprised of "meaning, competence, self-determination, and impact". The term "meaning" denotes the congruence between the requirements of one's job role and one's own beliefs and values (Spreitzer, 1995; Brief & Nord, 1990). "Competence" is the ability of an individual to perform his/her job activities with the needed knowledge and skill (Gist, 1987). "Self-determination" is a choice or freedom in initiating and controlling one's actions (Deci et al., 1989). The "impact" is the degree to which an individual can influence strategic, administrative, or operating outcomes in the work (Ashforth, 1989).

Psychological empowerment has a positive and significant impact on job satisfaction of employees (Raza et al., 2015; George, 2013; Kazlauskaitė et al., 2009; Laschinger et al., 2007; Hechanova et al., 2006; Laschinger et al., 2002; Casey et al., 2010; Laschinger et al., 2004; Quin & Spreitzer, 1997) through employee engagement (Alagarsamy et al., 2020). The research confirms that the self-determination and competence dimension of psychological empowerment have a positive impact on job satisfaction (Abadi & Chegini, 2013). The employees with a high level of empowerment in turn have a high level

of job satisfaction and therefore, it is recommended that the implementation of psychological empowerment should be continued for the improvement of the organization's performance (Saif & Saleh, 2013). All three dimensions of psychological empowerment—meaning, choice, and impact—are the significant predictors of job satisfaction (Wang & Lee, 2009). Psychological empowerment dimensions such as meaningfulness, competence, and influence have significant influence on overall job satisfaction (Patah et al., 2009). The empowerment dimensions of meaning, competence, self-determination, and impact have a positive and significant relationship with job satisfaction (Rana & Singh, 2016). These theoretical underpinnings have led to the development of the following hypothesis.

H2. Psychological empowerment has a positive and significant influence on the job satisfaction of banking sector employees.

Psychological empowerment is a representation of how employees react to structural empowerment situations while structural empowerment is an insight into the existence or nonexistence of empowering situations in the workplace (Laschinger et al., 2001). In the same vein, structural empowerment emerged as the significant predictor of psychological empowerment (Laschinger et al., 2004; Ghani et al., 2009; Perkins, 2006; Echebiri et al., 2020). Therefore, the following hypothesis has been developed.

H2a. Structural empowerment has a positive and significant influence on the psychological empowerment of banking sector employees.

Many of the earlier studies supported the thought that psychological empowerment mediates between structural empowerment and various work outcomes (Kundu et al., 2019; Rhee et al., 2017; Amundsen & Martinsen, 2015; Kroga & Govender, 2015; Wagner et al., 2010; Seibert et al., 2011; Knol & Van linge, 2009; Carless, 2004; Laschinger et al., 2001). Similarly, psychological empowerment acts as a mediating variable between structural empowerment and job satisfaction (Pelit et al., 2011; Huang & Wang, 2006; Laschinger, 2008; Lee, 2003). Psychological empowerment mediates the relationship between transformational leadership and career satisfaction (Joo & Lim, 2013), job satisfaction (Aydognmus et al., 2018), task performance (Guerrero et al., 2018), organizational citizenship behavior, and turnover intention (Saira et al., 2021). Psychological empowerment provides a more efficient empirical approach to evaluate the effectiveness of employee empowerment (Menon, 2001). Studies related to the service sector employees on the relationship between psychological empowerment and its consequences are rare (Jha, 2011). Based on this conceptual development, we framed a hypothesis as follows.

H2b. Psychological empowerment positively mediates the relationship between structural empowerment and job satisfaction.

Conceptual Framework

Figure 1 symbolizes the interrelationship between psychological and structural empowerment evolved from the theoretical underpinnings of empowerment. It shows the direct and indirect effect on the outcome variable job satisfaction of the employees in the banking sector. Our research strongly believes that employee empowerment can be achieved through psychological and structural empowerment. Structural empowerment acts as an

Fig. 1 Conceptual framework. The proposed research model was adapted from the theoretical context of empowerment. Structural and psychological empowerment are the antecedents of employee empowerment and job satisfaction as a consequent variable. Structural empowerment has a direct and indirect influence on the outcome variable job satisfaction through the mediating variable psychological empowerment

independent variable, psychological empowerment as a mediating variable, and job satisfaction as a dependent variable. Firstly, the direct relationship between structural empowerment and job satisfaction was empirically tested. After that, we tested the effect of structural empowerment on psychological empowerment. We also undertook the testing of the mediation effect of psychological empowerment on structural empowerment and job satisfaction.

Research Design

Data Collection

The population of the research is finite with 58,506 full-time employees including officers and clerks in the commercial banks in Kerala (SLBC, 2015)¹. Yamane formula has been applied to determine the sample size of bank employees with a 95% confidence level and $e(\text{error}) = 0.5$ (Yamane, 1967). As suggested by Easton and McColl (1997), we used a multi-stage random sampling method for surveying employees from public and private sector banks. In the first stage, 12 banks from the public sector and 11 from the private sector were selected based on domiciles. In the second stage, 36 branches from the public and 33 from the private sector were selected. In the third stage, 200 employees each from public and private banks were selected randomly. This included 106 officers and 94 clerks from public sector banks and 108 officers and 92 clerks from private sector banks. A total of 465 questionnaires were distributed among the bank employees and only 426 were returned duly filled. The data of 400 questionnaires were found useful with a response rate of 86%.

¹ State Level Bankers Committee 2015, SLBC is an inter-institutional forum at state level ensuring co-ordination between government and banks on matters pertaining to banking development (www.slbcerala.com).

The data were collected during the pandemic period from August to October 2020 using online mode.

Measures

All items were measured using a five-point Likert scale ranging from 1 to 5, in which respondents denoted their agreement—5 (Strongly agree), 4 (Agree), 3 (Neutral), 2 (Disagree), and 1 (Strongly disagree)—with positively and negatively worded statements (Likert, 1932). The scales used to measure the three constructs such as psychological empowerment, structural empowerment, and job satisfaction are reported in Table 1.

Cronbach's alpha value for the psychological empowerment scale is 0.863, which shows good reliability as per the rule of thumb. The alpha value of the structural empowerment scale is 0.951 and the job satisfaction scale is 0.90, which means the alpha is excellent (George & Mallery, 2003).

The Composite Reliability (CR) of all the constructs ranges from 0.80 to 0.91, which is above the cut-off value of 0.7 (Hair et al., 2009). AVE (Average Variance Extracted) of all constructs shown are above 0.50 and confirms the convergent validity of constructs (Fornell, C., & Larcker, 1981; Hair et al., 2010). The reliability and validity of all the items in the construct used for the present study are demonstrated in Table 2)

Results & Discussion

Descriptive Statistics and Factor Loadings of Construct

The result of descriptive statistics and factor loadings of the constructs used in the study are reported in Table 3. The employees of the banking sector have a high level of psychological empowerment, structural empowerment, and job satisfaction with mean scores of 3.90, 3.97, and 3.92, respectively. The factor loading score (standardized loading) above 0.30 is significant for the sample size of more than 350 respondents (Hair et al., 2018). Since our sample size is 400 and all standardized factor loadings range from 0.534 to 0.893, they are significant by the guidelines for identifying significant factor loadings based on sample size (Hair et al., 2018).

Statistical Methods

The analysis of data was done in two phases. The first phase is the measurement (inner) model which examines the correlation among indicators of latent variables of psychological empowerment, structural empowerment, and job satisfaction. The second phase is structural (outer) models that test the fitness of all the constructs (*dependent variable job satisfaction, independent variable structural empowerment, and psychological empowerment as the mediating variable*) with the help of path analysis as suggested by Hoyle (1995), Kline (2010), Hoyle (2011), Kline (2005), and Hair et al. (2006a, b). Confirmatory factor analysis (CFA) and path analysis were used to test the measurements and structural models respectively using Analysis of Moment Structures (AMOS) version 20.0 software. The parameters were estimated using Maximum likelihood (ML) estimation with a sample size of 400. The absolute, incremental and parsimonious model fit indices, namely, Chi-square/df < 5.00 (Hair et al., 1998), Comparative Fit Index (CFI) > 0.90 (Hooper et al., 2008), Goodness of fit index (GFI) > 0.90,

Table 1 Measures of the constructs

Construct	Dimensions	Adapted authors
Psychological empowerment	Psychological empowerment scale (14 items)	
	Meaning (3 items)	(Spreitzer, 1995)
	Competence (2 items)	
	Self-determination (3 items)	
	Impact (2 items)	
Structural empowerment	Trust (4 items)	(Cook & Wall, 1980)
	Structural empowerment scale (37 items)	
	Information & Communication (8 items)	(Vandenberg et al., 1999)
	Information (5 items)	(Spector, 1985)
	Communication scale (3 items)	(Vandenberg et al., 1999)
	Skills & Knowledge (4 items) from the 'Knowledge' scale	(Parnell & Crandall, (2001)
	Decision making (5 items)	(Husin et al., (2012)
	Reward system (7 items)	(Furnham & Goodstein, 1997),
	Role clarity (4 items)	(Conger & Kanungo, 1988)
	Leadership (6 items) from leader empowering behaviors	(Rosenberg, 1965)
Job satisfaction	Self-esteem (3 items)	
	Job satisfaction (17 items)	
	Job nature (8 items) from Job Activities Scale	(Laschinger & Havens, 1996)
	Co-workers (3 items)	(Smith et al., 2013)
	Performance feedback (3 items) from performance appraisals scale	Whiting et al., (2008)
	Training & development (3 items)	(Snell & Dean, 1992)

Table 2 Reliability and validity of the constructs

Constructs	Cronbach's Alpha	AVE	CR
Psychological empowerment	0.86	0.52	0.82
Structural empowerment	0.95	0.59	0.91
Job satisfaction	0.89	0.51	0.80

AVE – Average Variance Extracted > 0.50 shows convergent validity;
CR – Composite Reliability > 0.70

Table 3 Descriptive statistics and factor loadings of constructs

Constructs	Mean	SD	Unstandardized	SE	Standardized
Psychological empowerment	3.9				
Meaning	3.81	0.69	0.67	0.07	0.64
Competence	4.34	0.58	0.55	0.06	0.61
Self-determination	3.71	0.85	1	-	0.77
Impact	3.66	0.84	0.67	0.08	0.53
Trust	3.98	0.61	0.60	0.06	0.65
Structural empowerment	3.97				
Information & communication	4.04	0.59	0.99	0.05	0.89
Skills & knowledge	4.1	0.6	0.79	0.05	0.71
Decision making	3.84	0.61	0.94	0.05	0.83
Role clarity	3.95	0.59	0.82	0.04	0.74
Leadership	3.92	0.55	0.66	0.05	0.64
Self-esteem	4.03	0.71	0.99	0.07	0.74
Reward system	3.89	0.68	1	-	0.77
Job satisfaction	3.92				
Job nature	3.84	0.58	0.77	0.06	0.73
Co-workers	4.07	0.67	0.86	0.07	0.70
Performance feedback	3.98	0.64	0.83	0.07	0.71
Training & development	3.78	0.8	1	-	0.68

SD – Standard deviation; SE – Standard error

Normed Fit Index (NFI) > 0.90, Tucker Lewis Index (TLI) > 0.90 (Hu & Bentler, 1999), Adjusted Goodness of Fit Index (AGFI) > 0.90, Root Mean Square Residual (RMR) < 0.08 and Root Mean Square of Error Approximation (RMSEA) < 0.08 (Hair et al., 2006a, b) were chosen to evaluate the goodness of model fit. As the data is cross-sectional, Harman's single factor test was performed to determine common method bias. The result indicates that a single factor explains 38.45% variance, which is less than 50%. So there are no common method biases in this data (Aguirre-Urreta & Hu, 2019).

Measurement Model

The measurement model is used to check the reliability and validity of the relationship between latent variables and indicator variables through confirmatory analysis (Hair et al.,

Table 4 Discriminant validity

Construct	Psychological empowerment	Structural empowerment	Job satisfaction
Psychological empowerment	0.72	-	-
Structural empowerment	0.22	0.76	-
Job satisfaction	0.13	0.21	0.71

Discriminant validity – Square roots of AVE (0.72, 0.76 and 0.71) > correlations between the latent variables psychological empowerment, structural empowerment and job satisfaction (0.22, 0.21 and 0.13); AVE – Average Variance Extracted

2020; Doloi et al., 2011). This model has 16 items with three latent variables. All the indices of this model fell within the threshold limit, indicates a good model fit ($\chi^2/df = 1.876$, $GFI=0.998$, $AGFI=0.991$, $NFI=0.993$, $TLI= 0.975$, $CFI = 0.990$; $RMSEA = 0.034$; $RMR = 0.018$). Here we have used a reflective measurement model. Hence, we should check the three main criteria that are necessary to be followed. These criteria include internal consistency, convergent validity, and discriminant validity (Hair et al., 2017). After confirming the model fit of the measurement model, the next step is to calculate Composite Reliability (CR) to measure internal consistency. The reliability values of all the constructs are above 0.7, which indicate good internal consistency (Hair et al., 2009). The next criterion to assess is the validity of the measurement model using convergent and divergent validity. Convergent validity measures a particular construction that is capable of measuring what is expected to be measured (Hair et al., 2010). The Average Variance Extracted (AVE) of all three latent constructs are above 0.50, which confirm that convergent validity is satisfied (Acocck, 2013). Items for each construct together elucidate more than 50 % variance of the target constructs (Bagozzi & Yi, 1988; Hair et al., 2014). Discriminant validity determines whether the construct is different from other constructs (Hair et al., 2010). Table 4 reports the result of the measurement model, which is fit as per the above-discussed criteria. If the square root of AVE on the diagonal should be higher than the correlations between the latent variables, it is treated as discriminant validity (Fornell & Larcker, 1981). The measurement model of our study met all the criteria regarding reliability, validity, and goodness of model fit. Hence, it is obvious that this model is suitable for further analysis of the structure model.

Structural Model

The structural model reports the path strength and relationship among the latent variables. Figure 2 exhibits the path analysis of the structural model to test the hypothesized model. It is concerned with the relationship among three latent variables, namely, psychological empowerment, structural empowerment, and job satisfaction. Table 5 reports that the model is a good fit because all the values are within the acceptable level. Therefore, it can be used to test the hypotheses of the structural model ($\chi^2/df = 1.529$, $GFI=0.942$, $AGFI=0.953$, $NFI=0.988$, $TLI= 0.903$, $CFI = 0.998$; $RMSEA = 0.031$; $RMR = 0.014$). We did a multicollinearity check using the Variance Inflation Factors (VIF) to identify the reliability for path analysis in the Structural Model. Table 5 shows that all the values of VIF are below 5, which means that there are no multicollinearity issues (Hair et al., 2018), and the model is suitable for conducting path analysis.

Fig. 2 Structural model. Note: Mediation effect of psychological empowerment on structural empowerment and job satisfaction using path analysis (Job satisfaction <--- Psychological empowerment <--- Structural empowerment). Structural empowerment – independent variable; Psychological empowerment – mediating variable; Job satisfaction – dependent variable

Table 5 Summary of Model-fit indices for Structural model

Model Fit	χ^2/df	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
	1.53	0.942	0.953	0.988	0.903	0.998	0.031	0.014

χ^2/df – Chi-square/degrees of freedom < 5.00; CFI – Comparative Fit Index > 0.90; GFI – Goodness of Fit Index > 0.90; NFI – Normed Fit Index > 0.90; TLI – Tucker Lewis Index > 0.90; AGFI – Adjusted Goodness of Fit Index > 0.90; RMR – Root Mean Square Residual < 0.08; RMSEA – Root Mean Square of Error Approximation < 0.08 (Hair et al., 2006a, b)

Table 6 Collinearity Statistics and R square value of Structural model

Construct	VIF	R2 value
Psychological empowerment	1.70	0.38
Structural empowerment	1.32	-
Job satisfaction	1.69	0.79

VIF – Variance Inflation Factor < 5 shows no multicollinearity

R square value of the constructs was used to measure the model's explanatory power (Hair et al., 2014). The R square value of psychological empowerment is 0.383 and job satisfaction is 0.793 (see Table 6). It infers that the R square value is greater than 0.26 proposed by Cohen (1988), which shows the high explanatory power of the present model. It implies that structural empowerment explains 38.3% variation in psychological empowerment and 79.3% variation in job satisfaction.

Table 7 Summary of hypotheses testing

Hypothesis	Structural relationship	Standardized regression weight	p-value	Result
H1	Total effect	JS<---SE	0.87	< 0.001***
	Direct effect	JS<---SE	0.72	< 0.02** Supported
H2		JS<---PE	0.21	< 0.001*** Supported
H2a		PE<---SE	0.61	< 0.001*** Supported
H2b	Indirect effect	JS<---PE<---SE	0.14	< 0.001*** Partially Supported

Structural relationship – relationship of independent variable on dependent variable; SE – Structural Empowerment; PE – Psychological Empowerment; JS – Job Satisfaction; p value<0.001*** significant at 1 % level, p value<0.02**significant @5 % level

Testing of Hypotheses

Testing of the Total Effect

The total effect is the sum of direct and indirect effects. The result shows that structural empowerment positively and significantly influences job satisfaction (Standardized Beta = 0.87; $p < 0.001$), reports in Table 7.

Testing of Direct Effect

Direct effect denotes the relationship between independent and dependent variables without adding a mediating variable. Table 6 reports the direct influence of structural empowerment on job satisfaction and structural empowerment to psychological empowerment. The result indicates that Standardized Beta = 0.72; $p < 0.01$ for structural empowerment to job satisfaction. Also, Standardized Beta = 0.61; $p < 0.001$ for the relationship between structural empowerment and psychological empowerment. Therefore, the results support both H1 and H2a. The theories evolved after testing hypotheses are, a). Structural empowerment has a positive and significant influence on job satisfaction of bank employees and b). Structural empowerment has a positive and significant influence on the psychological empowerment of bank employees. Moreover, the analysis also supports H2, that psychological empowerment has a vital influence on the job satisfaction of bank employees (Standardized Beta = 0.24; $p < 0.001$).

Testing of the Indirect Effect

Indirect effect denotes the relationship between independent and dependent variables mediated by other variables. Here, the mediating effect of structural empowerment on job satisfaction through psychological empowerment has been assessed (JS<---PE<---SE). We used bootstrapping method with subsamples of 5000 to test the mediation effect (Preacher & Hayes, 2004) and the significance level of path models (Henseler et al., 2009). We can see that the direct influence of structural empowerment on job satisfaction has been reduced to a non-trivial amount in the presence of mediating variable

psychological empowerment (Standardized Beta = 0.14; $p < 0.001$). Still, it remained significant (see Table 6).

To explain mediation analysis (Baron & Kenny, 1986), four criteria were used. Firstly, the independent variable (structural empowerment) is significantly and positively related to dependent variables (job satisfaction). Secondly, the independent variable (structural empowerment) is significantly and positively related to mediator variables (psychological empowerment). Thirdly, mediator variables (psychological empowerment) are significantly and positively related to dependent variables (job satisfaction). Lastly, the direct relationship between independent variables (structural empowerment) and dependent variables (job satisfaction) is reduced, but significant in the presence of a mediator. In the presence of a mediator, if the direct relationship between independent variables and the dependent variable is reduced and shows insignificant effect, then full mediation can be claimed. In this case, the direct relationship between structural empowerment and job satisfaction is reduced, but shows a significant effect. Hence, partial mediation is supported (Baron & Kenny, 1986). Therefore, the result partially supports H2b, that psychological empowerment partially mediates the relationship between structural empowerment and job satisfaction of banking sector employees.

Discussion

This study is mainly focused on analysing the effect of employee empowerment in terms of psychological and structural empowerment on job satisfaction. The research also examined the mediation mechanism of psychological empowerment towards structural empowerment and job satisfaction of public and private bank employees. The findings validate and support the previous studies in the matter of psychological empowerment having a positive and significant effect on job satisfaction (Esmailifar et al., 2020; Aydogmus et al., 2018; Jordan et al., 2017; Raza et al., 2015). Structural empowerment has a positive and significant effect on the job satisfaction of employees, which is also consistent with previous studies. Hence, it is obvious that an increase in psychological and structural empowerment significantly increases the job satisfaction of bank employees. The result of the study supports the previous studies in the theory that empowered employees are more likely to be satisfied with their job compared with less empowered employees (Kokila, 2016, Bogler & Nir, 2012, and Pelit et al., 2011). Furthermore, the result also exhibits that structural empowerment is significantly related to psychological empowerment (Echebiri et al., 2020; Ghani et al., 2009). Finally, the study has successfully proved the mediation effect of psychological empowerment on structural empowerment and job satisfaction and the result validates the theory that psychological empowerment acts as a partial mediator (Pelit et al., 2011; Laschinger, 2008).

Theoretical Contributions

For researchers, the study provides an insight into the existing theoretical knowledge by examining the direct and indirect effects of structural empowerment on job satisfaction through psychological empowerment. Our findings have confirmed that an integrative approach is a better tactic to understand the concept of employee empowerment, as structural empowerment emerges as a significant predictor of psychological empowerment. The partial mediation of

psychological empowerment is also evidenced to enhance job satisfaction. Hence, an integrative approach is a much better choice than a single one as both approaches are congruent to each other. Moreover, the structural and psychological empowerments act as a catalyst during the pandemic situation for the banking sector to withstand the wave of change ahead.

In the present academic literature, only a few empirical studies are related to the integrative approach of employee empowerment. As a part of the change in business environment and increasing global competition, the concept of employee empowerment has gained the focus of managers because organizations with empowered, motivated, committed, and skilled employees can better adapt themselves to change. The banking sector is an integral part of modern society and needs to be opened even in the extreme situation of the Covid-19 pandemic period. The shift system has been adopted because all the employees cannot work together during this period. Therefore, all levels of employees will have to take responsibility for customer service for the growth of the entire banking sector. In this context, the internal and external empowerment is a blessing as it gives authority to employees to deal with daily job activities as well as to manage their work and share their thoughts openly to improve the organizational practices (Baird & Wang, 2010; Greasley et al., 2005). This study provides a new pointer for the banking sector on how to overcome the uncertainty that has emerged in the pandemic situation.

Managerial Implications

Globally, Covid-19 having the greatest impact on the service sector, it is imperative for the industry to look for ways to not only attract but also retain top talent (Murray & Holmes, 2021). The practical implication for Indian bank managers, with the insights of our research, suggest that the psychological aspect needs to be improved because it is currently less influential as compared to the structural facet. Research results show that the empowering conditions prevailing in banks are effective, but only to an extent. There are situations in which the employees have not been able to perceive the empowerment properly. This might be because the influence of psychological empowerment on job satisfaction is low. To improve the level of psychological empowerment, the management should encourage employees to be intellectually competent and confident enough to make decisions affecting their work. Also, we suggest that the employees should improve their influence on the organization. In addition to this, the employees need to increase their self-confidence in providing unique services to customers. Another suggestion is that the performance of the organization should be communicated to the employees. Furthermore, banks need to provide training to encourage employees to produce more fruitful services in the future. The overall result of this research implies that the banking sector practices employee empowerment for increases in job satisfaction. In short, this study shed some light on the theoretical context of employee empowerment, which will hopefully give researchers and academicians a better understanding of the same. Our findings may also give practical wisdom to the policymakers of the banking sector.

Limitations and Future Research Implications

Despite all benefits, this study also goes through some limitations. Firstly, we studied only the individual dimension of employee empowerment. Secondly, we addressed the effects of empowerment on the employees only. However, “empowerment” benefits organizations, employees, and customers alike (Singh & Singh, 2019; Greasley et al., 2005). Thirdly, this

study omits the effects of demographic variables like gender, age, income, etc., which can be included in future research studies. Fourthly, the study represents the overall result of public and private sector banks. A comparative study can be conducted to find out the status of empowerment in each sector and determine which sector will gain more through empowerment. To recapitulate, empowerment is hailed as a management technique that can be applied universally to all organizations. Hence, there is a wide scope for further research on empowerment in manufacturing and service sectors with different outcomes at organizational, individual, and customer levels. Future research could be conducted on the influence of empowerment on organizational commitment, organizational effectiveness, customer satisfaction, performance, and retention of employees by the academic and industry community.

Conclusions

This study tries to establish the influence of psychological and structural empowerment in determining job satisfaction and the mediating role of psychological empowerment between structural empowerment and job satisfaction. Our research finds that psychological and structural empowerment play a major role in improving job satisfaction and that psychological empowerment acts as a partial mediator. Also, the bank employees perceived a high level of psychological empowerment, structural empowerment, and job satisfaction. They have adequate freedom of choice to make decisions regarding their work matters without the intervention of anyone else. This increases the self-confidence, creativity, innovation, and competence of the employees and as a result, their performance and satisfaction were improved. To sum up, psychological and structural empowerment positively and significantly influence the job satisfaction of bank employees. Since employees in the banking sector are empowered, it reflects in their practical ability to successfully deal with stressful situations that have arisen in the pandemic situation, in making their own decisions without needing permission from higher authorities, and in serving their customers in better ways. Hence, it is pertinent to have policy decisions to enhance the empowerment level of the banking sector employees to improve job satisfaction so that it, in turn, improves their commitment towards the job.

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Declarations

We hereby submit the following conditions as the compliance of ethical standards regarding the paper titled “Does the bank employees are psychologically and structurally empowered? An Empirical Assessment” submitted to the Employee Responsibilities and Rights Journal.

a. Clause of Disclosure of potential conflicts of interest:

We the authors do not have any kind of potential conflicts of interest in the process of preparation of the paper or during research.

b. Research involving Human Participants and/or Animals:

We do not harm human being or animals during the process of research.

- c. We make sure that all data and materials as well as software application or custom code support their published claims and comply with field standards.
- d. Ensuring that all listed authors have approved the manuscript before submission, including the names and order of authors.
- e. Managing all communication between the Journal and all co-authors, before and after publication.
- f. Providing transparency on re-use of material and mention any unpublished material (for example manuscripts in press) included in the manuscript in a cover letter to the Editor.
- g. Making sure disclosures, declarations, and transparency on data statements from all authors are included in the manuscript as appropriate.

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