

The Impact of Employee Empowerment and Job Satisfaction on Organizational Performance

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ABSTRACT

Employee empowerment and job satisfaction are critical drivers of organizational success, particularly in the commercial banking industry. This study explores the effects of employee empowerment and job satisfaction on organizational performance in the commercial banking industry. Using a quantitative research approach, data were collected through a likert scale questionnaire administered to 104 banking sector employees and analyzed using SPSS. Findings indicate a positive correlation among empowerment, job satisfaction, and organizational performance, with both empowerment and job satisfaction exhibiting a significant influence on organizational performance. These results highlight the role of empowerment and satisfaction in enhancing organizational commitment, innovation, corporate returns, and customer satisfaction, ultimately driving superior performance and sustained value creation. The study underscores the need to integrate empowerment and satisfaction as core elements of human resource strategies in banking. Future research should explore these interactions over time and across different industries.

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Introduction

In today's cut throat world especially within the commercial banking industry, superior organizational performance is realized based on proper HRM. Out of all the organizational factors that impact organizational outcomes, both employee empowerment and job satisfaction are particularly essential. Employee empowerment means to provide authority, responsibility and requisite tools to the employees to deal with decision making of their work profiles, while job satisfaction means the totality of the attitude that an employee has with his or her work. Empirical evidence has demonstrated that where organizations cultivate the dimensions of both employee

empowerment and job satisfaction, productivity, retention, and levels of customer satisfaction might be improved (Menguc et al., 2013; Jha, 2019).

More and more, employee empowerment has emerged as a key issue in commercial banks because of the demand for this responsiveness in a customer-oriented business world, as well as for the improved efficiency that it hopefully will provide. Autonomous employees suggest more timely decisions, aptitude to changes, and timely management of suggestions hence contributing to the enhancing of efficiency in the banking sectors (Kariuki & Murimi, 2015). Power is necessary for employees to take responsibility for their duties since it enhances individual productivity, correlates the company and workers' aims and objectives. It is also found that empowerment strategies offer higher levels of service quality, operational performance, and organizational profitability to the actualizing banks (Naqvi et al., 2017).

Job satisfaction on the other hand is the level of satisfaction that workers have with the job content in the organization, where they are, and how much they are valued for their work. It is very important to enhance job satisfaction in organization specially in commercial banking because these jobs fall among heavy tasks and pressures organizations should strive to check high turnover (Hanaysha & Tahir, 2016). Analysis of literature shows that when bank employees' organizational job conditions such as remuneration, working hours, and promotional opportunities are satisfactory, employee commitment to the organization increases and productivity improves (Ahmad et al., 2014). In addition, it can be established that the satisfaction with the range of jobs is directly related to the increased level of customer satisfaction in the banking sector: happy employees are capable of providing quality service (Sikorska-Simmons, 2019).

These two produce strong synergy and determine the organizational performance, especially when they are properly addressed through employee empowerment and job satisfaction. A cross-sectional survey which involved completing questionnaires, revealed that satisfied and empowered employees show higher percentages of organizational engagement, undertaking of initiatives and commitment to the organization. The result of which can enhance customer appeal in banks, superior financial outcomes and increased distinctiveness of the organization's culture in the sector (Rasool et al., 2019). But also in the literature, it has been found that while employee empowerment is positively related to employee performance, job satisfaction must equally be attended to otherwise the employees would be burnt out, clearly showing need for a combination of the two factors (Jha, 2019).

Therefore, it is worthy of note that from the findings and discussions above, employee empowerment and job satisfaction are two very important antecedents that define the overall performance of the commercial banks. In light of specifications mentioned above, today's banking industry has continued to be threatened by threats inclusive of the following: regulatory changes, technology enhancement, and added pressure from clients; employee engagement and satisfaction will be other significant determinants to giving banking industry a competitive edge. Future research should seek ways through which these two factors relate with each other and their impact on long term performance of a number of banking institutions.

Research Objectives

1. To find the impact of employee's empowerment on organizational performance.
2. To find the impact of job satisfaction on organizational performance.

Research Questions

1. Is there any impact of employee's empowerment on organizational performance?
2. Is there any impact of job satisfaction on organizational performance?

Literature Review

Since employee empowerment, job satisfaction and organizational performance play very vital role in determining the success of an organization, much interest has been focused on the link between these three factors. Empowerment and satisfaction are two essential factors, which contribute to high performance, innovativeness and reduced staff turnover. This paper aims to review literature on these variables, their dimensions and the impact that they have on organizational performance.

Employee Empowerment, A Strategic Tool for Performance

Employee empowerment may be described as a multi-dimensional concept and involves delegating decision-making responsibility of job tasks to the employees (Spreitzer, 2008). This idea is underpinned in theoretical frameworks on motivation arguing that empowered employee can easily demonstrate initiative, innovative behaviors as well as enhancing productivity (Jha, 2019). Empowerment includes providing authority for decisions, raising accountability, and providing needed resources, all of which enhance an organization's flexibility to respond to market and internal conditions.

There is considerable empirical evidence suggesting that the concept of empowerment is useful for enhancing organizational results. For instance, Maynard et al. (2014) discovered that employees who receive the power of self-empowerment reap high commitment to the organizational roles; consequently, there is an improvement in the organizational performance. Another advantage of empowerment is the skills in solving issues, engagement, and commitment that leads to increased productivity and revenue generation (Rasool et al., 2019). Another Zamantzas, Zhang and Bartol (2010) revealed to show that empowered employees are innovative minded hence they will likely to come up with ideas that enhances organizational flexibility thus fostering the competitive competence of the organization.

However, some recent findings point to the fact that where empowerment is not supported by adequate resources, it may result in role stress, stress and job dissatisfaction (Boudrias et al., 2012). As a result, organizations have to establish mechanism that empowers employees while not compromising on the guidelines that will encourage useful innovation favorable environment that supports innovation can also have detrimental effects on employees.

Job Satisfaction as a Tool for Boosting Performance

Organizational commitment on the other hand is defined as the degree of employee's identification with, and involvement in their organization (Meyer and Herscovitch, 2001). Job satisfaction is positively linked to decreased turnover intention, increased organizational commitment and organizational effectiveness (Judge et al., 2017). This means that customers are likely to be received well by the employees, and the organization will receive loyalty and better performance from them.

The extent of research done has it that the general correlation between job satisfaction and organizational results is positive. For instance, Kinicki et al. (2002) highlighted that meta-synthesis on job satisfaction and organizational performance showed that the former has a positive influence

on the latter among employees in different industries. Besides, positivity drives employee engagement, customer satisfaction, and organizational productivity (Hanaysha, 2016). Yavas et al (2013) in a study to establish the relationship between service sector organizations and the performance of their staff found that higher levels of job satisfaction mean that customer service quality is high which in turn enhances organizational performance.

On the other hand, low job satisfaction correlates with absenteeism, higher turnover rates, and poor productivity that results in devastating effects organization the outcomes (Spector, 2008). That is why employees in organizations that have implemented programs to ensure job satisfaction by paying around attractive wages/salaries, providing incentives, and by providing ample time for employees to be with their families and friends before coming to work will make such organizations reap higher performance and sustain the market into the future.

Empowerment and job satisfaction: a synergistic view

Employee empowerment and job satisfaction work hand in hand towards producing a multiplier impact in organizational performance. One of the ways through which empowerment increases job satisfaction is through the provision of greater decision-making authority whereby employees will have a feeling of possession of their work (Conger & Kanungo, 1988). This combination not only results in performance improvement but organizational loyalty as well.

Empirical evidence from Raza et al. (2017) showed that higher levels of engagement, creativity and organizational commitment associated with the employees that received high job satisfaction and empowerment led to effective organization. To be precise, satisfied and empowered employees are the ones that create, take risks, and actively solve problems. This helps enhance organizational flexibility in such a way that promotes high chances of organizational performance especially among organizations operating within industries that experience dynamic change.

Hence, empowerment without job satisfaction is not likely to produce the longing results in the organization. As pointed out by Spreitzer (2008), although, there positive impacts of empowerment on motivation and work engagement, organizational dissatisfaction impact the effectiveness of the empowerment. Likewise, Han et al. (2016) noted that increasing job satisfaction will not necessarily result in empowered outcomes where organizational affinity and affective-continuity theory are concerned unless employees are provided with their license to perform to the optimum.

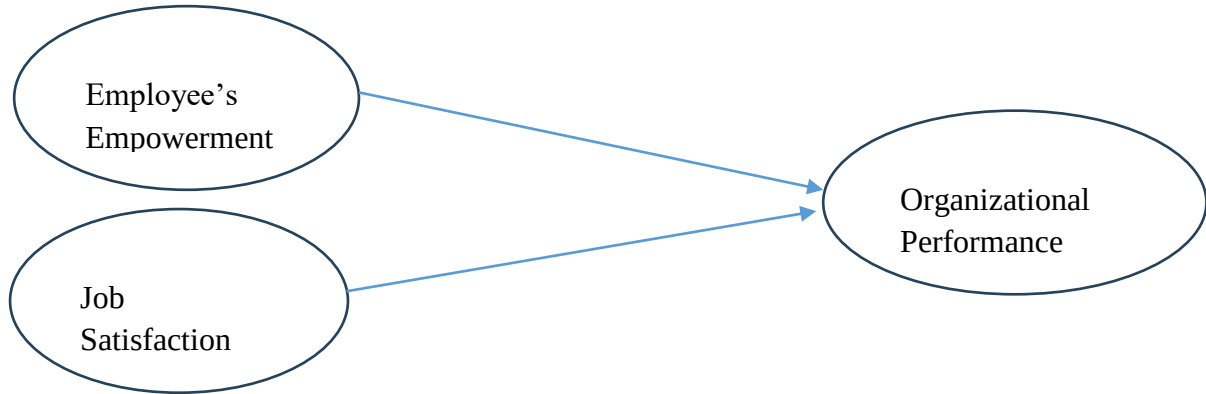
Empowerment, Job Satisfaction and Organization Performance

The empirical evidence presented suggest that both empowerment and job satisfaction have considerable influence on the performance of an organization. Optimizing employees mean that the staff is content and ready to pursue organizational goals, thereby improving organizational performance, productivity, and efficacy in producing innovations and customer satisfaction (Jha, 2019). When employees are empowered, they take ownership of the running of the business and if satisfied with the job, they will remain motivated, hence work hard to improve financial performance, which helps the business manage changing market conditions and retain employees (Kumar & Sharma, 2018).

In their research, Rasool et al. (2019 submitted) noted that when the above two factors are targeted, performance superiority over competitors becomes apparent; more so fields that are defined by human resource capital like service and technology sectors. While empowerment enhances quick and creative performance, satisfaction helps guarantee that the employees will continue to deliver

maximum performance in future. For instance, Raza et al., (2017) revealed in his study that, the organization most empowerments and higher dozens of job satisfaction scale had a reduced productivity, customer and profitability.

Research Model



Research Hypothesis

H1: There is a positive and significant impact of employee's empowerment on organizational performance.

H2: There is a positive and significant impact of employee's job satisfaction on organizational performance.

Research Methodology

This research use positivism philosophy, this is quantitative research use deductive approach this research is conducted from the Employees of commercial banks of khairpur Mir's. this research uses the questionnaire for conduct the survey from the Employees the data of this research is conduct through survey due to the sort time this research uses the cross-sectional time horizon and the results of this data are analysis through SPSS software four basis test are analyzed in this research first is demographic statistic test to know about the age, gander, education, and experience of respondents. Second test is reliability test to know the reliability and validity of data. Third test is correlation to know the relationship of the variables with each other. Fourth test is regression test to know the significant and relation of variables with each other.

Data Analysis

Demographic Analysis

Table 1:

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	94	90.4	90.4	90.4
	Female	10	9.6	9.6	100.0
	Total	104	100.0	100.0	

Total Gender respondents are 104 employees. Out of total Gender respondents of 104 employees, 10(9.6%) of them are female employees, the remaining 94(90.4%) of the Gender are male employees. The cumulative percent can be interpreted as 9.6% of the Gender respondents are female employees and 100% of the Gender respondents are male and female Employees.

Table 2:

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 – 25	4	3.8	3.8	3.8
	26 – 34	58	55.8	55.8	59.6
	35 – 44	41	39.4	39.4	99.0
	45 – Above	1	1.0	1.0	100.0
	Total	104	100.0	100.0	

Total age respondents are 104 employees. Out of the total age respondents of 104 employees, 4(3.8%) of them belongs to (18 – 25) years age group, 58(55.8%) of them belongs to (26 – 34) years age group, 41(39.4%) of them belongs to (35 – 44) years age group and remaining 1(1%) is belongs to (45 - above) years age group.

Table 3:

Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduate	15	14.4	14.4	14.4
	Post Graduate	83	79.8	79.8	94.2
	M.S/M.PHILL	6	5.8	5.8	100.0
	Total	104	100.0	100.0	

Total education respondents are 104 employees. Out of the total education respondents of 104 employees, 15(14.4%) are graduate, 83(79.8%) are post graduate and remaining 6(5.8%) have done M.S/M.PHILL.

Table 4:

Experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 – 3	31	29.8	29.8	29.8
	4 – 6	27	26.0	26.0	55.8
	7 – 9	31	29.8	29.8	85.6
	10 – Above	15	14.4	14.4	100.0
	Total	104	100.0	100.0	

Total experience respondents are 104 employees. Out of the total experience respondents of 104 employees, 31(29.8%) have (1 - 3) years' experience, 27(26%) have (4 - 6) years' experience, 31(29.8%) have (7 - 9) years' experience and remaining 15(14.4%) have (10 - above) years' experience.

Reliability Analysis

Table 5:

Reliability Statistics	
Cronbach's Alpha	N of Items
.852	15

This means that there is good internal consistency and reliability of items in your scale or questionnaire with Cronbach's Alpha 0.852 and 15 items. In essence, the expected alpha value is 0.7 and anything higher than 0.8 is considered to represent good reliability.

Correlation Analysis

Table 6:

Correlations				
		EE	JS	OP
EE	Pearson Correlation	1	.311**	.778**
	Sig. (2-tailed)		.001	.000
	N	104	104	104
JS	Pearson Correlation	.311**	1	.468**
	Sig. (2-tailed)	.001		.000
	N	104	104	104
OP	Pearson Correlation	.778**	.468**	1
	Sig. (2-tailed)	.000	.000	
	N	104	104	104
**. Correlation is significant at the 0.01 level (2-tailed).				

Correlation between EE and OP Moreover, the results show a positive correlation of 0.778 that is significant at 0.01 levels of significance. Thus, arise strong indication that high levels of Employee Empowerment (EE) are positively correlated with higher Organizational Performance (OP).

Correlation between JS and OP The first type of correlation is positively correlated, where Pearson correlation coefficient is equal 0,468, which gives a moderate correlation level and is significant at 0,01 level. This infer that high level of JS is correlated with the high level of OP in a moderate degree.

Regression Analysis

Table 7:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814 ^a	.662	.655	1.16835
a. Predictors: (Constant), JS, EE				

The total coefficient of determination which is R^2 is equal to 0.662; thus approximately 66.2% of the variation in most probable dependent variable (Organizational Performance) is accountable by

the variation in independent variables (JS and EE). This augurs well with the model because most of the variance is explained by these predictors they are showing a very high percentage.

Table 8:

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	269.968	2	134.984	98.886	.000 ^b
	Residual	137.869	101	1.365		
	Total	407.837	103			
a. Dependent Variable: OP						
b. Predictors: (Constant), JS, EE						

The obtained F value is 98.886, which represents the ratio of explained variation by the model to the variation that is not explained by the model. A high F value shows that the model has a strong capability to predict the dependant variable than the intercept only model. The Statistically Significant value of p value is.000 which proves that all the combined predictors (JS and EE) have a huge impact on the Organizational Performance (OP) at the conventional 0.05 level of significance.

Table 9:

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.704	.713		.986	.326
	EE	.655	.057	.700	11.499	.000
	JS	.291	.071	.251	4.119	.000
a. Dependent Variable: OP						

Result reveals that both the independent variable Employee Empowerment and Job Satisfaction are positive and significant predictors of Organizational Performance, but Employee Empowerment has a stronger impact as is measured by a higher t-value and a larger standardized coefficient. The model implies that enhancement of these predictors should enhance Organizational Performance and that the variable of Employee Engagement is more influential in this model as compared to the other variables in this model.

Conclusion

In conclusion, this research highlights the critical role of employee empowerment and job satisfaction in enhancing the organizational performance of commercial banks. The findings demonstrate that both factors contribute to increased productivity, efficiency, and customer satisfaction—key success drivers in a competitive and evolving business environment. Notably, the greater effect size of employee empowerment suggests that when employees are granted decision-making authority, organizational performance improves. However, job satisfaction remains essential due to its influence on positive work attitudes and reduced turnover intentions. These findings underscore the need for a complementary model that integrates both empowerment and satisfaction into personnel management strategies. For banking institutions, achieving an

optimal balance between these two factors could drive long-term performance improvements. Future research should address the study's limitations by tracking changes in these variables over time to assess their impact on organizational success. Additionally, further studies could compare results across different organizations to gain a broader perspective on these dynamics.

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