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## CONCEPTUAL REVIEW OF PSYCHOLOGICAL EMPOWERMENT ON CONSUMER ORIENTED BEHAVIOR

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**Abstract:** *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.*

**Keywords:** *Psychological Empowerment, Empowering Behaviors, Job Satisfaction, Transformational Leadership Style, Psychological Vantage Point*

### INTRODUCTION

Brymer (1991)<sup>i</sup> defined empowerment as the process of decentralizing decision-making in an organisation, by means of which managers gave more discretion and autonomy to the frontline employees. The core element of empowerment involved giving employee discretion (or latitude) over certain task related activities without neglecting the responsibilities that came along with it.

Bowen and Lawler (1994)<sup>ii</sup> opined that organizational policies, practices, and structures must be changed to create empowerment on substantial basis.

Zimmerman (1995)<sup>iii</sup> showed psychological empowerment as a construct that integrated perceptions of personal control, a proactive approach to life and a critical understanding of the socio-political environment.

Fulford and Enz (1995)<sup>iv</sup> suggested the three dimensional construct of psychological empowerment to be more suitable in the service industry setting and they were meaningfulness, competence and influence.



Spreitzer (1997)<sup>v</sup> described psychological empowerment as a group of psychological states essential for a person to feel that he or she could control the relationship to his or her own work. Instead of focusing on managerial practices which shared power among employees at different levels, the psychological vantage point focused on employees' experience of their own work and the nature of that unique experience.

Menon (2001)<sup>vi</sup> defined psychological empowerment in terms of how power was experienced by the employee. According to him, the three main dimensions of the experience of power underlying the empowerment process were power as perceived control, power as perceived competence, and power as being energised toward achieving valued goals.

Ozaralli (2003)<sup>vii</sup> found no significant differences between male and female Turkish superiors with respect to their transformational leadership and empowering behaviors.

Seibert (2004)<sup>viii</sup> found a positive and strong relationship between empowerment climate and psychological empowerment. There was slight significance in the case of psychological empowerment and individual performance but there was no significance between empowerment climate and job performance. They concluded that psychological empowerment should be seen as a theory of intrinsic motivation and not as a comprehensive theory of work performance.

Laschinger, et. al., (2004)<sup>ix</sup> found that changes in perceived structural empowerment had direct effects on changes in psychological empowerment and job satisfaction. Changes in psychological empowerment did not explain additional variance in job satisfaction beyond that explained by structural empowerment. The results suggested that fostering environments that enhanced perceptions of empowerment could have enduring positive effects on employees.

Greasley and King (2005)<sup>x</sup> concluded that there was clear relationship between empowerment and self respect and the empowerment practical results was that it could feel more subtle moral responses. Bhatnagar (2005)<sup>xi</sup> showed that psychological empowerment had positive impact on organizational commitment of managers.

Bartram and Casimir (2007)<sup>xii</sup> showed that the effect of transformational leadership style on the in-role performance was mediated by psychological empowerment and trust in the



leader. However, the effect of transformational leadership behavior on employees' satisfaction was found to be partially mediated by the trust in the leader.

Odeh (2008)<sup>xiii</sup> indicated that job satisfaction, organizational commitment, and customer-oriented behavior highly mediated the relationship between psychological empowerment and service quality. In other words, it was confirmed that psychological empowerment led to better customer-oriented behavior by employees

Chigozirim and Mazdarani (2008)<sup>xiv</sup> found that empowerment had a positive impact positive and motivated the employee to provide greater service and to create a greater sense of accomplishment or satisfaction in their jobs by reducing dependency, irresponsibility and encourages team work which overall led to achieve organizational goals and objectives.

Gazzoli, et. al., (2009)<sup>xv</sup> indicated a positive and direct effect of empowerment on the perceptions and attitudes in employee customer orientation.

Joo and Shim (2010)<sup>xvi</sup> found psychological empowerment as predictor of organizational commitment. They also found the positive relationship between psychological empowerment and organizational commitment.

Allahyari, et. al.,(2011)<sup>xvii</sup> found that the importance and necessity of developing programmes about employee participation in decision making, job activities, job enrichment, job rotation. The findings indicated that incorporation and competence dimensions had more contribution in prediction organizational learning. There was not significant difference between psychological empowerment of managers and employees and also there was not significant difference between organizational learning of managers and employees. Finally the findings showed that staffs were in high level concerning psychological empowerment dimensions.

Basha and Reddy(2014)<sup>xviii</sup> found that both SBI and ICICI banks were practicing employee empowerment practices, but in prescribed areas each one of them were effective. ICICI bank was practicing better autonomy practices, where SBI was ahead in practicing better communication and training. While in terms of rewards and organisational culture ICICI bank was ahead comparing to SBI. Moreover, the overall results showed that public banks were ahead in practicing better communication and training where private banks ahead in autonomy, rewards and organisational culture practices.

Paramanandam (2015)<sup>xix</sup> found that there was a statistically significant difference in stress, psychological empowerment, and job satisfaction among the respondents of different age groups. The results showed that there was a significant difference in stress, psychological



empowerment, and job satisfaction among the respondents of different experience groups and also among the different income groups. Twenty five per cent of the variance of job satisfaction was explained by the psychological empowerment.

Hashemi, et. al., (2015)<sup>xx</sup> found that feeling of empowerment and employees job performance of Mellat bank had been above average and has been satisfactory. Also, there was a positive and significant relationship between empowerment and four dimensions of self- efficacy, significance, influence and trust with employees' performance of Mellat bank but there was no relationship no relationship between the sense of autonomy and performance. Also, regression analysis indicated that four factors self- efficacy, significance, influence and trust could explain and predict employees' performance.

Olçer (2015)<sup>xxi</sup> found that meaning, self-determination and impact had positive significant effects on job satisfaction, but competence had no effect on job satisfaction. In addition, competence, self-determination and impact had positive effects on employees' job performance while meaning did not support the proposed relationship. The results suggested that job satisfaction significantly affected job performance. Furthermore, overall job satisfaction fully mediated the relationship between meaning and job performance. In contrast, job satisfaction partially mediated the relationships between competence and job performance, between self-determination and job performance, and between impact and job performance.

Rezayimanesh, et.al. (2015)<sup>xxii</sup> concluded that there was no impact of psychological empowerment and its components on customer oriented behavior of employees and the impact of organizational empowerment on customer-oriented behavior of employees was supported but among three components of organizational empowerment, dynamic structural framework was not effective on customer-oriented behavior of employees.

Sreelakshmi (2016)<sup>xxiii</sup> showed that psychological empowerment had a stronger impact on customer-oriented behavior than did structural empowerment. Only three dimensions namely communications, training, and knowledge and skills had a significant positive impact on the dependent variable. In addition, three dimensions of psychological empowerment namely meaning, competence and impact had significant and positive impact on customer-oriented behavior.



## CONCLUSION

Most 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. Only limited studies are there 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.

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