



THE IMPACT OF EMPLOYEE EMPOWERMENT ON EMPLOYEE SATISFACTION AND SERVICE QUALITY: EMPIRICAL EVIDENCE FROM FINANCIAL ENTERPRISES IN BANGLADESH

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Abstract. Organizations face immense challenges in improving their performance and productivity in the present changing and competitive business world. Experts view employee empowerment as an effective tool that fosters organizational performance, employee satisfaction and service quality. The present study intends to identify the influence of employee empowerment on employee satisfaction and service quality, and the impact of employee satisfaction on service quality. Fourteen dimensions and 52 item statements of employee empowerment, service quality and employee satisfaction have been adopted from previous studies to undertake this study. Data have been gathered following a quantitative survey conducted among a diverse group of employees (N = 240) working in 20 different financial institutions including private banks, leasing and insurance companies in Bangladesh. Several statistical techniques consisting of descriptive analysis, Pearson correlations and regression analysis have been applied using SPSS software to analyze collected data. The results of the statistical analysis reveal that employee satisfaction and service quality significantly depend on employee empowerment, and satisfied employees provide better quality service. The findings of this research have explicit implications for both the employees and the organizations. This study suggests that by empowering employees, an organization can increase the level of employee satisfaction that in consequence upturns service quality.

Keywords: employee empowerment, employee satisfaction, psychological empowerment, service quality, structural empowerment.

JEL Classification: M12, O15.

Introduction

Responding to the constant changing trend of global business atmosphere is perhaps the most substantial concern for both the people and the organizations. In order to react to the changes and diverse requirements of customers and stakeholders, employees are to face numerous challenges in steering their performance. Employees frequently struggle to seize and restrain their managerial authority (Checkland 2004) to encounter those challenges. One of the core challenges for enterprises in this epoch of globalization is to provide prompt responses to the customers to make them satisfied, and to increase productivity. Nonetheless, poor organizational arrangements like Lack of authority to make work-related decisions, limited access of information, lack

of control on job, vague and meaningless responsibility, and improper reward system often make the jobs difficult for the employees and reduce the quality of service, which ultimately lead to customer dissatisfaction. So as to make the customers satisfied and enhance organizational performance, organizations need to give employees enough authority and support.

The tenacious movement of the human relations steered the experts to integrate various strategies that can deliver the greatest performance in their human resources (Sharma, Kaur 2011). These strategies involve a set of diverse forms e.g. industrial democracy, employee participation and managerial compliance. Internal settings like organizational structure and employee participation are the key

determinants of an organization, which affects employee performance. Endless debates have emerged in how the performance of an organization, and the satisfaction level of its employees and customers can be improved. Brown and Harvey (2006) state employee empowerment, comparatively a new technique, which makes the employees proactive and self-sufficient helps in mounting the performance of employees and organizations (p. 267). Employee empowerment is very crucial for the survival and success of an organization, and it gives employees a sense of feelings that they are the core assets to the organizational success, creates commitment and a sense of belonging, builds trust, promotes effective communication, and increases organizational effectiveness and employee wellbeing (Ongori 2009).

Experts upturn huge controversy in their studies and opinions whether employee empowerment supports or injures an organization. Karakoc and Yilmaz (2009) views employee empowerment as one of the most effective means of allowing employees at every level to utilize their creative thinking and abilities to improve the quality of their work and the performance of the organization. The study of Ugboro and Obeng (2000) endorses significant correlation between employee empowerment and customer satisfaction or employee job satisfaction. Opponent suggests (Locke *et al.* 1986) employee empowerment essentially in many cases downsizes productivity and lowers employee satisfaction. Mills and Ungson (2003) move a step further and advocate employee empowerment produces an agency problem and may cause complete disaster for the organizations. Researchers and scholars though have different views and opinions in empowering employees and its consequences, enterprises start realizing that employee empowerment can make difference between their success and failure in the long run (Brown, Harvey 2006: 267). Many organizations consider that empowering their employees will eventually direct to higher profitability and greater customer satisfaction (Sternberg 1992).

Organizations can be more effective in the contemporary competitive market by improving service quality (Zeithaml *et al.* 2006:106). However, employees cannot act properly and make the customers delighted if they lack sufficient information and clear role clarification to deliver superior service (Melhem 2004). Employees in various organizations perceive insufficient autonomy and authority to make decision so as to respond quickly to customers, and thus organizations fail to retain customers as a consequence. Lack of information, authority and autonomy in the one hand not only interrupt prompt services but also lower employee satisfaction. Employee empowerment on the other hand leads to higher job satisfaction and fosters quick delivery of service to the customers (Fulford, Enz 1995). Empowerment delegates authority to an organization's lowest level in order to make competent decisions (Conger,

Kanungo 1988; Thomas, Velthouse 1990), and increases intrinsic motivation of the employees and upturn individual performance (Spreitzer 1995). Employee empowerment involves the necessary background of providing tools, and training, encouraging and motivating the employees of an organization for ensuring sustainable performance. It facilitates the construction of a complete quality setting that benefits an organization to produce quality products and services (Kahreh *et al.* 2011).

Although empowerment gives the employees authority and makes them confident to deliver their best and thus service quality increases, employees in different organizations seldom enjoy autonomy and power necessary to perform certain tasks, which cause severe consequences for the enterprises (Coulthard 2014; Wojcik 1999). Employees desiderate sense of belongingness and attachment to the organizations due to lack of empowerment including insignificant authority, noninvolvement in organizational decision-making, meaningless job, poor salary structure and low status (Ahmed 2013; Dawson 1989), which greatly influence overall satisfaction of the employees and their offered services. The present study therefore, intends to determine how employee empowerment affects employee satisfaction and service quality as a whole. The aim of this research is to depict the need for empowering employees in business organizations in Bangladesh. The specific objectives of this study have been determined as follows.

- To determine the perception of employees about employee empowerment.
- To investigate the impact of employee empowerment on employee satisfaction.
- To examine the impact of employee empowerment on service quality.
- To ascertain the impact of employee satisfaction on service quality.

1. Literature review and hypotheses

Widmier and Silvestro absorbed (in Timothy, Abubaker 2013) two fundamental disputes for managing people: (a) the employees should be supervised carefully and supported with corrective actions where necessary, and (b) the employees should be given responsibility for regulating their own activities, which can be termed as employee empowerment. Empowerment does not mean power itself; it is simply a process by which power is only imparted for a drive or to an end. The key to empowerment is the delegation of authority in lower levels and engaging all employees in decision-making, which leads to improve the sense of pride, self-esteem and responsibility of the employees (Brown, Harvey 2006: 267). Employee engagement in management assists in increasing the quality, efficiency and organizational competitiveness (Durai 2010: 421).

Brown and Harvey (2006) define employee empowerment as a process of giving staffs or employees the authority or power to make decisions about their own job (p. 267). According to Gill (2011), employee empowerment refers to the meaningful job of employees, their feelings of competence, autonomy, and contribution to the decision-making or applications of leadership (p. 233). The employee empowerment concept actually certifies the employees with necessary power to employ plan and judgment in their work, participate in their work related decision-making, and authorizes them to respond quickly to the needs and concerns of the customers (Durai 2010: 432). Blanchard *et al.* argues (in Ongori 2009) that empowerment refers not only to have power or authority to make decision and act, but also to have higher level of responsibility and accountability. Demirci and Erbas (2010) calls employee empowerment a unique style of management where managers confer about various work related issues and activities with the employees of the organization.

Randolph (1995) perhaps offers the simplest definition of employee empowerment, and views employee empowerment as a process of transferring power from the employer to the employees. This transformation of power benefits organizations in many forms. According to Grönroos (2001: 347–348), employee empowerment ensures more direct and quicker response to customer requirements, assists in service recovery and makes the employees satisfied. Researchers explain employee empowerment from different viewpoint. Ghosh (2013) argues employee empowerment emerges from four different perspectives: social, psychological, growth and organizational. Kahreh *et al.* (2011) describes employee empowerment from psychological and employment climate perspectives. Bekker and Crous (1998) state three perspectives of employee empowerment namely organizational, individual, and training and development. According to Lee and Koh (2001), and Zeglat *et al.* (2014), psychological and structural/ relational empowerments are the most common forms of employee empowerment. Scott and Jaffe (1992) claim individual perspective (subjective dimension) of empowerment should be emphasized, in which the aspects include motivation, commitment, locus of control and authority.

Demirci and Erbas (2010) reason that empowerment is formulated (Fig. 1) by the combination of four components: power, information, knowledge and rewards. Power refers to the ability of getting things completed (Kanter 1993: 166). Power is concerned with the autonomy, delegation and authority given to the employees. Information encompasses the employees' access to the data related to the organizational objectives and strategy, and active engagement in the process of decision-making (Vacharakiat 2008). Information also includes clarification of individual role and feedback obtained from manager, subordinates

and peers. Sharing of knowledge is a group process where employees share relevant information, knowledge and ideas regarding their work (Yasoithai *et al.* 2015). Reward indicates the monetary or non-monetary benefits that an employee receives, which is considered an effective tool to increase employee motivation (Yasoithai *et al.* 2015).

Empowerment = Power × Information × Knowledge × Rewards			
Power	Information	Knowledge	Rewards
Autonomy	Feedback	Training	Compensation
Authority	Role clarification	Counseling	Career planning
Delegation	Motivation	Appraisal	Job enrichment

Fig. 1. Instruments of empowerment

(source: Demirci, Erbas 2010)

Thomas and Velthouse (1990), and Spreitzer (1995) pay much attention on the psychological empowerment. Psychological empowerment refers to a set of motivational consciousness constituted by work setting, and reflects the active orientation of an employee to his or her job role (Spreitzer 1995). Psychological empowerment is the extended motivation of intrinsic task constructed on the basis of four perceptions: meaning, competence, self-determination and impact that reflect the orientation of an individual to his work activities (Thomas, Velthouse 1990). Meaning refers to the internal interest of an individual in the job or task that needs to be valued, relevant and ideal with individual standards (Thomas, Velthouse 1990). Competence, also known as self-efficacy, is the individual belief or confidence about his or her capability of doing certain tasks (Spreitzer 1995; Salajegheh, Pirmoradi 2014). Self-determination is the deliberate and voluntary involvement of employees in the task process, and perceived freedom in making their work-related decision (Spreitzer 1995), which creates sense of ownership and responsibility among employees about their undertakings (Little 2007). Impact indicates the extent of influence of an employee on end results in the organizational work mechanism (Vacharakiat 2008).

Employee satisfaction, also known as job satisfaction, is a positive emotional state that demonstrates the perceived relationship between the expectation of an employee from his job and his perceived offerings of the job (Locke 1976). Service is an act or representation that one party ushered to another, basically intangible and does not result in the ownership of anything, and its production may or may not be related to a physical product (Kotler, Keller 2012). Service quality refers to the result from customer judgments between their desired service and their perceptions about the service (Oliver 1977). In another word, service quality is the perceived quality as a mode of attitude in which

the customers shape a long-run assessment (Parasuraman *et al.* 1988; Cronin, Taylor 1992; Grönroos 2001; Looy *et al.* 2003). Parasuraman *et al.* (1988) developed a model namely service quality model that consist of five dimensions: tangibles, reliability, responsiveness, assurance and empathy. Tangibles refer to the appearances of physical facilities, personnel, equipment and communication materials (Kotler, Keller 2012). Reliability indicates the ability of employees to perform consistently and accurately (Zeithaml *et al.* 2006). Responsiveness is the willingness to assist customers and offer quick service (Kotler, Keller 2012). Assurance is the realization and courtesy of workers and their capability to express confidence and trust (Kotler, Keller 2012). Empathy refers to caring and individualized attention to customers (Kotler, Keller 2012: 374).

Based on the above discussions, the research model below has been sketched. The model illustrates projected relationships between variables of three hypotheses discussed in the following sections.

1.1. Employee empowerment versus employee satisfaction

Number of studies (Thomas, Tymon 1994; Ugboro, Obeng 2000) revealed significant relationship between employee empowerment and employee satisfaction. Klagge (1998) advocates employee empowerment benefits both the employees and the organization. Some researchers (Ugboro, Obeng 2000; Bailey 2009: 1; GanjiNia *et al.* 2013) argue that employee empowerment is one of the most effective techniques to improve employee satisfaction, morale and motivation of the employee. Thomas and Tymon (1994) reason that empowerment manifests higher degree of job satisfaction. Yasothai *et al.* (2015) states employee empowerment constructs vital impact on employee satisfaction. Since empowerment improves employees' motivation, job satisfaction and dedication to their work and organization, these activities influence fewer job switching and enhanced employee retention rates, consequently decrease employee turnover expenses (Wagner, Herter 2006). Thus, it can be said that employee empowerment has profound contribution to make employees satisfied, and on the basis of the above evidences, the following hypothesis has been developed.

Hypothesis 1: Employee empowerment positively leads to employee satisfaction.

1.2. Employee empowerment versus service quality

Providing high quality service is a key concern for enterprises, and Oliver (1997) argues that customer satisfaction mostly depends on the quality of service offered. Perceived customer service can be identified only in terms

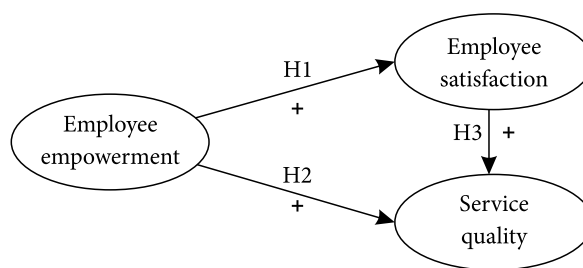


Fig. 2. Research framework

of the provided service quality and the overall satisfaction of the customers' experiences (Zeithaml *et al.* 2006: 106). Organizations can choose any of the two approaches that can foster service quality: the production line approach and empowerment approach (Looy *et al.* 2003: 231). Sparks *et al.* (1997) exposes that completely empowered employees generate higher satisfaction to the customer. Hocutt and Stone (1998) figure out high level of customer satisfaction where employees work with responsibility and enthusiasm. Saif and Saleh (2013) view employee empowerment as one of the foremost rudiments for continuous improvement of the quality of products and services. The study of Timothy and Abubaker (2013) endorse affirmative and significant impact of employee empowerment on service quality (Tsaur *et al.* 2004), and reveals employee empowerment improves service quality. Large enterprises like Federal Express and U.S. Air empowered their employees to satisfy customers by further their service quality (Zemke, Schaaf 1989). Numerous studies found significant relationship between employee empowerment and service quality. Therefore, the following hypothesis has been projected.

Hypothesis 2: Employee empowerment positively leads to service quality.

1.3. Employee satisfaction versus service quality

Wagner and Herter (2006) advocate that highly satisfied employees demonstrate higher level of loyalty to the organization. Though some studies (Iaffaldano, Mucinsky 1985) denied the correlation between employee satisfaction and performance, several studies (Bhagat 1982; Petty *et al.* 1984) found significant correlation between employee satisfaction and performance. The quality of service offered by satisfied employees tends to be better, decreases the figure of product defects and unusual service issues, which lead in escalating productivity of the workers and the organization. Thus, the following hypothesis has been established for empirical assessment.

Hypothesis 3: Employee Satisfaction positively leads to service quality.

2. Research methodology

2.1. Sample and data collection

Data have been collected through a quantitative survey from 240 employees working in 20 different private financial enterprises in Bangladesh comprising bank, leasing and insurance companies. The survey questionnaires have mostly been distributed manually to the target people. In addition to that, e-mail has also been used to disseminate the questionnaire to some of the respondents. Around 300 hundred questionnaires have been distributed among the employees of 22 different organizations. A total of 242 people of 20 financial firms returned their answers whereas 240 data were considered usable in which only 14 of them are females, which represents 5.83% of the total respondents. The respondents were picked following simple random sampling method (Zikmund *et al.* 2013). Approximately two third (66.25%) of the respondents are married. The leading cluster of respondents falls under the ages ranging from 26 to 30 and the smallest group of respondents belongs under the ages ranging from 21 to 25, which represent 42.08% and 5.42% of total respondents respectively. The highest education level of vast majority (57.50) of the respondents is postgraduate. 5% of the respondents have professional degree. The profile of the respondents has been exhibited in Table 1.

Table 1. Sample characteristics

Characteristics	Category	Frequency	%
Sex	Male	226	94.2
	Female	14	5.8
	Total	240	100
Age range (in years)	21–25	13	5.4
	26–30	101	42.1
	31–35	75	31.2
	36–40	35	14.6
	41–45	16	6.7
	Total	240	100
Marital status	Unmarried	81	33.8
	Married	159	66.2
	Total	240	100
Educational level	Diploma	27	11.2
	Bachelor	63	26.3
	Post Graduate	138	57.5
	Professional	12	5.0
	Total	240	100

2.2. Measures and instruments

Aiming to maintain consistency with the earlier studies, the questionnaire has been designed based on the measures of the previous studies. The instruments of this study have been divided into two segments: one segment has been devised for collecting demographic information of the respondents and another one for measuring the perceptions of independent and dependent variables under investigation. A total of 52 items has been used in this study. In terms of measuring all of these 52 items, a 5-point Likert scale has been used with an interval scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Employee empowerment has been measured by investigating eight dimensions that have been emerged in the literature: power, knowledge, information and reward (Demirci, Erbas 2010; Yasothai *et al.* 2015), and meaning, competence, self-determination and impact (Spreitzer 1995). The twelve-items of power (e.g. I have authority to make autonomous decisions in my job), knowledge (e.g. Knowledge sharing would improve work processes in the organization), information (e.g. I have access to the information we need to perform our job) and reward (e.g. I am satisfied with the reward systems that I receive) have been adapted from the study of Yasothai *et al.* (2015). Another twelve-items statements of meaning (e.g. The work I do is very important to me), competence (e.g. I am confident about my ability to do my job), self-determination (e.g. I have significant autonomy in determining how to do my job) and impact (e.g. I have great deal of control over what happens to my work) have directly taken from the study of Spreitzer (1995).

Service quality has been analyzed with the five dimensions of service quality (SERVQUAL) model originated by Parasuraman *et al.* (1988). The twenty two-items of SERVQUAL scale for tangibles (e.g. Should have up to date equipment), reliability (e.g. Should do things by the time they promise), responsiveness (e.g. Not realistic for customers to expect prompt service), assurance (e.g. Employees should get adequate support to do their job well) and empathy (e.g. Employees should not be expected to give customers individual attention) quality are directly adopted from the SERVQUAL model of Parasuraman *et al.* (1988) of which four-items responsiveness quality and five-items empathy quality are reverse coded. In order to measure employee satisfaction, the six-items job satisfaction index (JSI) has been adopted from the study of Schriesheim and Tsui (1980). The JSI consists of six single-item statements (e.g. I am satisfied with the nature of the work I perform, I am satisfied with the person who supervises me) that measure the nature of work, supervision, compensation, relationship with colleagues, promotion opportunities and overall job satisfaction. A higher score of JSI indicates greater job satisfaction.

2.3. Data analysis techniques

The primary data have been analyzed employing version 22.00 of SPSS (Statistical Package of Social Science) software for MAC. A set of statistical techniques including descriptive analysis, correlation coefficient and regression analysis has been applied to analyze the gathered data. Simple regression has been applied to test the three hypotheses, and multiple regressions have been used to test the hypotheses for eight dimensions of employee empowerment to employee satisfaction. The reliability of measures has been instituted by calculating the values of Cronbach's alpha coefficient. Each of the 14 dimensions of this study has produced pretty acceptable alpha value varying between 0.601 and 0.928. Hair *et al.* (1998) advocates that if the items are articulated for the research context, the alpha value of 0.60 is acceptable. The values of alpha coefficient have been exhibited in Table 2. The scores of mean and standard deviation have also been presented in Table 2.

3. Results

3.1. Descriptive and reliability analysis

The scores of mean, standard deviation and Cronbach's alpha are summarized in the following table (Table 2). The table also displays the number of items used for measuring the mean, standard deviation and alpha scores of each dimension. According to Table 2, the values of Cronbach's alpha for overall employee empowerment and service quality measures are 0.821 and 0.771 respectively. The Cronbach's alpha for employee satisfaction is 0.928. Meaning (0.846) has the highest and impact (0.618) has the lowest score of Cronbach's alpha among eight dimensions of employee empowerment. The highest value of Cronbach's alpha among the service quality dimensions is represented by tangibles (0.743). The reliability (0.601) dimension of service quality holds the lowest Cronbach's alpha score in the entire data set.

The statistics in Table 2 further show that the mean scores of all 14 dimensions are almost in between 3 to 4. Meaning (Mean: 3.951, SD: 0.766) has the highest mean score among employee empowerment dimensions and responsiveness (Mean: 3.632, SD: 0.427) has the highest mean score among service quality dimensions. Impact has the lowest mean score (Mean: 3.196, SD: 0.352) among all dimensions. The findings also demonstrate the upper medium level of employee empowerment and service quality, since the mean scores of overall employee empowerment and service quality are 3.591 and 3.526 respectively. The level of employee satisfaction is higher medium with a mean score of 3.477. The findings further endorse a high level of knowledge and information sharing among the employees, as the mean scores of knowledge (3.843) and information (3.789)

Table 2. Scores of mean, standard deviation and Cronbach's Alpha

Dimensions	Mean	S. D.	Alpha	No. of items
Employee empowerment	3.591	0.346	0.821	24
1. Power	3.461	0.736	0.789	3
2. Knowledge	3.843	0.687	0.767	3
3. Information	3.789	0.752	0.805	3
4. Reward	3.747	0.841	0.824	3
5. Meaning	3.951	0.766	0.846	3
6. Competence	3.449	0.473	0.668	3
7. Self-determination	3.289	0.478	0.767	3
8. Impact	3.196	0.352	0.618	3
Service quality	3.526	0.275	0.771	22
9. Tangibles	3.598	0.458	0.743	4
10. Reliability	3.530	0.335	0.601	5
11. Responsiveness	3.632	0.427	0.675	4
12. Assurance	3.571	0.365	0.607	4
13. Empathy	3.301	0.577	0.638	5
14. Employee satisfaction	3.477	0.791	0.928	6

are reportedly high. Apart from these, job is meaningful to the respondents and they are quite happy with the reward system, since the mean scores of reward (Mean: 3.747, SD: 0.841) and meaning (Mean: 3.951, SD: 0.766) dimensions are relatively high.

3.2. Correlations statement

Pearson correlations have been tested in order to determine the typical relationships among variables under investigation. The results of Pearson correlations on each dimension of employee empowerment and service quality, and employee satisfaction are displayed in the table below (Table 3).

As shown in Table 3, Pearson correlations established 51 correlations altogether of which a vast majority of them are positive. The power dimension of employee empowerment is significantly correlated with knowledge (0.364, $p < 0.01$), information (0.254, $p < 0.01$), reward (0.284, $p < 0.01$) and meaning (0.160, $p < 0.05$). The perception of knowledge is highly correlated with information (0.395, $p < 0.01$), reward (0.255, $p < 0.01$) and meaning (0.259, $p < 0.01$). Information is also considerably correlated with reward (0.573, $p < 0.01$) and meaning (0.249, $p < 0.01$), and reward is further significantly correlated with meaning (0.326, $p < 0.01$) and competence (0.147, $p < 0.05$). Six dimensions of employee empowerment consisting of power (0.427, $p < 0.01$),

knowledge (0.394, $p < 0.01$), information (0.549, $p < 0.01$), reward (0.516, $p < 0.01$), meaning (0.147, $p < 0.05$) and impact (0.138, $p < 0.05$) are significantly correlated with employee satisfaction.

19 correlations are instigated between the dimensions of employee empowerment and service quality. Power of employee empowerment is statistically correlated with tangibles (0.210, $p < 0.01$), reliability (0.236, $p < 0.001$), responsiveness (0.194, $p < 0.01$) and assurance (0.173, $p < 0.01$) of service quality. The perceptions of Information, reward and meaning are also significantly related to tangibles, reliability, responsiveness and assurance. Impact of employee empowerment is negatively correlated with tangibles (-0.135, $p < 0.05$) and responsiveness (-0.180, $p < 0.05$) of service quality. Competence is somewhat correlated with tangibles (0.141, $p < 0.05$) while self-determination of employee empowerment has no correlation. Tangibles (0.51, $p < 0.05$), reliability (0.333, $p < 0.01$), assurance (0.301, $p < 0.01$) and empathy (0.180, $p < 0.01$) of service quality are also positively correlated with employee satisfaction.

3.3. Results of hypotheses testing

Two forms of regressions have been used to accomplish the current study. Simple regression was used to measure the impact of employee empowerment on employee satisfaction and service quality, and the impact of employee satisfaction on service quality as displayed in Table 4. Multiple regressions were applied to measure the separate impact of eight dimensions of employee empowerment on employee satisfaction as exhibited in Table 5.

As the results shown in Table 4, simple regression reveals that employee empowerment is significantly related to employee satisfaction ($\beta = 0.576$, Sig = 0.000, $p < 0.01$). Hence, the hypothesis 1 is supported in which employee empowerment positively leads of employee satisfaction. The impact of this relationship is quite high as the value of R^2 is 0.331, which indicates that employee empowerment predicts and interprets 33% of employee satisfaction. Table 4 further illustrates that the hypothesis 2 is also accepted, as there is significant relationship evidenced in between employee empowerment and service quality

Table 3. Correlations statement

	1	2	3	4	5	6	7	8	9	10	11	12	13
Employee empowerment													
1. Power													
2. Knowledge	.364**												
3. Information	.254**	.395**											
4. Reward	.284**	.255**	.573**										
5. Meaning	.160*	.259**	.249**	.326**									
6. Competence	-0.026	-0.024	0.099	.147*	0.008								
7. Self-determination	0.084	0.123	0.072	0.005	0.113	0.023							
8. Impact	0.074	.141*	-0.001	-0.066	0.11	-0.103	.207**						
Service quality													
9. Tangibles	.210**	0.038	.334**	.377**	.283**	.141*	-0.009	-.135*					
10. Reliability	.236**	.175**	.257**	.348**	.155*	0.034	0.094	0.001	.204**				
11. Responsiveness	.194**	0.027	.260**	.340**	.248**	0.125	-0.026	-.180**	.895**	.165*			
12. Assurance	.173**	.138*	.235**	.317**	.137*	0.06	-0.01	-0.051	.193**	.779**	0.124		
13. Empathy	0.114	0.02	0.018	0.049	0.054	-0.016	0.063	.132*	0.091	.136*	0.058	0.091	
14. Employee satisfaction	.427**	.394**	.549**	.516**	.147*	-0.067	0.069	.138*	.151*	.333**	0.103	.301**	.180**

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

Table 4. Summary of simple regression analysis

Hypotheses	Independent variable	Dependent variable	R^2	Beta	Sig	Result
H1	Employee empowerment	Employee satisfaction	0.332	0.576	0.000	Accepted
H2	Employee empowerment	Service quality	0.167	0.408	0.000	Accepted
H3	Employee satisfaction	Service quality	0.102	0.319	0.000	Accepted

Table 5. Summary of multiple regressions analysis

Independent variable	Dimensions	Dependent variable	R ²	Beta	Sig	Result
Employee empowerment	Power	Employee satisfaction	0.479	0.222	0.000	Significant impact
	Knowledge			0.120	0.031	Significant impact
	Information			0.308	0.000	Significant impact
	Reward			0.308	0.000	Significant impact
	Meaning			-0.109	0.035	Significant impact
	Competence			-0.120	0.014	Significant impact
	Self-determination			0.001	0.979	Insignificant impact
	Impact			0.125	0.012	Significant impact

($\beta = 0.408$, Sig = 0.000, $p < 0.01$). The results of simple regression (Table 4) further suggests that employee satisfaction is significantly related to service quality ($\beta = 0.319$, Sig = 0.000, $p < 0.01$), and thus the hypothesis 3 is supported as well in which highly satisfied employees offer better service quality. The R² value of this relationship is 0.102, which signifies that employee satisfaction predicts and explains around 10% of service quality.

The results of multiple regressions presented in Table 5 indicate significant impact of seven dimensions of employee empowerment such as power ($\beta = 0.222$, Sig = 0.000, $p < 0.001$), knowledge ($\beta = 0.120$, Sig = 0.031, $p < 0.05$), information ($\beta = 0.308$, Sig = 0.000, $p < 0.001$), reward ($\beta = 0.308$, Sig = 0.000, $p < 0.001$), meaning ($\beta = -0.109$, Sig = 0.035, $p < 0.05$), competence ($\beta = -0.120$, Sig = 0.014, $p < 0.05$) and impact ($\beta = 0.125$, Sig = 0.012, $p < 0.05$) on employee satisfaction. Self-determination, in other hand, has no significant impact on employee satisfaction.

4. Discussion

The mean scores of overall employee empowerment and its eight dimensions (Table 2) suggest that the perception level regarding employee empowerment of employees working in financial organizations in Bangladesh is high, which indicates that employees have given greater importance to empowerment. For hypothesis 1, the results of simple regression analysis revealed positive and significant correlation between employee empowerment and employee satisfaction. The significant level between these two variables is 0.000, which indicates that the relationship between the independent and dependent variables is highly significant. This result endorses earlier studies of Wagner and Herter (2006), Hunjra *et al.* (2011) and Yasothai *et al.* (2015), which advocate that empowering employees upturns employee satisfaction. Pelit *et al.* (2011) also found that employee empowerment affects job satisfaction.

The relationship between employee empowerment and employee satisfaction is also tested in relation to the eight dimensions of employee empowerment (shown in Table 5),

which exposed significant and positive correlation between seven dimensions such as power, knowledge, information, reward, meaning, competence and impact of employee empowerment and employee satisfaction. Although the study of Spreitzer *et al.* (1997) denied the effect of impact on job satisfaction, Thomas and Tymon (1994) found an affirmative relationship between impact and job satisfaction. Bendaravičienė and Bakanauskienė (2012) conducted a study on university employees' job satisfaction in Lithuania and established significant correlation between reward or recognition and employee satisfaction. In addition to that, Table 3 of Correlation statement illustrates that employee satisfaction largely depends on several attributes of employee empowerment such as power, knowledge, information, reward, meaning and impact. This means the employees who are given authority and autonomy, shared the information related to the goals and strategies, involved in decision-making, are happy with the organization's reward system, offered meaningful job and have much control over their job, are satisfied.

Many organizations exercise empowerment as an effective device to motivate workers for their development and growth (Ghosh 2013). Gallup study suggests organizations, of which the employees are more engaged and empowered, gain 27% higher margins and enjoy 50% greater customer loyalty (Wagner, Herter 2006). In Toyota, some employees are empowered in product assembling, and a survey regarding job satisfaction revealed an affirmative answer rate of more than 70% (Elnaga, Imran 2014). The study of Kirkman and Rosen (1999) suggests the level of job satisfaction and commitment to the organization of the employees are reasonably high, who are empowered and has autonomy in making their work related decisions.

Regarding the second hypothesis of this study, the outcomes of simple regression analysis found significant correlation between employee empowerment and service quality, where the significance level of independent and dependent variable is 0.000. Moreover, the correlation statement displayed in Table 3 evidences that tangibles dimension of service quality is positively correlated with

power, information, reward, meaning and impact of employee empowerment. Information, reward and meaning and impact of employee empowerment are also positively correlated with tangibles, reliability, responsiveness and assurance of service quality. Therefore, hypothesis 2 is also supported. The result of second hypothesis testing validates the findings of some other studies (Peters, Mazdarani 2008; Akanyako 2009; Timothy, Abubaker 2013). Peters and Mazdarani (2008) uncovered that exercising employee empowerment helps employees to respond quickly to customers' perception, which fosters the quality of service. According to Akanyako (2009), the level of service quality increases with the extent employees are empowered.

Results of regression analysis further revealed positive and significant correlation between employee satisfaction and service quality. The significant level of these two variables is 0.000, which implies that the relationship between independent and dependent variable is highly significant. The correlation statement (Table 3) illustrates that four dimensions of service quality such as tangibles, reliability, assurance and empathy are significantly correlated with employee satisfaction. Thus hypothesis 3 is accepted. Although some earlier studies (e.g. Mathieu, Zajac 1990) found insignificant impact of employee satisfaction on service quality, the present study reveals significant relationship between employee satisfaction and service quality. This result also attested the outcome of some previous studies (Bhagat 1982; Petty *et al.* 1984; Hartline, Ferrell 1996) which suggest that employee satisfaction affects service quality. Researchers also suggest that loyal employees make loyal customers (Reichheld 1996) and dissatisfied employees seldom serve the customers well (Hoffman 1992; Rogers *et al.* 1994). Yee *et al.* (2008) also reported significant relationship between employee satisfaction and service quality in the service firms in Hong Kong.

Conclusions and further study

To serve the purpose of this study, three hypotheses have been tested and verified. The aim of this study was to examine the effect of employee empowerment on employee satisfaction and service quality, and the effect of employee satisfaction on service quality. Employee empowerment is getting much attention from both the individuals and organizations at present. This study revealed that employee empowerment has significant and positive impact on employee satisfaction as well as service quality. The growing need of coping with the diverse challenges admits organizations to realize the essence of empowering employees and its effect on quality of service and employee satisfaction. The current research entails extensive implications for both the organizations and their people. Regardless of flat or organic structure of the organization, the present study suggests

employees should be given certain authority according to the level and description of their job. Organizations need to make a participative culture in the organization by sharing vision, values and information with employees, giving some autonomy, and allowing them to become a part in decision-making.

Certain programs should be organized to better educate the employees about the role and implementation of empowerment as well as to increase knowledge and skills required to do their jobs. The current study also found that satisfied employees provide better service to the customers. Thus, according to the result of this research, organizations should emphasize to make their employees satisfied. Organization should give due importance on their reward systems, offer promotion and advancement opportunities to the deserved employees, and create an atmosphere where employees can work as a team with fair cooperation with their colleagues. In addition to that, supervisor's role is very important. Therefore, enterprises should ensure that supervisors are helping their subordinates where necessary.

This study concentrated only on employee perception. Data have been collected from the employees working in various financial institutions in Bangladesh. The relationship between employee empowerment and service quality has been measured based on the variables from employee perspective. Future researchers have the scope of determining the relationship impact between employee empowerment and service quality from customer perspective as well. Moreover, since the sample was just limited to financial sector to carry out this research, study on other areas can be done in future. This study found that empowered employees are highly satisfied and offer better service. However, there are many other organizational aspects that also help in improving employee satisfaction and service quality. Thus, future research can be conducted on other traits that upturn employee satisfaction and service quality.

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