

**Employee Empowerment in Banking Sector: Comparison Between
Private and Public Banks Operating in Pakistan**

BY

Muhammad Azeem

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ABSTRACT

This study is about a comparison of employee empowerment between public sector and private sector banks operating in Pakistan. The study attempted and addressed three research questions: what the degree of employee empowerment in the private sector banks is; what the degree of employee empowerment in public sector banks is; and whether employees in the private sector banks have more empowerment in terms of power, knowledge, information and rewards compared with the empowerment of employees in the public sector banks. In relation to these research questions four hypotheses were formulated and tested. The study was based on a questionnaire survey covering a sample of 100 employees (50 from the public sector and 50 from the private sector banks) from ten banking institutions (5 public and 5 private sector banks). The results show that private sector banks employees are given significantly more power in making decision, more opportunities for acquiring and utilizing knowledge to understand and contribute to organization performance; more information regarding to organization performance and activities; and more rewards based on the organizational performance than the public sector banks. The results may be of assistance to enhance employee empowerment especially in the public sector banks.

ABSTRAK

Tujuan kajian ini ialah untuk membuat perbandingan “empowerment” pekerja di antara pekerja bank sektor swasta dan sektor awam. Secara amnya, kajian ini akan menjawab tiga soalan kajian utama iaitu apakah tahap “empowerment” pekerja di kalangan pekerja bank swasta, apakah tahap “empowerment” di kalangan pekerja bank awam dan sama ada pekerja bank di sektor swasta mempunyai lebih “empowerment” dari segi kuasa, pengetahuan, informasi dan ganjaran berbanding dengan “empowerment” bagi pekerja di bank sektor awam. Untuk kajian ini, 4 hipotesis telah dibentuk dan di uji. Kajian ini merupakan satu kajian soal selidik yang merangkumi saiz sample sebanyak 100 pekerja (50 dari sektor swasta dan 50 dari sektor awam) dari 10 buah bank (5 dari bank swasta dan 5 dari bank awam). Hasil kajian menunjukkan bahawa pekerja bank swasta secara signifikan diberi lebih kuasa di dalam proses membuat keputusan, lebih peluang untuk memperolehi dan menggunakan pengetahuan untuk memahami dan menyumbang kepada prestasi organisasi, lebih maklumat mengenai prestasi dan aktiviti organisasi, dan lebih ganjaran berdasarkan prestasi organisasi berbanding dengan sektor bank awam. Hasil ini boleh digunakan untuk membantu mempertingkatkan “empowerment” pekerja di sektor bank awam.

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LIST OF ABBREVIATION

ABP	ALLIED BANK OF PAKISTAN
HBL	HABIB BANK LTD. OF PAKISTAN
MCB	MUSLIM COMMERCIAL BANK OF PAKISTAN
NBP	NATIONAL BANK OF PAKISTAN-
SBP	STATE BANK OF PAKISTAN
UBL	UNITED BANK LTD. OF PAKISTAN

CHAPTER 1

INTRODUCTION

1.1 Introduction

Employee empowerment is said to be beneficial to all organizations (Conrad, 1999). The fast moving global economy requires that organizations learn and adapt to changes quickly, and employees have a key role to play here. This is particularly true in modern service organizations. The empowered employee is said to respond more quickly to customer service requests, act to rectify complaints and be more engaged in service encounters. A more reflective approach suggests there are different managerial perceptions of empowerment, resulting in empowerment being introduced in different service organizations in different ways, and presenting different benefits to managers and working experiences for the empowered.

Employee empowerment has been hailed as a management technique, which can be applied universally across all organizations as a means of dealing with the needs of modern global business (Barry, 1993; Foy, 1994), and across all industrial sectors. However, the service sector is said to involve a unique cluster of tensions which managers, employees and customers have to address (Heskett, 1990) and the empowerment of employees is an approach, which has been advocated for service sector management (Lockwood, 1996).

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