EMPLOYEE EMPOWERMENT PRACTICES IN COMMERCIAL BANKS IN KENYA

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CHAPTER ONE: INTRODUCTION

1.1 Background

Rapid environmental shifts are causing fundamental transformations that have a dramatic impact on the way organizations are managed. The transformations reflect a shift of paradigm from old paradigm (known as the old workplace) to new paradigm (as the new workplace) (Daft, 2003). This shift spawns differences in various organizational characteristic aspects, organizational strength, and managerial competence in organizational management. Key among organizational characteristics in this paradigm shift is related to Human Resources. These have shifted from dependable employees to empowered employees (Ratmawati, 2007).

Organizations today face fierce competition from successful global competitors, most of whom have made continuous improvement and rapid response to market needs a way of life (Shrednick, Shutt and Weiss, 1992). It is becoming increasingly clear that the engine for organizational development is not analysts, but managers and people who do the work. Without altering human knowledge, skills and behaviour, change in technology, processes, and structures is unlikely to yield long-term benefits. Managing business productivity has essentially become synonymous with managing change effectively. To manage change, companies must not only determine what to do and how to do it, they also need to be concerned with how employees will react to it. In this respect, the role of Human Resource Management (HRM) is moving from the traditional command and control approach to a more strategic one, and studies have highlighted “employee empowerment” as one of its critical success elements (Jarrar and Zairi, 2002).

1.1.1 Employee Empowerment

Employee empowerment is a strategy and philosophy that enables employees to make decisions about their jobs and helps employees own their work and take responsibility for their results as well as serve customers at the level of the organization where the customer interface exists. It is one of the keys to implementing profitability improvement and other organizational change and maintaining continuous improvement (Lashley, 2000).

Employee empowerment has become a buzzword and a recent management trend in both the public and private sectors (Pitts, 2005). Employee empowerment has received a wide recognition as an important subject in management circles mainly because it is seen as one of the fundamental elements of managerial and organizational effectiveness that increases when power and control are shared in organizations (Ergeneli et al., 2007). Thus employee empowerment has been hailed as a management technique which can be applied universally across all organizations as a means of dealing with modern global business (Demitriades, 2005). Generally, employee empowerment comprises of innovative approaches in working with people and a shift of power from the top management control to lower level management of the organization (Tzafrir, 2004).

Osborne and Plastrik (2000) argue that empowering employees is not only about cheering them on or being nicer to them. It is about giving them real power. To do that, bureaucratic controls that keep workers in their place must be dismantled. According to Osborne and Plastrik (2000), the process targets several control mechanisms which include highly centralized organizational structures, excessive layers of management, rigid job classifications and functional "silos, written rules, and inflexible labour-management contracts and grievance processes".

Therefore, empowerment is not a product of any structure or system, but it is a process, which is ongoing, dynamic and fluctuating (Ongori and Shunda, 2008). Thorlakson and Murray (1996) stated that empowerment is getting employees to do what needs to be done rather than doing what they are told and involves delegation, individual responsibility, autonomous decision making and feelings of self-efficacy. Employee empowerment program to be successful in an organization, management must put in place a structure in the system to support the whole process (Bogler and Somech, 2004). It is recommendable that empowerment process should take place in an environment where it is allowed, nurtured and promoted by management and employees (Ongori and Shunda, 2008).

1.1.2 Commercial Banks in Kenya

The banking system in Kenya is regulated by the Central Bank of Kenya (CBK) Act Cap 491 and the Banking Act Cap 488. These Acts are intended primarily to facilitate

the development and maintenance of a sound monetary policy (GoK, 1989). The industry comprises of financial institutions, among them commercial banks. Others are either non-bank financial institutions or mortgage finance companies.

According to the Commercial Banks Directory (2007), Kenya has a well-developed financial sector, particularly for the region, but it is vulnerable to government influence and inadequate supervision. The central issue of interest by the Central Bank to the Kenyan commercial banks is how best to promote access to the financial system by a wider segment of the Kenyan populace. Commercial banks' expansionary strategy targets Small and Medium Enterprises (SME's). Industry players have taken up and embraced the millennium development goals (the eradication of poverty, disease, and illiteracy).

Kenya's banking sector has been evolving quite fast and adapting to the challenges in its environment which include a poor and declining economy, cyclical interest rates, high incidence of non performing loans, changes in the regulatory environment and a fluid and volatile political environment. The issues and challenges facing the corporate sector have never been as turbulent and unpredictable as they are today due to the globalization and liberalization of the economy, intensive competition, fast developments in and increased adoption of information and communication technology, emerging multilateral trading order, hence the need for continuous learning and adaptation for sustainable competitive advantage.

Though the banks compete on all fronts like the use of new technology, new products, and pricing; there exists differences in the levels of customer service provided in each of the banks and one can easily differentiate them from the levels of customer service delivered. Superior customer service coupled with product segmentation is deemed to have a competitive advantage. It is, however, imperative that for the banks to offer superior customer service it is the quality of the employees and the efficiency and effectiveness with decisions are made which will create a difference among the banks. Consequently, concerted efforts to adopt employee empowerment best practices will go a long way in achieving high levels of customer satisfaction and enhance their competitiveness.

1.2 Statement of the Problem

In a competitive environment in which organisations must be faster, leaner, provide better service quality, be more efficient, and more profitable, an empowered and proactive service worker is thought to be essential (Melhem, 2004). Jarrar and Zairi (2002) observe that amid subjective changes in "process" and "information technology" aspects of organizations, human development is left to be the most viable alternative to traditional organizational development as a strategy for bringing about dramatic performance improvements. There has been a growing interest in the concept of empowerment and related management practices among both management researchers and practitioners. This interest is due to the fact that the practice of empowering subordinates is a principal component of managerial and organizational effectiveness and empowerment techniques play a crucial role in group development and maintenance (Conger and Kanungo, 1988).

The growing interest has lead to the documentation of a number of studies on the concept of empowerment both locally and internationally. Some of the local studies include those by Gumato (2003) on the relationship between the perceived empowerment and job satisfaction of employees in commercial banks in Nairobi; Lwangasi (2008) on the relationship between empowerment and job satisfaction among employees in the Non-Governmental Sector in Kenya; Oginda (2008) on the relationship between training and employee empowerment at Kenya Electricity Generating Company Limited (Kengen); and Bakari (2008) on the relationship between employee empowerment and performance of City Council of Nairobi.

Among studies done outside Kenya include those by Jarrar and Zairi (2002) on employee empowerment best practices in the UK; Melhem (2004) on the antecedents of customer-contact employee's empowerment among Retail Banks in Jordan; Ratmawati (2007) on managerial competency and management commitment to employee empowerment among Banking Companies in Australia; and Ongori and Shuda's (2008) study on strategies for success of employee empowerment among selected organizations in Botswana. These studies have laid focus on different conceptual aspects of empowerment and others on different contexts. There is no known study that has been done to lay focus on employee empowerment practices

among commercial banks in Kenya. This study intends to shift focus to look at the practice of employee empowerment in the Kenyan banking sector. It seeks to answer the questions: What are the employee empowerment practices adopted by Commercial Banks in Kenya? What is management perception of the benefits of employee empowerment to Commercial Banks in Kenya?

1.3 Objective of the Study

The objective of the study is to establish employee empowerment practices adopted by Commercial Banks in Kenya.

1.4 Significance of the Study

The findings of this study will be of benefit to Human Resource Managers and other functional and line managers in commercial banks to enhance their understanding of the most appropriate employee empowerment practices. Managers in other organizations will also find the study useful in enhancing their appreciation of the need to empower employees. This study will also benefit future researchers and scholars for reference purposes and replication elsewhere.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Empowerment

The concept of empowerment is derived from the root constructs of power and control. Essentially, control and power are used in the literature in two different ways and, consequently, empowerment can be viewed in two different ways: empowerment as a relational construct and empowerment as a motivational construct (Conger and Kanungo, 1988).

Empowerment as a relational construct is derived from the view that power is primarily a relational concept used to describe the perceived power or control that an individual actor or organizational subunit has over others. This view further advances that power arises when an individual's or a subunit's performance outcomes are contingent not simply on their own behaviour but on what others do and/or in how others respond (Conger and Kanungo, 1988). Accordingly, the relative power of one actor over another is a product of the net dependence of the one on the other. At the organizational level, the principal sources of an actor's power over an organization have been argued to be the actor's ability to provide some performance or resource that is valued by the organization or the actor's ability to cope with important organizational contingencies or problems (Pfeffer, 1982). At the interpersonal level, the principal sources of actor power over others are argued to be the office or structural position of the actor, the personal characteristics of the actor (e.g., referent power), the expertise of the actor, and the opportunity for the actor to access specialized knowledge/information (Bacharach & Lawler, 1980).

Depending on what resources actors control, their bases of power have been identified as legal (control of office), coercive (control of punishment), remunerative (control of material rewards), normative (control of symbolic rewards), and knowledge/expertise (control of information) (Bacharach & Lawler, 1980). Implied in these theories are the assumptions that organizational actors who have power are more likely to achieve their desired outcomes and actors who lack power are more likely to have their desired outcomes thwarted or redirected by those with power. This orientation has led theorists to focus on the source or bases of actor power and on the conditions that

promote such dependence. This focus also has led to the development of strategies and tactics of resource allocation for increasing the power of less powerful parties and reducing the power of more powerful ones (Conger and Kanungo, 1988).

If empowerment is considered in terms of this relational dynamic, it becomes the process by which a leader or manager shares his or her power with subordinates. Power, in this context, is interpreted as the possession of formal authority or control over organizational resources. The emphasis is primarily on the notion of sharing authority. In the management literature, this idea of delegation and the decentralization of decision-making power is central to the empowerment notion (Burke, 1986; Kanter, 1983). As a result, most of the management literature on empowerment deals with participative management techniques such as management by objectives, quality circles, and goal setting by subordinates as the means of sharing power or delegating authority (Conger and Kanungo, 1988).

Empowerment as a motivational construct is derived from the psychological view that power and control are used as motivational and/or expectancy belief-states that are internal to individuals. For instance, individuals are assumed to have a need for power (McClelland, 1975) where power connotes an internal urge to influence and control other people. Accordingly, individuals' power needs are met when they perceive that they have power or when they believe they can adequately cope with events, situations, and/or the people they confront. On the other hand, individuals' power needs are frustrated when they feel powerless or when they believe that they are unable to cope with the physical and social demands of environment.

In this motivational sense, power refers to an intrinsic need for self-determination or a belief in personal self-efficacy (Bandura, 1986). Under this conceptualization, power has its base within an actor's motivational disposition. Any managerial strategy or technique that strengthens this self-determination need or self- efficacy belief of employees will make them feel more powerful. Conversely, any strategy that weakens the self-determination need or self- efficacy belief of employees will increase their feelings of powerlessness. According to this view, therefore, empowerment is seen as "enabling". In contrast to the earlier definition of empowerment as delegation (of authority and resource sharing), enabling implies motivating through enhancing

personal efficacy. In the management literature on power and empowerment, often both meanings are fused together, and their relationships to each other are not clear.

Conger and Kanungo (1988) proposed that empowerment be viewed as a motivational construct-meaning to enable rather than simply to delegate. Enabling implies creating conditions for heightening motivation for task accomplishment through the development of a strong sense of personal efficacy. Conger and Kanungo argued that delegating or resource sharing is only one set of conditions that may (but not necessarily) enable or empower subordinates. The process of delegation is too constrictive in scope to accommodate the complex nature of empowerment. Thus, there are various other conditions of empowering besides delegation or participation. Therefore, Conger and Kanungo (1988) define empowerment as a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information.

Thomas & Velthouse (1990) offer a definition empowerment that is psychologically inclined. They define empowerment as a motivational construct manifested in four cognitions: meaning, competence, self-determination, and impact. Together, these four cognitions reflect an active, rather than a passive, orientation to a work role. By active orientation, it means an orientation in which an individual wishes and feels able to shape his or her work role and context. The four dimensions are argued to combine additively to create an overall construct of empowerment. In other words, the lack of any single dimension will deflate, though not completely eliminate, the overall degree of felt empowerment. Thus, the four dimensions specify a nearly complete or sufficient set of cognitions for understanding empowerment.

Meaningfulness is the value of the task goal or purpose in relation to the individual's own ideals or standards, and competence is the degree to which a person can perform task activities skilfully. Impact, on the other hand, is the degree to which behaviour is seen as making a difference in terms of accomplishing the purpose of the task, while choice or self-determination is the causal responsibility for a person's actions. It

reflects independence in the initiation and continuation of work behaviour and processes (Deci, Connell, and Ryan, 1989).

2.1.1 Employee Empowerment

Employee empowerment has been defined in numerous ways, but Klidas et al., (2007), Moye and Hankin (2006) and Honold (1997) agreed that the core element of empowerment involves giving employees discretion or latitude over certain task related activities. Smith and Mouly (1998) defined empowerment as transfer of power from the employer to the employees to make quick and quality decisions. Honold (1997) argued that empowerment is not only having the freedom to act, but also having higher degree of responsibility and accountability. This indicates that management must empower their employees so that they will be motivated, committed, satisfied and assist the organization in achieving objectives and minimize employees intention to quit. Transferring power to the employees should be done with due diligence, at the same time employees to whom the power is transferred to, must be held accountable for their actions. Accountability will instil discipline in utilizing the scarce resources optimum for the benefit of the organization and other stakeholders. Therefore, employees should be empowered through sharing information, autonomy in making decisions and improving their intellectual capacity. Wellins et al (1991) similarly proposed that an organization that empowers their employees will be able to survive and grow in any environment.

Mohammed and Pervaiz (1998) argued that empowerment is a state of mind and empowered employees mind experience feelings of control over the job be performed, awareness of the context in which the work is performed, accountability for personal work output, shared responsibility for unit and organizational performance, and equity in the rewards based on individual and collective performance.

The cognitive model of empowerment defines empowerment on a broad term, which includes the choice of providing employee with job enrichment and opportunities to have their voice heard, having real power for control and influence over work processes, which leads to employees to be confident in discharging their duties. This model further emphasizes that organizations have no options except to empower their

employees for purposes of survival, growth and increase efficiency and being competitiveness. Further, the model of work team effectiveness postulated by Cohen et al (1996) consented that employee empowerment should be the primary focus for any manager who tries to design effective self managing work teams in an organization.

2.2 The Empowerment of Process

The need to empower subordinates becomes critical when subordinates feel powerless. Thus it is important to identify conditions within organizations that foster a sense of powerlessness among subordinates. Once these conditions are identified, empowerment strategies and tactics can then be used to remove them. However, removing external conditions is not always possible, and it may not be sufficient for subordinates to become empowered unless the strategies and tactics directly provide personal efficacy information to them. Bandura (1986) suggested several sources from which individuals directly receive information about their personal efficacy, and these sources should be used in developing empowerment strategies. Conceived this way, the process of empowerment can be viewed in five stages that include the psychological state of empowering experience, its antecedent conditions, and its behavioural consequences (Conger and Kanungo, 1988). The five stages are shown in Figure 1.

The first stage is the diagnosis of conditions within the organization that are responsible for feelings of powerlessness among subordinates. This leads to the use of empowerment strategies by managers in Stage two. The employment of these strategies is aimed not only at removing some of the external conditions responsible for powerlessness, but also (and more important) at providing subordinates with self-efficacy information in Stage three. As a result of receiving such information, subordinates feel empowered in Stage four, and the behavioural effects of empowerment are noticed in Stage five.

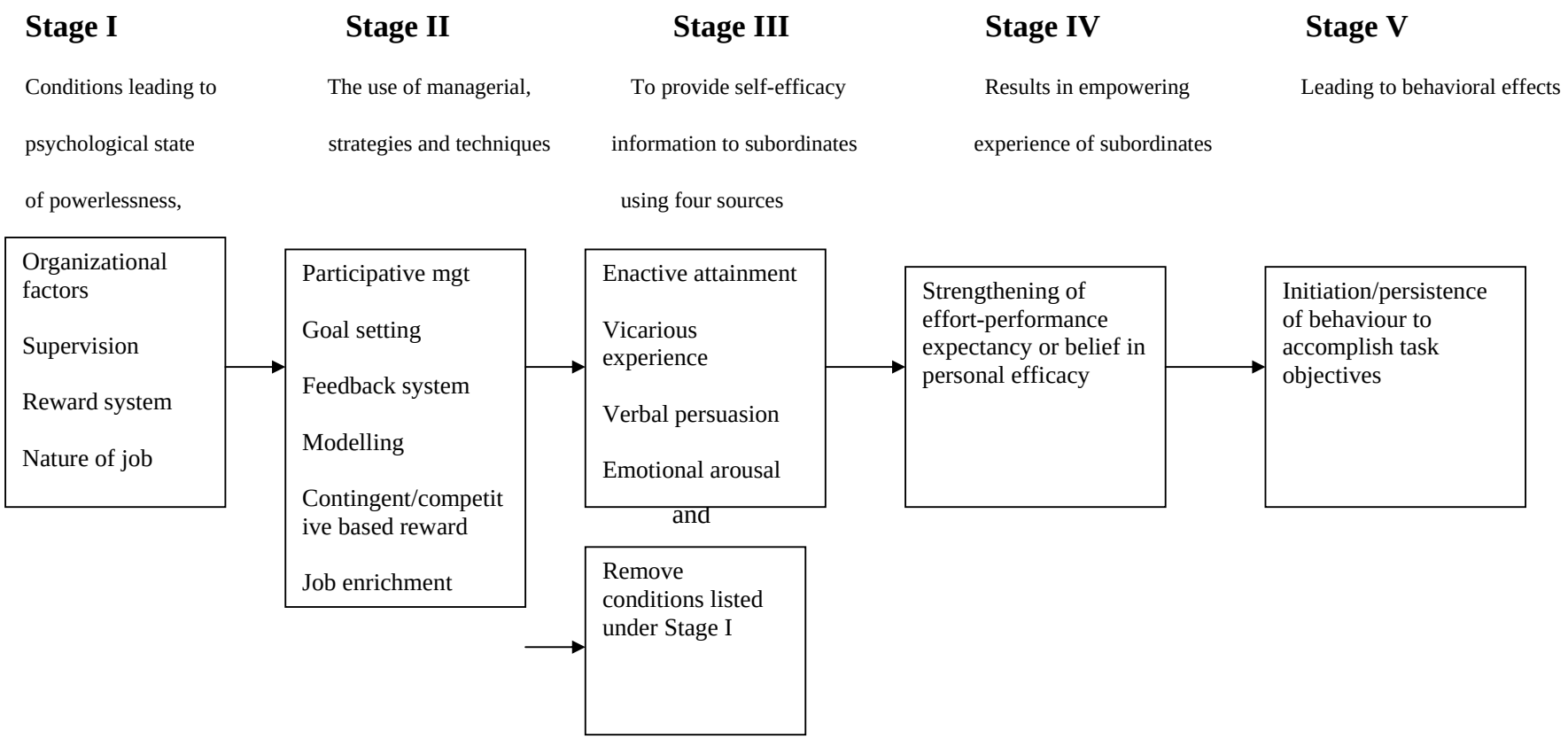

Figure 1: Five Stages in the process of Empowerment

Source: Conger and Kanungo (1988), "The Empowerment Process: Integrating Theory and Practice", *The Academy of Management Review*, 13(3) p. 471-482

2.3 Principles of Employee Empowerment

Heathfield (2006) has suggested a number of top principles for managing people in a way that fundamentally reinforces employee empowerment in organizations. In suggesting these principles, Heathfield pointed out that managers' goal is to create a work environment in which people are empowered, productive, contributing, and happy. Organizational managers are advised to embrace these principles in their endeavours of empowering employees. The principles are discussed below.

Demonstrate value for people: Managers' regard for people shines through in all of their actions and words. Their facial expression, body language, and words express what they are thinking about the people who report to them. The managers' goal is to demonstrate their appreciation for each person's unique value. No matter how an employee is performing on their current task, a manger's value for the employee as a human being should never falter and always be visible.

Share leadership vision: Managers ought to help people feel that they are part of something bigger than themselves and their individual job. They can do this by making sure they know and have access to the organization's overall mission, vision, and strategic plans.

Share goals and direction: Managers should share the most important goals and direction for their groups. Where possible, managers can either make progress on goals measurable and observable, or ascertain that they have shared their picture of a positive outcome with the people responsible for accomplishing the results.

Trust people: Managers should trust the intentions of people to do the right thing, make the right decision, and make choices that, while maybe not exactly what they would decide, still work.

Provide information for decision making: Managers should make certain that they have given people, or made sure that the people have access to, all of the information they need to make thoughtful decisions.

Delegate authority and impact opportunities, not just more work: Managers should not just delegate the drudge work; they should delegate some of the fun stuff, too. For instance they could delegate the important meetings, the committee memberships that influence product development and decision making, and the projects that people and customers notice. The employee will grow and develop new skills.

Provide frequent feedback: Managers should provide frequent feedback so that people know how they are doing. Sometimes, the purpose of feedback is reward and recognition. People deserve managers' constructive feedback, too, so they can continue to develop their knowledge and skills.

Solve problems; don't pinpoint problem people: When a problem occurs, managers should ask what is wrong with the work system that caused the people to fail, not what is wrong with the people.

Listen to learn and ask questions to provide guidance: Managers should provide a space in which people will communicate by listening to them and asking them questions. They should guide by asking questions, not by telling grown up people what to do. People generally know the right answers if they have the opportunity to produce them. When an employee comes with a problem to solve, a manager should prompt the employee to suggest the solution to the problem. This provides an opportunity in which employees can demonstrate what they know and grow in the process.

Help employees feel rewarded and recognized for empowered behaviour: When employees feel under-compensated, under-titled for the responsibilities they take on, under-noticed, under-praised, and under-appreciated, managers should not expect results from employee empowerment. The basic needs of employees must be met for employees to give their discretionary energy, that extra effort that people voluntarily invest in work.

Osborne and Plastrik (2000) point out that for some employees, getting more control is its own reward. They may be excited about being able to make changes that matter to them or about working in teams with peers rather than under constant management

supervision. Other employees may seek more tangible incentives for taking charge like pay increases and bonuses among others. Accordingly Osborne and Plastrik propose additional principles of empowering employees most of which are similar to those proposed by Heathfield (2006). They include:

Communicating and consulting with employees: Employees need to be clear about why empowerment is occurring and how it will meet the purpose and goals of the organization. They should have substantial input into how the organization will proceed with employee empowerment. And they must have some time and many opportunities to adapt.

Give employees information: No one can make good decisions without good information. An organization committed to empowering employees must ensure that they have access to all the relevant information. There must be a well thought-out and effective way of moving information around the organization.

Investing in employees: Most employees have little experience in making the kinds of decisions like personnel management, work process improvement, and general management among others that empowerment gives to them. Usually, their skills at this work are underdeveloped. Empowerment without skill building or knowledge development is a setup for failure. Therefore, the empowering organization must make sure employees have a chance to succeed when they get decision-making authority.

Reward employees: This principle is based on the saying that "you reap what you sow". Therefore, in empowering employees, organizations simply get what they pay for, whether the currency is money or recognition. Hence, there must be use of the many tools of performance management to reward employees for taking on new responsibilities.

2.4 Employee Empowerment Practices

Melhem (2004) argued that empowerment is a complex process which involves the act of developing and increasing power to the subordinates. In addition, he identified

five core dimensions which can enhance empowerment in organization and these include educating of employees, leading, mentoring, supporting and providing proper structures to enhance employee empowerment in organizations. This clearly shows that empowerment is a multi-dimensional process which involves many systems of the organization and is an ongoing process.

Lloyd et al (1999) asserted that managers should act as coaches to help employees to solve problems. Managers should empower subordinates by delegating responsibilities and assisting them when they have problems and thus employees will feel more satisfied with their managers and they will consider them to bee fair and in return will perform to their managers' expectations. Employees need to be assisted in the process of empowerment.

Management must empower their employees by allowing them to participate in decision making process. For instance the model of employee empowerment postulated by Mallak and Kurstedt (1996) argued that employee empowerment has been expounded upon the concept of participative management. The model emphasizes that for empowerment to take a strong foundation in organizations, managers should intrinsically motivate the behaviour of their employees and must release some of their authority and responsibility to other levels of the organization.

Honold (1997) equated employee empowerment as management-by-stress strategy that pushes people and systems to the breaking point by forcing workers to do more. Lack of employee empowerment in many organizations is considered as a major source of organizational stress and conflicts. Management to a certain degree will reduce stress among their employees by empowering them. Employee empowerment is a management practice which all managers should take seriously in their organizations because it is through empowerment that employees will improve organizational performance. Management needs to consider the following facts to ensure that empowerment in their organizations is enhanced and nurtured.

Employee empowerment through job involvement: empowerment significantly enhances job involvement, job satisfaction, career satisfaction and organizational commitment (Noorliza and Hasni, 2006). This in the long run will make employees

feel that they are valued in their organizations and create a higher degree of job satisfaction and commitment. Thus employees are motivated by both extrinsic and intrinsic rewards such as autonomy in decision-making and challenging work.

Leadership strategy: good leadership is critical for sustaining continuous improvement of employee empowerment in organizations (Carson and King, 2005). Good leadership needs to be demonstrated at all levels of the organization. A good leader in an organization is intuitively able to tap into expressed thoughts of others, to give verbal expression to their feeling, able to delegate and empower employees. This would make the vision created by management to be brought into fruition. Good leadership inspires subordinates, creates a vision to be followed by the organization employees and empowers employees through training and development. Harnish (2004) argued that leadership is not only having innovative ideas but also getting people to follow, not just in dragooned single file, but with pride, aflutter in their hearts and expectations. For employee empowerment to be successful in organizations there is need for good leadership to be in place at all levels of the organization.

For empowerment to be successful in organizations, management should use empowerment for bottom-line results. Kirkman and Rosen (1999) stated that there are four key ingredients for an empowering program to succeed in organizations. These are: management must agree to support the program inauguration, warrants and fanfare must be offered for ideas generated and accepted, essence for team leaders, program coordinators and evaluation committees to be in place to evaluate the progress of empowerment and advise the best way to enhance it in organizations.

Therefore, empowerment is not a product of any structure or system, but it is a process which is ongoing, dynamic, and fluctuating. Thorlakson and Murray (1996) stated that empowerment is getting workers to do what needs to be done rather than doing what they are told and involves delegation, individual responsibility, autonomous decision making and feelings of self-efficacy. Employee empowerment program to be successful in organizations, management must put in place a structure in the system to support the whole process (Bogler and Sommech, 2004). It is recommendable that empowerment process should take place in an environment where it is allowed, nurtured and promoted by management and employees.

The management style of any organization must change and accommodate the empowering culture in the organization. There are three closely related inter-linked essentials which are the key to success of employee empowerment in organizations if they re taken seriously by the management of any going concern. These include attitude, commitment, and involvement.

Attitude is the pivotal point of any progressive idea and relates to the psychological stance (or frame of mind) of an individual or groups of individuals who needs to be empowered. In general, one's attitude is learned from those in authority over one and is reinforced by subsequent experience unless or until some other different experience enlightens with a new message entirely.

Commitment is a sense of duty and obligation of employee to the company which employs him/her. All employees must be committed to ensure that the organization achieves the objectives of employee empowerment. In addition everyone in the enterprise must accept responsibility to make the process of empowerment successful.

Involvement is the keystone of corporate success of empowerment. There is much evidence to prove that involving individuals in the planning process will lead to higher chances of achieving the plans of the organization. Equally, where employees are involved in the identification, discussion and agreement of personal objectives (in relation to the corporate plan) there is higher desire to ensure that the tasks for which one is responsible are carried out efficiently and effectively (Moye et al. 2005).

Vision and goals of the organization must be clearly spelt out by the top management. Therefore, employees must clearly understand the vision and goals of the organization. Management must encourage communication regularly with their employees so that they are informed of what is taking place in their organization (Mare and Susan, 2000). This will ensure that employees are getting the right information and doing the right things at the right time. Communication in particular, is arguably on of the basic empowerment tools, without communication, contemporary organizations would cease to exist (Hornstein, 2006).

In order for employee empowerment process to be successful in any organization, the following six pillars should be put in place by management. They include resources (financial, information, tools and equipments); coaching (managers to act as mentors in their organizations); alignment of goals with organizational strategy (goals to be specific, measurable, achievable, realistic and time-bound in order to motivate employees towards achieving them); information (necessary information to readily availed to all concerned employees in good time to enable them make thoughtful decisions); climate (high degree of trust to be highly encouraged and maintained between managers and employees and among employees for them to do right things and make right decisions that add value to the organization); and training of employees (to be encouraged by management in the organization in order to develop the knowledge and skills of their employees).

2.5 Benefits of Employee Empowerment

Employee empowerment has been hailed as a management technique which can be applied universally across all organisations as a means of dealing with the needs of modern global business, and across all industrial sectors (Lashley, 2000). Employee empowerment is critical for the success and survival of an organization in this era of globalization. Empowerment provides significant benefits to the organization. Empowerment makes employees feel that they are vital to the success of the organization. In addition, it serves as a vote of confidence in the employees' ability to significantly contribute to the organization objectives. Empowerment places people at the centre of the circle rather than on the fringes. Then in the long run, employees would be committed towards achieving the organizational objectives. Any change which takes place in an organization is effected by employees. Empowered employees facilitate the process of change in organizations (Psoinos and Smithson, 2002).

Employee empowerment builds commitment and develops a sense of belonging to the organization. Acceptance and ownership are basic human needs that are satisfied through the empowering process in organizations (Greasley, 2005).

Empowered people join in creating their own destiny, work becomes exciting, stimulating, enjoyable and meaningful. Empowerment builds trust and promotes

effective communication in an organization. Do not delegate an assignment and then attempt to manage it yourself- you will make an enemy of the overruled subordinate (Moye et al, 2005).

Employee empowerment increases organizational effectiveness and employee well-being. For instance, empowering employees has proven to improve efficiency and reduce costs on the assembly line in a transmission plant and empowerment of employees leads to job satisfaction, job involvement, loyalty, performance and faster service delivery to customers (Flohr and Host, 2000).

Empowered employees will make quick decisions and suggestions that will improve quick service delivery in their place of operations and will save a lot of money and time in organizations (Flohr and Host, 2000). In addition, empowered employees will provide exceptional customer service in several competitive markets and thus improve the profits of the organizations through repeated business. Similarly, employee empowerment is one of the strategies used in organizations to promote good relationship between employees and customers.

Additional benefits of employee empowerment in organizations include reduction of top management workload, improved decision-making, improved training, heightened morale and initiative, more flexibility and faster decision-making, fosters competitive climate, facilitates change in an organization and quick response to environmental changes. In practice, empowered employees have a high sense of self-efficiency accompanied by significant responsibility and authority over their jobs (Moye et al., 2005; Hornstein, 2006).

Many organization development professionals also link empowerment to increased creativity (Carson and King, 2005). Pressures have increased on business, education, and all organizations to become learning organizations. Unless on e is empowered or empowers oneself, it is difficult to participate as a member of a learning organization. Therefore, empowerment promotes learning in organizations.

Employee empowerment is a strategy used to enhance teams in organizations so that they can be effective in performing the activities of the organization (Psoins and

Smithson, 2002). Therefore, both the individual and members of the teams should be empowered and this will make the organization to achieve the objectives and be in a position to compete with others in terms of human resource utilization. Additionally, Demitriades (2005) argued that to be successful in a dynamic environment, an organization should strive to become one large empowered team. Thus, employee empowerment offers many advantages to the organization and employees. Employees to a certain extent appreciate the greater responsibility and decision making as one strategy of retaining them in the organization (Carson and King, 2005).

2.6 Barriers to Employee Empowerment

Smith and Mouly (1998) pointed out that empowerment often fails due to entrenched patterns and attitudes. Most employees are hampered in their adoption of change no matter how attractive it may be philosophically due to entrenched patterns and self-limiting attitudes. People may believe they want greater freedom and responsibility but after years of being restricted, may prove unwilling or unable to take advantage of it. However, there are several factors which might discourage employees' empowerment in organizations. These include among others poor credibility of the management, mistrust in management, fear of loosing jobs, and employees not willing to take responsibility for their actions.

Employee empowerment might fail due to lack of information. For instance, management might decentralize resources but if employees are not informed that resources are available for their use, then access to these resources will have little influence on feelings of empowerment nor will employees utilize these resources to effect desired organizational outcomes.

Lawler (1986) point out that inappropriate performance measurement and reward systems also act as barriers to employee empowerment. Lawler argues that the introduction of employee empowerment should be accompanied by performance measures and rewards that reinforce the desired management style. He argues that failure to align performance management systems with the goals of employee empowerment will mean top management exhortations to empower employees and manage in new ways will compete with systems that reinforce old ways of behaving.

Fenton-O'Creevy (1989) points out that middle managers are both targets and agents of changes intended to create greater employee empowerment. Fenton-O'Creevy observes that the subsystem congruence model of organizational change implies that attempts to change the attitudes and behaviours of middle managers are likely to fail unless adequate attention is paid to changing the organizational systems and context that reinforce and constrain their existing patterns of behaviour. Fenton-O'Creevy argues that if middle managers are asked to carry out employee empowerment initiatives through one organizational system (e.g. line management) but receive conflicting signals from performance management systems or senior management behaviour, they are unlikely to give those initiatives high priority. This response to conflicting organizational signals may be interpreted by senior managers sponsoring the empowerment initiatives as stubborn resistance to change.

The extent to which managers are motivated to support employee empowerment initiatives will also depend crucially on expectations about their capability to carry out these initiatives successfully. Kanter (1982) suggests that effective employee empowerment depends on developing the conditions in an organization for the ‘circulation of power’. By the circulation of power, Kanter means that powerful managers who are enabled by their organizational context to act effectively are able, in their turn, to create the conditions for others to act. Based on case study research into the characteristics of effective managers, Kanter proposes three critical ‘power tools’ which give employees the power to act effectively in the organization's interests: access to resources, access to information and access to support. This is achieved by changes in organizational structure that remove barriers to the circulation of power, including decentralization of resources and increasing the openness of internal communications systems.

Fenton-O'Creevy (1989) argues that if the organizational systems constrain middle managers’ capability to implement employee empowerment initiatives, their perceived inability to achieve employee empowerment objectives will result in unwillingness to expend effort. In this event senior managers are likely to attribute lack of success to middle management resistance. Key constraints include lack of control over resources, poor communication and lack of training.

2.7 Criticism to Employee Empowerment

Employee empowerment is criticized on the basis that it increases the scope of employees' jobs. This requires that employees should be properly trained to cope with wider range off tasks (Mohammed and Pervaiz, 1998). Therefore, the recruitment process should ensure that employees recruited have attitudinal characteristics and skills to cope with empowerment.

Empowerment is also criticized on the aspect of service delivery that it slows down service delivery to the customers because employees tend to individualize service for customers (Psoinos and Smithson, 2002). Therefore, this reduces the overall productivity of the service and this would have negative effects to the customers and the organization at large.

Further, empowerment is criticized in the sense that managers may abdicate all responsibility and accountability for decision making to juniors. In case of accountability purposes, employees might be punished for failures and mistakes which they were not the sources. This will make them to shy away empowerment and thus increases employee turnover rate in the organization.

Employee empowerment has been criticized on the basis of its perceived disadvantages. These include: employees abusing the increased power given to them; it is too much responsibility for some employees; employees who focus on their own success rather than group's may leave; managers may not be better trained to facilitate through sharing of information, cooperation, and referrals to appropriate resources; not all employees could 'buy in' to the concept; there is an increased cost to the organization for training and education; there is increased time in groups or committees which takes away from regular jobs; there may be increased conflict or power struggle betweeen employees due to group work; some employees may not be knowledgeable enough to make good business decisions; decisions may be made on the basis of personality versus logical reasoning.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study was carried out through a census survey. A census survey involves collection of data from all members of the population (Cooper and Schindler, 2003). The design was most appropriate for this study because all the commercial banks operating in Kenya were targeted.

3.2 Population of Study

The population of study consisted of all commercial banks operating in Kenya. According to the Central Bank of Kenya, the industry's regulator, there were 45 commercial banks as at April, 2008 (Appendix II).

3.3 Data Collection

The study used primary data that were collected using a semi-structured questionnaire. The questionnaire was organized in three parts. Part A focused on the general organizational bio data, Part B focused on employee empowerment practices while Part C will focused on management perception of the benefits of employee empowerment. The questionnaire was administered through the "drop and pick later" method. The study targeted Human Resources Managers of the banks or where such a position did not exist, Human Resource Administration Officers were targeted. These were considered to be useful in availing sufficient information regarding the banks' employee empowerment practices.

3.4 Data Analysis

Collected data were analyzed using descriptive statistics (frequencies, percentages, mean scores and standard deviation). This is because the data were descriptive and quantitative in nature. To achieve the objective of establishing employee empowerment practices, frequencies and percentages were used to describe the most predominant practices as indicated by the respondents. Mean scores and standard deviations were used to depict the relative potency of particular employee empowerment practices and variations among respondents on the extent to which they

have been adopted. The analyzed data were presented in tabular form for ease of interpretation and reporting.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The study was designed with the intention of establishing employee empowerment practices adopted by commercial banks in Kenya. In achieving this objective, the study also investigated into the perceived benefits of employee empowerment among the banks. To achieve these objectives, human resource managers in all the commercial banks were targeted to provide the data. Out of the forty-five banks that were targeted, five banks refused to participate in the study while twenty six out of the remaining forty that were served with questionnaires responded by filling and returning the questionnaires. This formed 65% response rate, which is the basis of analysis.

In carrying out the survey, respondents were required to respond to organizational bio data issues and then presented with statements describing, on the one hand, various employee empowerment practices, and on the other hand, the perceived benefits of employee empowerment. They were then required to score on a 1 to 5 likert scale indicating the extent to which the statements apply in their organizations. This would indicate the extent to which the commercial banks adopted employee empowerment and the extent to which the practices are perceived to be beneficial. This chapter presents the findings of the study and related discussions.

4.2 Organizational Bio Data

The study sought information about respondent organizations on aspects that were considered to be descriptive of the commercial banks with respect to the subject of study. The aspects were with respect to the banks' ownership structure, their size, scope of operations, and whether they have documented policies on employee empowerment. Further, seeking this information was considered necessary to lay ground for understanding employee empowerment practices adopted by the commercial banks and their perceived benefits.

4.2.1 Ownership Structure

Research findings on the ownership structure of respondent banks are presented in Table 4.1.

Table 4.1: Ownership Structure

	Frequency	Percent
Privately owned (local)	8	30.8
Government owned	4	15.4
Both government and privately owned	13	50.0
Foreign owned	1	3.8
Total	26	100.0

Source: Research Data (2009)

The findings of the study in Table 4.1 indicate that majority of the commercial banks that participated in the study are both government and privately owned. These represented 50% of the banks followed by those which are privately-local owned at 30.8 %. These are followed by those which are purely government owned and foreign owned respectively at 15.4% and 3.8%. These findings imply that most banks will have to adopt employee empowerment practices which enhance their competitiveness that delivers value to the owners.

4.2.2 Organizational Size

Different parameters are used to measure an organization's size. These include the volume of sales, number of branches, asset base, and number of employees among others. This study used the number of employees to establish the size of commercial banks that were targeted. The findings of the study are presented in Table 4.2.

Table 4.2: Organizational Size (Number of Employees)

	Frequency	Percent
Below 1500	13	50.0
Between 1501-3000	7	26.9
Between 3001-6000	3	11.5
Over 6000	3	11.5
Total	26	100.0

Source: Research Data (2009)

From the findings, it was established that 50% of the commercial banks that participated in the study have less than 1500 employees, 26.9% have between 1501 and 3000 employees while those with between 3001 and 6000 employees and over 6000 represented each 11.5% of the commercial banks.

4.2.3 Scope of Operations

The study considered that the scope of an organization's activities is a reflection of that organization's ability to serve a wider market. This also puts pressure on the need to adopt a wide variety of employee empowerment practices to be able to meet needs of diverse market segments. Consequently, this will contribute to the banks' competitiveness. The findings of the study on the scope of operations of the commercial banks that participated in the study are presented in Table 4.3.

Table 4.3: Scope of Operations

	Frequency	Percent
Local (within Kenya)	16	61.5
Regional (within East Africa)	3	11.5
Global (Africa and beyond)	7	26.9
Total	26	100.0

Source: Research Data (2009)

The study findings in Table 4.3 seemed to be largely reflective of the findings in Table 4.1 that just as majority of the banks were found to be both government and privately owned, the scope of operations of majority of banks (61.5%) was also found to be local (within Kenya). This was followed by those whose scope of operations is global and regional at 26.9% and 11.5% respectively.

4.2.4 Presence of Policy on Employee Empowerment

The last aspect that was investigated with respect to organizational bio-data is whether commercial banks have documented policies on employee empowerment that would inform the extent of adoption of employee empowerment practices. The study findings are presented in Table 4.4.

Table 4.4: Presence of Policy on Employee Empowerment

	Frequency	Percent
Yes	25	96.2
No	1	3.8
Total	26	100.0

Source: Research Data (2009)

The findings in Table 4.4 show that majority of the banks that participated in the study (96.2%) have a policy on employee empowerment. Among the twenty-six respondents who participated in the study twenty-five of them answered to the affirmative and only one (3.8%) answered otherwise. These results are reflective of the fact that most commercial banks will strive to adopt employee empowerment practices as stipulated in the respective policies.

4.2 Employee Empowerment Practices

The objective of the study was to establish employee empowerment practices adopted by commercial banks in Kenya. According to Klidas et al., (2007), Moye and Hankin (2006) and Honold (1997) the core element of employee empowerment involves giving employees discretion or latitude over certain task related activities. Therefore, as Lashley (2000) observes, employee empowerment is a strategy and philosophy that enables employees to make decisions about their jobs and helps employees own their work and take responsibility for their results as well as serve customers at the level of the organization where the customer interface exists. In an attempt to achieve the study objective, a number of employee empowerment practices were presented to the respondents for them to indicate the extent to which they have been adopted in their organizations. The findings of the study are presented in Table 4.5.

Table 4.5: Employee Empowerment Practices

Practice	Responses	Frequency	Percent	M. S	S. D
Vision and goals of the bank are clearly spelt out by the top management and all employees clearly understand them.	To a moderate extent	1	3.8	4.69	.55
	To a large extent	6	23.1		
	To a very large extent	19	73.1		
	Total	26	100.0		
The bank's goals are well aligned with its strategy to motivate employees towards achieving them.	To a less extent	1	3.8	4.62	.80
	To a moderate extent	2	7.7		
	To a large extent	3	11.5		
	To a very large extent	20	76.9		
	Total	26	100.0		
Managers encourage regular communication with their employees so that they are informed of what is taking place in the bank	To a moderate extent	2	7.7	4.69	.62
	To a large extent	4	15.4		
	To a very large extent	20	76.9		
	Total	26	100.0		
Adequate resources (financial, information, tools and equipments) are provided to employees whenever they are required in undertaking their duties.	To a less extent	2	7.7	4.23	.86
	To a moderate extent	1	3.8		
	To a large extent	12	46.2		
	To a very large extent	11	42.3		
	Total	26	100.0		
Managers act as mentors to the employees of the bank.	Not at all	1	3.8	3.96	.96
	To a less extent	1	3.8		
	To a moderate extent	3	11.5		
	To a large extent	14	53.8		
	To a very large extent	7	26.9		
	Total	26	100.0		
High degree of trust is highly encouraged and maintained between managers and employees and among employees.	To a less extent	1	3.8	4.12	.77
	To a moderate extent	3	11.5		
	To a large extent	14	53.8		
	To a very large extent	8	30.8		
	Total	26	100.0		
Necessary information is readily availed to all concerned employees in good time to enable them make thoughtful decisions.	To a less extent	2	7.7	3.88	.86
	To a moderate extent	5	19.2		
	To a large extent	13	50.0		
	To a very large extent	6	23.1		
	Total	26	100.0		
Employees of the bank are constantly trained to develop their knowledge and skills.	To a less extent	2	7.7	3.85	.88
	To a moderate extent	6	23.1		
	To a large extent	12	46.2		
	To a very large extent	6	23.1		
	Total	26	100.0		
Managers enhance positive attitude, commitment and involvement among employees of the bank.	To a less extent	1	3.8	3.92	.80
	To a moderate extent	6	23.1		
	To a large extent	13	50.0		
	To a very large extent	6	23.1		
	Total	26	100.0		

Source: Research Data (2009)

Employee Empowerment Practices (cont'd)

The bank's management has put in place structures and systems that support employee empowerment.	Not at all	1	3.8	3.92	.93
	To a less extent	1	3.8		
	To a moderate extent	3	11.5		
	To a large extent	15	57.7		
	To a very large extent	6	23.1		
	Total	26	100.0		
There is extensive delegation, individual responsibility and autonomy in decision making.	Not at all	1	3.8	4.04	1.04
	To a less extent	1	3.8		
	To a moderate extent	4	15.4		
	To a large extent	10	38.5		
	To a very large extent	10	38.5		
	Total	26	100.0		
Managers get employees to do what needs to be done rather than doing what they are told.	To a less extent	1	3.8	4.08	.84
	To a moderate extent	5	19.2		
	To a large extent	11	42.3		
	To a very large extent	9	34.6		
	Total	26	100.0		
Merit and fanfare are offered for ideas generated by employees and accepted for use in the bank.	Not at all	2	7.7	4.04	1.11
	To a moderate extent	3	11.5		
	To a large extent	11	42.3		
	To a very large extent	10	38.5		
	Total	26	100.0		
Management supports the inauguration of empowerment programs in the bank whenever such programs are initiated.	Not at all	1	3.8	4.00	.94
	To a less extent	1	3.8		
	To a moderate extent	2	7.7		
	To a large extent	15	57.7		
	To a very large extent	7	26.9		
	Total	26	100.0		
Managers inspire subordinates through visionary and effective leadership.	Not at all	1	3.8	3.96	1.04
	To a less extent	2	7.7		
	To a moderate extent	2	7.7		
	To a large extent	13	50.0		
	To a very large extent	8	30.8		
	Total	26	100.0		
The bank has adopted a leadership strategy in which managers intuitively tap into expressed thoughts of employees, give verbal expression to their feelings and embrace delegation.	Not at all	1	3.8	4.00	1.06
	To a less extent	2	7.7		
	To a moderate extent	2	7.7		
	To a large extent	12	46.2		
	To a very large extent	9	34.6		
	Total	26	100.0		
Employees of the bank are motivated by both extrinsic and intrinsic rewards such as autonomy in decision-making and being assigned challenging work.	To a less extent	2	7.7	4.04	.82
	To a moderate extent	2	7.7		
	To a large extent	15	57.7		
	To a very large extent	7	26.9		
	Total	26	100.0		

Source: Research Data (2009)

Employee Empowerment Practices (cont'd

Managers release some of their authority and responsibility to other levels of the organization.	Not at all	1	3.8	4.04	.92
	To a less extent	1	3.8		
	To a moderate extent	1	3.8		
	To a large extent	16	61.5		
	To a very large extent	7	26.9		
	Total	26	100.0		
Employees of the bank are allowed to participate in decision making process.	Not at all	1	3.8	4.23	1.11
	To a less extent	1	3.8		
	To a moderate extent	1	3.8		
	To a large extent	16	61.5		
	To a very large extent	7	26.9		
	Total	26	100.0		
There is intrinsic motivation of employee behaviour by managers.	To a less extent	3	11.5	4.12	.95
	To a moderate extent	1	3.8		
	To a large extent	12	46.2		
	To a very large extent	10	38.5		
	Total	26	100.0		

Source: Research Data (2009)

To establish the extent to which employee empowerment practices were adopted by the commercial banks, the study used frequencies and percentages out of which mean scores were obtained to be used as measure of extent. A mean score of below 3.00 indicates that a particular employee empowerment practice was found to be adopted to a less extent while the one with a mean score of between 3.00 and 3.90 indicates that it was found to be adopted to a moderate extent. A practice with a mean score of 4.00 and above was considered to have been adopted to a large extent.

According to the research findings in Table 4.5, it was established that out of the twenty employee empowerment practices that were used in the study, fourteen of them were found to be adopted to a large extent while the rest six were found to be adopted to a moderate extent. The findings show that the mean score for each of the fourteen employee empowerment practices is 4.00 and above while the mean score for each of the six practices range between 3.00 and 3.99, hence satisfying the criteria defined above. Overall, the mean scores range from the low of 3.85 for "employees of the banks being constantly trained to develop their knowledge and skills" to a high of 4.96 for "vision and goals of the banks being clearly spelt out by the top management and all employees clearly understand them", and "managers encourage regular

communication with their employees so that they are informed of what is taking place in the banks".

However, a further look at the findings reveals that different proportions of respondents indicated that the practices were found to be adopted to different extents. This is indicated by the different proportions who indicated the extent of adoption as not at all, to a less extent, moderate extent, large and very large extents. Therefore, the aggregate extent of adoption was indicated by the mean scores and the variations on the extents of adoption were indicated by the standard deviations.

Consequently, according to the mean scores, the findings imply that commercial banks that participated in the study adopted the following employee empowerment practices to a large extent (those with mean scores of 4.00 and above). The practices are ordered according to the magnitude of the mean score in a descending order. They include: vision and goals are clearly spelt out by the top management and all employees clearly understand them, managers encourage regular communication with their employees so that they are informed of what is taking place in the banks, the goals are well aligned with strategy to motivate employees towards achieving them, adequate resources (financial, information, tools and equipments) are provided to employees whenever they are required in undertaking their duties, employees are allowed to participate in decision making process, there is intrinsic motivation of employee behaviour by managers, high degree of trust is highly encouraged and maintained between managers and employees and among employees, managers get employees to do what needs to be done rather than doing what they are told, there is extensive delegation, individual responsibility and autonomy in decision making, merit and fanfare are offered for ideas generated by employees and accepted for use in the bank, employees are motivated by both extrinsic and intrinsic rewards such as autonomy in decision-making and being assigned challenging work, managers release some of their authority and responsibility to other levels of the organization, management supports the inauguration of empowerment programs whenever such programs are initiated, and the banks have adopted a leadership strategy in which managers intuitively tap into expressed thoughts of employees, give verbal expression to their feelings and embrace delegation.

The practices that were found to be adopted to a moderate extent (those with mean scores of between 3.00 and 3.99) include: managers acting as mentors to the employees, managers inspiring subordinates through visionary and effective leadership, managers enhancing positive attitude, commitment and involvement among employees, management putting in place structures and systems that support employee empowerment, necessary information being readily availed to all concerned employees in good time to enable them make thoughtful decisions, and employees of being constantly trained to develop their knowledge and skills.

From the study findings, it was observed that even though employee empowerment practices were found to be adopted both to moderate and large extents, there were different variations from the respondents on the extent to which the practices were adopted. This is indicated by the standard deviations against each of the employee empowerment practice which range from a low of 0.55 standard deviations to a high of 1.11 standard deviations. Therefore, this variation comes about due to the fact that the responses for each of the employee empowerment practice were spread across the likert scale options. The responses ranged from “not at all” to “very large extent” for the practices. Low standard deviations indicate no significant variations of the extent of adoption of employee empowerment practices while high standard deviations indicate significant variations.

A further look at the study findings reveals that no employee empowerment practice that was found to be adopted to a less extent in general. This is because there was no practice that had a mean score of less than 3.00. This implies that commercial banks have made considerable efforts to embrace employee empowerment as a critical component of their Human Resources Management strategy. The study findings, therefore, support the other empirical findings found in the literature among them Mallak and Kurstedt (1996) on participative management; Noorliza and Hasni (2006) on job involvement and Kirkman and Rosen (1999) on the need for ensuring support for employee empowerment program to succeed in organizations.

4.3 Benefits of Employee empowerment

In establishing the extent to which commercial banks have adopted employee empowerment practices, the study also investigated the perceived benefits of employee empowerment among the commercial banks. This is against the backdrop of the observation that employee empowerment is critical for the success and survival of an organization in this era of globalization. Lashley (2000) adds that employee empowerment has been hailed as a management technique which can be applied universally across all organisations as a means of dealing with the needs of modern global business, and across all industrial sectors.

This study was conceived with the expectation that organizations that have the urge to enhance and sustain employee productivity would strive to mount effective employee empowerment practices as means of building internal competencies for sustained competitive advantage. Therefore, the greatest motivation for adopting employee empowerment is the need to reap benefits that are in line with the organization's vision and mission. To establish perceived benefits of employee empowerment, respondents were presented with empirically proven benefits and were required to indicate the extent to which they perceive them to be benefits. The findings of the study are presented in Table 4.6.

Table 4.6: Perceived Benefits of Employee Empowerment

Perceived Benefit	Responses	Frequency	Percent	M. S	S. D
Employee empowerment is a means of dealing with the needs of modern global business	To a less extent	1	3.8	4.62	.75
	To a moderate extent	1	3.8		
	To a large extent	5	19.2		
	To a very large extent	19	73.1		
	Total	26	100.0		
Empowerment makes employees feel that they are vital to the success of the organization.	To a less extent	1	3.8	4.62	.70
	To a large extent	7	26.9		
	To a very large extent	18	69.2		
	Total	26	100.0		
Empowerment serves as a vote of confidence in the employees' ability to significantly contribute to the organization objectives.	To a less extent	1	3.8	4.31	.68
	To a large extent	15	57.7		
	To a very large extent	10	38.5		
	Total	26	100.0		

Empowerment places people at the centre of the circle rather than on the fringes.	To a less extent	1	3.8	4.00	.80
	To a moderate extent	5	19.2		
	To a large extent	13	50.0		
	To a very large extent	7	26.9		
	Total	26	100.0		
Empowerment leads to employees' long-term commitment towards achieving the organizational objectives.	To a less extent	1	3.8	4.00	.85
	To a moderate extent	6	23.1		
	To a large extent	11	42.3		
	To a very large extent	8	30.8		
	Total	26	100.0		
Empowered employees facilitate the process of positive change in the organization.	To a moderate extent	6	23.1	4.15	.78
	To a large extent	10	38.5		
	To a very large extent	10	38.5		
	Total	26	100.0		
Employee empowerment leads to the satisfaction of the basic human needs of acceptance and ownership.	To a less extent	1	3.8	4.12	.77
	To a moderate extent	3	11.5		
	To a large extent	14	53.8		
	To a very large extent	8	30.8		
	Total	26	100.0		
Empowerment builds trust and promotes effective communication in the organization.	To a moderate extent	3	11.5	4.23	.65
	To a large extent	14	53.8		
	To a very large extent	9	34.6		
	Total	26	100.0		
Employee empowerment increases organizational effectiveness and employee well-being.	To a moderate extent	6	23.1	4.00	.69
	To a large extent	14	53.8		
	To a very large extent	6	23.1		
	Total	26	100.0		
Empowerment of employees leads to job satisfaction, job involvement, loyalty, performance and faster service delivery to customers.	To a less extent	1	3.8	4.00	.75
	To a moderate extent	4	15.4		
	To a large extent	15	57.7		
	To a very large extent	6	23.1		
	Total	26	100.0		
Empowered employees make quick decisions and suggestions that improve quick service delivery in their place of operations and save a lot of money and time in the organization.	To a less extent	2	7.7	4.15	.97
	To a moderate extent	4	15.4		
	To a large extent	8	30.8		
	To a very large extent	12	46.2		
	Total	26	100.0		
Empowered employees provide exceptional customer service in several competitive markets and thus improve the profits of the organizations through repeated business.	To a less extent	2	7.7	4.04	.87
	To a moderate extent	3	11.5		
	To a large extent	13	50.0		
	To a very large extent	8	30.8		
	Total	26	100.0		
Employee empowerment is one of the strategies used in the organization to promote good relationship between employees and customers.	To a moderate extent	4	15.4	4.38	.75
	To a large extent	8	30.8		
	To a very large extent	14	53.8		
	Total	26	100.0		

Source: Research Data (2009)

Perceived Benefits of Employee Empowerment (cont'd)

Employee empowerment leads to reduction of top management workload.	To a less extent	1	3.8	4.23	.71
	To a moderate extent	1	3.8		
	To a large extent	15	57.7		
	To a very large extent	9	34.6		
	Total	26	100.0		
Employee empowerment leads to improved decision-making.	To a moderate extent	5	19.2	4.16	.75
	To a large extent	11	42.3		
	To a very large extent	9	34.6		
	Missing System	1	3.8		
	Total	26	100.0		
Employee empowerment leads to improved training.	To a less extent	1	3.8	4.04	.77
	To a moderate extent	4	15.4		
	To a large extent	14	53.8		
	To a very large extent	7	26.9		
	Total	26	100.0		
Employee empowerment leads to heightened morale and initiative.	To a less extent	1	3.8	4.23	.82
	To a moderate extent	3	11.5		
	To a large extent	11	42.3		
	To a very large extent	11	42.3		
	Total	26	100.0		
Employee empowerment leads to more flexibility and faster decision-making.	To a moderate extent	4	15.4	4.08	.63
	To a large extent	16	61.5		
	To a very large extent	6	23.1		
	Total	26	100.0		
Employee empowerment fosters a competitive climate within the organization.	To a less extent	2	7.7	3.88	.91
	To a moderate extent	6	23.1		
	To a large extent	11	42.3		
	To a very large extent	7	26.9		
	Total	26	100.0		
Employee empowerment facilitates change in the organization and quick response to environmental changes.	To a less extent	1	3.8	4.04	.98
	To a moderate extent	8	30.8		
	To a large extent	5	19.2		
	To a very large extent	11	42.3		
	Missing System	1	3.8		
	Total	26	100.0		
Empowered employees have a high sense of self-efficiency accompanied by significant responsibility and authority over their jobs.	To a less extent	1	3.8	3.92	.93
	To a moderate extent	9	34.6		
	To a large extent	7	26.9		
	To a very large extent	9	34.6		
	Total	26	100.0		
Employee empowerment leads to increased creativity in the organization.	To a less extent	1	3.8	3.96	.82
	To a moderate extent	6	23.1		
	To a large extent	12	46.2		
	To a very large extent	7	26.9		
	Total	26	100.0		

Source: Research Data (2009)

Perceived Benefits of Employee Empowerment (cont'd)

Empowerment promotes learning in the organization.	To a less extent	1	3.8	4.19	.75
	To a moderate extent	2	7.7		
	To a large extent	14	53.8		
	To a very large extent	9	34.6		
	Total	26	100.0		
Employee empowerment enhances teams in the organization.	To a less extent	1	3.8	4.15	.78
	To a moderate extent	3	11.5		
	To a large extent	13	50.0		
	To a very large extent	9	34.6		
	Total	26	100.0		
Empowerment makes employees to appreciate the greater responsibility and decision making as one strategy of retaining them in the organization.	To a less extent	1	3.8	4.00	.69
	To a moderate extent	3	11.5		
	To a large extent	17	65.4		
	To a very large extent	5	19.2		
	Total	26	100.0		

Source: Research Data (2009)

To establish the perceived benefits of employee empowerment, the study used frequencies and percentages out of which mean scores were obtained to be used as measure of perceived benefit. A mean score of below 3.00 indicates lowly perceived benefit; a mean score of between 3.00 and 3.90 indicates a moderately perceived benefit while a mean score of 4.00 and above indicates a highly perceived benefit.

According to the research findings in Table 4.6 above, it was established that out of the twenty five benefits of employee empowerment that were used in the study, twenty two of them were found to be highly perceived while the rest three were found to be moderately perceived. The findings show that the mean score for each of the twenty two benefits of employee empowerment is 4.00 and above while the mean score for each of the three benefits range between 3.00 and 3.99, hence satisfying the criteria defined above. Overall, the perceived benefit ranges from the low of 3.88 for "employee empowerment fostering a competitive climate within the organization." to a high of 4. 62 for "employee empowerment as a means of dealing with the needs of modern global business" and "empowerment making employees feel that they are vital to the success of the organization".

However, a further look at the findings reveals that different proportions of respondents perceived each of the benefits to different extents. This is indicated by the different proportions who perceived the benefits as not at all, to a less extent, moderate extent, large and very large extents. Therefore, the aggregate perceptual measure was indicated by the mean scores and the variations on the perceptual degrees were indicated by the standard deviations.

Consequently, according to the mean scores, the findings imply that respondents who participated in the study highly perceived the following benefits of employee empowerment (those with mean scores of 4.00 and above). The perceived benefits are ordered according to the magnitude of the mean score in a descending order. They include: employee empowerment is a means of dealing with the needs of modern global business, it makes employees feel that they are vital to the success of the organization, it is one of the strategies used in the organization to promote good relationship between employees and customers, it serves as a vote of confidence in the employees' ability to significantly contribute to the organization objectives, it builds trust and promotes effective communication in the organization, it leads to reduction of top management workload, it leads to heightened morale and initiative, it promotes learning in the organization, it leads to improved decision-making, empowered employees facilitate the process of positive change in the organization, empowered employees make quick decisions and suggestions that improve quick service delivery in their place of operations and save a lot of money and time in the organization, and it enhances teams in the organization.

Other benefits highly rated are: employee empowerment leads to more flexibility and faster decision-making, empowered employees provide exceptional customer service in several competitive markets and thus improve the profits of the organizations through repeated business, it leads to improved training, it facilitates change in the organization and quick response to environmental changes, it places people at the centre of the circle rather than on the fringes, empowerment leads to employees' long-term commitment towards achieving the organizational objectives, it increases organizational effectiveness and employee well-being, it leads to job satisfaction, job involvement, loyalty, performance and faster service delivery to customers, and it

makes employees to appreciate the greater responsibility and decision making as one strategy of retaining them in the organization.

The benefits that were moderately rated (those with mean scores of between 3.00 and 3.99) include: employee empowerment leads to increased creativity in the organization, empowered employees have a high sense of self-efficiency accompanied by significant responsibility and authority over their jobs, and it fosters a competitive climate within the organization.

From the study findings, it was observed that even though the benefits of employee empowerment were both moderately and highly rated, there were different variations from the respondents on the extent to which the benefits applied in the respondents' organizations. This is indicated by the standard deviations against each of the perceived benefits which range from a low of 0.63 standard deviations to a high of 0.98 standard deviations. This variation comes about due to the fact that the responses for each of the benefits of employee empowerment were spread across the likert scale options. These findings show high consistency with earlier findings on the extent to which employee empowerment practices were found to be adopted by the commercial banks. The findings also reflect and support, to a large extent, observations made in the literature.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study was designed to establish employee empowerment practices adopted by commercial banks in Kenya. Inherent in this objective was an investigation on the perceived benefits of employee empowerment. Based on the objective and variables drawn from available literature, a questionnaire was developed and used to gather the data. The data collected were analyzed using frequencies, percentages, mean scores, and standard deviations. In this chapter, the study findings are summarized and conclusions drawn. This chapter also includes sections on limitations to the study and recommendations for further research.

5.2 Summary

The need for firms to remain competitive and successful in the long term has necessitated the development of internal capabilities as a source of sustainable competitive advantage. Employee empowerment has been hailed as one of the means through which organizations enhance their capabilities in order to reap the benefits of efficiency and effectiveness in decision making. This study sought to contribute into the pool of empirical literature by laying its focus on employee empowerment practices and the perceived benefits among commercial banks in Kenya.

The findings of the study show that out of the twenty-six commercial banks that participated in the study, twenty-five of them have in place policies on employee empowerment. Consequently, out of twenty employee empowerment practices that were presented to the respondents, fourteen of them were found to be adopted by the banks to a large extent while six were found to be adopted to a moderate extent. Those were found to be adopted to a large extent (mean score of 4.00 and above) include: vision and goals are clearly spelt out by the top management and all employees clearly understand them, managers encourage regular communication with their employees so that they are informed of what is taking place in the banks, the goals are well aligned with strategy to motivate employees towards achieving them, adequate resources (financial, information, tools and equipments) are provided to employees

whenever they are required in undertaking their duties, employees are allowed to participate in decision making process, there is intrinsic motivation of employee behaviour by managers, and a high degree of trust is highly encouraged and maintained between managers and employees and among employees.

Others include: managers get employees to do what needs to be done rather than doing what they are told, there is extensive delegation, individual responsibility and autonomy in decision making, merit and fanfare are offered for ideas generated by employees and accepted for use in the bank, employees are motivated by both extrinsic and intrinsic rewards such as autonomy in decision-making and being assigned challenging work, managers release some of their authority and responsibility to other levels of the organization, management supports the inauguration of empowerment programs whenever such programs are initiated, and the banks have adopted a leadership strategy in which managers intuitively tap into expressed thoughts of employees, give verbal expression to their feelings and embrace delegation.

Those that were found to be adopted to a moderate extent (mean score of between 3.00 and 3.99) include: managers acting as mentors to the employees, managers inspiring subordinates through visionary and effective leadership, managers enhancing positive attitude, commitment and involvement among employees, management putting in place structures and systems that support employee empowerment, necessary information being readily availed to all concerned employees in good time to enable them make thoughtful decisions, and employees of being constantly trained to develop their knowledge and skills.

The findings of the perceived benefits of employee empowerment were found to be reflective of the extent to which the practices are adopted. Out of twenty five benefits that were used in the study, twenty two of them were highly rated while three were moderately rated.

5.3 Conclusions

The findings of this research have brought to light some revelations regarding employee empowerment practices and the perceived benefits among commercial

banks in Kenya. The overall results show that most of the commercial banks that participated in the study have policies on employee empowerment. Consequently, these policies have laid basis for the adoption of numerous employee empowerment practices. The findings indicate that the banks, to a large extent, have adopted employee empowerment practices that range from having the vision and goals clearly spelt out by the top management and having all employees clearly understand them up to and including constantly training employees to develop their knowledge and skills.

Similarly, the results indicated that the commercial banks perceive employee empowerment to be highly beneficial in enhancing their performance and ensuring long-term survival. Overall, it could be concluded that, in spite of the variations among respondents with respect to extent of adoption of employee empowerment practices and the perceived benefit of empowerment, the results indicated that commercial banks in Kenya have to a large extent shifted their focus from outward-looking to inward-looking as the best orientation that guarantees not only survival but also sustained competitive advantage and success.

5.4 Limitations of the Study

The findings of this study should be interpreted with the following limitations in mind.

First, it was not possible to get 100% response rate due to the busy schedule for some of the respondents who never found time to fill and return back the questionnaires while some refused to participate in the study.

Secondly, there is a limitation of authenticity of the data received. It was not easy to establish whether or not the targeted respondents are the ones who participated in offering the data that was analyzed. Given that the questionnaires were delivered to respective banks, it was not possible to be present to ensure that the right respondents participate in the study.

Thirdly, the study was limited to commercial banks and may not apply to the non-commercial financial institutions and the entire service industry organizations.

5.5 Suggestions for Further Study

In connection with further research, the researcher recommends the following:

First since this study adopted a census research design yet it was not possible for all commercial banks to participate in the research, a case by case study would help bring out some of the unique findings about specific commercial banks because such studies are in-depth and hence very detailed. This will also increase the chances of getting qualitative data which was not captured during this study.

It is also recommended that studies on other dimensions of employee empowerment be carried out among the commercial banks in Kenya. For instance one might be interested in investigating the relationship between employee empowerment and employee productivity among the commercial banks.

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APPENDICES

Appendix I: Research Questionnaire

Part A: Organizational Bio Data

1. Name of your bank (optional)_____
2. Year of incorporation _____
3. Ownership structure (tick as appropriate)
   a. Privately owned (local) [ ]
   b. Government owned [ ]
   c. Both government and privately owned [ ]
   d. Foreign owned [ ]
   e. Both foreign and locally owned [ ]
4. Size of the bank (No. of Branches)_____
5. Establishment (No. of employees) (Tick)
   a. Below 1500 [ ]
   b. Between 1501-3000 [ ]
   c. Between 3001-6000 [ ]
   d. Over 6000 [ ]
6. Scope of operations (tick)
   a. Local (within Kenya) [ ]
   b. Regional (within East Africa) [ ]
   c. Global (Africa and beyond) [ ]

7. Does your bank have a policy on employee empowerment?

   Yes [ ] No [ ]

8. If Yes in (7) above, briefly state the essence of the policy.

   _____
   _____
   _____
   _____
   _____
   _____

Part B: Employee Empowerment Practices

9. The following are employee empowerment practices that are adopted by organizations as part of their human resource management and organizational development policies. To what extent has your bank adopted each of the practices? Use the key below to tick as appropriate.

1-Not at all; **2**-To a less extent; **3**-To a moderate extent; **4**-To a large extent; **5**-To a very large extent

#	Employee Empowerment Practices	Rating
i.	Vision and goals of the bank are clearly spelt out by the top management and all employees clearly understand them.	[1] [2] [3] [4] [5]
ii.	The bank's goals are well aligned with its strategy to motivate employees towards achieving them.	[1] [2] [3] [4] [5]
iii.	Managers encourage regular communication with their employees so that they are informed of what is taking place in the bank	[1] [2] [3] [4] [5]
iv.	Adequate resources (financial, information, tools and equipments) are provided to employees whenever they are required in undertaking their duties.	[1] [2] [3] [4] [5]
v.	Managers act as mentors to the employees of the bank.	[1] [2] [3] [4] [5]
vi.	High degree of trust is highly encouraged and maintained between managers and employees and among employees.	[1] [2] [3] [4] [5]
vii.	Necessary information is readily availed to all concerned employees in good time to enable them make thoughtful decisions.	[1] [2] [3] [4] [5]
viii.	Employees of the bank are constantly trained to develop their knowledge and skills.	[1] [2] [3] [4] [5]
ix.	Managers enhance positive attitude, commitment and involvement among employees of the bank.	[1] [2] [3] [4] [5]
x.	The bank's management has put in place structures and systems that support employee empowerment.	[1] [2] [3] [4] [5]
xi.	There is extensive delegation, individual responsibility and autonomy in decision making.	[1] [2] [3] [4] [5]
xii.	Managers get employees to do what needs to be done rather than doing what they are told.	[1] [2] [3] [4] [5]
xiii.	Merit and fanfare are offered for ideas generated by employees and accepted for use in the bank.	[1] [2] [3] [4] [5]
xiv.	Management supports the inauguration of empowerment programs in the bank whenever such programs are initiated.	[1] [2] [3] [4] [5]
xv.	Managers inspire subordinates through visionary and effective leadership.	[1] [2] [3] [4] [5]
xvi.	The bank has adopted a leadership strategy in which managers intuitively tap into expressed thoughts of	[1] [2] [3] [4] [5]

	employees, give verbal expression to their feelings and embrace delegation.	
xvii.	Employees of the bank are motivated by both extrinsic and intrinsic rewards such as autonomy in decision-making and being assigned challenging work.	[1] [2] [3] [4] [5]
xviii	Managers release some of their authority and responsibility to other levels of the organization.	[1] [2] [3] [4] [5]
xix.	Employees of the bank are allowed to participate in decision making process.	[1] [2] [3] [4] [5]
xx.	There is intrinsic motivation of employee behaviour by managers.	[1] [2] [3] [4] [5]
	Others	
		[1] [2] [3] [4] [5]
		[1] [2] [3] [4] [5]
		[1] [2] [3] [4] [5]

Part C: Perceived Benefits of Employee Empowerment

10. In your view, to what extent do you perceive the following as benefits of employee empowerment in your organization? Use the key below to tick as appropriate.

1-Not at all; **2**-To a less extent; **3**-To a moderate extent; **4**-To a large extent; **5**-To a very large extent

#	**Perceived Benefits of Employee Empowerment**	**Rating**
i.	Employee empowerment is a means of dealing with the needs of modern global business	[1] [2] [3] [4] [5]
ii.	Empowerment makes employees feel that they are vital to the success of the organization.	[1] [2] [3] [4] [5]
iii.	Empowerment serves as a vote of confidence in the employees' ability to significantly contribute to the organization objectives.	[1] [2] [3] [4] [5]
iv.	Empowerment places people at the centre of the circle rather than on the fringes.	[1] [2] [3] [4] [5]
v.	Empowerment leads to employees' long-term commitment towards achieving the organizational objectives.	[1] [2] [3] [4] [5]
vi.	Empowered employees facilitate the process of positive change in the organization.	[1] [2] [3] [4] [5]
vii.	Employee empowerment leads to the satisfaction of the basic human needs of acceptance and ownership.	[1] [2] [3] [4] [5]
viii.	Empowerment builds trust and promotes effective communication in the organization.	[1] [2] [3] [4] [5]

ix.	Employee empowerment increases organizational effectiveness and employee well-being.	[1] [2] [3] [4] [5]
x.	Empowerment of employees leads to job satisfaction, job involvement, loyalty, performance and faster service delivery to customers.	[1] [2] [3] [4] [5]
xi.	Empowered employees make quick decisions and suggestions that improve quick service delivery in their place of operations and save a lot of money and time in the organization.	[1] [2] [3] [4] [5]
xii.	Empowered employees provide exceptional customer service in several competitive markets and thus improve the profits of the organizations through repeated business.	[1] [2] [3] [4] [5]
xiii.	Employee empowerment is one of the strategies used in the organization to promote good relationship between employees and customers.	[1] [2] [3] [4] [5]
xiv.	Employee empowerment leads to reduction of top management workload.	[1] [2] [3] [4] [5]
xv.	Employee empowerment leads to improved decision-making.	[1] [2] [3] [4] [5]
xvi.	Employee empowerment leads to improved training.	[1] [2] [3] [4] [5]
xvii.	Employee empowerment leads to heightened morale and initiative.	[1] [2] [3] [4] [5]
xviii	Employee empowerment leads to more flexibility and faster decision-making.	[1] [2] [3] [4] [5]
xix.	Employee empowerment fosters a competitive climate within the organization.	[1] [2] [3] [4] [5]
xx.	Employee empowerment facilitates change in the organization and quick response to environmental changes.	[1] [2] [3] [4] [5]
xxi.	Empowered employees have a high sense of self-efficiency accompanied by significant responsibility and authority over their jobs.	[1] [2] [3] [4] [5]
xxii.	Employee empowerment leads to increased creativity in the organization.	[1] [2] [3] [4] [5]
xxiii	Empowerment promotes learning in the organization.	[1] [2] [3] [4] [5]
xxiv	Employee empowerment enhances teams in the organization.	[1] [2] [3] [4] [5]
xxv.	Empowerment makes employees to appreciate the greater responsibility and decision making as one strategy of retaining them in the organization.	[1] [2] [3] [4] [5]
	Others	
		[1] [2] [3] [4] [5]
		[1] [2] [3] [4] [5]
		[1] [2] [3] [4] [5]

11. What is your general comment on the subject of this study?

_____

_____

_____

_____

_____

Thank for your kind cooperation

Appendix II: A List of Commercial Banks

1.African Banking Corporation Ltd.
2. Bank of Africa Kenya Ltd
3. Bank of Baroda (K) Ltd
4. Bank of India
5. Barclays Bank Of Kenya Ltd
6. CFC Bank Ltd
7. Chase Bank (K) Ltd
8. Citibank N.A Kenya
9. City Finance Bank Ltd
10. Co-operative Bank Of Kenya Ltd
11. Commercial Bank Of Africa Ltd
12. Consolidated Bank of Kenya Ltd
13. Credit Bank Ltd
14. Development Bank of Kenya Ltd
15. Diamond Trust Bank (K) Ltd
16. Dubai Bank Kenya Ltd
17. Eco-Bank Ltd
18. Equatorial Commercial Bank Ltd
19. Equity Bank Ltd
20. Family Bank Ltd
21. Fidelity Commercial Bank Ltd
22. Fina Bank Ltd
23. Giro Commercial Bank Ltd
24. Guardian Bank Ltd
25. Gulf Bank Ltd.
26. Habib Bank A.G Zurich
27. Habib Bank Ltd
28. Imperial Bank Ltd
29. Investment & Mortgages Bank Ltd
30. K-Rep Bank Ltd
31. Kenya Commercial Bank Ltd
32. Middle East Bank (K) Ltd
33. National Bank of Kenya Ltd
34. National Industrial Credit Bank Ltd
35. Oriental Commercial Bank Ltd
36. Paramount Universal Bank Ltd
37. Prime Bank Ltd
38. Prime Capital and Credit Ltd
39. Southern Credit Banking Corp. Ltd
40. Stanbic Bank Kenya Ltd
41. Standard Chartered Bank (K) Ltd
42. Trans-National Bank Ltd
43. Victoria Commercial Bank Ltd
44. Gulf Development Bank
45. First American Bank