

# Impact of Leadership and Empowerment on Performance of Employees in Rural Banks: A Special Reference to Chhattisgarh Rajya Gramin Bank

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**Abstract** – Employees represent the organization in different spheres. They may create a positive or a negative image of the organization in front of the customers. It is known that a organization without leader is just like a boat without rudder. Leadership play a vital role in achieving organizational objective, this can be only possible if an organization is having a good leader and leadership style in an organization. A good leader can easily motivate its employees and can easily change individual interest to organizational interest. Thus, there is need of good leader in the organization to motivate the employees, guiding them in a proper direction for achieving the organizational objective. Also, if organizational wants to achieve its objective in a given time period they have to empower their employees, so that they are freely to do their work, take their own decision regarding the task allotted to them can be easily completed without and delay . The study is basically focused on the impact of leadership and empowerment on performance of employees of Chhattisgarh Rajya Gramin Bank.

**Key Words** – Empowerment, Leadership, Performance, Communication, Self-Reliance Ownership, Organization etc.

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## INTRODUCTION

The goal of each and every organization is to sustain its existence and to survive in this competitive world. The organization has to continuously increase their performance to meet the needs of the customer in a highly competitive environment. Providing proper autonomy to employees to take decision of their own which in turns gives positive outcomes and to uplift the employees in the organization which can be only possible through employee empowerment. The employees will contribute towards the organizational objective only if they are highly motivated, involving them in various decision making activities, their performance will increases, all those things can be only possible if the employees in an organization are empowered. The effectiveness of an organization depends upon the effective leader and effective leader is that person who has an effective leadership style. Leadership is a very important factor for any organization or group. If the employees are empowered and get right supervision then the performance of employees will be in right direction.

## REVIEW OF LITERATURE

There is a direct relation between employee empowerment & organizational outcomes such as innovation, greater effectiveness & better performance. (Kanter 1977)<sup>1</sup>.

Empowered employees choose the best way to perform a given task, their level of self-efficacy increases as they know better how their jobs are performed. (Gist & Marilyn E& Terence R Mitchell, 1992)<sup>2</sup>.

Employee empowerment enables employees to make decisions which influence performance of the organization and also influences its direction. It's all about sharing information with the employees regarding organization's performances &, rewards that influences organizational performance. Employee empowerment induces knowledge among the employees to understand and contribute towards organizational goals (Bowen and Lawler, 1992)<sup>3</sup>.

Empowered employees are the key factors to attain service quality & customer satisfaction. (Chow et al., 2006)<sup>4</sup>.

There is congruency between empowering structures & various outcomes for the organization in terms of firm, unit & team performance. (Spreitzer, G.M, 2007)<sup>5</sup>.

Leadership is the important factors for enhancing firm performance. Leaders, as the key policy - makers, find out the acquisition, development, and deployment of organizational resources, the conversion of these resources into valuable products and services, and the delivery of value to organizational stakeholders. Thus, they are strong sources of managerial and sustained competitive advantage (Avolio et al., 1999)<sup>6</sup> (Rowe, 2001)<sup>7</sup>.

Employee performance is a multi-dimensional construct. It denotes what individual has accomplished in the past. Performance is something that the individual or team leaves behind (Butler & Rose, 2015).

Employee performance refers to the behavior individuals engage themselves in or produce that are in line with and add to an organization's goal (Ikyanyon & Ucho, 2014)<sup>8</sup>.

## RESEARCH METHODOLOGY

### A: Objective of Study

1. To determine the impact of Employee Communication on employee performance at Chhattisgarh Rajya Gramin Bank.
2. To determine the impact of Employee Self-Reliance Ownership on employee performance at Chhattisgarh Rajya Gramin Bank.
3. To determine the impact of Employee Relationship with co-workers on employee performance at Chhattisgarh Rajya Gramin Bank.
4. To determine the impact of Employee Experience Owned Power on employee performance at Chhattisgarh Rajya Gramin Bank.
5. To determine the impact of Employee Independence of Decision on employee performance at Chhattisgarh Rajya Gramin Bank.
6. To determine the impact of Employee Access to Opportunities and Sources on employee performance at Chhattisgarh Rajya Gramin Bank.

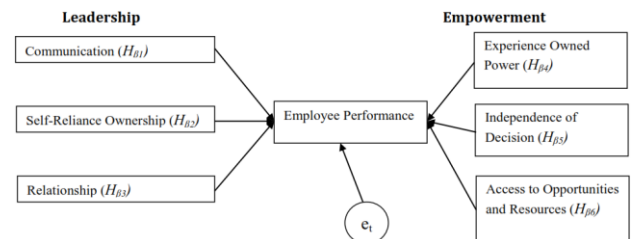
### B: Population of the Study:

For this study, the Population is finite and employees from all the Chhattisgarh Rajya Gramin Bank form the Population.

### C: Sample Size:

The Sample Size for the study is 300. Respondents were from a balanced mix of various demographic factors (age, gender, Income, Education and designation).

### D: Research Model



### E: Research Hypothesis

**H<sub>a1</sub>:** Employee communication has not a significant impact on the employee performance

**H<sub>β1</sub>:** Employee communication has a significant impact on the employee performance;

**H<sub>a2</sub>:** Employee Self Reliance Ownership has not a significant impact on the employee performance

**H<sub>β2</sub>:** Employee Self Reliance Ownership has a significant impact on the employee performance

**H<sub>a3</sub>:** Employee Relationship with co-workers has not a significant impact on Employee Performance

**H<sub>β3</sub>:** Employee Relationship with co-workers has a significant impact on Employee Performance;

**H<sub>a4</sub>:** Employee Experience Owned Power has not a significant impact on Employee Performance

**H<sub>β4</sub>:** Employee Experience Owned Power has a significant impact on Employee Performance;

**H<sub>a5</sub>:** Employee Independence of Decision has not a significant impact on the employee performance;

**H<sub>β5</sub>:** Employee Independence of Decision has a significant impact on the employee performance;

**H<sub>a6</sub>:** Employee Access to Opportunities and Sources has not a significant impact on the employee Performance;

$H_{\beta 6}$ : Employee Access to Opportunities and Sources has a significant impact on the employee Performance.

## RESULT ANALYSIS

### Multiple Regression Analysis (Table No.-1)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	0.767	0.589	0.580	0.782

### Interpretation

The coefficient of Determination is more than 0.58 which suggests that there is linearity of observed and predicted dependent variable.

ANOVA (Table No.-2)

ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	256.252	6.000	42.709	69.879	0.000
Residual	179.075	293.000	0.611		
Total	435.327	299.000			
Dependent Variable: Y					
Predictors: (Constant), Access to Opportunities and Sources, Independence of Decision, Relationship with co-workers, Employee Communication, Experience Owned Power, Self Reliance Ownership					

### Interpretation

The ANOVA is significant which suggests that Regression is a Model Fit.

Regression Beta Coefficients (Table No.-3)

Model	Coefficients				t	Sig.	Collinearity Statistics	
	Unstandardized Coefficients	Std. Error	Standardized Coefficients	Beta			Tolerance	VIF
Constant	4.697	1.240			3.788	0.000		
Employee Communication	0.123	0.038	0.168		3.279	0.001	0.534	1.874
Self-Reliance Ownership	-0.987	0.127	-0.542		-7.750	0.000	0.287	3.484
Relationship with co-workers	-0.584	0.120	-0.198		-4.857	0.000	0.843	1.186
Experience Owned Power	-0.243	0.093	-0.154		-2.627	0.009	0.408	2.449
Independence of Decision	1.867	0.206	0.379		9.073	0.000	0.805	1.242
Access to Opportunities and Sources	0.360	0.085	0.210		4.258	0.000	0.575	1.740
Dependent Variable: Employee Performance								

### Interpretation

The analysis finds that all the variables are significant. All the Research Hypotheses viz.,  $H_{\beta 1}$ ,  $H_{\beta 2}$ ,  $H_{\beta 3}$ ,  $H_{\beta 4}$ ,  $H_{\beta 5}$  and  $H_{\beta 6}$  are accepted. The VIF shows that there are no chances of collinearity.

## FINDINGS

The present study was undertaken to analyze the Impact of Leadership and Empowerment on Performance of Employees in Rural Banks: A Special Reference to Chhattisgarh Rajya Gramin Bank. The hypotheses were investigated and tested for Chhattisgarh Rajya Gramin Bank with a sample size of 300 employees after scrutinizing the available literature with respect to the framework of study.

The findings of the proposed research work can be summarized as under-

1. Employee communication has a significant impact on the employee performance.
2. Employee Self Reliance Ownership has a significant impact on the employee performance.
3. Employee Relationship with co-workers has a significant impact on Employee Performance.
4. Employee Experience Owned Power has a significant impact on Employee Performance.
5. Employee Independence of Decision has a significant impact on the employee performance.
6. Employee Access to Opportunities and Sources has a significant impact on the employee Performance.

## CONCLUSION

From the research work undertaken, it has been observed that the Bank industry believes strongly in leadership and employee empowerment which is evident from the hypotheses formulated and tested. Leadership and Empowerment helps the organization to retain the employees. The organization should provide basis for good communication system among employees and make atmosphere friendly then performance of employees can be enhanced also if the employees are free to take decision their performance will increase. Without leadership and empowerment organization cannot survive in the competitive world. Hence from this research it can be concluded that empowerment and leadership are the important factors for employee's performance.

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