

Relationship between Employee Empowerment and Customer Satisfaction in the Melli Banks of Isfahan Province

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Abstract

Rapid environmental changes threaten the survival of many organizations. Global economy is driven by regional economic impact and information technology, new media, free consumer culture, emerging global standards and the possibility of contributing to the costs, are the effective environmental changes of nowadays (Godarzi and Gominian, 1381: 37). Thus, current organization for their survival, should have features like customer orientation, high flexibility and transparency. And to achieve such characteristics, they should empower their most important source and competitive tool, namely human resource (Abtahi nd Abbasi, 1386:1). Personnel Empowerment is one of the most important strategies in the customer satisfaction and customer loyalty. Customer service is the oldest and still the most recent resource for any service provider. In today's world, those organizations are successful that recognize the client is the biggest asset of any institution. Customer pays all payroll and employee benefits. Today, the preservation and strengthening customer loyalty is seen as a strategic challenge for organizations that are concerned to maintain and develop their position in the market, and providing services that could be interesting for customers are regarded essential and necessary (Hopson et al, 1381). So, the main question here is that what is the relationship between employee empowerment and bank customer orientation? In other words, if the bank's Personnel Empowerment and its components have any effect on the level, extent and the quality of bank services provided to customers? In this context, this paper seeks to determine the relationship between employee empowerment, including training, human resources, distribution and sharing of information, motivation, delegation and teamwork development with the enhancement of customer satisfaction in the Melli Bank of Esfahan.

Keywords: Empowerment, customer-satisfaction, Education, Distribution of information, motivation, team work, delegation.

1. Introduction

Rapid environmental changes threaten the survival of many organizations. Global economy is driven by regional economic impact and information technology, new media, free consumer culture, emerging global standards and the possibility of contributing to the costs, are the effective environmental changes of nowadays (Godarzi and Gominian, 1381: 37).

Thus, current organization for their survival, should have features like customer orientation, high flexibility and transparency. And to achieve such characteristics, they should empower their most important source and competitive tool, namely human resource (Abtahi nd Abbasi, 1386:1).

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customer loyalty is seen as a strategic challenge for organizations that are concerned to maintain and develop their position in the market, and providing services that could be interesting for customers are regarded essential and necessary (Hopson et al, 1381). So, the main question here is that what is the relationship between employee empowerment and bank customer orientation? In other words, if the bank's Personnel Empowerment and its components have any effect on the level, extent and the quality of bank services provided to customers?

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2. Literature

Employee Empowerment

Empowerment literature, so far, has seen many changes, until finally, Lee (2001) defines empowerment as an opportunity to increase dialogue, critical thinking, and small groups activity and points out that providing possibility to move toward multiplexing, sharing, and refining the experience, thinking, seeing and conversations, are the most important component of empowerment.

The history of using empowerment term in management goes back to industrial democracy and employee participation in decision making in the organization, under different names, such as team building, active participation and total quality management. In general, in 1980, the term was specifically introduced in management, that can be used to design a response to Taylorism promotion approach that recommends simplifying the job.

Multiple dimensions of empowerment have made it difficult to define. The authors have increasingly used different words to describe similar approaches. Sullivan (Sullivan, 1994) shows that until 1990, the empowerment was available only through articles on topics such as participatory management, total quality management, personal development, quality circles and strategic plan. Since the 1990s, the number of articles entitled "Empowerment" increased (Ond, 1997:202).

A literature review showed that most researchers have defined empowerment as increase human resource skills to do the job better (Amy Chai, 2008, pp 34-49).

However, there is no consensus among researchers on the origin of the empowerment and factors lead to empowerment. So in this respect, empowerment studies can be presented in several categories (Blanchard, 2003, p 6).

Considering the theories about the source of empowerment and empowerment models, they can be categorized in two dimensions, Individual and organizational. In the individual empowerment, the individual's role and psychological characteristics for empowerment has been referred to, but in the organizational empowerment, while accepting the fundamental role of person in the empowerment, it is emphasized on the existence and availability of organizational factors as instruments or agents of empowerment.

In one of the best studies in the field of empowerment by Spritzer (1992), four dimensions were identified for the empowerment. Later, according to studies of Mishra (1992), one more dimension was added and five key dimensions of empowerment emerged. However, in the Conger and Kanungo Studies (1998), these dimensions have also referred to. These include feelings of self-efficacy or competence, a sense of self-organizing, self-acceptance, significant and reliability. When the directors can foster these five dimensions in the employees, they are successfully empowered them.

Customer Satisfaction

Literature related to the relationship between customer satisfaction tastes and customer profitability indicates that customer satisfaction affect customer tastes and this, in turn, affects the profitability. The

proponents of this theory are researchers such as Anderson and Fornel (1994), Gamson (1993), skelet et al (1995), Shnydlr and Bowen (1995), Astorbaka et al (1994) and zitaml et al (1990). The researchers explain the relationship between satisfaction, profitability and tastes. Statistical analysis resulting from this connection by was introduced Nelson et al (1992), they investigated the relationship between customer satisfaction and profitability in the hospitals. Blanchard and Galloway argue that customer satisfaction, is the result of customer perception in a transaction or valuable relationship, so that the price is equal to the ratio of quality to price and cost of customer service. Naser and Jamal defined customer satisfaction as a feeling or attitude of a customer towards a product or service after using it. The researchers suggest that customer satisfaction is the main result of marketing activity that acts as a link between the various stages of the consumer buying behavior. For example, if customers are satisfied with a particular service, most likely their purchase will be repeated. Satisfied customers are also likely to speak to others about their experiences and involved in positive word of mouth promotions. Conversely, dissatisfied customers may disconnect their connection to the provider. In addition, behaviors such as repeat purchase and word of mouth advertising directly affect the survival and profitability of a company. (Naser and Jamal, 2000, p 147).

The findings show that customer satisfaction is the fundamental basis of perceived quality.

The application and appearance of the product have a direct impact on satisfaction and attachment to the product.

3. Research Model and Hypotheses

After extensive research and in-depth studies that were conducted in this field, a new model that had not been previously tested for this study was provided. The most important new feature of this model is the fact that, this is the first time that customer satisfaction and loyalty are considered using a number of factors. The factors that were selected for evaluation in this research include: Training, information sharing, motivation, teamwork (team building), and delegating. Many factors (education, teamwork and information sharing), were selected because these factors have been extensively evaluated in previous studies, However, these factors have never been combined in a single model for investigating the relationship between them and their total impact on customer satisfaction. A schematic view of the proposed model is presented in

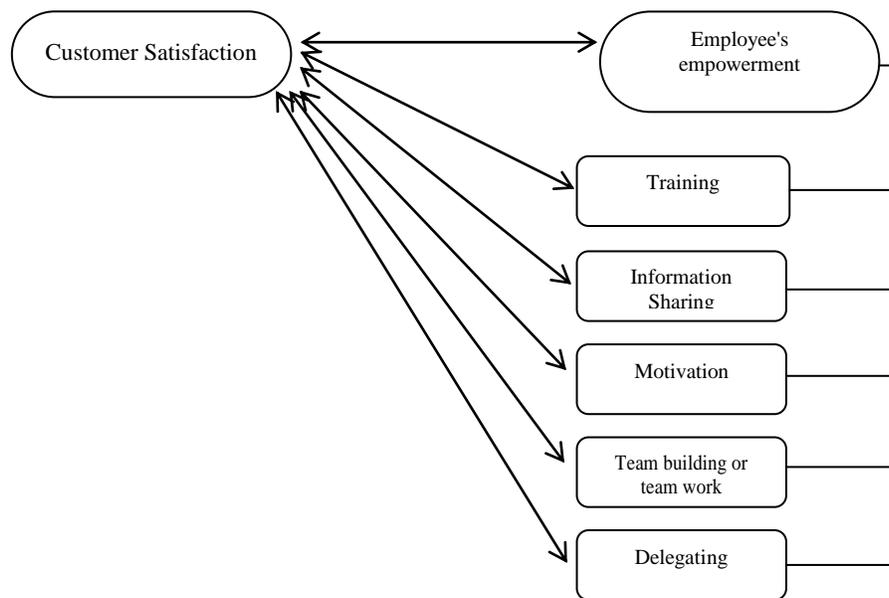


Figure 1: Conceptual model (derived from the study of Yoon, Hyun Seong Seo and Yoon (2000), adjusted by: the author)

Employees Empowerment

Based on theoretical studies by experts in the field of organizational management and human resources management, Like L. Daft (1982), Kenneth Blanchard (1988), r. Jrys (1988), Reader (2000), Cartwright (2002), C.wery and lax (2001), Scott and Zhaf (1979) and Gordan (1993), empowerment is associated with strengthening, expanding, and maintaining factors such as (1)power, (2) participation, (3) Delegation of authority, (4) information dissemination, (5) the nature of jobs, (6) management, (7) leadership, (8)organization and (9) environmental elements. Therefore, the main research hypothesis is formulated as follows:

H1: There is a significant relationship between employee empowerment, and customer satisfaction in the Melli Bank.

Training

Training is referred to whatever that can improve knowledge, skills, and behavior of employee. training may be the usual training such as classes or can applied as individualized instruction, correspondence, Internet or through catalogs, posters, booklets or Manual(Abtahi& Abbasi,1386:122).

Teaching, is the creation of learning environments in which activities needed for the learner to acquire the knowledge and thinking ability is maximized (Seidel and Shavlsion, 2007). According to Senge (1380), manpower training, creates deeper insights, more knowledge and more skills and abilities. Considering the above points, the first sub-hypothesis is formulated as follows:

H2: There is a significant relationship between employee training and customer satisfaction in the Melli Bank.

Multiplexing (Distribution Of) Data

One important way of empowering employees, is to let them have access to more organizational information (Spritzer 1995, Cameron 1998, Bowen and Lawler 1992, Morris and Blanchard et al 1999). Employees' access to company's information allows them to see the big picture and better understand their role in organizational operations. Bandura's Cognitive Theory (1997) states that access to information facilitate the automatic creation of staff (quoted from Spritzer, 1996). Blanchard et al (1996) argue that the first key factor to empowering is to share different kind of information among employees. Accordingly, the second sub-hypothesis is formulated as follows:

H3: There is a significant relationship between information sharing and customer satisfaction in the Melli Bank.

Motivation

Desire for hard work in order to meet the objectives of the organization is such that this attempt leads to the satisfaction of some individual needs (Kriner, 1381).

Motivation is the creative, supportive and conductive force (seif, 1387:230)

Motivation is a dynamic force that makes movement or human action, a generic term which is applied to all strains, desires, needs and demands (Iran nejad parizy & Sasan Gohar, 1380:376). Accordingly, the third sub-hypothesis is formulated as follows:

H4: There is a significant relationship between employee motivation and customer satisfaction in the Melli Bank.

Teamwork

Formidable group is a group that sees itself as a cohesive unit and clearly known where to go and its entire member share the essential qualities of labor, power, skills, control, option and bonus (Scott, Jaffe, 1375: 110).

Accordingly, the fourth sub-hypothesis is formulated as follows:

H5: there is a meaningful relationship between teamwork (team building) and customer satisfaction in the Melli Bank.

Delegating

Delegating the authority is the most important mechanism of empowerment. It is like a vascular flowing within a tree and by interruption, the tree will be destroyed (Wilson, 1996). Effective delegating of authority can help to improve the capability and knowledge of subordinates (Abtahi & Abbasi, 1386:16). Delegating the authority is to leave the work to someone else, although, the ultimate responsibility will remain to the main person (Heller, 1381). Accordingly, the fifth sub-hypothesis is formulated as follows:

H6: there is a meaningful relationship between delegating the authority and customer satisfaction in the Melli Bank.

Materials and Methods

This study is an applied research and in terms of methodology is descriptive and measurement. Accordingly, in this study, data from certain groups are collected in the form of a questionnaire and then analyzed based on a specific rule and framework.

The Sample

The sample of the research is random and consists of all employees (except service) of Melli Bank branches in Isfahan. The total population, according to the latest statistics and information, were 1815 persons. Using Morgan's table, sample size n = 318 is obtained.

Methods of Data Collection

In the descriptive research, descriptive data are collected through questionnaires, interviews or observation. Regarding the topic, purpose, and also the type of research, the primary means of collecting data for the tests, was a questionnaire.

4. The Findings

Respondent's Profile

A detailed view of the respondents' profile is provided in Table 1. This table shows that two samples of employees and customers in terms of gender, age and level of education are in a reliable condition and their opinion has the ability to generalize to the target population.

Table 1: Respondent's Profile

	Gender		Age				Level of education			
	man	women	-25	26-30	31-40	+40	Below Diploma	Diploma	Associate degree	Bachelor
staff	164	36	57	143	96	7	60	49	156	27
customers	226	73	30	80	111	88	23	71	58	145

Table 2: Check Normality of Variables Relating To Empowerment

Variable	Probability
Training	0.092
Information Sharing	0.225
Motivation	0.093
Team work	0.106
Delegating	0.110
Empowering employees	0.434

Normality Test

Comments normality test indicated that the views of employees and customers sample were normal and the use of parametric tests is allowed. Normality test results are shown in Table 2.

Examining Research Hypothesis

The relationship between indicators of empowerment and customer satisfaction predicates, according to the data presented in Table 3, shows that there is meaningful relation between empowerment of employees at the bank and customer satisfaction; Both employees and customers have confirmed this. These results can be generalized to the whole target population. Table 3, clearly shows the relationship between various dimensions of employee empowerment and customer satisfaction. the data suggests that all aspects of empowering employees have a significant and positive correlation with customer satisfaction in melli banks.

Table 3: Determination of Relationship between Indicators of Empowerment and Customer Satisfaction Predicates

Hypotheses	Average	Standard deviation	δ	Probability	Result
There is a significant relationship between employee empowerment, and customer satisfaction	3.78	0.818	0.669	0.000	accept
There is a significant relationship between employee training and customer satisfaction	3.64	0.771	0.594	0.000	accept
There is a significant relationship between information sharing and customer satisfaction	3.28	0.798	0.636	0.000	accept
There is a significant relationship between employee motivation and customer satisfaction	3.14	0.986	0.972	0.009	accept
there is a meaningful relationship between teamwork (team building) and customer satisfaction	3.41	0.815	0.664	0.000	accept
there is a meaningful relationship between delegating the authority and customer satisfaction	3.26	0.843	0.710	0.000	accept

5. Discussion and Conclusions

This article is an attempt to examine the relationship between employee empowerment and customer satisfaction in the Melli Bank. For this purpose, the, data were collected and analyzed using questionnaires. The results clearly showed that there is a significant positive correlation between all aspects of employee empowerment, includes training, information sharing, motivation, teamwork and delegating, and the level of customer satisfaction.

Main hypothesis of research: There is a significant relationship between employee empowerment, and customer satisfaction.

The correlation between empowerment and customer satisfaction, was 92 percent and this value is meaningful because the observed probability (p=0.00), is smaller than the considered (Critical) level (p = 0.05). So, with 95% confidence, it can be judged that the observed correlation is meaningful. The

determination coefficient indicates that the 84.8 percent of the variation in customer satisfaction is related to changes in empowerment, thus the first hypothesis is confirmed.

The first sub-hypothesis: There is a significant relationship between employee training and customer satisfaction

The correlation between training and customer satisfaction, was 68 percent and this value is meaningful because the observed probability ($p=0.00$), is smaller than the considered (Critical) level ($p = 0.05$). So, with 95% confidence, it can be judged that the observed correlation is meaningful. The determination coefficient indicates that the 46.2 percent of the variation in customer satisfaction is related to changes in training, thus the first sub-hypothesis is confirmed.

The second sub-hypothesis: There is a significant relationship between information sharing and customer satisfaction.

The correlation between information sharing and customer satisfaction, was 83 percent and this value is meaningful because the observed probability ($p=0.00$), is smaller than the considered (Critical) level ($p = 0.05$). So, with 95% confidence, it can be judged that the observed correlation is meaningful. The determination coefficient indicates that the 69.1 percent of the variation in customer satisfaction is related to changes in information sharing, thus the first sub-hypothesis is confirmed.

The third sub-hypothesis: There is a significant relationship between employee motivation and customer satisfaction.

The correlation between employee motivation and customer satisfaction, was 81 percent and this value is meaningful because the observed probability ($p=0.00$), is smaller than the considered (Critical) level ($p = 0.05$). So, with 95% confidence, it can be judged that the observed correlation is meaningful. The determination coefficient indicates that the 69.1 percent of the variation in customer satisfaction is related to changes in employee motivation, thus the first sub-hypothesis is confirmed.

The fourth sub-hypothesis: There is a meaningful relationship between teamwork (team building) and customer satisfaction.

The correlation between teamwork and customer satisfaction, was 79 percent and this value is meaningful because the observed probability ($p=0.00$), is smaller than the considered (Critical) level ($p = 0.05$). So, with 95% confidence, it can be judged that the observed correlation is meaningful. The determination coefficient indicates that the 62.2 percent of the variation in customer satisfaction is related to changes in teamwork, thus the first sub-hypothesis is confirmed.

The fifth sub-hypothesis: There is a meaningful relationship between delegating the authority and customer satisfaction.

The correlation between delegating the authority and customer satisfaction, was 81.8 percent and this value is meaningful because the observed probability ($p=0.00$), is smaller than the considered (Critical) level ($p = 0.05$). So, with 95% confidence, it can be judged that the observed correlation is meaningful. The determination coefficient indicates that the 69.9 percent of the variation in customer satisfaction is related to changes in delegating the authority, thus the first sub-hypothesis is confirmed.

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