

EMPLOYEE EMPOWERMENT ON EMPLOYEE PERFORMANCE OF SELECTED ISLAMIC BANKS IN THE KINGDOM OF BAHRAIN

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Abstract

This research aimed to find the primary objective of human resource in any organization is to effectively manage its workforce by supporting positive attitude such as motivation, enhancing productivity, and organizational citizenship behavior and job satisfaction. Similarly, human resources should reduce negative employee attitudes such as absenteeism, increased turnover, and deviant workplace culture. This study attempts the relationship of employee empowerment on the performance of employees in the banking sector in the Kingdom of Bahrain, which has particularly experienced various crises in the recent past. The responses were collected through a survey that was based on a structured questionnaire on 150 participants. The collected responses were analyzed and tested on standard statistical tools such as frequency analysis on demographics, mean and Pearson's correlation test. For instance, it has been found that in the current situation the employee in the Islamic banking sector in the Kingdom of Bahrain is motivated to improve their performance.

Keywords: Employee Empowerment, Employee Performance, Employee Inclusion, Problem Handling, Employee Creativity, Employee Autonomy, Decision Making, Bahrain

INTRODUCTION

Employee empowerment is a specific condition in which an employee is trusted by the management with increased responsibility and is given the freedom to choose challenges and select the method to counter those challenges. Employee empowerment can be implemented in an organization by using several tools. Encouraging open communication between the management and the employees is the best way to implement employee empowerment in an Islamic bank. An effective rewarding system will surely foster the process of implementing employee empowerment. Not having these in place had led to the creation of a poor working environment according to many researchers (Wooddell,2009).

Bahrain is an Islamic country therefore the impact of Islamic teachings can be seen in every sector of Bahrain's economy. Likewise, the impact of Islamic teaching is very prominent in the banking sector of Bahrain and Islamic banking comprises a major part of Bahrain's banking sector. Islamic banking is also known as Sharia-compliant banking. In a report of Arabian business in 2015, it was exposed that in Bahrain the Islamic banking growth rates are recorded up to 15% and the share of Islamic banking in total assets in Bahrain is 13% which reflects the importance of Islamic banking for the country. In



Bahrain, there is a total of 9 Islamic banks in which some are small whereas some are the world's largest. Albaraka Banking group is the largest Islamic bank in Bahrain with 2138 billion \$ assets. The Al Salam Bank is the second-ranked among the Bahrain Islamic Banks with an asset of 5,185 billion \$. Following this, ABC Islamic Bank, and Bahrain Islamic Bank are at third and fourth rank with assets worth of 352 and 232 billion dollars respectively (Burse Bahrian, 2019). Subsequently, the Islamic Banking Sector of Bahrain needed to consider employees performance improvement through improved practices of employees empowerment to improve their performance and productivity (CBB, 2016)

Banking sectors face some problems and negatives, as a result of the central approach, the hierarchy of empowerment levels, the length of official lines of communication and the confidentiality of information reaching some employees. This made it necessary to study the empowerment of the Islamic banks of Bahrain staff and its relationship on the performance of the staff. They, therefore, require the development of the key structure on which their performance is based, the most important of which is human resource infrastructure. To improve the quality and level of service provided. In this light, the key role played by empowerment in associations is evident. This study aims to identify the relationship between employee empowerment and employee performance. It is a remarkable indicator that some banks, especially in developing countries are still ignoring this. They believe that empowering employees may limit the management's authority and reduce their influence, which does not lead to adopting this concept (GanjiNia, Gilaninia, & Sharami, 2013).

The primary aim and objective of this research are to find the relationship between the employees' empowerment on the performance of the employees in the Islamic banking of Bahrain. The main purpose of this research is to find that how Islamic banks can use by employees empowerment as a tool to improve employees' performance and to what extent the performance of Islamic banks employees could be improved through employee empowerment. Clear conceptual understanding of the variables and then assessing their Relationship on the business is the primary aim of the research. This research project also intends to present the findings by incorporating the findings in respect of the selected bank in Bahrain.

1. To examine the status of employee empowerment in the selected Islamic banks in the Kingdom of Bahrain in terms of Employee inclusion, Problem handling, Employee creativity, Employee Autonomy, Decision making
2. To identify the level of employee performance in the selected Islamic banks in the Kingdom of Bahrain in terms of Employee inclusion, Problem handling, Employee creativity, Employee Autonomy, Decision making
3. To analyze the relationship between the status of employee empowerment management and the level of employee performance of selected Islamic banks in the Kingdom of Bahrain.
4. To bring out the problems encountered and recommendations about employee empowerment of selected Islamic banks in the Kingdom of Bahrain

Davoudi & Allahyari, (2013) opines, it is also helping the governing authority of the organization to know the strengths and weaknesses of their employees and giving them an idea on how to manage their employees more efficiently. Employee empowerment also assists the employees to share their intellectual thoughts and ideas for the overall growth of other employees as well as the organization. Therefore, it is also helping their employees to make some autonomous decisions for their betterment. It ensures an organization to run efficiently in the long run.

Hanaysha, (2016) stated that the working hours also may get increased or decreased depending on the will of the employees and the work pressure. As the working hours get stretched the performance and productivity increase as a result of which quality of products also increases. This can also improve to reduce the cost of supervision and thereby can spend this amount of money on buying new machines and technologies to upgrade their performance. It has a flip side also which may sometimes slow down the process of growth and performance. It occurs because when a large group of people is involved in making a decision, the result gets slow down as all the opinions of the employees do not match. Another factor that includes some security issues crop up because when too many people know too much information there is always a chance that some of this information may get leaked out or misplaced. There is no universal rule that all organization has to follow the participative leadership style; it mainly depends on the managing authority of the organization. Sometimes, many employees become resistant to the new changes which are made in the organization and do not want to get trained to work in the new



organizational setting. The size of the organization also plays an important role in determining the style of leadership. Participative leadership can work as an effective tool to solve certain problems in the organization.

Jayaweera, (2015) opines that the organization should consider their employees as a human being at first and then should judge his or her capabilities. The organization should know the needs of its employees at first and then focus on motivation, quality of the product. Some people in the organization work for personal benefits, others work for some personal affection and some people work to fulfill their personal goals as well as the organizational goals. Employee empowerment comes from some positive kind of teamwork. It also helps their empowered employees to create a team that can collectively work efficiently which will help to gain satisfaction on the job, a higher degree of loyalty. This also helps its employees to create a higher degree of motivation among them and become an efficient team as a whole.

Neda & Sankar, (2019) found that the empowerment aims to give workers the powers and responsibilities and enhance their self-confidence and give them the freedom to perform the work according to the way they see fit without the intervention of direct management. The performance of employees is the final product sought by all organizations, which is an indicator of the performance of the organization and failure, and the upgrading of the level of performance of employees depends on several factors affecting them, including environmental factors, and personal and functional. The results of the study showed a good response rate to the survey questionnaire and the respondents generally perceived a very high level of empowerment and job performance. Also, it was obvious from the results that those respondents showed a very high level of job performance at work in four important dimensions: delegation of authority, teamwork, participation, and communication. The researcher found a strong correlation between the empowerment of employee and job performance in the banks of Bahrain. Thus accepting the alternative hypothesis that provides a link between the empowerment of workers and their performance in the banks of Bahrain confirming that there is a strong correlation.

Nzuve & Bakari, (2012) mentioned that job performance has two factors i.e. task performance and contextual performance. The basic hypothesize for the differentiation of those two factors is followed. The activity of the task performance varies between the jobs. On the other hand, contextual performance activities are more or less similar in every case.

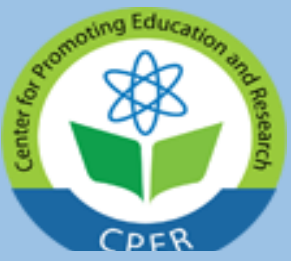
Okoye & Ezejiofor, (2013) found that, though it is a concept of performance it is multi-dimensional itself. This type of performance includes five factors of the eight components of performance. The referred five factors are job-specific proficiency, non-job-specific proficiency, verbal and written proficiency, administration and guidance. All these factors have sub factors simultaneously. Effective planning, guidance, training, and communication can manage the factors perfectly, but the employer has to be aware of the innovation power of the employees and their behavior towards the clients.

Suharti & Suliyanto, (2012) stated that the process of the work, methods and many more related to the job need some change as early as possible. The maintenance and transition stage of the company have to be analyzed properly to allocate required changes in Job Performance. The transition stage is when the company recruits new employees and the job is new to the worker. The maintenance stage is when the employee has related knowledge, innovation and skill to perform the task properly.

Marjani & Alizadeh, (2014) found that the employees may possess a better understanding of the end service of the company and they might also possess better ideas about how to enhance the services a company offers. Hence the inputs of the employees may result in a more practical and applicable decision for the company. The inclusion of the employees in the decision-making process is defined by the level of empowerment that the employees have within an organization.

RESEARCH METHODOLOGY

This study aimed to observe and describe the relationship between attendance management and the self-perceived employee performance among selected commercial banks in the Kingdom of Bahrain. The research design used for this research is descriptive as in this design the focused topic is described by explaining and discussing its related characteristics. By using the simple convenience sampling technique, 50 respondents from each bank (Ithmaar Bank, Bahrain Islamic Bank, and



Khaleeji Commercial Bank) are selected. Convenience sampling allow each sample an equal probability opportunity of being selected hence a sample that is selected is meant to have unbiased representation of the entire populace. Collectives, 150 employees are selected as the research respondents in which every selected Islamic bank. The sample size was identified using the published table (Bartlett, Kotrlik, & Higgins, 2001).

The questionnaire for the participants, it is divided into two different parts based on the sequence of their importance. The first part of the questionnaire will collect demographic information of the participants such as their age, gender, educational, qualification, bank, experience, career level that will help their the researchers point towards how employee empowerment processes affect their performance in the organization. The second part of the questionnaire will be directly about the variables that have been selected for the study. Part A of the questionnaire is designed to measure and assist the status of the employee empowerment. Following this, Part B measures the level of employee performance. Part C is the problems encountered by the employees on the empowerment in the Islamic banks.

After the collection of data through the online survey, this data was analyzed in the statistical analyzing tool, which is named as the SPSS. The use of these tools is to tell more accurate result in understandable and precise manners. Different aspects are applied to analyze the data through SPSS in which the correlation analysis is used to describe the variable's relationship; Cronbach's Alpha is used to check the reliability. Status of employee empowerment and level of performance in the Islamic banks in the Kingdom of Bahrain was calculated using the mean and standard deviation. Carl Pearson Coefficient Correlation was used to find the significant relationships between the status of employee empowerment and level of performance of Islamic banks in the Kingdom of Bahrain.

RESULTS AND DISCUSSIONS

The analysis and interpretation of result related to the relationship between the status of employee empowerment and level of employee performance of selected Islamic banks in the Kingdom of Bahrain.

This study involved 85 female and 65 male participants. The female participants accounted for 56.7% while the male participants accounted for 43.3% of the whole participants. The results show that female respondents were more as compared to male participants by 13.4%. 81 respondents fall in the age group between 21-30 years, which is 54.0% of the total study participants. 54 respondents fall in the age group between 31-40 years representing 34.0% of the research population. 14 respondents fall in the age group between 41-50 years, which is 9.3% of the whole study participants. 1 respondent was from the age group above 50 years representing 0.7% of the whole research. The age groups with the highest number of participants were that between 21-30 years at 54.0%, followed by that between 31-40 years at 34.0%. The age group with the least participants was that above 50 years.

The number of undergraduate respondents who took part in the research was 12, which is 8%. The number of graduate respondents was 96 equivalents to 64% of the whole research participants. The number of post graduate respondents was 42, which is equivalent to 28% of the total research respondents. There were no respondents with other education qualification. According to the above results, it shows that a majority of the research participant's educational qualification level were graduates followed by postgraduates then undergraduates. The number of graduate respondents was 96, which is the highest representing 64% of the total respondents that took part in the study.

Research participants of entry level were 84, which is equal to 56% of the entire population. Respondents with managerial career level were 59 accounting for 39.3%. Participants with high managerial level were 7, which is equal to 4.7% of the total population and only one participant had "other" career level accounting for 0.7%. The table shows that a majority of the respondents was from the entry career level standing at 56% while the least number were those with high managerial career level at 4.7%.

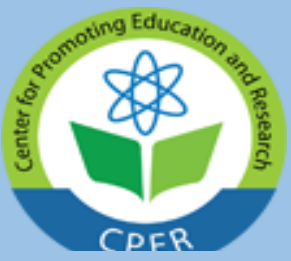
Respondents with work experience below five years, then those with work experience between 5-10 years and lastly but not least those with work experience above ten years. Based on this results it shows that 51 respondents, which is equivalent to 34% of the total study population had work experience below five years. The next category that is those with work experience between 5-10 years was 59 respondents representing 39.3% of the entire research population. The last group

that is those with work experience above ten years was 40 respondents, which was equal to 26.7% of the entire research population. Regarding the presented results, it was found that most of the respondents fall in the work experience between 5-10 years with 59 respondents which is 39.3% of the total research population. The second most respondents fall in the group of respondents with less than five years. This category had 51 respondents representing 34% of the total study population. The group with the least respondents was that with work experience above ten years, which had 40 respondents representing 26.7% of the whole study respondents.

The status of Employee Empowerment

Indicator	Mean	Standard deviation	Interpretation
A. Employee autonomy			
Management trust the employees and their competencies to achieve the assigned tasks	3.67	1.020	High
Management gives the opportunities to the employees to give and share their ideas and suggestion for the action	3.65	1.063	High
Overall	3.66	1.041	High
B. Employee inclusion			
All the employees take part in the goals setting for the organization	3.35	1.093	Neutral
Employee's contribution is encouraged and seriously considered in dealing with organizational matters	3.44	0.894	High
Overall	3.395	0.993	Neutral
C. Problem handling			
Management has empowered employees to take situational decision to handle problem while dealing with stakeholders (Clients)	3.51	0.939	High
Employees have the potential to handle the problem in case of absence of management	3.60	1.030	High
Overall	3.55	0.984	High
D. Employee creativity			
Bank management encourage employees to do creative work	3.63	1.109	High
Employees creativity is regarded as a key of organizational performance	3.57	0.929	High
Overall	3.60	1.019	High
E. Decision making			
Employees are encourage to participate in organizational decision making	3.49	1.028	High
Employees' knowledge and expertise help management to take better decisions	3.78	0.968	High
Overall	3.635	0.998	High
Total Overall of The status of Employee Empowerment	3.569	1.007	High

From the aforementioned table shows the mean and standard deviation results of the respondents in regards to employee autonomy. The results show the overall employee autonomy about employee empowerment mean and standard deviation was 3.66 and 1.041 respectively. In regards to employee inclusion and its relationship with employee empowerment in the Islamic banking sector, the overall mean and standard deviation was 3.395 and 0.993 respectively. The relationship

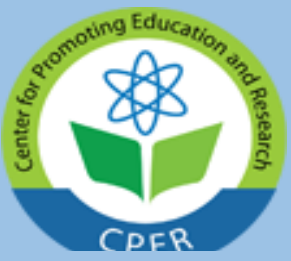


between employee empowerment in the Islamic banking sectors had an overall mean and standard deviation of 3.55 and 0.984 respectively. The relationship between employee creativity and employee empowerment was found to have an overall mean of 3.6 and standard deviation of 1.019. On the same note, the correlation between decision making and employee empowerment recorded an overall mean of 3.635 and standard deviation of 0.998.

The Level of Employee Performance

Indicator	Mean	Standard deviation	Interpretation
A. Employee autonomy			
Management encourages and supports the diligence and initiatives of employees	3.46	0.895	Effective
Employee has the authority and freedom to do things right and accomplish their tasks	3.39	1.016	Moderate
Overall	3.425	0.955	Effective
B. Employee inclusion			
Management realize that employees inclusion can positively influence employees performance	3.37	0.931	Moderate
Management have trustworthy and cooperative relationship with employees	3.41	1.011	Effective
Overall	3.39	0.971	Moderate
C. Problem handling			
Management is confident about the employees as they can handle the issue in best manners	3.52	0.833	Effective
Management believes that employees with good problem handling skills can positively influence organizational performance	3.41	1.011	Effective
Overall	3.465	0.922	Effective
D. Employee creativity			
Management gives attention in improving the skills and competencies of employees to make them more creative	3.44	0.986	Effective
Management have supportive behavior towards improving employees' creativity	3.57	0.929	Effective
Overall	3.505	0.957	Effective
E. Decision making			
Management can use employees expertise and skills to take better decision	3.46	1.040	Effective
Management realize that strong decision making skills of employees can positively influence overall performance	3.57	0.901	Effective
Overall	3.515	0.970	Effective
Total Overall of The Level of Employee Performance	3.46	0.955	Effective

The results shows that the relationship between employee autonomy its impact on the level of employee performance recorded an overall mean of 3.425 and standard deviation of 0.955. In regards to the relationship between employee inclusion and the level of employee performance it was found to have an overall mean of 3.39 and standard deviation of 0.971. The relationship between problem handling and its impact on the level of employee performance was found to have an overall



mean of 3.465 and standard deviation of 0.922. At the same time, the relationship between employee creativity and its influence level on employee performance had an overall mean of 3.505 and standard deviation of 0.957. About decision making and its impact of the level of employee performance it was found to having an overall mean and standard deviation of 3.515 and 0.970 respectively.

Pearson’s correlation Test

Pearson’s correlation coefficient is a statistical test that evaluates the relationship between two or more continuous variables. Pearson’s test provides information regarding the extent of correlation and the direction of the relation.

Correlations			
		Employee Empowerment	Level of Performance
Employee Empowerment	Pearson Correlation	1	-.012
	Sig. (2-tailed)		.000
	N	150	150
Level of Performance	Pearson Correlation	-.012	1
	Sig. (2-tailed)	.000	
	N	150	150

The correlation assessment is carried out to help understand the relationship among various variables. In this case, the correlation test helps to understand the connectivity between employee empowerment and the level of performance. From the above results the 2 tailed significant values is .000. This is less than the p value of 0.05; indicate the null hypothesis (there is no significant relationship between employee empowerment and the employee performance in Islamic banks in the Kingdom of Bahrain) will be rejected and the alternative hypothesis of (there is a significant relationship between employee empowerment and the employee performance in Islamic banks in the Kingdom of Bahrain) is accepted.

Problems encountered by the employees in the selected Islamic banks in the Kingdom of Bahrain

One of the problems is not allocating part of the budget to the development of the training and empowerment of employees, knowing that it is an investment in return for its benefit, increase productivity, increase satisfaction and loyalty, thus increasing performance and profits. The weakness of the creativity of the senior leaders to strategic and administrative planning with fast changing competition and technology, failure to accurately define targets, identify ways to achieve them within available resources and resources that can be obtained by capturing opportunities. The lack of employee inclusion, which employees seek to achieve their personal goals and interests rather than the general interest of the organization.

CONCLUSION

Based on this research it is concluded that employee empowerment is essential when it comes to banking industry in the Kingdom of Bahrain for various organizational activities such as decision-making process and employee creativity among others. Through employee empowerment it makes them aggravated something that give them satisfaction and make them more committed to their work. The empowerment of employees entails encouraging them to be creative. Creativity among employees allow for development of new ideas because employees get the power to independently make small-scale decisions. Organizations with strong employee decision-making skills have positive influence on the overall performance. Therefore, the Islamic banks of the Kingdom of Bahrain should take advantage to include their employees in decisions making process to tap new ideas for organizational strategic planning.



Successively, the study has aided in concluding that employee autonomy is essential for building a real-time employee engagement. Research has found that employees who have more options are happier and more committed to their profession. Similarly, such employees are more productive and less likely to leave to another organization. However, autonomy does not come without trust. Therefore, the Islamic banks should develop more trust in their employees. Nevertheless, as much as an organization should create choices but with limits. The freedom of choice is relevant to autonomy, but it should not be too much because it can be detrimental.

The research also concluded that the Islamic banks should support employee creativity. Creativity among employees can be facilitated through diversity and employee empowerment. It is believed that when individuals who view the same thing in different perspectives they are more likely to come up with new ideas. In the process of these new ideas, it will aid to improve the employees' creativity. In general, the research concluded that empowerment of employees' plays a significance role toward realizing organizational progress as well as employees ability to handle personal issues. While the Islamic banks of the Kingdom of Bahrain are doing well in terms of employee empowerment, they need to invest more in the same to realize greater stride.

RECOMMENDATIONS

The Islamic banking of Bahrain are recommended to embrace employee inclusion in goal setting. In this regard, the employees working in the Islamic banking of Bahrain will feel aggravated and useful resources to the banking management hence this will inspire them to work to their best leading to improved employee performance level. In respect to the Islamic Banking industry in the Kingdom of Bahrain it is recommend that it taps this resource by involving their employees in the decision-making process as a strategy to empower them as well as to contribute the success of the industry.

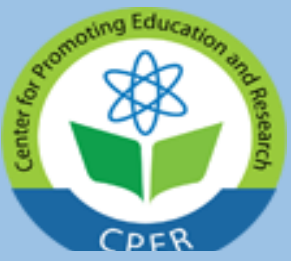
Employee autonomy has been found to have positive benefit to both individuals as well as the organization as a whole. Therefore, it is recommended that the Islamic banking should embrace employee autonomy in their organizations to provide their employees with the freedom to approach their work in a manner that suits their skills tests and personalities. In the process their employees will increase their engagement, boost their morale and motivation. On the same note employees who are free to make their choices regarding how they should go about with the responsibilities are more committed, happier and more productive as well as more loyal. Consequently, through autonomy the Islamic banking of Bahrain could be a significant contributing factor to its employee's sense of engagement with their job and the organization as at large.

The Islamic banking sector is recommended to empower their employees to take situational decision as a strategy of problem handling. Accordingly, the skills regarding problem handling are of great significance when it comes to handling problems when dealing with clients. As a result, the Islamic banking management will be able to offer their clients with enhanced performance thus improving not only the performance level of employees but also the Islamic banking industry.

Research has shown that business leaders always seek greater productivity in several ways and creativity has been found to one of the ways to boost productivity (Wooddell, 2009). It is therefore, recommended that the Islamic banking of Bahrain should encourage creativity amongst its employees to improve their work performance. The Islamic banking sectors can encourage creativity amongst its employees by proactively soliciting creative suggestions from employees by putting suggestion boxes around the organization and appeal for original approaches to solve problem facing the Islamic banking industry.

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