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# Organizational Health, Employee Relations Climate and Employee Empowerment at PSU

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## **Abstract**

*Empowering workforce is very crucial for overall performance of an organization. A conducive work environment helps create competitive edge for the organization and its capability to be more profitable which in turn ultimately promotes good organizational health. Researchers have found a correlation between the empowerment of the employee and the relationships among them and these two influencing the organizational health. The present paper aims to study the employee empowerment and the employee relationship climate to access their effects on the overall organizational health. A descriptive research design is adopted using the convenience sampling technique among employees of a leading PSU (one of Navaratna PSU Companies) engaged in the power sector. Selected employees for the survey are from the categories of 4 grades such as - W, E1-E4, E5-E6 and E7. Responses are collected through standard questionnaire. Data analysis shows that both the employee relationships, and the empowerment have a significant positive effect on the core value actualization ( $r=.172$  &  $.357$  respectively) which denotes good organizational health and has resulted in the smooth running of the organization.*

**Keywords :** *employee relationships climate, empowerment, organizational health*

## **Introduction**

The employee empowerment is a strategy and the philosophy that enables the employee to take decisions on matters concerning his/her office work. It is the process of enabling or authorizing an individual to think, behave, control work process and take decisions independently. The Employee empowerment helps employees own their work and take responsibility for results. The Employee empowerment helps employees serve customers better where the customer interface exists. These factors ultimately lead to enhancement of efficiency and better performance for the organization.

## **Literature Review**

Tutar Hasan et al (2011) stress on the positive effect of the employee empowerment with respect to

motivation for achievement as well as the performance of employees. Dizgah, Morad Rezaei et al (2011) have shown that there is a positive relationship among the employee empowerment and organizational effectiveness having a positive

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correlation coefficient between increasing empowerment and organizational efficiency. Sanjay Menon (2001) has identified that the goal internalization and the empowerment are the major components of the psychological experience of the power which in turn determines the Employees Empowerment. Said Shaban Hamed (1998) has examined the relationship between the employees empowerment and the role clarity as well as organizational trust; also the relationship between employees empowerment and both job involvement and job satisfaction are examined by him. The author derives a statistically significant positive relationships between the employees empowerment and job involvement as well as job satisfaction. Cacioppe (1998) is of the view that not only the cognitive aspect of the empowerment of the employee is crucial but also behavioral aspects are important for the employee's satisfaction from the job and the workplace environment. Spreitzer (1995) states that the cognitive aspect of the empowerment can be defined as the improvement of employees' opportunity to access organizational sources and information. Thomas and Velthouse (1990) state that the concept "psychological empowerment" comprising of both the perception of empowerment and the realization of the empowerment by the managers should be considered in order to meet the need for organizational efficiency. Alex Bryson and David Wilkinson (1988) highlight the effects of promoting good employment relations as an important task of the Government. Hang-Yue Ngo et al (1988) examine the Strategic Human Resource Management (SHRM) and Human Resource Practices such as the Employee Relationships Climate in the People's Republic of China to assess the impact of these practices on the firm performance.

## Methodology

The study sets two fold objectives viz. (i) firstly whether or not Employee Relationship Climate influences the Core value Actualization in an organization/ Organizational Health (ii) secondly the employee empowerment has an influence on core value actualization.

We have processed data through various steps. Firstly, we identified three types of variables from the questionnaire and termed them as "EE" for

employees empowerment, "ERC" as employee Relationship Climate and " CV " as Core Value Actualization which has been taken as the indicator of organizational Health.

**Four aspects of the organization's Employee Relationship Climate (ERC) Parameter taken up in the study are:**

- a) Top Down Communication (TDC)
- b) Employee Feedback Systems (EFS)
- c) Participative Decision Making (PDM)
- d) Employee Welfare (EW)

**Three aspects of Employee Empowerment (EE) Parameter considered here are:**

- a) Amount of Delegation (Amount)
- b) Process of Delegation (Process)
- c) Facilitating Factors (Facilitating)

**Core Value parameter (CV) are determined on the basis of following eleven variables:**

- a) Business Ethics (BE)
- b) Environmentally & Economically sustainable (ENV)
- c) Customer focus (C)
- d) Organizational & Professional pride (O)
- e) Mutual Respect and trust (MU)
- f) Motivating self and others (MO)
- g) Innovation and speed (I)
- h) Total quality for excellence (TQE)
- i) Transparent & respected organization (TRO)
- j) Enterprising (ENT)
- k) Devoted (D)

The structured questionnaire has been administered to the sample size of 100 distributed over four categories of employees ranging from workers to the top manager of the public sector power generating company.

**Table 1: Sample Description**

Distribution of Respondents over Four Grades			
S. No.	Representation	Description	No. of samples
1.	W	Worker category	46
2.	E1-E4	Lower management	34
3.	E5-E6	MiddleManagement	11
4.	E7 and above	Top Management	9

**Data Collection And Recording**

Data collected through the completed questionnaires were processed in an MS Excel worksheet. Responses to open ended questions have been separately recorded in a MS Word Document or Note Pad.

**Scoring**

The questionnaire contains 13 questions on 1-5 scale where "1" stands for "Strongly Disagree" and "5" stands for "Strongly Agree". Item 5 is a negative question and its scale needs to be reversed while scoring. This can be done by subtracting employee response scores from 6. For example, if an employee has given score "2" for item five, which implies "disagree" according to the scale used here, the true score can be arrived at by subtracting 2 from 6 (as 6-2 = 4, which indicates "Agree"). Any score above "3" for item five can be considered "Good" while a score below 3 can be considered "Poor".

Data have been aggregated in the following way and mean value of each parameter at each level of aggregation has been presented in tables and in diagrams. For Example:

A separate score for each of the main parameters calculated as follows –

1. At the first level, Average Score of each factor/ response in the category of each of three parameters has been calculated separately.

2. At the next level of aggregation, Average Parameter Score for all three parameters is calculated from the average scores of responses of all factors.
3. Grade (band) scores for each four grades are calculated separately on the basis of calculated average scores of all responses.
4. Similarly, average score of respondents within the department and grade wise as well as department wise average scores for each parameter have been calculated.

**Table 2 : Classified factors in Three Parameter - EF, ERC & CV**

**(a) Employment Empowerment**

Parameter	Items
Amount of delegation (Amount)	1-11
Process of Delegation (Process)	12-21
Facilitating Factors	22-29

Parameter	Items
Top Down Communication (TDC)	1-5
Employee Feedback System (EFS)	6-12
Participative Decision Making (PDM)	13-18
Employee Welfare (EW)	19-26

(C ) Core Value Parameters (CV)

Parameter	Items
Business Ethics (BE)	1,10,23,30,33
Environmentally & Economically Sustainable (ENV)	13,14,19,38,41,57
Customer Focus (C)	2,11,32,39,49
Organizational & Professional Pride (O)	21,34,47,48,51
Mutual Respect and Trust (MU)	5,15,35,45,50
Motivating self and others (MO)	6,7,20,24,55
Innovation and Speed (I)	4,18,28,31,46
Total quality for Excellence (TQE)	8,25,36,42,52
Transparent & Respected Organization (TRO)	9,22,26,37,43,53
Enterprising (ENT)	3,12,27,40,54,59
Devoted (D)	16,17,29,44,56,58

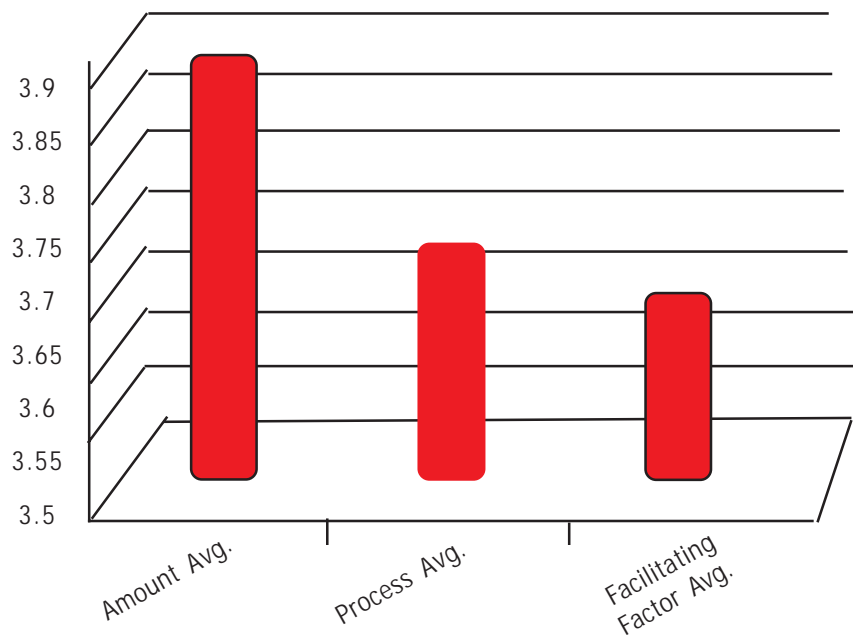
## Analyses and Findings

Table 3 : Parameters wise Descriptive Statistics on Employee Relationship Culture (ERC) and Employee empowerment (EE) :

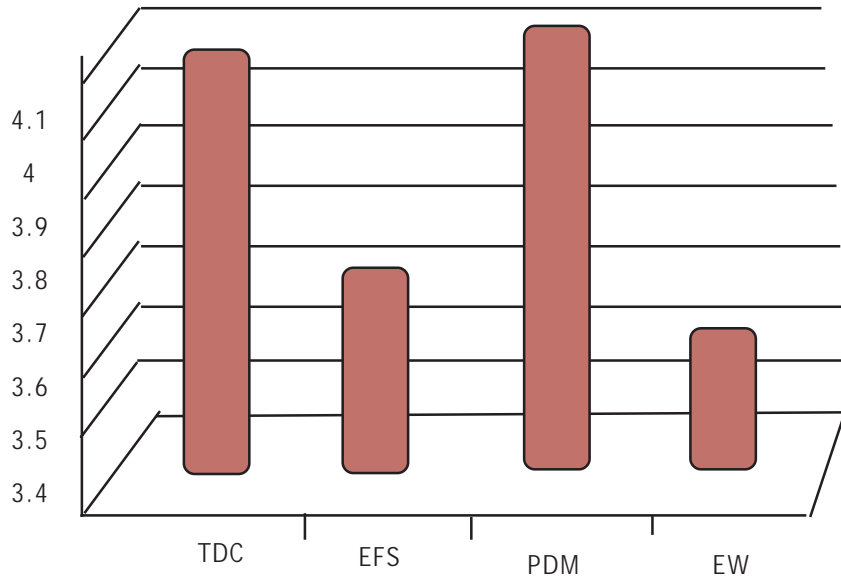
Statistics		Amount	Process	Facilitating Factor
N	Valid	108	784	784
	Missing	0	294	294
Mean		3.88	3.79	3.63
Median		4.00	4.00	4.00
Mode		4	4	4
Std Deviation		.820	.811	.927
Variance		.672	.658	.859

Statistics	TDC	EFS ss	PDM Factor	EW
N	Valid	490	686	588
	Missing	294	98	196
Mean	4.06	3.78	4.08	3.69
Std. Error of Mean	.035	.032	.033	.031
Median	4.00	4.00	4.00	4.00
Mode	4	4	4	4
Std Deviation	.785	.838	.802	.860
Variance	.616	.702	.643	.740

Bar Chart on EE and ERC



Bar Chart on EE and ERC



The overall parameter wise graph and data indicates that the employee perception regarding core values is on the positive side. Means of all items tend to “Agree” level i.e. the mean scores were all above 3.6 which is quite high.

Table 4: A Factor wise average scores of responses mean score of Factor in E.E.

Question Code	Account1	Account2	Account3	Account4	Account5	Account6	Account7	Account8	Account9	Account10
Mean	4	3.62244898	3.71428571	4.04081633	4.04081633	3.81632653	3.87755102	4.15306122	4.08163265	3.887755102
STD.DEV.	0.71795816	0.8557303	0.86154979	0.64084943	0.79843103	0.82919584	0.66216306	0.63167329	0.72756435	0.906820127
COV.	17.948954	23.6229774	23.1955713	15.859405	19.7591518	21.7275916	17.0768368	15.2098238	17.8253266	23.32503215
RANK	24	9	11	28	18	13	26	29	25	10
MAX	5	5	5	5	5	5	5	5	5	5
MIN	2	2	1	2	1	2	2	2	2	1
RANGE	3	3	4	3	4	3	3	3	3	4
Account11	Process12	Process13	Process14	Process15	Process16	Process17	Process18	Process19	Process20	
3.448979592	3.744897959	3.724489796	3.969387755	4.255102041	3.918367347	3.346938776	3.704081633	3.632653061	3.540816327	
1.036672402	0.722413259	0.743086517	0.752371942	0.722413259	0.768898923	0.813570986	0.776048458	0.889662917	0.94343491	
30.05736551	19.2905993	19.95136402	18.9543574	16.9775778	19.62294127	24.3079136	20.9511705	24.49072074	26.64455942	
2	21	17	22	27	19	8	16	7	4	
5	5	5	5	5	5	5	5	5	5	
1	2	2	2	2	1	1	2	1	1	
4	3	3	3	3	4	4	3	4	4	

Process21	Facilitating Factor 22	Facilitating Factor 23	Facilitating Factor 24	Facilitating Factor 25	Facilitating Factor 26	Facilitating Factor 27	Facilitating Factor 28	Facilitating Factor 29
3.93877551	3.724439796	3.918367347	3.93877551	3.795918367	3.653061224	3.581632653	2.83734594	3.602040816
0.871263173	0.78362732	0.768898923	0.729585768	0.798957874	0.909310839	0.895849184	1.071600379	0.960453028
22.12015309	21.03919665	19.62294127	18.52316198	21.04781495	24.89174923	25.0123134	37.7758407	26.66413505
12	15	19	23	14	6	5	1	3
5	5	5	5	5	5	5	5	5
1	2	1	2	2	1	1	1	1
4	3	4	3	3	4	4	4	4

For the factors "Employee Empowerment", the coefficient of variance for item 28 comes out to be the highest i.e. 37.78 and hence the highest rank i.e.

1. This implies a large disparity between employees with respect to this factor and hence the HR department needs to find out the reason for this disparity.

Table 4 B : Mean Score of Factors in E R C

Question Code	TDC 1	TDC 2	TDC 3	TDC 4	TDC 5	EPS 6	EPS 7	EPS 8	EPS 9	EPS 10
Mean	3.887755	3.857143	3.867347	4.214286	4.469388	3.632653	3.540816	3.938776	3.72449	3.887755
STD.DEV.	0.744501	0.857143	0.832804	0.74957	0.706437	0.889663	0.943435	0.871263	0.783603	0.744501
COV.	19.14889	18.23766	21.53424	17.78641	15.80612	24.49072	26.64456	22.12015	21.0892	19.14989
RANK	16	20	11	22	25	5	2	8	12	16
MAX	5	5	5	5	5	5	5	5	5	5
MIN	2	2	1	2	1	1	1	1	2	2
RANGE	3	3	4	4	4	4	4	4	3	3

EPS 11	EFS 12	PDM 13	PDM 14	PDM 15	PDM 16	PDM 17	PDM 18	EW 19	EW 20
3.867347	3.877551	4.22449	4.479592	4.204082	4.112245	3.928571	3.530612	3.653061	3.826531
0.712738	0.840536	0.75342	0.706809	0.731602	0.758222	0.646162	0.875839	0.813571	0.82519
18.42963	21.67699	17.83458	15.77843	17.40217	18.43814	16.44777	24.80701	22.02794	21.56496
19	9	21	26	23	18	24	4	7	10
5	5	5	5	5	5	5	5	5	5
2	1	1	1	2	2	2	1	1	2
3	4	4	4	3	3	3	4	4	3

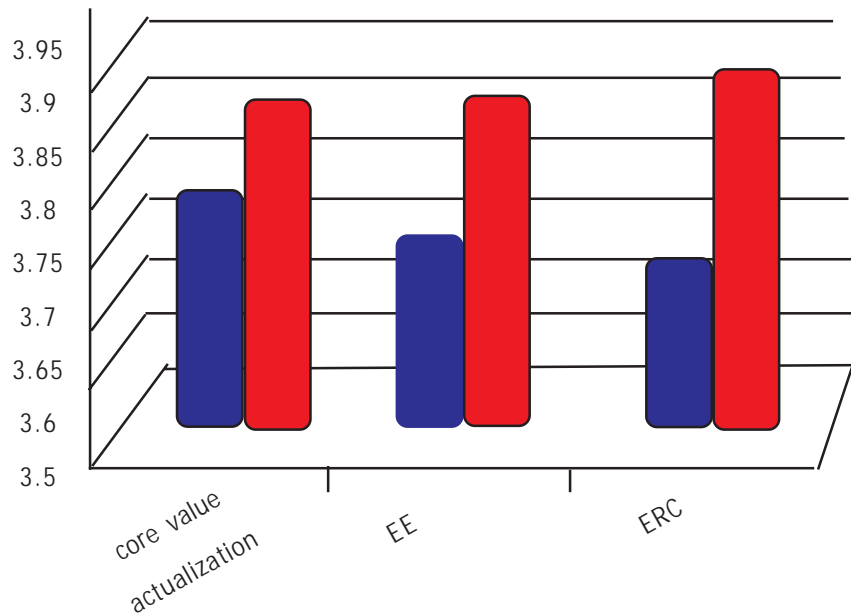
EW 21	EW 22	EW 23	EW 24	EW 25	EW 26
4.202408	3.632653	3.265306	3.704082	3.77551	3.653061
0.812018	0.829703	0.969121	0.749009	0.780807	0.920578
20.1974	22.84014	29.67934	20.22117	20.66758	25.20019
15	6	1	14	13	3
5	5	5	5	5	5
1	1	1	2	2	1
4	4	4	3	3	4

For the factors' "Employee Relations Climate", the coefficient of variance for item 23 comes out to be the highest i.e. 29.679 and hence, it gets the highest

rank i.e. 1. Therefore, it is necessary to find out the reason for a large disparity of responses between employees in this regard.

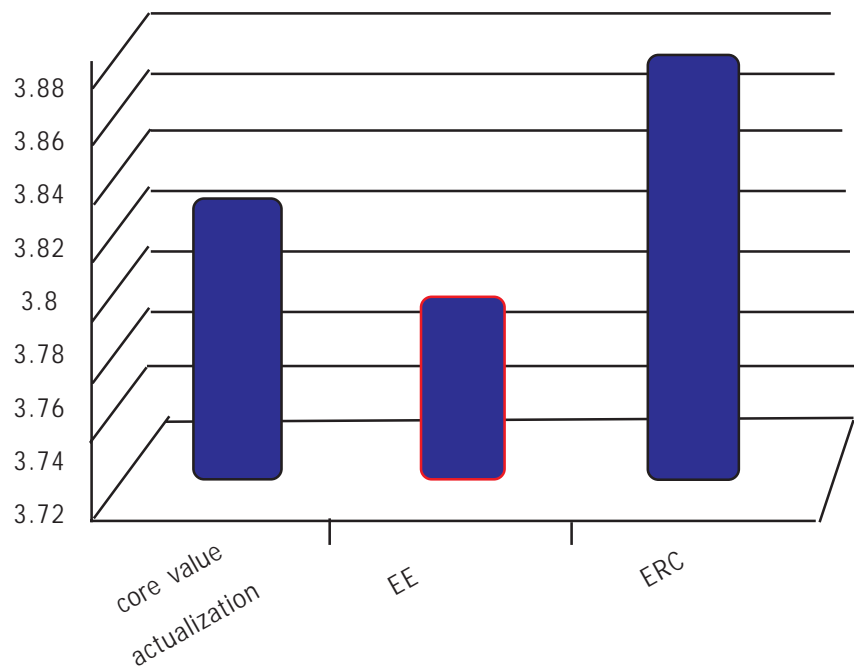
**a) Executive/Non executive wise Analysis of Three parameters**

**Mean Value of Three Parameters for Executive and Non executive Employees**

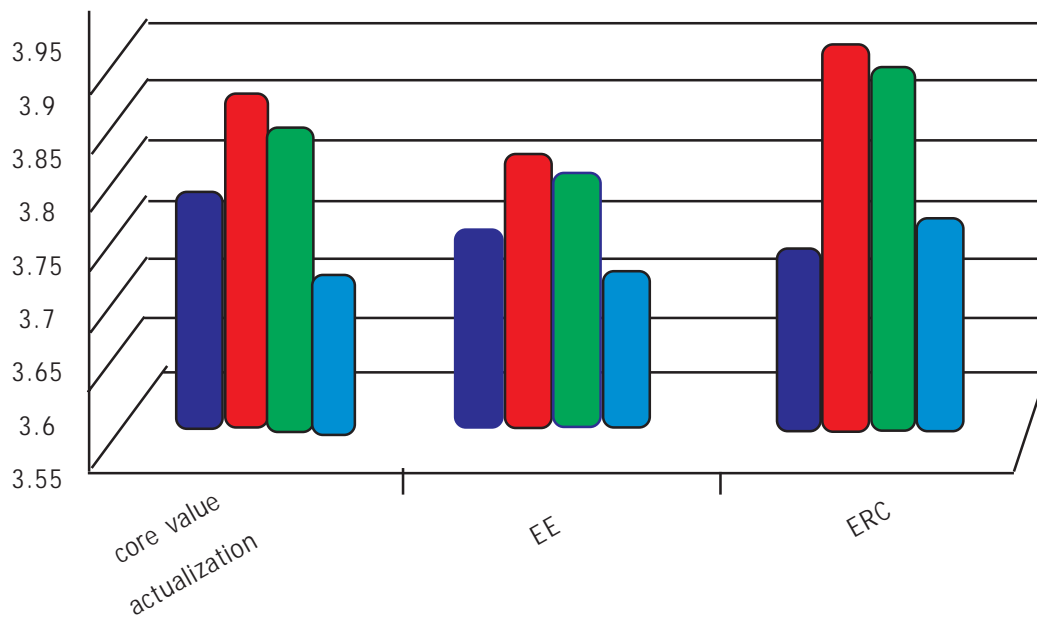


Executives and non executives were both found to be quite satisfied with EE, ERC and CV actualization. Both means were above 3.5

**a) Parameter wise Overall Analysis**







Following are category and grade wise overall mean score which are above average.

The overall mean response score of W Category was found to be above 3.5.

The overall mean response score of E1-E4 was found to be above 3.4.

The overall mean response score of E5-E6 was found to be above 3.5.

The overall mean response score of E7 and was found to be above 3.6.

**Null Hypotheses & Alternative Hypotheses:**

Four Null Hypotheses and their Alternatives are constructed as follows

H01 :A higher Employee Empowerment (EE) has no significant impact on Core Value Actualization (CV) and hence Organizational Health.

H11: A higher Employee Empowerment (EE) has a significant impact on Core Value Actualization (CV) and hence Organizational Health.

H02: There is no impact of Mutual Respect and Trust on the Employee Relationship (ERC)

Climate in the organization.

H12: There is impact of Mutual Respect and Trust on the Employee Relationship Climate (ERC) in the Organization.

H03: Employee Empowerment has no significant impact on Employer-Employee as well as Employee-Employee relations.

H13: Employee Empowerment has significant impact on the Employer-Employee as well as Employee-Employee Relationship Climate.

H04: Employee Relationship Climate (ERC) within the organization has no significant impact on Core Value Actualization (CV) and hence the Health of an Organization.

H14: Employee Relationship Climate (ERC) within the organization has significant impact on Core Value Actualization (CV) and hence the Health of an Organization.

All above four Hypotheses have been tested on the basis of Pearson Correlation (r) Coefficients and their levels of significance for all factors. Results are provided in the Tables below:

**Table 5 (a) : One tailed Pearson Correlation Coefficient Between Employee Empowerment and Core Value Actualization ( H01 and its Alternative )**

		Empowerment	Core Value Actualization
	Pearson Correlation	1	.357**
Empowerment	Sig. (1-tailed)		.000
	N	98	98
Core Value Actualization	<b>Pearson Correlation</b>	<b>.357**</b>	1
	<b>Sig. (1-tailed)</b>	<b>.000</b>	
	N	98	98

\*\* Correlation is significant at the 0.01 level (1-tailed).

**Table 5 (b) : One tailed Pearson Correlation Coefficient Between Employee Empowerment and Mutual Respect & Trusts (H02 and its Alternative)**

		Mutual Respect (Trust)	Emp. Relation
	Pearson Correlation	1	.243**
Mutual Respect Trust	Sig. (1-tailed)		.008
	N	101	98
	<b>Pearson Correlation</b>	<b>.243**</b>	1
Emp. Relation	<b>Sig. (1-tailed)</b>	<b>.008</b>	
	N	98	98

\*\* Correlation is significant at the 0.01 level (1-tailed).

**Table 5 (c) : One tailed Pearson Correlation Coefficient Between Employee Relationship Culture and Employee Empowerment (H03 and its Alternative)**

		Emp. Relation	Empowerment
	Pearson Correlation	1	.854**
Emp. Relation	Sig. (2-tailed)		.000
	N	98	98
	<b>Pearson Correlation</b>	<b>.854**</b>	1
Empowerment	<b>Sig. (2-tailed)</b>	<b>.000</b>	
	N	98	98

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Table 5 (d) : One tailed Pearson Correlation Coefficient Between Employee Relationships Culture and Core Value Actualization H04 and it Alternative**

		Emp. Relation	Core Value Actualization
	Pearson Correlation	1	.172**
Emp. Relation	Sig. (1-tailed)		.045
	N	98	98
	<b>Pearson Correlation</b>	<b>.172**</b>	1
Core Value Actualization	<b>Sig. (1-tailed)</b>	<b>.045</b>	
	N	98	98

\*\* Correlation is significant at the 0.05 level (1-tailed).

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## Analysis of Results and Inferences :

Pearson correlation has been derived to test all four hypotheses. The correlation was one tailed and bivariate in all cases except in the case of hypothesis 3 where two tailed and bivariate form has been taken.

Referring to table 5(a) - EE has a positive correlation with CV actualization and hence organizational health ( $r=0.357$ ). The p value shows a significant correlation at one percent confidence level. Hence, null hypothesis is rejected and of alternate hypothesis is accepted. It can be inferred that A higher Employee Empowerment improves Core Value Actualization and hence Organizational Health.

In table 5(b), ERC has a positive correlation with the parameter "Mutual Respect and Trust" ( $r=0.243$ ). The p value shows a significant correlation hence, fails to accept null hypothesis. It can be inferred that Employee Relations Climate has positive association with Mutual Respect.

In table 5 (c), EE has a positive correlation with the factor ERC ( $r=0.854$ ) with a strongly positive and significant correlation hence, fails to accept null hypothesis. Alternate Hypothesis is accepted. It can be inferred that higher the Employee Empowerment, better is the Employer-Employee as well as Employee-Employee relationships.

In table 5 (d), ERC has a positive correlation with the factor CV and hence Organizational health ( $r=0.172$ ). The p value shows the level of significance at less than five per cent. Hence, Null Hypothesis cannot be accepted and Alternate Hypothesis is accepted. It can be inferred that Good employee relationships within the organization is important for Core Value Actualization and hence the Health of an Organization.

## Conclusion:

On the basis of analysis of Pearson Correlation Coefficient calculated from the responses of employees of a leading PSU in power Sector, all alternative hypotheses were accepted showing a positive and significant association between the Employee empowerment and the Core Value

Actualization. Similarly, Employee relationships factors have again positive association with the Core Value Actualization. Hence, it has been inferred that the Organizational Health is influenced by both the Employee Empowerment and Employee Relationships Climate.

Analysis of individual factors in all three parameters are given below.

- **Core Value Actualization :** Since the factor "Devoted" has the lowest mean score among individual scores of factors, this does not look to be important for all class of the employee. This can have implications on the employee motivation as well. For the executives of grade E7 & above, the average score for Core Values (CV) is 3.7 which may be due to the fact that number of employees at this level are few and extreme ratings could affect the overall mean score. It should be improved in future by conducting some special training programmes for them.

- **Employee Relationships Climate :** Among factors related to "Employee Relations Climate"(ERC), the lowest mean score was recorded for the parameters "Employee Feedback System" and "Employee Welfare" which were 3.78 and 3.69 respectively. These could be indicators of existence of favoritism and personal biases. Workmen category recorded the lowest mean score in "Employee Relations Climate" survey. It means this category is not satisfied to that extent compared to others. Flaws in the Employee welfare policy could be identified through separate specific surveys.

- **Employee Empowerment:** For the factor "Employee Empowerment" (EE) the first grievance of employees was the lack of Facilitating Factors such as Structure, Processes and Culture required for effective Empowerment.

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