Managing Day-To-Day

Employee Performance through Psychological Empowerment

Psychological empowerment was defined from the perspective of individual employees which was characterized by a sense of perceived control, perceptions of competence, and internalization of the goals and objectives of the organization (Menon, S.T 1999). Psychological empowerment is a multi-faceted construct reflecting the different dimensions of being psychologically enabled, and is conceived of personal control, a proactive approach to life, and a critical understanding of the socio-political environment, which is rooted firmly in a social action framework. The tool for the study was a questionnaire comprising of twelve items on psychological empowerment, six items on employee performance on a five point scaling ranging from strongly agree (5) to strongly disagree (1). Data was collected from a sample of 180 respondents from two pharmaceutical companies. Being satisfied with the reliability of the research instrument the researcher carried out Pearson correlation and multiple regression to understand the impact of psychological empowerment on employee performance.

Keywords: psychological empowerment, employee performance, correlation
"An empowered organization is one in which individuals have the knowledge, skill, desire, and opportunity to personally succeed in a way that leads to collective organizational success."

Stephen Covey

INTRODUCTION

Human resource is the most valuable asset of an organization. The employees are the repository of knowledge, skills and abilities that can’t be imitated by the competitors. But in general, these Human Resources are the underutilized resource of an organization. And that’s the main reason behind which all organizations like to empower the employees. But employees often are afraid of taking this responsibility. Empowerment gives the employees a degree of responsibility and authority. Empowerment encourages the employees to utilize their skills, abilities and creativity by accepting accountability for their work. Empowerment includes supervisors and employees working together to establish clear goals and expectations within agreed-upon boundaries.

There is a lot of empirical support stating the relationship between employee empowerment and work-related outcomes (Liden, R.C, Wayne, S.J and Sparrowe, R.T., 2000; Sparrowe, R.T 1994; Spreitzer, G.M 1995; Spreitzer, G.M, Kizilos, M.A, and Nason, S.W.S., 1997). The most related outcomes of employee empowerment are job satisfaction and employee performance. Empowerment was expected to have both direct and indirect effects on satisfaction. Empowered employees should report greater job satisfaction than employees who were not empowered since they would have access to necessary resources and support to accomplish their work. In this study the author tried to identify the role of psychological empowerment of employees on job satisfaction and employee performance.

The employees are the repository of knowledge, skills and abilities that can’t be imitated by the competitors.
LITERATURE REVIEW

Ugboro, I.O and Obeng, K (2000), made a study on TQM adopted organizations, to find out the relationship among top management leadership, employee empowerment, job satisfaction and customer satisfaction. Their study identified a positive correlation between these factors.

Seibert, S.E, Silver, S.R and W. Alan Randolph, W.A., (2004), made a survey from 375 employees in one division of a Fortune 100 manufacturer of high-technology office and printing equipment located in the northeastern United States. The study identified a slight significance in the case of psychological empowerment and individual performance but there was no significance between empowerment climate and employee performance. The study concluded that psychological empowerment should be seen as a theory of intrinsic motivation and not as a comprehensive theory of work performance.

Kirkman, B.L, Rosen, B, Tesluk, P.E and Gibson, C.B., (2004), investigated the direct relationship between team empowerment and virtual team performance and the moderating role of the extent of face-to-face interaction among the team members on the relationships between team empowerment and both process improvement and customer satisfaction. A field study was conducted in a high-technology service organization in the travel industry that had formally implemented virtual teams. Their research had proved a positive link between team empowerment and team performance. And also found that number of face-to-face meetings had a significant, moderating effect on the relationship between team empowerment and process improvement, but not on customer satisfaction.

Laschinger, H.K.S, Finegan, J.E. Shamian, J and Wilk, P (2004), used a longitudinal predictive design to test a model linking changes in structural and psychological empowerment to changes in job satisfaction. Changes in perceived structural empowerment had direct effects on changes in psychological empowerment and job satisfaction. Changes in psychological empowerment did not explain additional variance in job satisfaction beyond that explained by structural empowerment. The results of this study supported the proposition that changes in perceptions of access to structural empowerment had an impact on changes in both psychological empowerment and job satisfaction.
Sally A. and Carless, S.A (2004), tested a model to analyze the mediating effect of empowerment between psychological climate and job satisfaction. This study clearly demonstrated that psychological climate like leadership style, interpersonal relationships, opportunities for professional development, and individual-organizational goal congruence, had a direct and positive impact on empowerment and an indirect impact on job satisfaction mediated by empowerment.

Ahearne, M, John, M and Adam, R (2005), focused on the impact of leadership empowerment behavior (LEB) on customer service satisfaction and sales performance, as mediated by salespeople’s self-efficacy and adaptability. Data for the study was collected from a sample of 231 salespeople in the pharmaceutical field, along with external ratings of satisfaction from 864 customers and archival sales performance information. Contrary to our popular belief the study results indicated that employees with low levels of product/industry knowledge and low experience benefited the most from leadership behaviors that are empowering, compared with high-knowledge and experienced employees.

Abd. Ghani, N.A, Hussin, R and Jusoff, K (2009), examined the relationship between psychological empowerment and innovative behaviour as well as the impact of psychological empowerment on the behavioral outcome. This study was conducted with a sample of 312 lecturers from 25 private higher education institutions in three states in Malaysia. The results indicated that psychological empowerment had significant relationship with innovative behaviour and also found to be a significant predictor of innovative behavior.

Tuuli, M.M and Rowlinson, S (2009), analyzed the relationship between psychological empowerment and employee performance. The study also tried to find out if motivation, ability and opportunity to perform mediated between empowerment and performance. The study proved that empowerment had direct and positive effect on employee performance and also was mediated by intrinsic motivation, opportunity to perform and ability to perform. The study demonstrated that empowered employees exhibited positive performance behaviors, and hence psychological empowerment is a valuable source for organizations to pursue their desired results.

Whitman, D.S, Van Rooy, D.L and Viswesvaran, C (2010), made a theoretical method to examine the satisfaction–performance relationship when both the constructs were construed at
the work unit level. Their results revealed a significant relationship between unit-level job satisfaction and unit-level performance. Specifically, significant relationships were found between unit-level job satisfaction and unit-level criteria, including productivity, customer satisfaction, withdrawal and organizational citizenship behaviors.

**CONCEPTUAL FRAMEWORK AND OBJECTIVES**

**Psychological Empowerment**

Psychological Empowerment is the experience of employees on empowerment at work. This empowerment focuses on the beliefs that employees have about their role in relation to the organization. Psychological empowerment had its roots in early work on employee alienation and quality of work life. Psychological empowerment has four components: meaning, competence, self-determination and impact. (Spreitzer, G.M 1995).

**Employee performance**

Employee performance is the direct and indirect contribution of an individual towards the organizational goals and objectives. (Borman, W.C and Motowidlo, S.J 1993; Campbell, J.P 1990b). In this study the researchers had focused on behavioral performance, since it provided insight into specific types of employee behaviors that transmit the effects of engagement to more “objective” outcomes, such as productivity, efficiency, and quality.

**Psychological Empowerment and Employee performance**

The key presumption on empowerment is that empowered people are more active and productive than individuals who are not empowered (Thomas, K.W and Velthouse, W 1990). Empowered employees have complete knowledge about their work, so that they plan and schedule their work and are capable of identifying and resolving any obstacles for their performance (Cook, S 1994).

This study focused on identifying the relationship between psychological empowerment and employee performance. This laid the foundation to the following research objectives:

- To describe the demographic characteristics of the study participants
- To study the effect of psychological empowerment on employee performance

**METHODOLOGY**

**Sample**

Primary data was collected from the respondents by using a questionnaire with 18 items. A sample of 180 respondents from 2 private pharmaceutical companies in Chennai, constituted as the sampling unit for the study. Both the companies are WHO-GMP certified pharmaceutical formulation manufacturers in India and are in manufacturing activity for more than 3 decades. Respondents were selected on the convenience of the researcher from five departments like R & D, clinical research, operations, quality check and business development.
Measures

Independent Variable

Spreitzer’s 12-item Psychological Empowerment Scale was used to measure the four components of psychological empowerment. Each component was measured by 3 items on 5-point Likert scales.

Dependent Variables

Employee performance was assessed using a six-item Likert scale from Rehman, M.S and Waheed, A (2011).

Scale Reliability

Table 1 Scale Reliability

<table>
<thead>
<tr>
<th>No.</th>
<th>Factor</th>
<th>Mean Score</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Meaningful work</td>
<td>4.1</td>
<td>.84</td>
</tr>
<tr>
<td>2</td>
<td>Competence</td>
<td>4.0</td>
<td>.83</td>
</tr>
<tr>
<td>3</td>
<td>Autonomy</td>
<td>4.1</td>
<td>.81</td>
</tr>
<tr>
<td>4</td>
<td>Impact</td>
<td>4.1</td>
<td>.84</td>
</tr>
<tr>
<td>5</td>
<td>Employee performance</td>
<td>4.0</td>
<td>.78</td>
</tr>
</tbody>
</table>

The scale was found reliable in this study, and the alpha value for each of the four construct on psychological empowerment is meaningful work (0.84), competence (0.83), autonomy (0.81), and impact (0.84) and the reliability value of employee performance is (0.78).
DATA ANALYSIS AND INTERPRETATION

Descriptive Statistics

The sample represented varied range of respondents representing the diversity of the total population. The demographic variables like age, sex, marital status and experience of the employees were included for data collection. Table 2 presents the frequency distribution of the respondents on each of the demographic variables.

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Frequency</th>
<th>Percent [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>138</td>
<td>74</td>
</tr>
<tr>
<td>Female</td>
<td>42</td>
<td>26</td>
</tr>
<tr>
<td><strong>Experience (years)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 3 years</td>
<td>70</td>
<td>38.9</td>
</tr>
<tr>
<td>4 – 6 years</td>
<td>54</td>
<td>30</td>
</tr>
<tr>
<td>7 – 10 Years</td>
<td>33</td>
<td>18.3</td>
</tr>
<tr>
<td>11 – 13 Years</td>
<td>15</td>
<td>8.4</td>
</tr>
<tr>
<td>14 – 16 Years</td>
<td>8</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Age group (years)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21-25 years</td>
<td>70</td>
<td>38.9</td>
</tr>
<tr>
<td>26-30 years</td>
<td>48</td>
<td>26.7</td>
</tr>
<tr>
<td>31-35 years</td>
<td>32</td>
<td>17.8</td>
</tr>
<tr>
<td>36-40 years</td>
<td>20</td>
<td>11.1</td>
</tr>
<tr>
<td>&gt; 40 years</td>
<td>10</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>62</td>
<td>36</td>
</tr>
<tr>
<td>Single</td>
<td>118</td>
<td>64</td>
</tr>
</tbody>
</table>

From 180 respondents, 138 (74%) are male and 42 (26%) are female respondents. Out of study participants 62 (36%) are married and 118 (64%) are unmarried. The sample is representative of all age groups. Majority of the respondents (38.9%) are of the age group between 21 – 25 years. When experience of the respondents is considered it is understood from the table above that majority (38.9%) of the respondents has between 1 – 3 years of experience.

Regression Analysis
A multiple regression model for predicting employee performance was developed with various psychological empowerment constructs like meaningful work, competence, autonomy and impact as predictors with the hypothesis that each of the predictor would have differing prediction ability on employee performance.

Hence the following hypothesis and regression model is proposed.

\[ H_1 – Employee\ performance\ is\ not\ predicted\ by\ psychological\ empowerment. \]

Employee performance \( Y_1a = b_1a + b_1a_1\ x_1 + b_1a_2\ x_2 + b_1a_3\ x_3 + b_1a_4\ x_4 \)

Where,

\[ x_1 – meaningful\ work \]
\[ x_2 - competence \]
\[ x_3 – autonomy \]
\[ x_4 – impact \]

\[ b_1a_1, b_1a_2, b_1a_3, b_1a_4 – Regression\ Coefficients \]

\[ b_1a – Regression\ Constant \]

**Model Summary (F)**

The coefficient of determination (Table 3.1) \( R^2 \) was compared to determine percentage variation in the dependent variable. F value was to compute the significance of \( R^2 \) with F-distribution at 5% level of significance. The model is found fit on significance (.000) of independent variable proving employee performance depends on psychological empowerment comprising meaningful work, competence, autonomy and impact which is supported by the studies made by Bradley, J, Ballinger, G.A, Tangirala, S and Oakley, J.L., (2006), Barrutia, J.M, Charterina, J., and Gilsanz, A., (2009) Tuuli, M.M and Rowlinson, S (2009). Hence the hypothesis \( H_1 \) is rejected.

The prediction ability of the model is expressed by R square which was .789 whereby 79% (Table 3.1), of the variance in employee performance was explained by psychological
empowerment comprising meaningful work, competence, autonomy and impact. With F-value 58.213 (Table 3.2) at .000 level of significance

Table: 3.1 Multiple Regression Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.818</td>
<td>0.789</td>
<td>0.785</td>
<td>0.23207</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), meaningful work, competence, autonomy and impact.

Table 3.2 Anova (B)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>4</td>
<td>2.980</td>
<td>58.213</td>
<td>.000(a)</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>175</td>
<td>.051</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>179</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), meaningful work, competence, autonomy and impact.

b Dependent Variable: job performance

Table 3.3 Coefficients of Model

<table>
<thead>
<tr>
<th>Coefficients(a)</th>
<th>Unstandardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>0.827</td>
<td>0.113</td>
<td>7.297</td>
</tr>
<tr>
<td>Meaningful work</td>
<td>0.332</td>
<td>0.034</td>
<td>7.339</td>
</tr>
<tr>
<td>Competence</td>
<td>0.140</td>
<td>0.040</td>
<td>3.087</td>
</tr>
<tr>
<td>Autonomy</td>
<td>0.194</td>
<td>0.039</td>
<td>3.599</td>
</tr>
<tr>
<td>Impact</td>
<td>0.326</td>
<td>0.041</td>
<td>5.207</td>
</tr>
</tbody>
</table>

a. Dependent Variable: job performance

In predicting the employee performance (Table 3.3), it is found that meaningful work is found to be the most important component ($\beta = 0.332$, $t= 7.339$) followed by impact ($\beta = 0.326$, $t= 5.207$), autonomy ($\beta = 0.194$, $t= 3.599$), and competence ($\beta = 0.140$, $t= 3.087$).
Regression Equation

Employee performance = 0.827 + 0.332 (meaningful work) + 0.140 (competence) + 0.194 (autonomy) + 0.326 (impact)

CORRELATION COEFFICIENT

Pearson Correlation is conducted to find out the relationship between psychological empowerment and employee performance. The following hypothesis is tested here

H₂ – There is no significant relationship between psychological empowerment and employee performance

Table 4: Correlation Coefficient

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Meaning</th>
<th>Competence</th>
<th>Autonomy</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee performance</td>
<td>Pearson Correlation</td>
<td>.773</td>
<td>.764</td>
<td>.785</td>
</tr>
<tr>
<td></td>
<td>Sig.(2-tailed)</td>
<td>0.001</td>
<td>0.001</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>180</td>
<td>180</td>
<td>180</td>
</tr>
</tbody>
</table>

Pearson correlation is conducted to find out the relationship between psychological empowerment and employee performance. The hypothesis H₂ is rejected and (Table 4) and the researcher found a high positive relationship between psychological empowerment and employee performance supported by Kirkman, B.L, Rosen, B, Tesluk, P.E and Gibson, C.B., (2004), Laschinger, H. K. S., Finegan, J. E., Shamian, J. and Wilk, P (2004) and Carless, S.A (2004). The relationship is stronger in autonomy (r=.785; p=0.0001) followed by meaningful work (r=0.773; p=0.0001), competence (r=.764 and p=0.0001) and impact (r= 0.678; p=0.0001).

Figure 1 Conceptual Framework for Psychological Empowerment
FINDINGS AND DISCUSSION

This paper tried to analyze the impact of psychological empowerment on employee performance and job satisfaction of employees in software companies. Almost all firms had recognized the importance of increased employee performance for organizational sustainability and development. All organizations expect a committed workforce, who can define their objectives and set the means for achievement (Carter, J.D.T 2009). This is possible only by empowered workforce.

Surveys on job satisfaction had discovered that 25% of employees are unhappy with their job and nearly 60-80% likes to change their jobs. Most of the employees wanted recognition and responsibility from their management. When organizations entrust responsibility on its employees and empower them, it leads to greater flexibility, increased innovation, commitment to change and improved job satisfaction (www.workcommunication.co.uk).

This study had identified a strong association between employee psychological empowerment and employee performance and job satisfaction. Employee performance is predicted by psychological empowerment and among the four components of psychological empowerment, in
software companies meaningful work is found to be the most important component predicting employee performance followed by impact, autonomy and competence. The researcher also found a high positive relationship between psychological empowerment and job satisfaction. The relationship is stronger in autonomy followed by meaningful work, competence and impact.

REFERENCES


Whitman, D.S, Van Rooy, D.L and Viswesvaran, C (2010), Satisfaction, citizenship behaviors and performance in work units: a meta-analysis of collective construct relations. Personnel Psychology, 63(1), 41–81

http://www.workcommunication.co.uk/ Accessed on March 2011