

The effect of psychological empowerment on employee performance: Mediating role of psychological ownership

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ABSTRACT

Empowerment has paramount contribution in economic development of the business world. An attempt has been made in this study to evaluate and analyse the relationship between psychological empowerment, psychological ownership and Employee performance, to fill the knowledge gap to some extent that has been identified in literature. The research has been meant to figure out whether or not are generally the Effect of Psychological Empowerment on Employee Performance with mediating effect of Psychological Ownership” in case this specific relative is present when compared with what types of small amounts empowerment is providing to have an effect on this specific relationship. For this reason the banking sector of Kotli Azad Kashmir has been taken in consideration. The principal information has been gathered by using the questionnaire while extra information has been organized via various sources of materials like eBooks, World Wide Web, journals, and so forth. Based on the leading information gathered the actual analysis has been carried out and the outcomes ended up gathered. The outcomes definitely suggest the actual existence of a good relationship concerning psychological empowerment and psychological ownership. The investigation also shows the actual existence involving primary relationship concerning psychological empowerment as well as employee performance. The main objective of the study is how employee performance effect by psychological empowerment and whether psychological ownership mediates their relationship or not. The study is beneficial for the organizations like banks to implement the core values of empowerment to get better results for their organization from the employees. The research can further be extended to different other sectors by using various other variables.

Keywords: psychological empowerment, psychological ownership employee performance, banking sector, Kotli, Azad Kashmir

1. INTRODUCTION

It has been seen in banking sectors of Azad Jammu and Kashmir that banks are lacking the

activity of empowering employees. The problem of poor psychological empowerment of employees of banking sectors in district Kotli is the subject of present research. The study

investigated this problem with respect to employees performance and psychological ownership and also investigate, how psychological empowerment effect employee performance and how psychological ownership mediates their relationship.

The organizations have to struggle in multifaceted business environment and organizations keen to evaluate the human resources as no organization can do well without providing empowerment to the employees. Present condition has increased the need for individuals who have capacity to take risk, be creative and can lever the challenges that faces an organization. (Spreitzer, 1995). Empowerment relates a motivational identify connected with self-efficacy, improving your feelings connected with self-efficacy regarding workers (Conger and Kanungo, 1988). Staff exactly who have powers will certainly end up being a good source connected with fresh thoughts, they will certainly fill in the duties throughout better way as well as keenly get portion inside system regarding decision making, the particular feeling will certainly make them additional productive as well as motivated (Kemp, 2001; Sagie and Koslowsky 2000). Empowerment is actually a power that an individual, organization or society have to do something. Power is given to them for a function (Oxford English Dictionary, 1998). Empowerment focus on authority or power in term of decision and resources, people can take decision about different actions and about resource allocation (Zimmerman, 1995). Empowering people participate actively in the process of decision making and increase the efficiency of work (Bowen and Lawler,

1995). Empowerment is the development practice which is planned to increase the level of employee's participation and also develop the performance and will power of employees. (Tan and Lim, 2009). It is a process of giving and enhancing a power of individual or a group, giving authority to make choices and change it into output (Lawler, 1986). People are empowered by organization, work promptly and with loyalty as compared to the other people (Ripley and Ripley 1992; Spatz, 2000). Employees are empowered by satisfying their lower needs then higher needs (Maslow, 1954). Perception of being empowered vary from person to person and vary across the time, civilization and domains of a person's life, may be some people feel empower when they participate in decision making but other feels empower when involve in budget allocation (Petter et al., 2002; Keller and Dansereau, 1995). Leader empowers the employees by increasing their efficiency to influence them that their only aim is to achieve organizational goals. (Conger and Kanungo, 1988). Leader increase the job performance of employees and generally there are two forms of job performance, core responsibilities and extra efforts to achieve organizational goals.

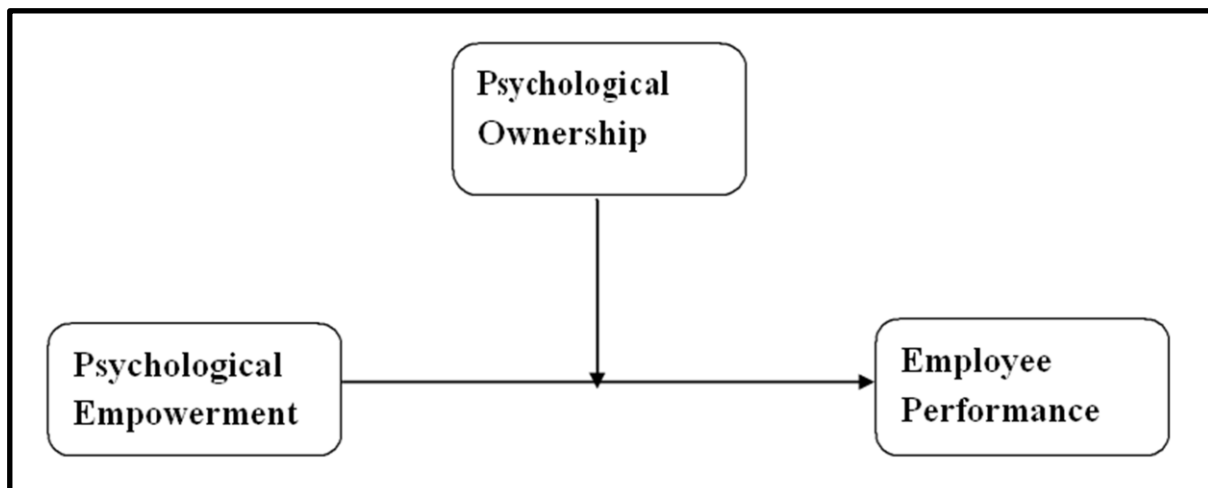
2. LITERATURE REVIEW

Psychological empowerment (PE) associated with psychological a state that is needed regarding individual, in order to feel it offers extra power in their work (Conger and Kanungo, 1988). Today organization face high competition and to compete with competitors they attract qualified workers and retain them by empowering them. Employee's turnover rate

low in that organization where people are psychological empowered (Klein et al., 1998). PE is an important subject in management circle and has received a wide range appreciation because organization work efficiently when powered is shared equally among employees (Pitts, 2005; Jiang, 2004). PE is good for company environment. Empowerment is a type of employment enhancement which has become aggregated (Seibert et al., 2004; Kirkman et al., 2004). Empowering personnel would call for inside decision creating authority as well as granting staff members the ability to help significantly affect organizational outcomes. Intended for example based on (Kanter 1977) empowerment result by decentralization, a flattening associated with hierarchy and increased employee participation. London (1993) stated this empowerment is usually ensuring the staff members have authority to do his or her job. Empowerment inserts the current feelings in the men and women throughout full potential as well as ability due to the attainment associated with aims and considers responsibility and also answerability, this may cause increase employee performance (Inderadevi, 2012). Liden, Wayne and Sparrowe, (2000), stated authenticated connection between career performance and empowerment. The service business identify says this regardless of whether personnel are empowered, revenue will probably increase likewise (Brymer, 1991 Sternberg, 1992). Additional the assistance find coming from his organization extra his performance will increase. There are only two sides regarding empowerment: empowerment equally "behaviour of a manager" that empowers his

you as well as the various other will be the "psychological status of an employee" resulting coming from his manager's empowering" In the same way advised via (Lee and Koh, 2001). Performance as individual behavior, is a function of personality and situational variables (such as job demands, organizational, social, etc.) and in jjs terms the result of the employee's activities of their duties in a certain time is the set of behavior that people show on their jobs (Hosseinian et al, 2007). In nowadays changeable situation there is no way for organizations except using manpower, because competitive advantages of organization in terms of the time are dependent on capable and qualified employee who is ready for these requirements.

Performance is a set of activities that are done to achieve the organizational goals, performance depend on certain skills i.e. managerial skills, technical skills etc. (Shekari and Heydarzadeh, 2011) Performance as a behavior depends on situational variables and personal traits of employees. Employee performance (EP) considered one of the most important in organization research (Kahya, 2009). Employee performance is employee's behavior in workplace which contributes to organizational goals (Campbell, 1990). Job performance is the collective form of personality and different variables such as job demand, organization demand, society etc. Job performance increased by motivation and by empowerment (Hosseinain et al, 2007). Today globalization increased the competition among organization, so organization should adopt such strategies that increase their competitive advantage and it can be achieved by employee empowerment



(Ongori, 2009). Empowered employee take decision quickly and helps to take effective decisions. When we see globalization environment, frequently changes occur, so organization provide such environment to their employees in which they feel PE and respond quickly towards changing and challenging environment and their performance will be raise. EP as employee's behavior in workplaces is contribution to organizational goals (Campbell, 1990). According to this delimitation, job performance encompasses two aspects, in role performance and extra role performance. In role performance is a job specific behavior including core job responsibilities that are directly linked to technically oriented activities in an organization (Aryee, Chen and Budhwar, 2004). Extra role performance is a voluntary behavior in nature and that are directed towards specific individuals or work group or the organizing as a whole to achieve certain benefits to the organization (Van-Dyne, Kamdar and Joireman, 2008).

Researches have exhibited the idea an positive relationship between empowerment and improved performance as well as bottom line rewards in the workplace (Luthans et al., 2006,

Luthans et al., 2005, Liden et al.2000). The term empowerment can be handled inside only two separate ways; very first are generally management application, how management empower its employees (Laschinger, Shaiman & Thomson, 2001). The second can be which way most of these applications are generally understood with the employees, the understanding associated with staff members depend onto ones perception involving them (Thomson & Velthouse, 1990; Spreitzer, 1995). Spreitzer (1992, 1995 and 1997) focuses with psychological empowerment for the workplace along with evaluate with the four dimensions of empowerment, tend to be significance used equally ones importance involving work objectives as well as tasks relative to be able to a great employee's own ideals values, as well as aptitudes consumed as the individual capability to work activities Therefore a hypothesis was proposed in tis study as follows. skillfully.

H2: Psychological ownership mediates the relationship between psychological empowerment and employee performance.

3. METHODOLOGY

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability.

In this research population involves almost all staff members obtaining operate done throughout banking solutions their soon after in the date divisions managing in district Kotli. Basic Random sampling process, a great sort associated with likelihood sample seemed in order to be used Straight forward random sampling process is used. The data is collected through the questionnaire from the banks working in district kotli.

The sample involving 200 staff members seemed to help supply through the research. A total of 175 filled questionnaires were received and after the evaluation of these questionnaires only 151 were being found correct to include in the research.

A five point likert scale was used in the study ranging from strongly agree=5 to strongly disagree. Customer survey pertaining to psychological empowerment is utilized by Scale involving G.M Spreitzer (2005) Overall products are 9. Psychological ownership were taken from L. V Dyne and J. L Pierce (2004). Overall products are 5. Over all Cranach's alpha is 0.782

Four sections are used in research instrument. Demographic information is included in first section, second section consist of items related to psychological empowerment, third section is about items of employees performance and final section was about items of psychological

empowerments. Data were analysed by using correlation and regression analysis through SPSS.

With regard in order to facts series an overall total involving 200 individual banking authorities of all of the banking companies, exclusive with authorities, functioning on the district had been contacted. This strategy for the results series seemed for you to end up being simple clear one Personal while using self-administered questionnaires. Soon after your own submission the particular questionnaires had been collected rear aftersome nights with all the simplicity of the Personal answers. Intended for tangible research operate, consumer banking industry employees had been wanted to reply the queries for the suitable throughout it understands concerning the employee views with all the real expertise. While in details series practice, the idea had been discovered the workers within the banking products and services get pleasure from a great chaotic routine about the doing your own work hours therefore they had been asked to be able to fill the particular questionnaires with the free of charge hours having finish with concentration. This is also the true reason with regard to the low solution fee compared to \$100 or thus percent from the research. Went back questionnaires had been coded and details moved straight into inside Excel 2007 and also IBM SPSS Stats edition 20. 0. Out connected with 151 tendencies equivalent in order to seventy five. Only two % had been reviewed. This specific solution fee will be taken very good sole particular. Babbie (1998) indicated of which over 70% remedy fee can be quite very good, 60% fee is actually used very good and 50% is

usually enough. The causes for very good solution may be attributed to help the particular self-supervision at the questionnaires. The response fee pertaining to virtually any research may be the clue associated with achievements of a survey-based research and will be essential intended for a lot of good reasons. Products entirely crammed provide prejudice-less effect with still provide essential and ticks representation where other sign test out is usually examined (Fronlich, 2002).

4. RESULTS AND DISCUSSION

The Descriptive Statistics for the sample study are given in table 1. Correlation is a statistical measure that indicates the extent to which two

or more variables fluctuate together. Correlation will certainly vary through +1 to -1. Values close to help +1 indicate a good high-degree of positive correlation, AND values close to be able to -1 indicate a high degree regarding negative correlation. In the present study simple correlation analysis by using Pearson Product correlation was used to measure the association between variables.

Mediation analyses are employed to understand a known relationship by exploring the underlying mechanism or process by which one variable influences another variable through a mediator variable.

Before mediation the value of R square is .106

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Psychological Empowerment	151	1	5	3.6792	0.58564
Employee Performance	151	1	5	4.0159	0.50373
Psychological Ownership	151	1	5	3.4119	0.82985

Correlation Analysis					
PE	Pearson Correlation	1			
	Sig. (2-tailed)				
	N				
EP	Pearson Correlation	.709**	.326**	1	
	Sig. (2-tailed)				
	N				

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

Table 2. Mediating role of PO between relationship of PE and EP

	R₂	R₂	B
Predictor			
PO	0.503	0.496	0.709
EP			0.326
PE*EP	0.503	0.496	0.709

*Significant level is <.005

after mediation the value is .503 and the value of Beta is .326 before mediation and after mediation value is .709 and its frequency before mediation is 17.738 and after mediation is 74.870. So change in R Square and Beta represent positive correlation between PO,PE and Employee performance. Thus accepting the hypothesis “ Thus psychological ownership mediate the relationship between psychological empowerment and employee performance”.

5. CONCLUSION

In research supposed to discover no matter if psychological empowerment is concerning with employee performance and also whether the actual relation exists in comparison with what sort of mediation psychological ownership is providing to help affect this relationship. For this purpose the banking sector connected with Kotli Azad Kashmir acknowledged throughout consideration. The current very first data collected with the support of the questionnaire although current secondary information feel arranged through some other sources involving literature including books, internet, journals, etc. to the basis of an initial information collected ones analysis are performed and also the results were compiled. The current results clearly indicate the existence of a positive relationship between psychological empowerment and employee performance. The analysis

additionally shows the variable associated with psychological empowerment furthermore has a positive as well as direct relationship through the psychological ownership. The research also indicates the existence connected with positive relationship between psychological ownership along with employee performance. The research indicates the psychological ownership likewise mediates current relationship between psychological empowerment in addition to employee performance.

The results indicate code regarding 0.459 that will shows that the psychological empowerment is positively relating to the psychological ownership. The current significance level can be .000 in which shows this really is critical result; thus the hypothesis H1 may be accepted.

The change in R square shows the relationship mediates with value of .106 as formally the value of relation is 0.503 and the difference is.397 after introducing the mediation. It shows that the performance is increase due to mediator PO. Research findings indicates some other recommendations are released that may prove to become very essential as well as effective because of its development connected with far better empowerment and performance in the personnel of banking sector by giving in addition to adopting the principles of the empowerment. Recommendations are usually in

the same way under: The business similar to Standard bank must try to adopt the core empowerment values for the betterment of the organization. Just like psychological empowerment develop a sort associated with harmony as well as performance with the personnel in work, the implementation of a nicely balanced system regarding empowerment can establish employees further progressive thus banks must encourage empowerment with the organizational setup.

Psychological empowerment in addition to ownership output positive impact towards the employee performance along with their relationship so banks must adopt empowerment practically on the organizational setup. Management must effort is ensured to help create added psychological ownership along with empowerment on the employees.

On the basis of research findings some other recommendations are released that may prove to become very essential as well as effective because of its development connected with far better empowerment and performance in the personnel of banking sector by giving in addition to adopting the principles of the empowerment. Recommendations are usually in the same way under:

The business similar to Standard bank must try to adopt your core empowerment values due to the betterment of your organization. Just like psychological empowerment Develop a sort associated with harmony as well as performance with the personnel in work, the implementation of a nicely balanced system regarding empowerment can establish employees further

progressive thus banks must encourage empowerment with the organizational setup. Management of the Traditional bank must build a sense regarding responsibility and companionship to help make staff members empowerment in ease on workplace. Efforts of management must be ensured to help create added psychological ownership along with empowerment on the employees. Banks must make certain better empowerment to its far better performance of any employees. Psychological empowerment in addition to ownership put positive impact towards the employee performance along with their relationship so banks must adopt empowerment practically on the organizational setup.

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NA

7. CONFLICT OF INTEREST

The authors have declared that there is no conflict of interest.

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NA

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