



## IMPACT OF PSYCHOLOGICAL EMPOWERMENT ON EMPLOYEE'S PERFORMANCE

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### ABSTRACT

*The purpose of the study is to investigate the impact of psychological empowerment on employee's performance. A questionnaire used in order to collect data on the factors, which affect employee's performance from employees of banks and university teachers of Bahawalnagar and Bahawalpur of Punjab Pakistan. A 5-point Likert scale questionnaire, consisting of 20 items, divided into four parts designed. Different cities of district Bahawalnagar in Pakistan selected on random sampling basis. A total 200 questionnaires circulated, and we receive 200 and the response rate was 100 %. The data collected and analyzed through descriptive statistics, correlation, and regression, ANOVA independent sample T test the study covered 200 participants of different cities of Bahawalnagar. We can say that that all the variables have moderate positive correlation according to correlation results. The descriptive statistics result shows that respondents are agree to our questions. And regression analysis which tells us how intensely an independent variable impact on depended variable shows that empowerment factors like meaningfulness, authority and self effectiveness has impact on employee's performance. The major limitation of this study is that it covers employees of banks of few cities only. Another limitation of this study is that other variables of psychological empowerment have also impact on employee's performance not included due to shortage of time.*

**Key words:** Performance, psychological empowerment, authority and meaningful work.

### I. INTRODUCTION

An organization in which persons have information, skills, desires, and opportunity to personally succeed in such a that lead to common organizational success is known as empowered organization. Human resource is the most important asset in an organization.

Employees in the organizations consider the warehouse of information skills and abilities and competitors cannot imitate. Organizations are not properly utilized these resources. With empowerment, employees become responsible and it gives them authority. Through empowerment, employees can utilize skills abilities and creativity and accept accountability for their work. Empowerment helps the employees to work together and to establish clear goals. There is a lot of relationship is available between employee empowerment and work related outcomes, (Liden et al., 2000; Sparrowe, R.T 1994; Spreitzer, G.M 1995; Spreitzer). The most important outcomes are job satisfaction and job performance. It is expected that empowerment has both direct and indirect impact on satisfaction and performance.

Employees who feel a sense of empowerment are more satisfied than those who do not feel. Psychological empowerment is feeling that helps employees to establish their work, complete meaningful work and argue important decisions. Empowerment is important because we can get benefits in the form of increased loyalty better decision improved quality and high level of job satisfaction. Under new managerial concepts like total quality management, reengineering management and universal planning of performance empowerment is important for organizations success. In many subjects of psychology and management like motivation, leadership, group processes etc the concept of empowerment is available.

Researches show that empowerment is a way to encourage and increase decision making at lower levels in an organization and, at the same time as, enhance employee's work experience (Liden et al. , 2000) Deci et al. (1989) said that managers as leaders play an important role in providing subordinates with empowering work experiences. The basic purpose of this article is to check the impact of psychological empowerment on employee's performance. Thomas & Velthouse, 1990 suggested four factors of psychological empowerment like meaningfulness, competence choice and impact. In addition, we will study the use of empowerment programs in organizations and their effects on Performance

## **II. LITERATURE REVIEW**

### **A. EMPLOYEE'S PERFORMANCE**

Individuals direct or indirect contribution towards organizational goals or objectives is known as employee performance, (Borman, W.C and Motowidlo, S.J 1993;

Campbell, J.P 1990b). main focused of researches was on behavioral performance, so it provided into specific types of employee behaviors that convey the effects of engagement to more “objective” outcomes, such as productivity, efficiency, and quality.

There are two types of performance functional and contextual both have different ways for organizational effectiveness. Functional performance is based on production of goods and services. The principle focuses on behavioral model of production of goods, services, based on the quality and quantity performance. In difference, contextual is define, as individual efforts that not directly associated to their performance on task, but due to stronger character are needed in determining the psychological, social and organizational context so it is very important for activity process. In simple words when employee help to his colleagues for the improvement of organizational performance and complete their assignments.(Kahya, 2007).

According to latest researches, there are three dimensions of performance work function content function last one socio and psychological functions. Work function indirectly and directly connected to the organization's technical actions perspective dependent functions that form the organizational perspective psychological and socio functioning in what is happen is valuable. (Aghayousefi and Mirhosseini, 2011)

## **B. PSYCHOLOGICAL EMPOWERMENT AND EMPLOYEE PERFORMANCE**

There is positive co relation exists between higher-level management, workers, employee empowerment and employee performance, Ugboro, I.O and Obeng, K (2000). There study was on TQM adopted organizations. Seibert et al., (2004), indicated the positive co relation psychological empowerment and empowerment atmosphere and moderate relation between psychological empowerment and employee performance. They made their study from 375 workers in one division of a fortune 100 manufacturer of high-technology office and printing equipment located in the northeastern United States.

Kirkman et al., (2004), found the direct co relation between group empowerment and effective team performance and the moderating role of the degree of head to head interaction among the team members on the relationships between team empowerment and both process improvement and customer satisfaction. change in apparent structural empowerment had straight 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, Laschinger et al., (2004). The psychological factors like leadership style, interpersonal relationships, opportunities for professional development had positive impact on empowerment and indirect impact on employee performance, Sally A. and , Carless, S.A (2004).

Important aspect of empowerment is that empowered employees are more active and useful than not empowered employees. (Thomas, K.W and Velthouse, W 1990). Empowered employees have entire knowledge about their job, so that they plan their work and they are also able of identify and resolve any hurdles for their performance (Cook, S 1994).

“The value of the task goal or purpose, judged in relation to the individual’s own ideals or standards; the individual’s intrinsic caring about a given task” is known as meaningfulness (Thomas & Velthouse, 1990, p. 672). Meaningfulness is also described as the “engine” of empowerment; this meaningfulness energizes individuals to work (Spreitzer, Kizilos & Nason, 1997).

### **III. HYPOTHESES**

Hypothesis of the study are as follows;

H1.meaningfull work increase employees performance,

H2. Authority has positive impact on employee’s performance

H3. Self-effectiveness and employee performance are positively co related

### **IV. METHODOLOGY**

#### **A. RESEARCH DESIGN**

We used quantitative research method because numbers of researches are available on our topic. Structured questionnaire was prepared for the research. Survey was cross sectional in nature. Two or more than two variables are in connection at one moment (Bryman & Bell, 2007). We used two types of data Primary and Secondary data.

## B. DATA COLLECTION METHOD

Conventionally data collection technique, which used for this kind of research is based on questionnaire, which consists on close-ended questions. We also use this technique. These questions is consists on variable of psychological empowerment (meaningful work, authority, self-effectiveness) and employees performance.

## C. QUESTIONNAIRE

Questionnaire is based on four variables first is “employees performance” it consists of five questions theme of these questions is taken from *The impact of psychological empowerment on job performance and job satisfaction in Indian software companies* . Second variable is meaningful work it consists of 5 questions developed by *Hazem Kamal El Din Abdel Azeem and Shaimaa Salah Sayed* Department of Sports Management and Recreation, Faculty of Physical Education, Assiut University, Egypt. Similarly 3<sup>rd</sup> and 4<sup>th</sup> variable consist of 5 questions each developed by the same author.

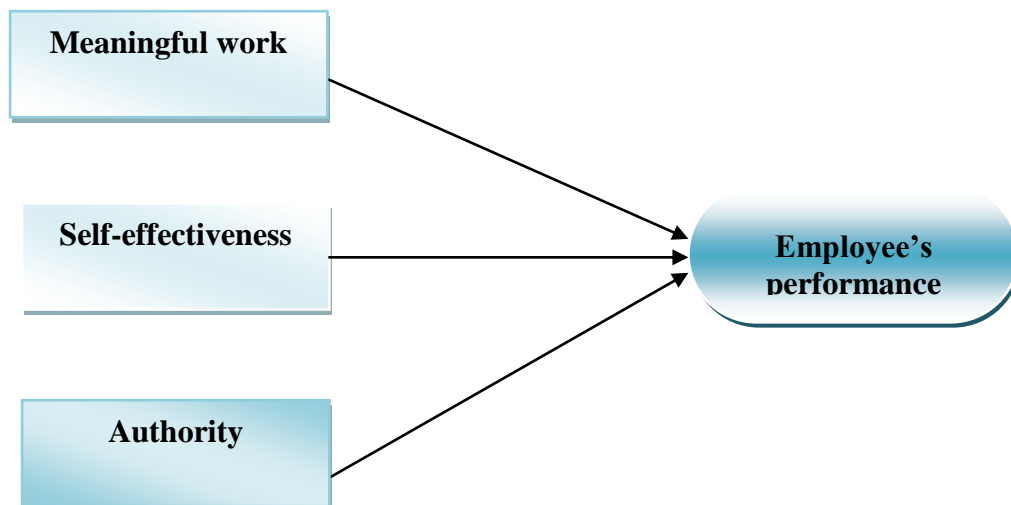
## D. SAMPLE SIZE

The sample size for this study was respondent s. collect the data from 200 employees. We have used simple random sampling for collection of data.

## E. THEORETICAL FRAMEWORK

The study formulates the following theoretical supports including dependent and independent variables as shown in figure 1.

Figure 1: Schematic diagram



## V. ANALYSIS AND INTERPRETATION

### A. DESCRIPTIVE STATISTICS

In descriptive statistics, we consider the mean value of all variables and std deviation. Mean value means the average value of all respondents regarding each variable, which tells us that weather the respondents are agrees, or not to our statements or hypothesis. In addition, Standard deviation value tells us about the reliability of mean value, if the standard deviation value is low than mean is reliable.

**Table 1: Descriptive Statistics**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Employee performance</b>	200	2.60	4.80	3.9440	.49971
<b>Meaningful work</b>	200	2.60	5.00	3.8520	.53133
<b>authority</b>	200	1.80	5.00	3.8410	.58740
<b>Self effectiveness</b>	200	2.40	5.00	3.8020	.56958

Table 1 shows the mean value of all variables. The mean values of employee performance is 3.94 which show that our respondents are agree with respect to performance and std deviation value is .499 which also confirmed that our mean is reliable. Meaningful work increase employee's performance because its mean value is 3.85 std deviation value is also in favor of our statement, (.5313). On the bases of both of these values, we can say that meaningful work can increase employee's performance. Authority has moderate impact on employee's performance because in table no 1 Its mean value is 3.84 and std deviation value is .58. If authority is given to employees than their performance increases. We can say this on the bases of our mean value and std value, which is 3.84 and .58 respectively. As well as self effectiveness is concern, its mean value 3.80 indicating that self effectiveness is also contribute in performance. From descriptive statistic results, we can say that meaningful work, authority and self-effectiveness have moderate impact on employee's performance.

### B. CORRELATION

In co relation analysis, we find the relationship between independent variable and check the relation between independent and dependent variable. We can see the value of relationship between employee's performance and meaningful work the table No 2 is .527,

which shows that meaningfulness has moderate positive impact on employee performance. It means that if we change the value of any one of them then others value will be change as respectively to the first one.

**Table 2: Correlations**

<b>Variables</b>	<b>Tests</b>	<b>Employees performance</b>	<b>Meaningful work</b>	<b>Authority</b>	<b>Self effectiveness</b>
<b>Employees performance</b>	Pearson Correlation	1	.527**	.673**	.565**
	Sig. (2-tailed)		.000	.000	.000
<b>Meaningful work</b>	Pearson Correlation		1	.515**	.853**
	Sig. (2-tailed)			.000	.000
<b>Authority</b>	Pearson Correlation			1	.517**
	Sig. (2-tailed)				.000
<b>Self effectiveness</b>	Pearson Correlation				1
	Sig. (2-tailed)				

\*\* Correlation is significant at the 0.01 level (2-tailed).  
Employee's performance - meaningful work

The value of co relation between performance and authority is (.673) which showing that these variables are moderate positive co relation. It means that authority has moderate impact on employee's performance. Employee's performance and self-effectiveness have moderate positive relation between them because correlation value is (.565). So we can say that these two variables are weak positively associated. Meaningful work and authority have moderate positive correlation because the correlation value between them is (.515). In table 2, the correlation value between meaningfulness and authority is (.853) which shows strong positive correlation. The relationship between authority and self-effectiveness is moderate positive because the correlation value is (.517).

**C. REGRESSION**

Regression analysis shows how intensively independent variable has impact on dependent variable. In table 3 the value of the Durbin Watson is 1.859 this value must be in between 2 to 4 our value is near to 2 according to Durbin Watson value our model is fit. In addition, the R square value is .517, this value must be near about .4. So we can say this is poorly fit model according to R square value.

**Table 3: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.719 <sup>a</sup>	.517	.510	.34996	1.859

Predictors: (Constant), self effectiveness, authority, meaningful work  
 Dependent Variable: Employees performance

The beta value of window display is .023 it tells that if we make change in constant variable then change in dependent variable will be changed by .023, so it has greater impact and most important. The significant value of meaningfulness is .798, which is in significant on .1 level of significant, and null hypothesis is accepted and alternative is rejected. The tolerance value is .265, which is less than .5 and VIF value is 3.77, which is greater than 2. Therefore, meaningfulness has no impact on employee’s performance.

**Table 4: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Constant	1.243	.199		6.244	.000		
	Meaningful work	.023	.091	.025	.256	.798	.265	3.777
	Authority	.440	.050	.517	8.797	.000	.713	1.403
	Self effectiveness	.242	.085	.276	2.858	.005	.264	3.789

Dependent Variable: Employees performance

The beta of authority is .44, which tells that if change in constant variable then .44 changes will occur. The significant value of authority is .000 it is significant and null hypothesis rejected and alternative is accepted. The TOL value is .713 which is above .5 and VIF value is 1.40, which is less than 2. These values show that authority has impact on employee’s performance.

The value of the beta is .242, which tells that if we make change in constant variable then .268 changes will occur and have impact on it. The significant value of self-effectiveness is .005, which is significant on .01 and tells us that alternative hypothesis is accepted and null hypothesis is rejected. The TOL value is .26, which is less than .5, and VIF value is 3.78, which is greater than 2.



**Table 5: Co linearity Diagnostics**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				Constant	Meaningfulwork	Auth- ority	Self effective- ness
1	1	3.972	1.000	.00	.00	.00	.00
	2	.013	17.202	.23	.07	.37	.13
	3	.011	18.623	.74	.00	.63	.00
	4	.003	36.812	.03	.93	.00	.87

Dependent Variable: employees performance

The condition index of meaningfulness is less than 25, which are 17.202. Therefore, it has impact on employee's performance and fit according to condition index. The condition index of authority is less than 25, which are 18.62. Therefore, it has impact on employee's performance and fit according to condition index. The condition index of self-effectiveness is above than 25, which is 36.812. So it has not impact on employees performance and poorly fit according to condition index.

**D. ANOVA**

ANOVA means analysis of variance we used ANOVA when we have more than two groups for example like income age and salary etc. from ANOVA analysis we can concluded that whether these groups have same impact or different impact on our variables. We can select significance level of .01, .05 and .1. If our significant values are less than alpha values it means that our results are significant. Therefore, we can say that all above-mentioned groups have different impact on variables. Similarly if our significant value is greater than alpha value our results are insignificant and null hypotheses is accepted which means that all groups have same impact on variable.

Table 6 shows that the level of significance for performance on age base 0.93 and that is greater than .1, hence we can say that the results are insignificant which mean that the employees performance has same impact on each age group. These age groups are 18-25, 26-35,35-50 and above 50. In Table6, the level of significance for meaningfulness on age base is 0.92 and that is greater than alpha, .1 hence it means that the results are insignificant which means that the meaningful work is affecting equally on age group. We

can see that the significance level of authority is greater than alpha hence the result is insignificant and we can say that the alternate hypotheses is rejected and the null is accepted. We can describe it as authority same impacts on every age group. Level of significant in table 6 shows that the credibility of self- effectiveness is 0.72 and is insignificant mean it affects equally to all age groups.

**Table 6: ANOVA**

Variable		Sum of Squares	df	Mean Square	F	Sig.
<b>Employees performance</b>	Between Groups	.114	3	.038	.150	.930
	Within Groups	49.579	196	.253		
	Total	49.693	199			
<b>Meaningful work</b>	Between Groups	.141	3	.047	.165	.920
	Within Groups	56.038	196	.286		
	Total	56.179	199			
<b>Authority</b>	Between Groups	.080	3	.027	.077	.973
	Within Groups	68.583	196	.350		
	Total	68.664	199			
<b>Self effectiveness</b>	Between Groups	.437	3	.146	.445	.721
	Within Groups	64.122	196	.327		
	Total	64.559	199			

**E. ON EDUCATION**

Table no 7 is about ANOVA on education base. It shows that whether the different education groups have same or different impact on variables. Significance levels are .01, .05, and .1. Table 7 shows that the level of significance for performance on education base 0.038 and that is less than .05, hence we can say that the results are significant which mean that the impulse buying is affecting differently on each education group. These education groups are metric, inter, bachelor, master. Table 7 shows that the level of significance for meaningful work on education base 0.132 and that is greater than alpha, hence it means that the results are insignificant which mean that the meaningful work is affecting equally on each education group. Meaningful work affecting equally on each education group because significance value is .174, which is greater than .05. This value shows insignificant results. All education groups have same affect on self -effectiveness because the results of the table 7 showing that the significance level is greater than alpha

(0.487) so the relation is insignificant and null hypotheses is accepted. Therefore, we can say that all education groups have same impact on impulse buying.

**Table 7**

Variable		Sum of Squares	df	Mean Square	F	Sig.
<b>Employees performance</b>	Between Groups	1.066	1	1.066	4.341	.038
	Within Groups	48.627	198	.246		
	Total	49.693	199			
<b>Meaningful work</b>	Between Groups	.642	1	.642	2.289	.132
	Within Groups	55.537	198	.280		
	Total	56.179	199			
<b>Authority</b>	Between Groups	.641	1	.641	1.865	.174
	Within Groups	68.023	198	.344		
	Total	68.664	199			
<b>Self effectiveness</b>	Between Groups	.158	1	.158	.486	.487
	Within Groups	64.401	198	.325		
	Total	64.559	199			

#### F. INDEPENDENT SAMPLE T TEST

We use T test for two groups like male and female, married and unmarried to check whether these groups have same or different impact on dependent variable. If the results are significance, we can say that these groups have different impact. In addition, if results are insignificance then these groups have same impact.

#### G. T TEST ON GENDER

There are 159 males and 41 are females in our data, responses of both male and female are positive employee's performance because their mean values are 3.88 and 4.17 respectively. Both male and female are agree that meaningful work increase employees performance because their mean value is 4.82 and 3.95. authority is another factor that contributes to performance both male and female are agreed, because their mean values are 3.78 and 4.04. self effectiveness also impact on performance, for males mean value is 3.76 and for female value is 3.95. So from above table we concluded that both male and females are agreeing that presence of meaningful work, authority, and self effectiveness increase employees performance.

**Table 8: Group Statistics**

Variable	gender	N	Mean	Std. Deviation	Std. Error Mean
<b>Employees performance</b>	male	159	3.8855	.47758	.03787
	female	41	4.1707	.52452	.08192
<b>Meaningful work</b>	male	159	3.8252	.49337	.03913
	female	41	3.9561	.65500	.10229
<b>Authority</b>	male	159	3.7887	.51766	.04105
	female	41	4.0439	.77783	.12148
<b>Self effectiveness</b>	male	159	3.7623	.54572	.04328
	female	41	3.9561	.63798	.09964

**Table 9: Independent Samples Test**

Variables		Levene's Test For Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval of the Difference		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
<b>Performance</b>	Equal variances assumed	2.587	.109	-3.341	198	.001	-.28520	.08538	-.45356	-.11684
	Equal variances not assumed			-3.160	58.256	.003	-.28520	.09025	-.46583	-.10456
<b>Meaningfulness</b>	Equal variances assumed	11.604	.001	-1.410	198	.160	-.13094	.09283	-.31401	.05213
	Equal variances not assumed			-1.196	52.277	.237	-.13094	.10952	-.35068	.08880
<b>Authority</b>	Equal variances assumed	14.143	.000	-2.514	198	.013	-.25522	.10154	-.45546	-.05499

	Equal variances not assumed			-1.990	49.495	.052	-.25522	.12823	-.51284	.00239
<b>effectiveness</b>	Equal variances assumed	3.614	.059	-1.957	198	.052	-.19383	.09906	-.38919	.00152
	Equal variances not assumed			-1.784	56.013	.080	-.19383	.10863	-.41144	.02378

All gender groups differently affect employee's performance because two tailed significance value is .001, which is less than our alpha value .05. Therefore, we can say that our results are significant and alternate hypothesis is accepted. In simple words, we can say that there is different impact of gender group on employee's performance. Both male and female have no different impact on meaningful work because their value is insignificance, which is .160. This value is greater than alpha .05. on the bases of this evidences we can say that gender, has no impact.

Authority is affects differently to all gender groups and this can be seen the results of the table of independent sample T test that shows that the significance level is less than alpha( 0.01<0.050) so the relation is in insignificant and null hypotheses is rejected. Self-effectiveness is affecting equally by all gender groups because the 2 tailed significance value is .08, which is greater than our alpha value (.05)

## VI. CONCLUSION

The findings of this research suggest empowerment factors present in organizations lead to enhance employee's performance. It means that psychological factors like meaningful work, authority and self-effectiveness have positive impact on employee's performance. In descriptive statistics, mean value of all variable is above 3.5 and 4, which means that our respondents are agree towards our statements. From the results of co relation, we can say that all variables are moderate positive co relation. Regression analysis also shows significance results. All the values of ANOVAs are insignificant which means that all the variables are same impact on different age groups and on education bases. T test on gender base shows insignificant results for employee performance and meaningful work, while authority and self-effectiveness shows significant

results. This study identified a positive relationship between psychological empowerment and employee performance. Employee performance is determined from psychological empowerment and its three components meaningful work, authority and self-effectiveness in banking sector. Meaningful work is one of the most important components of psychological empowerment between authority and self-effectiveness.

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