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MEDIATING ROLE OF PSYCHOLOGICAL EMPOWERMENT BETWEEN LEADERSHIP EMPOWERMENT BEHAVIOR AND JOB SATISFACTION: A STUDY OF TELECOM SECTOR OF PAKISTAN

Abstract

"A positive relationship has been witnessed in recent past among leadership empowerment behavior and job satisfaction. Furthermore it has also been observed through many of previous research studies that psychological empowerment affect the job satisfaction of employees. Therefore, this research study intends to investigate the mediating role of psychological empowerment for the variables of leadership empowerment behavior and job satisfaction in the Telecom sector in Pakistan. The data was collected from the 400 employees working in the top companies in Telecom Sector of Pakistan. The result of the study indicates that psychological empowerment has a defining role in the relationship between leadership empowerment behavior and the job satisfaction of the employees working in the Telecom Sector of Pakistan. The study will help the top management of Telecom Sector Companies to influence the behavioral aspects of the manager level employees to increase the their job satisfaction level which will ultimately lead to higher employee performance"

Keywords: Leadership Empowerment Behavior, Psychological Empowerment, Job Satisfaction, Telecom Sector of Pakistan

Introduction

Environment is changing rapidly in this modern era. This change is majorly because of political instability and increased competitive forces in the industry. Hence, the businesses need to be more responsive to the markets needs and trends. To meet the business challenges and capture the opportunities available, it is important to have decentralized structure where the managers have the autonomy to response to the opportunity available in the market that can give advantage to the business (Ahearne et al., 2005). Hence the strategy of the companies must be the decentralization of organizational structure to gain the competitive edge in this era of rapid change and high competition. This resultantly will lead to the leadership empowerment in the work setting (Pearce et al., 2003). Hence it is an area of interest for the businesses to have knowledge about the impact of leadership empowerment on different variables so that businesses can best utilize its strategy and gain competitive advantage in the industry (Arnold et al., 2000).

On the other hand, job satisfaction is the attitude towards different attributes of the employment (Van Dick et al., 2004). Leadership empowerment has a linkage with job satisfaction as it affects the level of job satisfaction either positively or negatively. Number of researchers has proven that when the relationship between leadership empowerment is

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been studied, the third variable i.e. psychological empowerment arises (Meyer & Allen, 1991). If an employee thinks has he is empowered then level of job satisfaction is affected. Therefore, this paper intends to study the relationship between the leadership empowerment and the job satisfaction in the presence of psychological empowerment.

It is the need of the hour to identify the factors in the behavior of the employees that can increase their job satisfaction and resultantly organizational outcomes can be achieved (Albrecht & Adreetta, 2011). Telecom industry is one of the industries in Pakistan that is facing high level of competitive forces. As the Telecom industry is immensely dependent on the technological level of companies the competitive environment is highly dynamic and the technological level keeps on changing with rapid face. Recent evolve of 4G technology is one of the example of the technological shift in the industry. Similarly, as more than 40 percent of the population of the Pakistan is the customer of this industry, legal environment also is quite rapidly changing as government sees this industry as a great medium of revenue. Competitive forces in the industry are high and environment is changing, there is great need to study the leadership empowerment behavior and related issues in the industry as this will enable the companies to grab the opportunities in the environment by empowering their employees and gain the competitive advantage in the industry.

Therefore, this paper attempts to test the impact of leadership empowerment of employees on the level of job satisfaction in the presence of the mediating role of psychological empowerment in the Telecom industry of Pakistan. This study is unique in nature as it aims to test the affect of leadership empowerment and job satisfaction in the presence of psychological empowerment in an industry that is facing a very high competition and has large growth potential provided the variables under the study are used optimally in the business setting of the Telecom Sector of Pakistan.

Conceptual Framework

Literature Review

Leadership Empowerment Behavior (LEB)

Empowerment refers to a situation where the necessary authority is granted to the subordinate so that they can make decisions at workplace (Clark et al., 2009). Leaders who are engaged in LEB support their subordinates to recognize the problems in the work place and take corrective actions to resolve them (Wellins et al., 1991). For empowering the employees, the information and knowledge necessary for the subordinates to perform duties needed to be shared with them (Ford & Fottler, 1995). By empowering behavior, managers in both public and private organization can create social relationships that can affect the organizational outcome positively (Hassan et. al.2003).

Psychological Empowerment (PE)

Psychological empowerment is a very important concept for the researchers as well as the practitioner and this is the reason of continuous studies on this variable (Spreitzer, 1995). Empowerment can be defined as the process of delegating the power from higher level to the lower hierarchical level by sharing more resources and information to the lower level (Mainiero, 1986). Psychological empowerment is the term given to a motivational process that increases the self-efficacy of the workforce (Conger & Kanungo, 1988; Kim et al., 2012).

According to Thomas & Velthouse (1990), psychological empowerment is the improved intrinsic task motivation. He proposed a model to measure the psychological empowerment within a work setting. He identified four dimensions to measure the psychological empowerment, namely: meaningfulness, competence, choice and impact. Meaningfulness is the assessment of an employee of their work and it depend on their own

standards and values. On the other hand, competence can be defined as the ability of an employee to complete the task given to him. Choice is the individual's identification of the process to be opted and the behavior to be followed. Impact is the level of performance of an individual worker that affects the organizational results (Ashforth, 1989).

Psychological empowerment provides an employee with a perception about the significance of his work, self-efficacy, independence and his effect on the work, which gives him/her feeling of the control. Hence, the employees who give preference to the level of self-control, feel motivated with the presence of psychological empowerment within them (Spector, 1982).This further leads them to increase their commitment towards the work, increases their confidence and make them taking active parts in imparting their ideas regarding innovations and new processes. Ultimately the organizational performance in enhanced.

Job Satisfaction (JS)

Job satisfaction is defined as an overall assessment by an employee regarding the job or some specific components of the job or the tasks related to that job (Andrisani, 1978). Smith et al. (1969) defined job satisfaction as the feelings of an employee regarding his/her job. According to Oshagbemi (1999), job satisfaction is the positive emotional reaction of an employee towards is job. It is the reaction of an individual on his job that is a result of the comparison of actual outcome of the job and the desired outcome. (Oshagbemi, 1999)

Hypothesis

Leadership empowerment behavior and psychological empowerment

There is great need of studying leadership empowerment behavior in organizations (Conger, 1989). Studying leadership empowerment behavior will help the organizations to know how it affects perception of employees individually and as a team, their determination towards the job fulfillment and their competency level (Spritzer, 1996).

Numbers of studies have shown that leadership empowerment will positively impact the psychological empowerment in the mind of an individual (Houghton & Yoyo, 2005). Li et al. (2012) studied the impact of leadership on psychological empowerment in the context of China and his study found a positive relationship between the leadership and the psychological empowerment.

The leadership behaviors like guidance, identifying the individual work performance, and inspiring the team by his own action is likely to result in greater perceived control and the empowerment among subordinates (Menon, 1995). Spreitzer (1996) argued that employees who have larger support from their supervisor are likely to have higher level of empowerment.

Above discussion argues that leader ship empowerment is likely to result in the higher psychological empowerment. Hence the following hypothesis has been constructed:

H1: Leadership empowerment is positively related to the psychological empowerment.

Psychological empowerment and Job satisfaction:

Number of researchers established the link between psychological empowerment and the job satisfaction (Liden at.al.1997). Indradevi (2012) studied the impact of psychological empowerment on the job satisfaction of the workers of software companies in India and found out a positive relationship between the psychological empowerment and the job satisfaction.

Spreitzer (1997) found that psychological empowerment positively impacts the job satisfaction. The importance of the meaningfulness of the job for the worker in order to have job satisfaction was previously discussed by Herzberg et al. (1959) and Hackman & Oldham (1980). They argued that the workers who feel that their job is important and have some worth are likely to have a higher level of job satisfaction. This concept of perceived importance of job is in line with the concept that job satisfaction increases with the perception that the job fulfills desired work value. The employees who are confident about their ability to do the job are much happier than the employees who are afraid that they cannot do the job (Martinko & Gardner, 1982). Finally, the employees who think that their performance will affect the organizational performance and outcome are more satisfied that the worker who do not believe that their performance is important for the organizational performance (Ashforth, 1989).

Above discussion leads to the argument that psychological empowerment can affect the level of job satisfaction of employees within a work setting. Hence, we construct the following hypothesis:

H2: Psychological empowerment is positively related to job satisfaction.

H3: Psychological empowerment mediates the relationship between leadership empowerment behavior and job satisfaction.

Methodology

Sample and Data Collection Method

In this research, primary data was obtained from the employees of leading Telecom companies in Pakistan i.e. Telenor, Mobilink, Ufone, Warid and Zong through a structured questionnaire. A well designed structured questionnaire (ordinal and nominal scale to capture demographics and 5-point likert scale ranging from 'strongly disagree (1)' to 'strongly agree (5)') was used to gather the data relating to leadership empowerment behavior, psychological empowerment and job satisfaction.568 questionnaires were distributed and usable questionnaire returned by the respondents were 400, and the response rate was approximately 70%. The rate is reasonably good because the respondents were well educated and knew the importance of research.

Instrument

5-point Likert scale was used to gather all the data except the demographic variables. Scale ranged from 'strongly disagree (1)' to 'strongly agree (5)'. The measures used to collect the data regarding the variables under the study are described below:

1.   Leadership empowerment behavior

The six dimensions scale having seventeen structured questions which was originally made by Konczak et al. (2000) is used in the study because his scale is developed to measure the leadership empowerment behavior in the specific context.

2.   Psychological empowerment

Scale developed by Spreitzer (1995) has been used to measure the psychological empowerment in the study. The scale uses four dimensions having 12 structured questions.

3.   Job satisfaction:

Scale developed by Churchill et al, (1974) has been used to capture the job satisfaction of employees under the study.

Data Analysis

The hypotheses under the study were tested using the linear regression analysis in SPSS and AMOS was used to test mediating affect original developed by Preacher and Haynes (2004).

Findings

Descriptive Statistics and Reliability Analysis

The correlation between the variables under the study and their descriptive statistics is given in the Table-1 .Leadership empowerment behavior is found to have strong positive correlation with psychological empowerment($r = 0.867$, $p < 0.01$). The association between leadership empowerment behavior and job satisfaction is also found to be positive (0.664, $p < 0.01$). Furthermore, psychological empowerment was also positively correlated with job satisfaction (0.684, $p < 0.01$).

The reliability was checked through Cronbach's alpha value. The alpha values are given in the table in diagonals and in parenthesis. All variable in the study are found to be having the reliability with the acceptable range.

Table-1

Means, Standard Deviations, Correlations, and Reliabilities

	Variables	Mean	Std. Deviation	1	2	3
1	Leadership Empowerment Behavior	3.83	0.479	(0.872)		
2	Psychological Empowerment	3.88	0.469	0.867**	(0.841)	
3	Job Satisfaction	3.40 (0.761)	0.363	0.664**	0.684**	
				*p<0.1; **p<0.01; ***p<0.001		

Reliability estimates in parentheses.

Results of Hypothesis Tests

The mediation test has been analyzed by using Hayes mediation method using AMOS. In Table 2, three effects have been analyzed out of which the first one is direct effect of leadership empowerment behavior (independent variable) on job satisfaction (dependent variable) without effect of psychological empowerment (mediating variable). While the indirect effect shows the excess effect of leadership empowerment behavior (independent variable) on job satisfaction (dependent variable) in the presence of the psychological empowerment (mediator). While the total effect on the dependent variable have been shown separately. In table 2, SE means standard error is used to show the accuracy level of regression line and the t-test describes variance in the population. At the end p-values shows the significance of the results. All the values are less than 0.05 and hence the results are highly significant.

Direct effect shows that leadership empowerment behavior is affecting .2152 on job satisfaction. It means that any change in leadership empowerment behavior will result in 21.52% of such change in job satisfaction. And SE is .0774 which is close to zero which shows very less deviation. T value between dependent and independent variable is 2.7808 which is also very less. And p value is .0059 which shows very high significant level.

On the other hand, the indirect effect shows that any change in leadership empowerment will bring 28.70% excess of such change in job satisfaction in the presence of mediating role of psychological empowerment. The indirect effect is greater than direct effect which shows there is a strong impact of psychological empowerment between the leadership empowerment behavior and the job satisfaction. Again the standard error is 0.0682 which is close to zero which shows that the deviation is on the lower side. It is also worth considering that after the mediating affect standard error is also decreased.

Total effect shows that a change in leadership empowerment behavior will result in total change of 50.23% in the job satisfaction when psychological empowerment is present within the employees. The change as mentioned is much higher than the direct effect and hence it proves the strong mediation by psychological empowerment between leadership empowerment behavior and job satisfaction.

The results are strongly evident of the fact that psychological empowerment is strongly mediating the impact of leadership empowerment behavior on job satisfaction as the total effect is much higher than the direct effect. The detailed table is shown below:

Table 2: Analysis of Mediation

	Effect	SE	t	P
Total Effect	.5023	.0402	12.4824	.0000
Direct Effect	.2152	.0774	2.7808	.0059
Indirect Effect	.2870	.0682	4.2114	.0000

Discussion and Conclusion

On the basis of empirical results of this study, it can be stated that psychological empowerment in the employees of Telecom sector of Pakistan has strong impact on leadership empowerment for job satisfaction. It is also evident from the empirical results that leadership empowerment behavior impacts the job satisfaction of employees positively. On the other hand, it has been empirically testified that the presence of psychological empowerment in the employees positively effects leadership empowerment on job satisfaction. Hence, it is confirmed on the bases of data analysis that the employees who tend to have a feeling of meaningfulness of their job, and are confident of their ability to perform better on their jobs can have higher impact of leadership empowerment on the level of job satisfaction than otherwise.

In this research we found that LEB influence PE among the managerial level employees of the Telecom industry of Pakistan. The results of the study are in line with Konczak et al. (2000) who investigated the similar relationship in a training program of the top companies. To our limited knowledge, no such research has been conducted specifically in Telecom Sector of Pakistan. Moreover, Hechanova et al. (2006) argued that the level of PE varies across the industries. Hence, the study confirms the relationship between leader empowerment behavior and psychological empowerment in the Telecom industry of Pakistan.

This study finds out the effect of leadership empowerment behavior in the Telecom Industry of Pakistan and how the presence of psychological empowerment affects its magnitude. The study therefore confirms that the presence of psychological empowerment strongly increases that effect of leadership empowerment on the job satisfaction of the employees of Telecom industry of Pakistan.

Practical implication

Telecom Sector of Pakistan is facing a high level of competitive forces and change in its external environment is quite dynamic. In such situation, the companies operating in the industry can empower their employees so that they feel the autonomy among themselves over the method of doing their job which will lead them feeling good about their jobs and they will make the best efforts to capture any opportunity available that can increase the performance of the organization and give them competitive advantage in the industry. The result of the study will help the Telecom sector management to recognize the behavior of the managers in the job and use them to get the best out of them by increasing their job satisfaction. It is important for the top management of Telecom industry to understand how the behavior of the managers in their company will lead them to a higher amount of job satisfaction and hence this study will have direct implication for them so that they can increase the level of job satisfaction by influencing the behavioral variables.

The result of the study can also help by designing the training programs for managers working in Telecom Sector of Pakistan so that they would feel more psychologically empowered which will ultimately lead to higher job satisfaction.

Limitations & Future Research Directions

The population of the present study is only limited to Telecom Sector of Pakistan and hence it is been suggested that the same research study may be conducted in different industries of Pakistan to prove its uniformity across the business environment. Furthermore, this study may be tested using different dimensions of the said variables so that the results can be confirmed using the different scales of the same variables. Moreover, the study has conducted by using the cross-sectional data and hence the study can be repeated in different situations so that the situational effects of the variable could also be examined.

Another limitation of the study is the uneven distributions of the sample on the basis of gender and ethnicity. The study mostly is focused on the Pakistani citizens working in the Telecom Sector and more than 70 percent of the sample included male respondent. Hence, the specific effect of variables on the gender and ethnicity is the limitation of this study. In future, the specific effect of such variables like the gender and ethnicity may be studied. Also, the moderating effect of different variable can be studied while studying the same variables.

Furthermore, as the research studied the effect of leadership empowerment on job satisfaction. It is also a possibility that other characteristics of the leader other than empowerment may play its role while effecting the job satisfaction of the employee. Hence, such factor may be incorporated in the later studies. Similarly, in this research we studied the mediating role of psychological empowerment between the leadership empowerment behavior and the job satisfaction. There is a possibility that other variables may also mediate the relationship in different contexts. Hence, they need to be studied in the future researches.

Organization type was limited in this study as it only studied private sector Telecom companies operating in Pakistan. Hence, there is a need to study the phenomena in different organization types.

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