The International Journal of Business Management and Technology, Volume 6 Issue 1 January–February 2022
ISSN: 2581-3889

Research Article Open Access

Past and Future of Psychological empowerment in Chinese banking sector

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ABSTRACT: The establishment, motivation and cooperation of employees at different levels of the organization are significantly related to employees' psychlogical Empowerment. Leaders set goals and incentives to elevate their subordinates to a higher level of performance. In order to identify the what has been done in business literature regarding employee pschological empoewrment this paper has been written which has covered the business literature over last two decades.

KEYWORDS: Psychological empowerment, leadership, Environment, social needs.

I. Background

Traditionally, organizations have operated under Taylor's and Weber's way where orders and commands; rules and procedures are the main themes. Today, similar themes are almost absent with most organizations are grappling with discouraging and volatile environments. Rapid changes in technology have led to the production of several products with shorter product life cycle and have given rise to customers' different values and norms with different expectations in product demand. In addition to this, profound changes and the decline in global economy have affected businesses around the world greatly. Many businesses have ceased their operations. Those that survive have to reduce their productions. Terms such as downsizing, merger and acquisition are becoming a norm which causes uncertainties among most employees in this era.

Today's organizations are becoming flatter, decentralized and boundary less. Business environments, both national and international crises, have encouraged organizations to look for more flexible, simpler, and more dynamic organization structures (Akdogan & Cingoz, 2009). To the employees, these business strategies with more flexible, simpler, and more dynamic organization structures are synonymous with retrenchment, less career opportunities, or fewer job promotions, and more pressures. Employees who have to face with this kind of structure are subjected to stressful life event (Cartwright & Cooper, 1993) or low commitment (Zhou, Luo, B. N., & Tang, 2018). Irrespective of the changes and uncertainties faced by the employees, organizations still need to compete in order to survive.

According to Huang, Fan, Su, & Wu, (2018) people's brains and talents are the most important assets for sustained competitive advantage. The question now is how should organizations address the issue of low morale employees who are experiencing low job commitment and satisfaction? These employees need high motivation in order to work in the unstable environment with drastic changes in customer demand, plus other things such as increased and stiff competition to remain competitive in the market place. Therefore, it is crucial for Human Resource department or management of the organization to work on the issues on how to boost its employees' motivation. Motivating employees is daunting and very challenging. Employees are motivated in several ways, either by the scientific management approach, the human relation approach, or the human resource approach (Griffith & Moorhead, 2014). They are motivated either by money, by fulfilling social needs, or by being able to contribute and participate.

Porter and Lawler (1968) suggested that management should provide work environment that motivate effective job performance through intrinsic and extrinsic rewards. However, it requires great effort from the management to come up with ways or strategies to fully utilize their employees. Workplace environment such as organizational policies and procedures, relationships with peers, and fringe benefits are positively related to job performance. However, extrinsic

rewards may not be the most sought after choice at the moment due to the economic slowdown, drastic changes in customer demand, as well as other things including fierce competition to remain competitive in the market place.

Thus, intrinsic motivation may be the right alternative to extrinsic motivation. This proposition is in line with the statement made by Spreitzer (1995). Spreitzer (1995) stressed that intrinsic rewards could possibly produce employees who are open to initiatives, ready to embrace risk, willing to be stimulated with innovation and can cope with high uncertainties. She further added that these characteristics of employees could be achieved through psychological empowerment.

Psychological empowerment is defined as an intrinsic motivation that is manifested in four cognitions that signal an individual's orientation to his or her work role. The four cognitions are meaning, competence, self-determination and impact. Meaning is a fit between requirement of work role in a person's belief, values and behavior. Competence is self-efficacy that is specific to work. Self-determination is a sense of choice, which reflects autonomy. Meanwhile, impact is considered as the degree to which a person can influence strategic, administrative, or operating outcomes at work (Spreitzer, 1996).

II. Conceptualization of Psychological Empowerment

The concept of empowerment has been mentioned and discussed by both management researchers and practitioners. This interest is due to several factors, mostly related to organizational effectiveness. In order to understand how empowerment plays its role in management, some definitions of the concept is introduced. According to Kanter (1977), empowerment results from decentralization, a flattening of the hierarchy, and increased employee participation. Ford and Fottler (1995) stated that empowerment usually means giving employees the autonomy to make decisions about how they go about their daily activities. Therefore empowered employees have a high sense of self- efficacy due to having significant responsibility and authority over their jobs (Thomas & Velthouse, 1990).

Psychological empowerment is a motivational construct that comprises individual cognitions and perceptions that constitute feelings of behavioral and psychological investment in a work (Conger & Kanungo, 1988; Spreitzer, 1995, 1996). This would mean when individual experienced empowerment he or she feels the ability to carry out the work and perform well. A strong sense of personal efficacy is developed and this situation heightened the motivation to complete the task given. Therefore, Conger (1989) thinks of empowerment as the act of strengthening an individual's beliefs in his or her sense of effectiveness. The theory behind these ideas can be traced to the work of Alfred Bandura, who conceptualized the idea of self-efficacy. Based on the theory, it is reckons that empowered employees are intrinsically motivated to take personal rights of their jobs, to exercise self-determination, to satisfy their need for power and to strengthen their personal self-efficacy beliefs (Bandura, 1986).

Thomas and Velthouse (1990) regard empowerment as consisting of four psychological states: meaningfulness, competence, choice, and impact. The first component, meaningfulness, relates to the value of the task, involving intrinsic caring about a given task. The employees' perceptions of how meaningful their tasks are, will shape their feelings of empowerment. Competence, the second component, refers to the belief that individuals are able to perform the task activities competently when they try. The third component, choice, is the degree to which employees undergo a causal accountability for choosing or regulating task actions. The last component, impact, is the degree to which employees perceive their behaviors as 'making a difference' in terms of accomplishing the task. (Thomas and Velthouse, 1990, p 672– 673).

Based on the work of Thomas and Velthouse (1990), Spreitzer (1995) defined psychological empowerment as intrinsic task motivation manifested in a set of four cognitions reflecting an individual's orientation to his or her work role: meaning, competence, impact and self-determination. Meaning is defined as the value of work goal or purpose, based on individual's own standard. Employees will find meaning in their job when they perceived that the activity they take part and its objectives are compatible with their own value system (Brief & Nord, 1990). Competence is an individual's belief that he or she has the capability to produce favorable outcome. Self-determination is defined as autonomy in carrying out work behavior or work process. Self-determination also refers to the discretion given to employees to engage to which types of behavior and actions that they think is the best in achieving organization's objectives. According to Deci (1975), self-determination is the word of choice by the employees as how to perform their task. Finally, Spreitzer (1995) redefined impact as a "degree to which an individual can influence strategic, administrative or operating outcomes at work" (p.1443). Simply said, impact is the perception of the employees whether he or she can

affect or influence organization outcome (Ashforth, 1989).

Menon (2001) defined psychological empowerment as a cognitive state characterized by a sense of perceived control, competence, and goal internalization. She introduced a new measure of psychological empowerment. According to her, three main dimensions of the experience of power underlying the empowerment process are: (a) power as perceived control, (b) power as perceived competence, and (c) power as being energized toward achieving value goals. However, the measurement does not receive much attention. Most research on psychological empowerment adopt the measurement developed by Spreitzer (1995), (see also Koberg et al., 1999; Mok & Au-Yeung, 2002; Huang et al., 2006; Bordin, Bartram & Casimir, 2007; Chiang & Jang, 2008). The widely used of the instruments in other settings and across other culture has further strengthened its reliability and validity.

Some organizational scholars have defined empowerment uni-dimensionally such as self-efficacy (Conger & Kanungo, 1988) or self-determination/autonomy (Liden et al. 1993; Ford & Fottler, 1995). However, the broader conceptualizations of empowerment are multi-dimensional. Empowerment is defined as an individual's psychological states or cognitions based on their own experienced (Thomas & Velthouse, 1990; Spreitzer, 1992; Menon, 2001).

III. Psychological empowerment and other significant aspects of the working environment

Leadership and Psychological Empowerment

Generally, leadership style also has an impact on employees experienced of psychological empowerment. Huang et al. (2006) in their study among Chinese state-owned enterprises found that participative leadership associates positively with psychological empowerment. Regarding the relationship between transformational leadership and psychological empowerment, researchers have found that transformational leadership has a positive influence with psychological empowerment (Samad, 2007; Ozaralli, 2003). Even though Samad (2007) used Podsakoff's measurement of transformational leadership and Ozaralli used Multifactor Leadership Questionnaire (MLQ) by Bass and Avolio, the result are consistent. In addition to that, result from a study carried out by Avolio et al. (2004) showed that psychological empowerment mediated the relationship between transformational leadership and organizational commitment.

Consistent with the above discussion, transformational leadership is also associated with motivating individuals to do more than they originally thought possible (Avolio & Bass, 2004). Performance is linked to the level of confidence or efficacy in the individual's perception of his or her ability and motivation. Therefore, when employees perceive that their leaders are motivational in a sense that they can act towards the vision with more freedom and confidence, the feeling of being psychologically empowered will be high (Kart, Shamir, & Chen, 2003; Ozaralli, 2003).

IV. Job Characteristics and Psychological Empowerment

According to the Job Characteristics Model (JCM), job characteristics (specifically the feedback dimension) have important aspects in the process for managers to achieve high intrinsic motivation, satisfaction and attendance level (Hackman & Oldham, 1976). Since psychological empowerment is seen as intrinsic motivation, it is believed that employee perception on job characteristic would correlate with psychological empowerment too. Moreover, specific job characteristics (for example, skill variety, task significance) would lead to positive psychological states such as feelings of meaningfulness and responsibility, which in turn lead to satisfaction with the job.

These critical psychological states conceptually resemble very much the cognitions reflecting employees' psychological empowerment that were identified by Thomas and Velthouse (1990) and further validated by Spreitzer (1995). Furthermore, the increase in task identity, autonomy, and feedback in work will bring employees confidence and make them feel that they are competent in achieving the work objectives and self-determined to choose their own ways to solve problems (Chen & Chen, 2008).

V. Organizational Structure and Psychological Empowerment

According to the theory, in mechanistic structure, decision-making authority is centralized, subordinates are closely supervised, and information flows mainly in vertical direction down a clearly defined hierarchy. The tasks associated with a role are also clearly defined. Organic structures are at the opposite end of the organizational design spectrum from mechanistic structures. Organic structures are decentralized so that decision-making authority is distributed throughout the hierarchy. Roles are loosely defined and people continually develop new kinds of job skills to perform continually changing tasks.

From the discussion above, it is clear that organic and mechanistic structures have very different implications for the way people behave. Therefore, organizations with organic structure are assumed to have employees that will experience higher level of psychological empowerment.

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