

Relationship Study of Transformational Leadership and Psychological Empowerment on Employees Job Satisfaction

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Abstract:

This study aims to determine the relationship between transformational leadership (TL) and psychological empowerment (PE) towards job satisfaction (JS) among employees in an electric company. Both TL and PE are important factors in determining job satisfaction. TL is a stimulating and engaging relationship between leaders and followers. It is adapted to enhance employees' job satisfaction. While, PE is related to employees' performances, attitudes and various work behaviors. Data were collected using questionnaires and were analyzed using SPSS. Random sampling technique was applied in the distribution of the questionnaire. 125 cases were analyzed and findings were interpreted accordingly. The results reveal that only one dimension of transformational leadership (i.e., intellectual stimulation) and one psychological empowerment dimension (i.e., meaning) are significantly related to job satisfaction. Further discussion on the results are shared in this paper.

Keywords: Transformational leadership, Psychological Empowerment, Job satisfaction, work behaviour.

INTRODUCTION

Organizations are increasingly focusing on strategies that increase job satisfaction among employees. Employees with higher job satisfaction create a more productive workforce and higher rates of business success. Past studies highlighted benefits of job satisfaction employees such as lower employee turnover, improved company productivity and reduced recruitment cost (e.g., Tumen & Zeydanli, 2016). Although several aspects of job satisfaction have been studied extensively in the empirical literature, studies linking workplace attitudes of leaders and employees and job satisfaction are still needed (Tumen & Zeydanli, 2016).

Job satisfaction is a varied aspect which is influenced by work environment, task assigned, supervisory traits, policy and administration, potential for development, remuneration, interpersonal relationships, recognition and empowerment (Yaghoubipoor, Tee & Ahmed, 2013). Past studies described that transformational leadership should be encouraged by leaders in order to achieve job satisfaction among subordinates (Atmojo, 2012). Yang and Islam (2012) mentioned that when a leader fails to raise employee's job satisfaction to a

satisfactory level, it would be pointless on the part of the organization's leadership to introduce and implement an approach to achieve its objectives of organizational performance. On the other hand, psychological empowerment has been highlighted as an important factor for job satisfaction and psychological well-being (Spreitzer, 2007). Yaghoubipoor, et al. (2013) argued that a bad relationship between a leader and an employee can lead to poor productivity, absenteeism and also will result in high organizational turnover level.

Organizations need to practice a good culture of relationship between leaders and subordinates. An employee satisfaction is also associated with positive employee behaviour which is in relation with psychological empowerment (Dawson, 2005). Therefore the relationship between leaders, followers and employees satisfaction can be enhanced and improved by identifying which dimension of transformational leadership (idealized influence, inspirational motivation, intellectual stimulation and individual stimulation) and psychological empowerment (meaning, competence, choice and impact) have more influence towards job satisfaction. Therefore this study will examine the influence of transformational leadership and psychological empowerment towards job satisfaction. Hence, the objectives of the study are to:

1. Examine the relationship between transformational leadership and job satisfaction
2. Investigate the relationship between psychological empowerment and job satisfaction

LITERATURE REVIEW

Transformational Leadership

A relationship between leader and employees should be mutually stimulating and engaging. Transformational leadership

should reflect this kind of relationship between leader and employees. When managers and supervisors exhibit more transformational leadership in the work environment, employees will be happy, eager and more motivated towards work (Krishnan, 2005).

A leader must inspire trust and respect to their followers towards achieving vision and must be willing to seek exchange and agreement approach from other leaders. Their behaviours include idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass & Avolio, 1990). These elements of transformational leadership are used to examine the impact of transformational leadership and job satisfaction in this study (Bass & Avolio, 1997). Transformational leadership increase employee job satisfaction (Yang & Islam, 2012). When satisfied employees understand and maintain their roles in facilitating productivity, this will lead to a better product quality and will improve internal processes thus minimizes production costs during work.

Employees will perform beyond expectation when they follow guidance from leaders who are adapting transformational leadership. Leaders inspire followers by developing, intellectually stimulating followers to transcend their self-interest for a higher collective purpose, mission and vision. Transformational leadership behaviours are found to have a positive effect on follower's well-being, performance, safety climate, and organizational citizenship behaviour, which can be concluded as practically important (Mason, Griffin and Parker, 2014). Atmojo (2012) argued that to encourage the achievement of job satisfaction among the subordinates, the leadership of the organization should consider the relationship of transformational leadership's factors through transformational leadership. Several researchers support the positive

relationship between transformational leadership and job satisfaction in various industries. (Tondo&Andarika, 2004; Lee, 1996).

Therefore, based on the above, these following hypotheses were developed:

- H1 There is a significant positive relationship between transformational leadership and job satisfaction
- H1a There is a significant positive relationship between idealized influence and job satisfaction
- H1b There is a significant positive relationship between inspirational motivation and job satisfaction
- H1c There is a significant positive relationship between intellectual stimulation and job satisfaction
- H1d There is a significant positive relationship between individual consideration and job satisfaction

Psychological Empowerment

According to Giacalone, Paul, and Jurkiewicz, (2005), psychological empowerment focuses on the intrinsic motivation rather than the managerial practices which are used to increase employees' levels of authority. Employees will have their own sense of control over their work and require less supervision.

To enhance job satisfaction in an organization, psychological empowerment is an important factor as highlighted by Schermuly, Schermuly and Meyer (2011). The construct of psychological empowerment consists of four dimensions comprising of meaning, competence, choice and impact (Spreitzer, 1995). Psychological empowerment is related to employee's performance, attitudes and various work behaviours. However, Wang and Lee (2009) stated that the relationship between psychological empowerment and employee's job outcome is yet to be answered. Psychological empowerment has been studied in various industries such

as education industry (Schermuly, Schermuly& Meyer, 2011) and health care industry (Saif& Saleh, 2013). These were addressed as a motivational concept which is an integral part of quality improvement and work effectiveness in the workplace. Wang and Lee (2009) translated the term job satisfaction to job performance, turnover, motivation and organizational commitment. The study has chosen job satisfaction as the outcome of variable due to its fundamental importance towards an organizational performance

Wang and Lee (2009) argued that psychological empowerment refers to the value a task goal or purpose which is judged in relation to an individual's own ideals or standards. It reflects intrinsic interest in a task and involves a fit between work role requirements and one's beliefs and values. They also mentioned that psychological empowerment construct consists of four dimensions which are; meaning, competence, choice and impact. The three (meaning, competence, and impact) dimensions as explained by (Schermuly, et al., 2010) fit or congruence between the beliefs, values and behaviour of people and the requirements of the job. Firstly, meaning is a fit or congruence between the beliefs, values and behaviour of people and the requirements of the job (Schermuly, et al., 2011). Secondly, competence is the confidence people have in their skills and the abilities to perform their job well, it is analogous to agency beliefs or self-efficacy. Lastly impact is a sense of being able to significantly influence strategic, administrative, or operational outcomes at work. Regarding the psychological empowerment construct, there are other researchers who have replaced choice as self-determination which refers to an individual having the freedom to perform his/her tasks in the way that one chooses (Fulford and Enz, 1995).

Oladipo (2009) argued that when people were psychologically empowered, there would be a change in attitude,

cognition and behaviour. These would lead to a positive change in value orientation, increased patriotic actions, ability to postpone gratification of one's desires, improve self-esteem, self-efficacy, self-consciousness as well as better psychological well-being. In fact, Namasivayam, Guchait, and Lei (2014) reported in their study that empowerment enhances self-efficacy which resulted in employee satisfaction and increased organizational commitment. Based on these statement, the following hypotheses were developed:

- H2 There is a significant positive relationship between psychological empowerment and job satisfaction
- H2a There is a significant positive relationship between meaning and job satisfaction towards employee's job satisfaction
- H2b There is a significant positive relationship between competence and job satisfaction
- H2c There is a significant positive relationship between choice and job satisfaction at job satisfaction
- H2d There is a significant positive relationship between impact and job satisfaction

METHODOLOGY

The population of the study comprised of all employees from the non-executive to the head of divisions. There were 180 of them working in the Headquarters of an electrical company in Klang Valley. The study used census survey whereby all data were collected for all units in the population (Fellegi, 2003). 180 questionnaires were distributed personally to all employees there. The respondents were given four working days to complete the questionnaires. However, only 125 questionnaires or equivalent to 69.4 percent of the questionnaires were returned and analysed.

There were four sections altogether in the questionnaire. Measurements used in the study are well established with their specific number of items. Section A consisted of transformational leadership. This section consists of items on four dimensions of transformational leadership and has 20 items adapted from Seyal and Rahman, (2014) which are originally from the Multi-leadership Questionnaire (MLQ) from Bass and Avolio (1995) using a 5-point Likert scales labelled (1 = not at all to 5 = frequently, if not always). Section B consisted of items on psychological empowerment and has 12 items which was adapted from Spreitzer (1995) using 5-point Likert scales labelled (1 = strongly disagree to 5 = strongly agree). Section C consisted of items on job satisfaction and has three items adapted from Netemeyer, Boles, McKee, and McMurrian (1997) which is also using the 5-point Likert scales labelled (1 = strongly disagree to 5 = strongly agree). Section D consisted of demographics information such as gender, age, ethnicity, level of education, and length of services of the respondents.

DATA ANALYSIS

SPSS Version 21 is used to analyse the data in the study(Coakes, S. J. (2013). Descriptive analysis and multiple regression are the main focus to describe and interpret the results. There are 125 respondents analysed in the study. 72 percent of the respondents are female and 28 percent of them are male. More than half of the respondents are below 25 years of age. 35percent of them are between 26 to 30 years old. Only 10% of the respondents are between 31 to 50 years old. In term of ethnicity, the Chinese carries the highest percentage which is 70 followed by the Malays with 26 percent and the remaining numbers are the Indians or others. From the education aspect, most of them hold Bachelor Degree(77% of respondents) while 20 percent of them are with Diploma. Only one respondent has a

Master degree. Most of the respondents are executives in the company (66%) followed by supporting staff or non-executives. Two of the respondents are head of division and 18 of them are heads of department. Surprisingly 87 percent of the respondents have been working at this company for the past 4 years. Only six of them have served more than 10 years. The remaining numbers of the respondents have been working between 4 to 10 years.

Based on the analysis of the data, the Skewness and Kurtosis values are within the range of $-+3$, this means that the data was normally distributed. The normality of the data was also measured using the scatter plots. In term of its reliability and validity, the Cronbach's Alpha values are more than 0.7, therefore, the items in the variables are acceptable. These are the means and standard deviations values of transformational leadership variables in this study. The result shows idealized influence ($M = 3.80$ and $SD = .65$); inspirational motivation ($M = 3.88$ and $SD = .68$); intellectual stimulation ($M = 3.89$ and $SD = .72$) and individual consideration ($M = 3.80$ and $SD = .75$). Intellectual stimulation has the highest mean which is equal to 3.89 and the lowest mean is idealized influence which has mean of 3.80. The mean and standard deviation of psychological empowerment in this study are as follows: The result shows meaning has ($M = 4.00$, $SD = .54$); competence has ($M = 4.08$, $SD = .36$); choice has ($M = 4.00$, $SD = .51$) and impact has ($M = 3.58$, $SD = .78$). Table 4.9.2 shows that competence has the highest mean = 4.08 and the lowest is impact which has mean a of 3.58 (Cohen, J. (1988).

Multiple regression analysis was computed to determine the relationship between transformational leadership (Intellectual stimulation, inspirational motivation, idealized influence, and individual consideration), psychological empowerment (meaning, impact, choice, and competence) and job satisfaction. The

independent variables together explain 38.8 per cent of the variance R^2 in job satisfaction, which is significant, as indicated by the F value of 9.18. The analysis also determines the relationship between transformational leadership (intellectual stimulation, inspirational motivation, idealized influence, and individual consideration), and job satisfaction. Only one (i.e., intellectual stimulation) out of four transformational leadership dimensions was found to have positive significant relationship with job satisfaction ($\beta = .30$, $p < .05$). Hence, H1c is supported. No support was found for idealized influence, inspirational motivation and individual consideration, with job satisfaction was postulated to have a positive relationship with job satisfaction. Thus, H1a, H1b and H1d are not supported. The finding shows that intellectual stimulation was the only item that was significantly related with job satisfaction. This can be concluded that employees in this company agree that their supervisors encourage their subordinates on how to solve certain problems in a creative way. This act makes the followers feel motivated and inspired by the leaders thus the relationship between leaders and followers becomes stronger. The result also indicates that intellectual stimulation may lead to the positive improvement of employee's performance and job satisfaction which is supported by several researchers (Bass, 1995; Bass & Avolio, 1997; Shibru & Darshan, 2011). The study reveals that job satisfaction can be improved and increased with the guidance and encouragement of from the supervisors in supporting the staff on new ways and be creative in solving problems.

The findings of the study also revealed that only one dimension of psychological empowerment which is meaning has positive significant relationship with job satisfaction ($\beta = .20$, $p < .05$). Thus H2a was supported. No relationship was found for three dimensions of psychological

empowerment (i.e., competence, choice and impact). Therefore, H2b, H2c and H2d are not supported. The study reveals that employees are still satisfied with their job which can be concluded that they feel that their jobs are meaningful and are valued. The result is also supported by Fields and Taking (2002) that meaningfulness are related to job satisfaction. However, based on the dimensions in the psychological empowerment only meaning has a positive significant relationship and influences job satisfaction.

CONCLUSION

The participated organization is an electrical supply chain and most of the employees in the headquarters are communicating with either the internal or external customers. They are either their suppliers or their customers. Therefore, it is important for the organization to improve and maintain their employee's job satisfaction which will result in good profit to the organization. As discussed previously, based on the findings, intellectual stimulation of transformational leadership shows a slightly higher value of positive significant relationship towards job satisfaction compared to meaning, one of the psychological empowerment dimension. It is suggested that the organization maintain the transformational leadership practices in the organization among the supervisors and subordinates. Based on the transformational leadership's dimension, intellectual stimulation was the highest to be influenced by job satisfaction, therefore, leaders or supervisors are encouraged to constantly encourage their followers to explore and find new ways on how to manage their tasks and solve problems. Meanwhile, the highest relationship value in terms of psychological empowerment was meaning. From all the four dimensions of psychological empowerment, meaning was shown to have a positive relationship with

job satisfaction. Therefore it is recommended that supervisors are to constantly encourage and guide their subordinates on managing tasks and problem solving and also to make them feel that their jobs are meaningful.

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