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The role of transformational leadership style, organizational structure and job characteristics in developing psychological empowerment among banking professionals

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Abstract

Purpose – The purpose of this paper is to investigate the antecedents of psychological empowerment among bank managers in Beijing, China. Specifically, it aims at investigating the impact of transformational leadership, organization structure and job characteristics on psychological empowerment among banking professionals.

Design/methodology/approach – Questionnaires were distributed to bank managers in Beijing which were randomly selected through the cluster sampling technique. PLS-SEM was used for analysis to testify the hypotheses.

Findings – Statistical results showed; transformational leadership, organization structure and job characteristics were directly and positively related to psychological empowerment.

Originality/value – The proposed model is essential in providing guideline for the development of employees. These recommendations can be adopted by the organizational trainers and human resource personnel for the betterment of their organization.

Keywords Transformational leadership, Psychological empowerment, Job characteristics, Organization structure

Paper type Research paper



Introduction

Employees' empowerment can be speculated as a key to the success of an organization (Taborda, 2000). Empowerment from psychological perspective is named as psychological

empowerment. It can be termed as the employees' attitude toward their work and role in the organization (Conger and Kanungo, 1988). Here, empowerment is used in motivational sense. The motivational elements of empowerment are discretion, autonomy, control and power. It is also considered as the motivational counterpart as it helps in boosting intrinsic task motivation exhibited in four types of cognizance that reveal a person's approach to his or her work role and responsibility, particularly meaning, competence, impact and self-reliance (Thomas and Velthouse, 1990). Therefore, it is considered that employees with psychological empowerment are more benign to organizations being self-motivated.

Presuming that psychological empowerment intensifies organizational performance and effectiveness, many empirical studies have been administered to investigate the proposed antecedents (Avolio *et al.*, 2004; Chiang and Jang, 2008).

Past studies indicate considerable impact of psychological empowerment over job attitudes and these job attitudes in return lead to behaviors that are crucial for organizational success (Afsar and Badir, 2016; Singh and Sarkar, 2012; Tung and Chang, 2011). So far, there are still some gaps needed to be addressed and these gaps summoned the researchers to investigate the impact of psychological empowerment in the particular locality. This is most likely in the state of affairs where supervisors and managers are unable to provide the extrinsic motivation to their subordinates. The previous studies on psychological empowerment mainly focused on individual factors like self-efficacy, self-esteem and internal and external *locus* of control (Koberg *et al.*, 1999; Samad, 2007) and some other specific factors such as job characteristics, resources, availability of information, leadership styles and political support (Avolio and Gardner, 2005; Avolio *et al.*, 2004; Wallach and Mueller, 2006).

Previous studies also exhibit positive relationship between psychological empowerment and transformational leadership (Baggett, 2015; Pradhan *et al.*, 2017). However, the relationship between transformational leadership and psychological empowerment is slightly identified particularly when the organizations are confronting transitions like mergers acquisition and rigorous restructuring. Therefore, the effect of transformational leadership in the organizations with uncertain and dynamic situations is yet to be investigated. In the prior researches, respondents from various types of institutions like hospitals (Koberg *et al.*, 1999) and schools (Baggett, 2015) were preferred and picked. Hence, to further reinforce and re-examine the said effect of transformational leadership and psychological empowerment the study needs to be conducted in different settings. Keeping this into consideration, this study is taking transformational leadership as one of the antecedents.

Besides, the literature review also unveils the conflicting findings for some variables in relation to psychological empowerment. For instance, according to Chan (2003), organizational structure is one of the antecedents of psychological empowerment. However, the findings of the study did not support such relationship between organizational structure and psychological empowerment. But the study of Spreitzer (1996) established a negative relationship between the said variables. Thus, this study is taking organizational structure as one of the antecedent factors of psychological empowerment to examine the proposed relationship between the two variables. While considering job characteristics, numerous studies endorse job design approach for empowering employees (Chen and Chen, 2008; Jha and Nair, 2008).

The previous studies also spotlighted the impact of job characteristics on front line task force or employees at lower position of hierarchy. According to Cavana *et al.* (2001), every position is different and exclusive, so applying the same variables at managerial level is pertinent. Therefore, this study would add to the literature by investigating the relationship

between job characteristics and sense of empowerment of branch managers from banking sector. In addition to that, our study would also analyze the combined effect of some selected variables by altogether including those variables such as transformational leadership, organizational structure and job characteristics.

Literature and hypothesis

Empowerment and leadership

Initially, psychological empowerment was regarded as a course of improving self-efficacy in any of the individual characteristics of professionals (Conger and Kanungo, 1988) which, with time, encompassed feeling of motivation, depicting an employee's approach toward work and career growth (Thomas and Velthouse, 1990). Spreitzer (1996) described psychological empowerment as being a multi-dimensional entity, which comprises various cognitive aspects including competence, meaning, self-determination and impact, whereas "Competence" involves a person's self-belief about his capabilities to complete an assigned work, "Meaning" refers to the virtue a person affiliates with a given task and the extent to which a task is performed according to virtues of an individual (Thomas and Velthouse, 1990), "Self-determination" refers to having a sense of independency in conducting tasks and making decisions and "Impact" comprises the extent to which an individual's task related activities have impact on organizational outcomes and processes (Thomas and Velthouse, 1990). Thus, being a motivation associated entity, psychological empowerment acts as a motivational force behind all the four aspects (Spreitzer, 1996).

Researchers have already concluded that psychological empowerment highly influences employees' job attitudes and behaviors (Dust *et al.*, 2014; Liden *et al.*, 2000; Spreitzer, 1996).

Moreover, attributes such as job satisfaction, increased job performance and organizational commitment have also been affiliated with psychological empowerment (Bordin *et al.*, 2006; Seibert *et al.*, 2011).

The employees with psychological empowerment are meant to seek value in their assigned tasks resulting in better performance and career achievements (Conger and Kanungo, 1988).

Employees feel empowered by the actions and working styles of their immediate supervisors and managers. Transformational leadership is an attitude adopted by leaders to inspire their sub-ordinates for better performance, surpassing their own set contributions. Further to this, transformational leadership helps in increasing motivation, organizational loyalty, contentment and work engagement among the employees (Judge and Bono, 2001).

Moreover, transformational leadership contributes toward organizational development by motivating employees (Snaebjornsson and Vaiciukynaite, 2016). Through enhancing the sense of empowerment, transformational leadership boosts up employees' engagement (Dvir *et al.*, 2002). Transformational leadership comprises four aspects including inspiration, intellectual stimulation, individualized consideration and idealized influence (Bass, 1999).

Transformational leadership is a means of inspiring employees to achieve organizational goals through personalized consideration for them (Bass, 1999). This helps employees in finding virtue in the assigned work, which in return makes them more responsible toward work and increases their performance (Conger and Kanungo, 1988; Conger, 1999; Bass and Avolio, 1997; Bass, 1999). A considerable literature shows that empowerment is an important aspect for bringing about impact of transformational leadership (Conger and Kanungo, 1988; Bass, 1999). Empowerment is influenced by various organizational and individual aspects (Thomas and Velthouse, 1990; Spreitzer, 1996). According to Egitropaki and Martin (2005), transformational leadership induces the self of recognition and acknowledgement among the employees. On the other hand, many previous researchers

have advocated the positive relation between transformational leadership and psychological empowerment (Seibert *et al.*, 2011; Avolio *et al.*, 2004; Dust *et al.*, 2014; Pieterse *et al.*, 2010). According to Kark *et al.* (2003), social identification of a sub-ordination with the group also seems to be the cause of relation between transformational leadership and psychological empowerment. According to Barroso Castro *et al.* (2008), leadership is an important organizational factor to improve psychological empowerment. Consequently, transformational leadership can alter an employees' view regarding work. Thus, transformational leadership can change the feelings and sentiments of an employee making him more affiliated with his work. Thus, it is proposed that transformational leadership increases psychological empowerment among the employees. Thus:

H1. Transformational leadership positively influences psychological empowerment.

Organization structure and psychological empowerment

The organizational structure depicts the interconnection between departments, processes and activities taking place with in it. Thus, the adopted structure of an organization is responsible for allotting of jobs in a way that is most likely to help in achieving organizational objectives. The different structural patterns of organizations were first pointed out by Burns and Stalker (1961). The most common types of organizational structure include centralization and formalization (Pugh *et al.*, 1968). Centralization reflects the hierarchy decision-making structure, in which decisions are made only at the executive level, whereas formalization involves the decision-making on basis of formally written rules and standards. Moreover, other important alternatives for organizational structure are mechanistic and organic structures. Mechanistic structure compels the people to act in a conventional and predictable manner. On the other hand, organic structure encourages flexibility in working so that changes could easily prevail in the organizations (Jones, 2007). The mechanistic structure is interrelated to the application of formalization, whereas organic structure can be attributed to centralization (Chan, 2003). Each kind of organizational structure manifests different set of behavioral features. Mechanistic approach is applicable in a stable setting, whereas organic form is suitable for shifting business conditions and agile environment. Based on literature, developed proposition is that employees working in an organic structured organization are likely to have better psychological empowerment. Thus:

H2. Organization structure will be positively related to managers' perception of psychological empowerment.

Job characteristics and psychological empowerment

The job characteristics model proposed by Turner and Lawrence (1965) depicts association of employees' behaviors toward the varying task factors. Although the job characteristics model is more than 30 years old, it is still an important aspect of job design theory (Clegg and Spencer, 2007). It comprises skill variety, task identity, task significance, autonomy and feedback as various job characteristics. "Skill" variety comprises set of talents required to perform task associated activities by the associated person, "Task identity" refers to the extent of completion required by a task, "Task significance" refers to the extent of impact laid by a task on the stakeholders and investors, "Autonomy" is the degree of freedom and control rendered to a person in conducting various activities of a work and "Feedback" refers to the information provided to an individual regarding his effectiveness in performing a task. The job characteristics model claims that five features can represent total ability of a

job to alter an individual's behavior (Fried and Ferris, 1987; Omer *et al.*, 2016). Hackman and Oldham (1976) proposed job characteristics theory which depicts the circumstances leading toward internal motivation of employees during a task. The job characteristic theory highlights three psychological states to be responsible for internal motivation including "experienced meaningfulness", "felt responsibility" and "knowledge of results", whereas "Experienced meaningfulness" refers to the degree of difference brought about by a work, "Felt responsibility" reflects the degree of responsibility felt by the employees and "Knowledge of results" reflects the degree of consciousness among employees regarding work quality. Other aspects influenced by job characteristics include performance, satisfaction, commitment and efficiency (Hackman and Lawler, 1971; Hackman and Oldham, 1976). Improvement in these perspectives takes place when an employee witness psychological empowerment through experienced meaningfulness, experienced responsibility and knowledge of the result. Researchers have expressed a positive relation between job satisfaction and various perspectives of job characteristics (Fried and Ferris, 1987; Hackman and Lawler, 1971; Saal, 1978) and the effects of job characteristics and organizational citizenship behavior (Podsakoff *et al.*, 1996; Purvanova *et al.*, 2006).

According to Hackman and Oldham (1976), job characteristics help the managers to accomplish high level of contentment, commitment and motivation. As psychological empowerment is a source of intrinsic motivation, employees' insight about job characteristics is associated to psychological empowerment (Hackman and Lawler, 1971). According to Thomas and Velthouse (1990), the psychological states of an employee exhibit his condition of psychological empowerment. The same has been advocated by Spreitzer (1996). Moreover, the perspectives of psychological empowerment boosts up employees' confidence, competence and self-determination toward decision-making and work objectives (Chen and Chen, 2008). Thus:

H3. Managers' perception of job characteristics has a positive relation with psychological empowerment.

Methods

Measures of the study

Psychological empowerment. The measure for estimating the psychological empowerment is based on the instruments developed by Spreitzer (1992, 1996). This measure of psychological empowerment construct is operationalized by 12 items. The four factors or dimensions are meaning, competency, self-determination and impact. Many researchers have used this measure, so the validity and reliability had been already strengthened.

Transformational leadership. The measures for transformational leadership are based on 20 items measures developed by Avolio and Bass (1995). The questionnaire describes the leadership style of the supervisor or leader and respondents should response to each statement accordingly.

Organization structure. The characterization of the organization structure is the aggregated score comprising six items that measure the characteristics of a unit as a continuum with a perception of the unit as highly mechanistically structured on the lower end of the scale, and highly organically structured on the upper end. Reliability coefficient for the measures is 0.81 (Chan, 2003; Spreitzer, 1996).

Job characteristics. Job characteristics in this study refer to Hackman and Oldham's (1976) job characteristics model. Five dimensions of job characteristics of the respondents' current jobs are measured using the job diagnostic survey (JDS) developed

by [Hackman and Oldham \(1976\)](#). The 15-items of job characteristics were measured using the five-point Likert scale questionnaires.

Data collection

Total of 400 questionnaires were distributed to bank managers in Beijing which were randomly selected through the cluster sampling technique. The data collection was carried out between September 2017 to November 2017, where from the 400 questionnaires distributed, only 164 (41.0 per cent) were returned. Later, after an inspection out of 164 questionnaires, only 151 were found usable, giving a response rate of 37.8 per cent. The response rate considered low but still found acceptable which is supported by Daniel Soper's G power test analysis. This approach relies on the path leading to an endogenous variable and the desired confidence interval and effect size. In this study, to reach a statistical power of 95 per cent, the recommended sample size was 129. Therefore, the sample size ($n = 151$) used for analysis in this study is considered enough to achieve an adequate level of statistical power in PLS, as it is above the minimum requirement as suggested by the test.

Statistical techniques and data analysis

For the purpose of data analysis and hypotheses testing, several statistical tools and techniques are found to be used, in literature. In this study, different statistical tools represented by SPSS version 18.0 and SEM-PLS (partial least square) version 3.0 are used. PLS-SEM is a widely used method of analysis because of its robustness (Penga and Lai, 2012). PLS-SEM was used in this study for two reasons; first, because the focus of this study was the prediction of dependent variables (Roldán and Sánchez-Franco, 2012). Second, PLS-SEM is an appropriate technique for model testing with small sample size ([Hair et al., 2011](#)). As suggested by [Andersen and Gerbing \(1988\)](#), a two-stage analytical procedure was adopted. The first stage involves testing the measurement model (i.e. internal consistency reliability, convergent and discriminant validity [DV]), and the second stage involves examining the structural model (i.e. hypotheses testing).

Results

Assessment of reflective measurement model. To measure reliability, all items' loading for reflective constructs were inspected to pass a cut-off point of 0.5 ([Hair et al., 2011](#)). The higher the loadings mean that there is more shared variance between the construct, and low loadings shows very small explanatory power of the model, as well as reducing the estimated parameters linking the construct ([Hulland, 1999](#)). To assess convergent validity, outer loadings, composite reliability (CR) and the average variance extracted (AVE) were determined. Any loadings below 0.5 were deleted, resulting in final AVE and CR to be above the benchmark value of 0.5 and 0.7, respectively, details are summarized in [Table I](#). In addition, discriminant validity for reflective measurement model was also validated through the Fornell-Larcker criterion. As shown in [Table II](#), the square root of AVE for each construct is evidently higher than the correlation for each latent construct.

Assessment of structural model

In the structural assessment, the path coefficients and R^2 values are examined first. In other words, after computing the path estimates in the structural model, a bootstrap analysis was performed to assess the statistical significance of the path coefficients. The path coefficient represents the hypothesized relationships among the constructs. If the standardized values of the path coefficients are close to +1, it means that there is strong positive relationships

Constructs	Items	Loadings	AVE	CR	Developing psychological empowerment
Transformational leadership	TL1	0.746	0.543	0.905	
	TL2	0.695			
	TL3	0.805			
	TL4	0.751			
	TL5	0.681			
	TL6	0.783			
	TL7	0.728			
	TL8	0.699			
	TL9	0.808			
	TL10	0.767			
	TL11	0.873			
	TL12	0.885			
	TL13	0.818			
	TL14	0.879			
	TL15	0.848			
	TL16	0.819			
	TL17	0.779			
	TL18	0.846			
	TL19	0.896			
	TL20	0.870			
Organizational structure	OS1	0.840	0.836	0.9532	
	OS2	0.804			
	OS3	0.658			
	OS4	0.594			
	OS1	0.840			
	OS2	0.804			
Job characteristics	JC1	0.763	0.641	0.842	
	JC2	0.828			
	JC3	0.808			
	JC4	0.916			
	JC5	0.661			
	JC6	0.882			
	JC7	0.891			
	JC8	0.877			
	JC9	0.776			
	JC10	0.894			
	JC11				
Psychological empowerment	PE1	0.862	0.739	0.895	
	PE2	0.852			
	PE3	0.864			
	PE4	0.830			
	PE5	0.898			
	PE6	0.923			
	PE7	0.903			
	PE8	0.936			
	PE9	0.863			
	PE10	0.903			
	PE11	0.866			

Table I.
Measurement model
quality criteria

(and vice versa for negative values) and that they are always significant (Hair *et al.*, 2011). Thus, the path coefficients for this study were produced.

Next step is to look at the result of the coefficient determination or R^2 . The R^2 indicates that the variance in the endogenous variable is explained by the exogenous variables and the main target construct's level of R^2 should be high (F. Hair *et al.*, 2014). The rule of thumb for acceptable R^2 varies, but according to Cohen (1998), R^2 value of 0.26 and above is considered substantial, which means that the estimated model fits the data, very well. In this study, the endogenous variables appear to have R^2 value of 0.743. On the other hand, Chin (1998a) proposed that R^2 values of 0.67, 0.32 or 0.19 for endogenous latent variables in the inner path model are considered as substantial, moderate or weak respectively. Thus, the estimated model fit can be considered as substantial.

Table III presents the results of the direct effect hypothesized in this study. The results from the output of the bootstrapping PLS-SEM confirmed that there is a positive significant relationships between transformational leadership and psychological empowerment ($\beta = 0.420$, $t = 10.038$, $p < 0.01$), organization structure and psychological empowerment ($\beta = 0.298$, $t = 2.692$, $p < 0.01$) and job characteristics and psychological empowerment ($\beta = 0.465$, $t = 11.742$, $p < 0.01$). Therefore, $H1$, $H2$ and $H3$ are supported and accepted. In addition, the R^2 was 0.743, which means that 74.3 per cent of the variance in psychological empowerment is explained by exogenous variables such as transformational leadership, organization structure and job characteristics (Tables III and IV).

Effect size (f^2)

Effect size (f^2) in PLS-SEM was performed to determine the change in R^2 to distinguish whether the impact of a particular exogenous latent variable on an endogenous latent

Table II. Fornell–Larcker criterion analysis for checking discriminant validity of first-order constructs

Factors	JC	OS	PE	TL
JC	<i>0.800</i>			
OS	0.311	<i>0.914</i>		
PE	0.498	0.496	<i>0.852</i>	
TL	0.473	0.380	0.770	<i>0.734</i>

Notes: The square root of AVE values are shown on the diagonals and printed with italic, non-diagonal elements are the latent variable correlation; JC = job characteristics; OS = organization structure; PE = psychological empowerment; TL = transformational leadership

Table III. Summary of the direct effect

Hypothesis	Path	SD	<i>t</i> Statistics (O/STDEV)	<i>P</i> -values
JC → PE	0.465	0.040	11.742	0.000
OS → PE	0.298	0.037	2.692	0.007
TL ₋ → PE	0.420	0.042	10.038	0.000

Table IV. R^2 of endogenous latent variables

	<i>R</i> square	<i>R</i> square adjusted
Psychological empowerment	0.743	0.740

variable has substantive impact. This means, the changes on R^2 was observed with the omission of any selected exogenous variable from the model. The effect size f^2 is calculated through the following formula:

$$f^2 = \frac{R^2_{\text{included}} - R^2_{\text{excluded}}}{1 - R^2_{\text{included}}}$$

where R^2 included and R^2 excluded are the R^2 provided on the endogenous latent variable when the predictor exogenous latent variable is used or omitted in the structural model respectively. Based on Cohen (1988), the effect size f^2 of 0.02, 0.15 and 0.35 can be viewed as a guide line for whether a predictor or exogenous latent variable has a small, medium or large effect at the structural level. Table V shows the effect size of this study generated by SmartPLS version 3.

Discussion

A positive and significant relationship is evident between transformational leadership and psychological empowerment from the results deduced by algorithm and bootstrapping PLS-SEM ($\beta = 0.420$, $t = 10.038$, $p < 0.01$). Thus, it is found that transformational leadership style influences psychological empowerment among managers. This study emphasizes that transformational leadership can be a source of motivating employees and bringing about psychological empowerment among them. The same has been pointed out by previous research works of Dust *et al.* (2014), Joo and Lim (2013) and Seibert *et al.* (2011).

Although different scales have been used by researchers to study transformational leadership, their results are somewhat similar. The followers of transformational leaders have more chances to witness psychological empowerment, as this leadership style helps the employees to reach their maximum potential (Johnson and Dipboye, 2008). The transformational leaders tend to give individualized consideration for their employees to understand their needs and demands. This helps in motivating the employees (Şahin *et al.*, 2014). Through recognition of employee's efficacy, the aspects such as satisfaction, performance, competence, self-determination and confidence are promoted. The act of individualized consideration can also help employees in taking higher responsibilities; thus, leading toward psychological empowerment among them (Avolio *et al.*, 2004). According to Piccolo and Colquitt (2006), it helps employees in understanding their work in a better way and making contribution toward organization. Arnold *et al.* (2007) claimed that transformational leadership promote the organizational goals and visions among the employees.

Transformational leadership helps employees in understanding their responsibilities toward achieving organizational goals. Moreover, they are made aware about the impact of their actions on the process of achieving them (Chan, 2003). According to Spreitzer (1992), organic structure is more likely to create better perception among employees as compared to mechanistic structure. Thus, it is suggested by

Variables	Psychological empowerment	Size
Job characteristics	0.396	Large
Organization structure	0.028	Small
Transformational leadership_	0.374	Large

Table V.
The effect size of the
model

[Spreitzer \(1996\)](#) and [Chan \(2003\)](#) that organic structure is more associated with psychological empowerment.

The present study advocates a positive relationship between organizational structure and psychological empowerment ($\beta = 0.298, t = 2.692, p < 0.01$). The results show that respondents consider their respective organizations as organic structured. This implies that an organic organization is meant to be more flexible, decentralized and has open communication system. Thus, the study shows that the organizational structure is responsible for promoting sense of empowerment among the employees. These findings are in accordance with the research work of [Chan \(2003\)](#). It is noted that as the perception by employees increases regarding their organization being organic, higher will be the level of psychological empowerment.

By increase in flexibility of the organization, freedom for employees is enhanced along with their participation in decision-making process. Moreover, the employees have increased involvement toward their assigned roles and control of performing their tasks. The organic organization helps in efficient communication, which creates ingenuousness throughout the organization. This gives an enhancement to psychological empowerment of employees.

The present study shows that job characteristics have a positive relationship with psychological empowerment ($\beta = 0.465, t = 11.742, p < 0.01$). This finding is supported by the previous research works of [Jha and Nair \(2008\)](#) and [Chen \(2007\)](#). Thus, if employees consider job characteristics to be highly motivating, it will result in enhanced psychological empowerment. It is indicated that job characteristic have impact on motivation, which influences factors such as job perception, competency, self-determination and working environment. This finding has been supported by the work of [Hackman and Oldham \(1976\)](#).

As psychological empowerment acts as a source of intrinsic motivation, an employees' perception about job characteristics is associated with psychological empowerment. Furthermore, some job characteristics results in affirmative mental states including accountability and commitment and job satisfaction. This concept has already been advocated by the research works of [Thomas and Velthouse \(1990\)](#) and [Spreitzer \(1996\)](#). An enhancement in factors of task identity, autonomy and feedback, boosts up an employee's confidence, competency and self-determination. This would help the employees in accomplishing work goals and solving work problems ([Chen and Chen, 2008](#)).

The present study highlights the perception of psychological empowerment in bank managers, which is effected by the way they recognize their job characteristics. The association between different dimensions and level of psychological empowerment cannot be interpreted as job characteristics were considered as second-order construct. Anyhow, some inferences can be drawn. Variation of skills shows that different skills are used by employees for performing different tasks. By applying various skills, competency among employees can be increased, which in turn enhances acuity toward psychological empowerment. The factor of task identity shows job significance thus helping employees in associating meaningfulness and psychological empowerment with the work. Autonomy gives control to employees in making work-related decisions. Same is the case with managers, where autonomy helps in enhancing intrinsic motivation. At last, it is implied that feedback helps employees in scrutinizing their work progress. Moreover, these characteristics affect self-determination of workers. Thus, the association between job characteristic and psychological empowerment is in accordance with self-determination theory (SDT). These findings are supported by the study of [Hackman and Oldham \(1976\)](#).

Contributions

This study provides various recommendations, which should be applied to improve job involvement.

The association between psychological empowerment and job involvement is emphasized where estimations clearly advocate that transformational leadership helps in developing psychological empowerment among employees. Thus, this study boosts up the significance of transformational leaders in an organization. Although leaders may be unaware of the impact caused by their leadership style, its outcomes are apparent on various attributes of employees. It is also suggested that the leadership style should be identified during recruitment process. This study safely concludes that ones who do not apply transformational leadership style should be given appropriate training. Moreover, the employees should be made aware of the importance associated with transformational leadership and its application.

The present study has depicted positive association of organizational structure with psychological empowerment means, organic structure should be promoted in the designing of an organization. As organic organizational structure is more suitable to a changing work environment, it seems highly appropriate for banking industry.

The various dimensions of job characteristics have an impact on sentiment of psychological empowerment. This study adds to the association of job characteristics and psychological empowerment; it guides the practitioners that these features of job characteristics should be incorporate in the manager's role. The proposed model is essential in providing guideline for the development of employees. These recommendations can be adopted by the organizational trainers and human resource personnel for the betterment of their organization. Other important factors also exist that are associated with the development of psychological empowerment, especially among the bank managers.

Conclusion

The present study provides an empirical illustration on the association among transformational leadership, job characteristics, organizational structure and psychological empowerment. The influence of various job characteristics on bringing about psychological empowerment has been depicted. Moreover, the relation of psychological empowerment with job involvement and organizational commitment has been shown. Transformational leadership style promotes organic structure and motivates the employees; it is highly likely to bring about psychological empowerment in the management. Thus, its applicability should be increased specially among managers. On the other hand, psychological empowerment is important in increasing job involvement of managers, which can influence staff retention, absenteeism, satisfaction and performance. Consequently, the meaning of work has been continuously changing nowadays (Rafiq and Weiwei, 2017; Wu *et al.*, 2017). Thus, all the dimensions of psychological empowerment including meaning, competence, self-determination and impact should be promoted.

Although psychological empowerment is a well-researched topic, the present study is a contribution to literature in the context of-China. Based on social exchange theory, this study puts forward many theoretical and practical contributions. The association between psychological empowerment and job involvement are explained in the present study.

Limitations

The present study has been imposed with various limitations. As the present study is cross-sectional in nature, casual inferences cannot be deduced. A longitudinal design would have

provided better substantiation on association between the selected variables. Therefore, it is suggested that in future, longitudinal research works should be conducted.

The present study has collected data only from managers of banking industry. Thus, the results cannot be generalized for managers belonging to other industries. This imposes limitation in interpretation of the results. Therefore, the future research works should comprise managers from different industries for better comparison. Consequently, data from both private and public sectors should be collected with additional factors influencing the psychological empowerment. Moreover, the future research works should involve respondents from all the levels ranging from operation to executive level.

The present study has ignored some individual and organizational variables that may have influence on psychological empowerment. These variables include perceived organizational support, intercommunication, human resource practices, personality traits and gender-based comparison. Moreover, attitudinal outcomes such as job satisfaction, performance and commitment could also be included. Apart from this, various moderating and mediating factors could also be analyzed for their effect on psychological empowerment.

The study is helpful in understanding individual based perspective. However, it does not explain on terms of teams, units, unions and departments. Future research works can be conducted on broader level for creating better understanding toward psychological empowerment.

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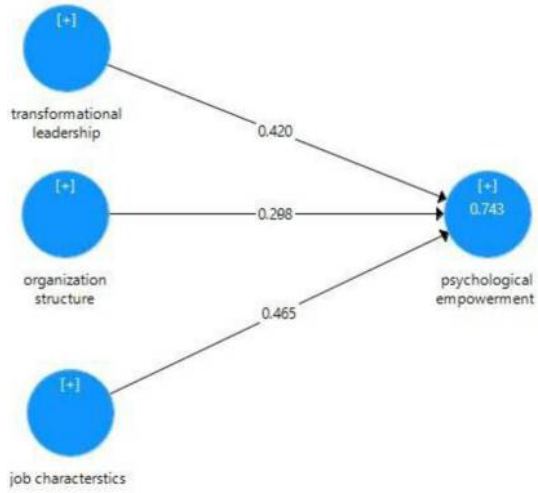


Figure A1.
Results of PLS path coefficient

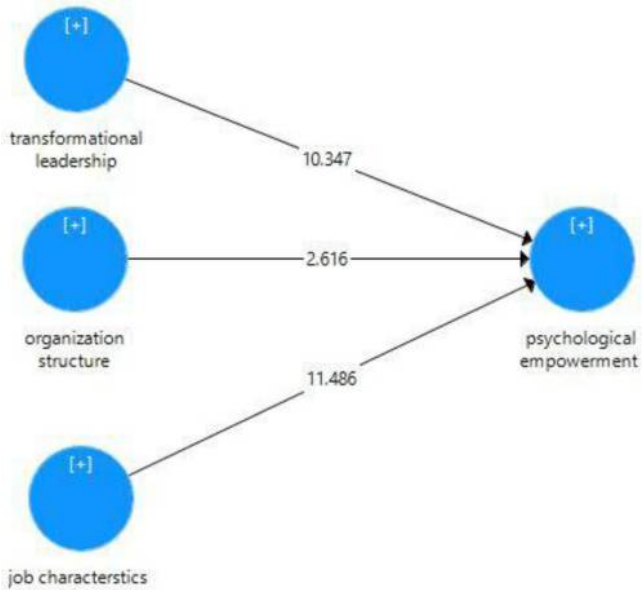


Figure A2.
Results of PLS bootstrapping