Psychological Empowerment and Job Satisfaction: Insights from Libyan Banking Sector

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Abstract

This study investigates the four psychological empowerment dimensions (competence, impact, meaning, and self-determination) and how they impact job satisfaction. Employee empowerment innovatively boosts the performance and capabilities of the organizations. This study is significant in the background of the Libyan banking sector working under uncertain conditions since the start of the Libyan civil war. This study proposed a theoretical framework with four hypotheses that established a relationship between competence, impact, meaning, self-determination, and job satisfaction. The study used a quantitative design to test the theoretical model using the psychological empowerment model of Spreitzer (1995) and job satisfaction with the Minnesota Satisfaction Questionnaire (MSQ). Five hundred thirty (530) questionnaires were distributed to 25 branches of banks in Libya and received 333 responses, out of which 327 were valid for the analysis. The data analysis was conducted using Structural Equation Modelling (SEM) using Partial Least Squares (PLS), aided by Smartpls 3 software. The results indicated that competence was insignificant with job satisfaction and all other three dimensions were positive and significant with job satisfaction even in the bureaucratic organizational structures. It is also interesting to note that lower and middle-level managers have the self-belief to contribute despite influencing the strategies.
**Keywords:** Psychological empowerment; Job satisfaction; Empowerment dimensions.

**Abstrak**


**Keywords:** Pemberdayaan psikologis, kepuasan kerja, dimensi Pemberdayaan,

**INTRODUCTION**

The continuous improvement in human capital is vital for organizations to aggressively and effectively produce outcomes. The rapidly changing business environment further challenges the organizations’ coping abilities (Fernandez & Moldogaziev, 2013). One of the significant aspects is employee empowerment that innovatively boosts the performance and capabilities of the organizations (Ornelas & Maroco, 2015).
years, the concept of empowerment is evolved and successfully incorporated into the organizational policies to empower the workforce (Jain & Jain, 2014). Moreover, it helps employees effectively achieve the job tasks, power distribution, access to information, knowledge creation, rewards, and required training (Spreitzer, 1995). Further, employee empowerment enhances the optimization of the workforce, efficacy, organizational commitment, productivity, and performance (Sahoo, Behera, Tripathy, 2010; Spreitzer, 1995).

Organizational structure plays an important role in implementing empowerment programs—for instance, the bureaucratic structures limit the initiatives, self-efficacy, organizational commitment, and employees’ satisfaction (Conger & Kanungo, 1998). The banking sector, for example, emphasizes the adoption of formal policies, prescribed procedures to complete the job, and technical skills (Imran, Maqbool, & Shafique, 2014). Therefore, the practice of employee empowerment is limited. Hence, the concept is still developing in the context of organizational development and psychological empowerment that has been addressing the cognition aspects of the job.

Scholars have been exploring psychological empowerment in different managerial contexts (Fernandez & Modogalviez, 2013), motivational aspects (Spreitzer, 1995), job satisfaction effectiveness (Spreitzer, Kizilos, & Nason, 1997), customer relationship (Corsun & Enz, 1999), job enrichment (Liden, Wayne, & Sparrowe, 2000), psychological climate (Carless, 2004), empowerment climate (Seibert, Silver, & Randolph, 2004), and conflict (Janssen & Van Yperen, 2004). However, the relationship among these constructs still needs further research (Peterson, 2014). Moreover, the role of context is significant to explore the relationship between psychological empowerment and job satisfaction. The context is not limited to the managerial or organizational setting but the external environment (the organization exists, e.g., countries). Moreover, the changing industry trends and the social norms offer different meanings and experiences of psychological empowerment (Mitchell, 2016).

These constructs are hardly studied in the Libyan context, particularly the Libyan banking sector. Moreover, this study is significant in the background of the Libyan civil started in 2011.
Therefore, this study investigates the four psychological empowerment dimensions how they impact job satisfaction. In what follows, the authors first describe the concepts of psychological empowerment and job satisfaction, hypothesizing the four independent constructs, i.e., meaning, competence, impact, and self-determination, increase job satisfaction in employees of Libyan banks. Next, the authors tested the proposed theoretical framework with a sample of 327 employees from eight banks (multiple branches) in Tripoli and Misurata, Libya. The study has made significant contributions to theory development about insights from a unique context.

THEORETICAL FRAMEWORK

Psychological Empowerment and Job Satisfaction

Psychological empowerment has been evolving over the years, and it is defined as a process that provides control to individuals (Zimmerman, 1995; Peterson & Zimmerman, 2004). It is an interpersonal perception of empowerment and interaction of individuals with the environment (Zimmerman, 1995). Moreover, psychological empowerment is a process of an individual’s cognitions that induce the interpersonal sense of empowerment (Conger & Kanungo, 1988; Thomas & Velthouse, 1990). The interpretations of the organizational climate shapes the employee’s perceptions about empowerment, which leads to positive outcomes—it is the result of psychological empowerment and not entirely of structural empowerment (Thomas & Velthouse, 1990).

The concept of psychological empowerment represents four constructs and is defined as “a motivational construct manifested in four cognitions: meaning, competence, self-determination, and impact” (Spreitzer, 1995, p. 1444). This study used four independent variables since these characterize active orientation, denoted as “orientation in which an individual wish and feels able to shape his or her work role and context” (Spreitzer, 1995; p. 1444). The four dimensions are distinct and together make the empowerment experience of individuals.

The psychologically empowered employees feel the enlarged intrinsic motivation that leads to proactive behavior rather than a passive orientation (Spreitzer, 1996). Further, Spreitzer (1995, p. 1455) suggested that “psychological empowerment is a psychological
state that employees must experience for empowerment interventions to be successful. The construct of psychological empowerment has been consistently evolving, and researchers have been incorporating new combinations of dimensions. For instance, Menon (2001, p. 161) defined “the psychologically empowered state as a cognitive state characterized by a sense of perceived control, competence, and goal internalization”.

The multidimensionality of the constructs also integrates the state of perception and behavior is based on how supervisors empower the subordinates, and it affects meaningfulness, self-determination, impact, and competence (Thomas and Velthouse, 1990). Empowerment is a complex concept that combines several elements such as delegation, participation, and the role of context is vital in which subordinate and supervisor’s interaction. Particularly, psychological empowerment depends on the feelings, emotions, and cognitive process of an individual that changes over time (Koberg, Boss, Senjem, & Goodman, 1999). Therefore, the structural aspects of the organization are important even for psychological empowerment because it depends on how the leadership and management of the organization lead the workforce. On the other hand, job satisfaction is “a pleasurable emotional state resulting from the appraisal of one’s job or job experience” (Locke, 1976, p. 86). The construct subjectively measures the employees’ attitude towards their jobs (Robbins, Odendaal, & Roodt, 2003). Therefore, if individuals feel psychologically empowered, they will have a positive attitude towards the job and vice versa. Vroom’s (1964) expectancy theory is an interesting example that predicts that employees’ perception of efforts, performance, reward and personal goals is strong and will maximize the performance (Robbins, 2001). Another way of psychologically empowering the employees is to change their job characteristics and tasks—the challenge of new tasks improves job satisfaction (Boswell, Boudreau, & Tichy, 2005; Herzberg, 1987).

There is a logical relationship between psychological empowerment and job satisfaction because how employees feel empowered and motivated impacts satisfaction. The constructs of attitude and behavior serve as antecedents that shape the particular initiative for improvement in job satisfaction (Saari & Judge, 2004). For instance, Judge and Bono (2001) conducted a meta-analysis of 301 research studies that suggested
a significant relationship between performance and job satisfaction in professional and complex jobs. The organizational hierarchy and complexity are important determinants of job satisfaction. Therefore, the challenges in the job coupled with the level of autonomy and variety of tasks improve job satisfaction.

The intrinsic satisfaction in the work significantly motivates the employees. Particularly, the meaningful work will offer a certain level of motivation to perform (Oldham & Hackman, 2010). The job characteristics theory is based on five characteristics: various skills, identification of task, task significance, autonomy, and feedback (Oldham & Hackman, 2010). These characteristics are drawn from the early research to form a theory. Further, it also derived three psychological cognitions: meaningful experience, responsibility, and knowledge of the task (Oldham & Hackman, 2010). Therefore, the psychological states indeed contribute to the motivation of the employees to perform better—and ultimately job satisfaction.

Oldham and Hackman’s (2010) job characteristics theory has used Spreitzer’s (1995) concepts. For instance, Spreitzer’s (1995) dimension of self-determination is used as autonomy and responsibility feelings. Similarly, the cognitions such as knowledge and task significance are derived from the dimensions of competence and impact of Spreitzer’s (1995) model of psychological empowerment.

Thomas and Velthouse (1990) identified the four widely used psychological empowerment dimensions, i.e., competence, meaning, self-determination, and impact. Spreitzer (1995) further defined and developed measurement tools for these dimensions. The feelings and cognitions of the employees form the level of job satisfaction (Saari & Judge, 2004), and early theories of motivation provided the foundation to the construct (Herzberg, 1966).

The early empirical evidence on dimensions of psychological empowerment and job satisfaction suggested that ‘meaning’ is strongly significant compared to the other three dimensions (Spreitzer, Kizilos, & Nason, 1997). In line with the early research findings that indicated the professional and complex jobs induce ‘meaning’ for employees.

Moreover, there is empirical evidence that proves that psychological dimensions of ‘meaning’ and ‘impact’ are related
to job satisfaction—whereas the two other dimensions that are ‘self-determination’ and ‘competence’ are negatively related to job satisfaction (Carless, 2004). Therefore, the relation of psychological dimensions with job satisfaction is interesting. Particularly, the organization and the external environment also influence this relationship. The theoretical model is illustrated in Figure 1.

**COMPETENCE**

The dimension of competence suggests one’s belief in the capacity to perform a particular task (Spreitzer, 1995). The competence construct depends on several independent factors such as the nature of the job, manager, working environment, and reward. If an individual feels a lack of confidence in the skills and capability, it leads to a lack of empowerment resulting in low satisfaction. Further competence characteristics include how difficult a task is, e.g., simple, moderate, or complex. The generalizability of the situations—for instance, some tasks are repetitive while others can be specific.

Moreover, how an individual believes themselves to complete the given task. Low competence of an employee will lead to avoidance and put them in fear, distant capacity building, and lack of confidence to perceive competence (Bandura, 1977). Therefore, the dimension of competence is related to job satisfaction.

**H1:** The competence dimension of psychological empowerment will influence job satisfaction.

**Impact**

The impact is a belief that one can make a difference in an organization, i.e., by influencing the strategies, administration, and operational outcomes (Ashforth, 1989). Moreover, the impact is defined as the perception of the behavior that can achieve a task and affects the environment (Thomas & Velthouse, 1990). The perception of impact depends on several other factors such as power, participation, and autonomy—for instance, lack of autonomy limits the individual’s participation, leading to
powerlessness. The psychologically motivated employee when marginalized feel unempowered (Ashforth, 1989). The bank employees usually follow the set procedures and are not allowed to participate in the administrative and operational decisions—thus, job satisfaction diminishes and end-up in static roles. The perception of impact only arises with the participation opportunities and autonomy to contribute to strategic decisions.

Literature indicated a positive relationship between impact and job satisfaction, while the lack of opportunity negatively turns this relationship (Ashforth, 1989; Thomas & Tymon, 1994). Therefore, the second hypothesis is as follows:

**H2: The competence dimension of psychological empowerment will influence job satisfaction.**

**Meaning**

Meaning is defined as “a fit between the requirements of a work role and beliefs, values, and behaviors” (Spreitzer, 1995, p. 1443). The construct is based on the meaningfulness of work of the model of job characteristics (Oldham & Hackman, 2010). It indicates that the motivating potential of an individual depends on the nature of the task, diversity of skills, significance of the task, autonomy, and feedback. Further, it predicts the psychological states of an individual that are meaningful work, outcomes responsibility, and knowledge (Hackman & Oldham, 1980). Therefore, the meaningfulness of work and other characteristics motivate the employees to perform, feel empowered, and be satisfied with their jobs. However, the personal ideas and standards of an individual depict the work goal.

There is an intrinsic value in meaningful work, and it motivates an individual to experience an emotional attachment with the work (Spreitzer et al., 1997). Further, there is an emphasis on the personal view of an individual to complete the task and the respective outcomes. The personal opinion consists of three factors that are expectancy, valence, and instrument. The individual belief to achieve the task refers to expectancy, while the individual’s belief whether the task completion will result in benefit or hard is referred to as valence. Further, the probability of completing the desired outcome is instrumentality.

Therefore, the dimension of meaning is the personal perspective of an individual. The employees in the banking sector who perceive
that their beliefs are aligned with their jobs will be more satisfied.

**H3: The meaning dimension of psychological empowerment will influence job satisfaction.**

**Self-determination**

The autonomy to initiate and regulate the actions to "making decisions about work methods, pace, and effort" (Spreitzer, 1995, p.1445). Moreover, it is also defined as "the capacity to choose and to have those choices, rather than reinforcement contingencies, drives, or other forces or pressures, be the determinants of one's actions" (Deci & Ryan, 1985, p.38). Therefore, the perception of self-determination at the workplace allows one to take the initiative and regulate those actions. There is, however, flexibility to control the job accomplishment, new initiatives in the context of opportunities and problems, and sustain motivation to tackle the challenges (Thomas & Velthouse, 1990). Thus, self-determination is related to job satisfaction. However, the working condition in banks allows a little autonomy.

**H4: The self-determination dimension of psychological empowerment will influence job satisfaction.**

**RESEARCH METHOD**

The study has used a quantitative design to test the theoretical model. The constructs of competence, meaning, impact, self-determination, and job satisfaction are widely tested in the literature. There are well-tested instruments available in the literature. Therefore, the authors have conceptualized the four dimensions of psychological empowerment using Spreitzer’s (1995) model. The authors used the same instrument tested by Spreitzer (1995) and later validated by Kraimer, Seibert, & Liden (1999). There are three items in each of the four dimensions of psychological empowerment.

Moreover, the study used Minnesota Satisfaction Questionnaire (MSQ) to measure job satisfaction (Vocational Psychology Research, 2019). The scale is useful for a wide range of occupational groups and consists of ten items. The authors used the survey method to measure the perceptions of the employees from the Libyan banking sector about psychological empowerment. The study has used purposive sampling and chosen lower and middle-level managers to be the respondents. Moreover, there were two cities selected that are Tripoli and Misurata, in Libya.
There were 530 questionnaires distributed to 25 branches of different banks. We received 333 responses. However, only 327 were valid for the analysis.

**RESULT AND DISCUSSION**

The final 327 responses were analyzed using Structural Equation Modelling (SEM) using Partial Least Squares (PLS) aided by Smartpls 3 software. The sample size for our study was moderate. However, PLS path modeling is most suitable when there are no assumptions about the population and measurement scales. SEM-PLS evaluates the measurement (outer) and structural (inner) models to interpret the results (Henseler, Hubona, & Ray, 2014). The measurement model evaluates the constructs and their relationships with the indicators, validity, and reliability. The structural model tests the path relationships among the constructs.

**The Measurement Model**

The measurement model examined the Cronbach's Alpha values for all the constructs. The constructs of competence, impact, and job satisfaction meet the threshold of 0.7. However, the construct of meaning and self-determination have values close to 0.7. Therefore, all the constructs are accepted to proceed with the analysis. Average Variance Extracted (AVE) is used to establish the convergent validity, and the results indicated that all the AVE values are above the threshold of 0.5—it indicated that convergency validity is confirmed (Henseler et al., 2014). The composite reliability in Table 1 confirms the reliability of the construct. It is preferred over Cronbach's Alpha because it considers the outer loadings of the particular construct (Hair, Hult, Ringle, & Sarstedt, 2016).

**Table 1 Results of the measurement model**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance to Extracted (AVE) of mu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competence</td>
<td>0.703</td>
<td>0.833</td>
<td>0.626</td>
</tr>
<tr>
<td>Impact</td>
<td>0.748</td>
<td>0.854</td>
<td>0.662</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.892</td>
<td>0.912</td>
<td>0.509</td>
</tr>
<tr>
<td>Meaning</td>
<td>0.67</td>
<td>0.819</td>
<td>0.601</td>
</tr>
<tr>
<td>Self-determination</td>
<td>0.696</td>
<td>0.828</td>
<td>0.617</td>
</tr>
</tbody>
</table>
The Structural Model Hypothesis testing

The structural model tested the hypothesized relationships among the variables using path coefficients and t-statistics. The PLS used bootstrapping procedures to test the hypotheses. All four hypotheses were tested, and the results are illustrated in Figure 1.

Findings revealed that competence is not associated with job satisfaction (Beta = 0.059, t statistics = 1.127, p-value = 0.260). Therefore, hypothesis 1 is rejected. The nature of the construct depends on external factors such as the working environment, rewards, difficulty of the task, and static or repetition. An individual, based on these factors, realizes how ch belief they have in their abilities perform. Thus, the variable nature of the construct generates different results.

Further, the second hypothesis that stated impact influence the job satisfaction is accepted as (Beta = 0.175, t statistics = 2.893, p-value = 0.004). Therefore, perception of the behavior that can achieve a task makes a difference in an organization. The perception of impact arises with the participation opportunities and autonomy to contribute to strategic decisions. The employees in Libyan banks follow the set procedures and have limited participation in the administrative and operational decisions—however, they believe in impacting the organization, and they feel satisfied with their jobs.

Furthermore, results indicate that there is a significantly positive relationship between meaning and job satisfaction (Beta = 0.125, t statistics = 1.982, p-value = 0.048). Thus, hypothesis 3 was supported. The meaning of work and other characteristics motivate the employees to perform, feel empowered, and be satisfied with their jobs. There is an intrinsic value in meaningful work, and it motivates an individual to experience an emotional attachment to the work. The employees in the banking sector who perceive that their beliefs are aligned with their jobs will be more satisfied. In addition, results show that self-determination is positively
and significantly related to job satisfaction (Beta = 0.303, t statistics = 5.704, p-value = 0.000). Hypothesis 4 was accepted with the highest beta value in all four relationships. The working condition in banks allows a little autonomy. However, the perception of self-determination at the workplace allows one to take the initiative and regulate those actions. The flexibility to control the job accomplishment, new initiatives in the context of opportunities and problems, and sustain motivation to tackle the challenges. Thus, self-determination is related to job satisfaction.

Bureaucratic structures of organizations are naturally disadvantaged because the rule and procedures overturn the initiatives, creativity, empowerment, and job satisfaction. Moreover, the organizations like banks promote the embracement of formal policies, standard operating procedures, formal job completion, and technical skills. Similarly, the practices that promote psychological empowerment are limited. Interestingly, results have suggested that the three dimensions of psychological empowerment, i.e., impact, meaning, and self-determination, are positively and significantly related to job satisfaction. The insights from the Libyan banking sector (strict organizational structures and the procedures) indicated that even the jobs are monotonous and demanding, the three dimensions of psychological empowerment significantly advocate the employees’ perception and its effect on job satisfaction.

The results also advocate that job satisfaction depends not only on the rewards, promotions, organization support, and leadership but also on the construct’s self-beliefs. Pertinently, the absence of traditional autonomy in tasks cannot always negatively impact job satisfaction. The results from lower and middle-level employees from the banking sector suggested that they found meaning in their work, determination to accomplish the task, self-motivation, and belief to create organizational impact positively affect job satisfaction.

The concept of psychological empowerment is not fixed since factors such as context, environment, nature of organization, structure, leadership, intrinsic motivation of employees, self-belief, and organization culture are important to determine whether employees feel empowered or not. For instance, the strategies to make employees
owners of the companies by offering them stock ownership. However, such tactics can provide a sense of ownership to the employees, but they have limited success in empowering them. Moreover, the concept of empowerment is related to the freedom in the organizational decision making and taking control of activities and the access to information, resources, and training opportunities may not represent the whole concept of empowerment.

Prior researches from different countries indicated mixed results on the psychological empowerment construct and its relationship with job satisfaction. Moreover, how empowerment is interpreted and experienced is subject to the contexts, industry, and social norms—that might change over time (Mitchell, 2016). However, like international banks, the Libyan banking sector suffers from the empowerment’s planning and implementation. Therefore, it is necessary to evaluate and understand the culture and processes to initiate the respective empowerment plan. It is pertinent to note that employee empowerment is an internal organizational construct that hardly impacts external factors. Thus, the culture of the organization, leadership, and mindset mainly matters for empowerment initiatives.

**CONCLUSION**

The study aims to test the relationship of the four dimensions of psychological empowerment: competence, impact, meaning, and self-determination with job satisfaction. The results suggested that three dimensions of impact, meaning, and self-determination were positive and significant about job satisfaction. However, the dimension of competence was found insignificant in relationship to job satisfaction.

Psychological empowerment dimensions are related to job satisfaction even in bureaucratic organizational structures. It is also interesting to note that lower and middle-level managers have the self-belief to contribute despite influencing the strategies. The banking industry is challenging in terms of high-stress levels, long working hours, retention of employees and lack of empowerment. Similarly, the financial sector is booming and tackling the personal and commercial needs of the customers. Therefore, there is a need for a psychologically empowered workforce. The results indicated that a conducive environment where employees perceive the fit between the job demand and their self-beliefs about identity, performance,
task meaningfulness, autonomy, and value contribution is vital for job satisfaction. The perception of psychological empowerment led to job satisfaction. The study results propose some implications for future research, practice, and policymaking. From the practical perspective, the study provides insights to the policymakers and administrators to create a healthy working environment in the context of employees’ perception of psychological empowerment. The dimension of impact, for instance, lower and middle-level managers must be trained and develop their skills to participate in the decision making. The baking sector is already structured top to down, and it provides more opportunities for collaborative relationships. However, the self-determination perspective that is significant and positive with job satisfaction can only provide a limited autonomy in banking operations—though, employees’ perception about this dimension is fundamental to perceive psychological empowerment. The reason behind high self-determination is the confidence in technical skills, expertise to handle operations, and task accomplishment. However, the lower and middle-level managers have a certain level of autonomy to handle the operations and a choice to perform the task.

Future research for psychological empowerment and job satisfaction in the banking sector can be undertaken based on public and private banks—how these constructs provide different results for these sectors. Also, the context is an important aspect of psychological empowerment research. Therefore, the differentiating of banks based on geographies, states, or countries can provide interesting insights. Future studies can incorporate other constructs to check for mediation, such as intrinsic motivation. This study has several limitations. First, the population of the study only represents the banks in two cities of Libya. It did not consider the bank branches in other cities. The study did not differentiate the private and public banks. Second, self-reported measures were used to collect the data and did not provide any other ended questions or comment boxes for further explanation.

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