The Mediating Effect of Psychological Empowerment on the Relationship Between Employee Involvement and Attitude Towards Organizational Change: Evidence from Malaysian Government-Linked Companies

Muhammad Afif Abdul Ghafar, Jasmine Ahmad and Norziana Lokman

Faculty of Administrative Science and Policy Studies, Universiti Teknologi MARA (UiTM) Shah Alam, Selangor, Malaysia

**Abstract:** This paper attempts to examine the relationship between employee involvement, psychological empowerment and attitude towards organizational change. Further to that, the mediating effect of psychological empowerment on the relationship between employee involvement and attitude towards organizational change was also tested. The results showed that employee involvement, psychological empowerment and attitude towards organizational change were positively correlated to each other. In addition, psychological empowerment was found to mediate the relationship between employee involvement and attitude towards organizational change. The findings provide support for the utilization of employee involvement to shape organizational member’s attitude within the context of organizational change, as well as the mediating role of psychological empowerment.

**Key words:** Organizational change • Attitude • Psychological empowerment • Employee involvement

**INTRODUCTION**

A plethora of organizational change strategies have been proposed and implemented under different terms such as corporate restructuring, total quality management and business process re-engineering, however, the underlying intention of these change programs are the same which is to fundamentally transform the manner in which business is conducted [1]. However, many organizational change efforts have neither been a tremendous success nor a complete failure but tend to lie somewhere in the [1]. On a grimmer note, it has been argued that 70% of all change initiatives fail [2]. Cope [3] argued that there was evidence to suggest that the failure rate could be higher and put the rate at an alarming range of 80% to 90%. Despite of the best intentions of top management in implementing organizational change, they will be faced with the recurring problem of employee resistance to organizational change [4, 5, 6, 7].

In a study conducted [5] in one renowned Malaysian government-linked company (‘GLC’), it was found that there were some employees within the GLC that resisted to the implementation of a new wage scheme. The resistance occurred because the employees of the GLC perceived that the change challenged their work routines [5]. Building on the theory of cognitive [8], the resistance was perhaps the outcome of conflicting cognitions experienced by the employees towards the new wage scheme as they did not understand the management’s motivation behind the necessity to make the changes.

In that sense, managers have a critical role to play in addressing any negative attitude that their subordinates might have with regards to organizational change, given the fact that successful implementation of change projects often necessitates employee support and acceptance [9]. Johnson and Grau (1994) posited that employee’s positive attitude towards organizational change was a “necessary, initial conditions for successful planned change”. In view of the important role that attitude plays in organizational change, it has been proposed that manager adopted a more participative management approach, as research has shown that there is a positive relationship between employee participation and attitudinal outcomes [10]. [11] pointed out that employee involvement is necessary in organizational change as it helps to overcome suspicion and resistance and at the same time, gain the confidence and commitment of the employees.
Psychological empowerment has been forwarded as a variable that mediated work characteristics and outcomes [12]. According to Spreitzer [13] the concept of psychological empowerment has been conceptualized as a “mechanism that explains how social-structural empowerment contributes to improved satisfaction, performance and the range of other outcome examined”. This argument is in line with Kanter’s structural empowerment theory [14] which posited that positive organizational behavior is promoted in the work environment. In other words, if the work situations are structured in such a way that employees feel empowered, it will lead to positive attitude and behavior such as commitment, rather than negative attitude such as resistance.

Empirical studies in the past have found evidence to support the positive relationship between employee involvement, psychological empowerment and attitude towards organizational change ([7, 15, 16, 17, 18, 19]). However, prior studies have not attempted to combine employee involvement, psychological empowerment and attitude towards organizational change in a single conceptual framework. Further refining the relationship between these three variables provides an important foundation for future study on employee involvement, psychological empowerment and attitude towards organizational change. Furthermore, despite of the overwhelming empirical evidence that supports the mediating role of psychological empowerment [20, 21, 22, 23, 24], limited past studies have attempted to prove the mediating role of psychological empowerment in the relationship between employee involvement and attitude towards organizational change. With the aforementioned in mind, this study answers the call for research by investigating the relationship between employee involvement, psychological empowerment and attitude towards organizational change.

**The Rest of the Paper Is Organized as Follows:**
Section 2 reviews the key literatures pertaining to employee involvement, psychological empowerment and attitude towards organizational change. Section 3 discusses on the conceptual framework and hypotheses of the study. Section 4 touches on the methodological approach of the study, followed by a discussion of the findings in Section 5. Finally, section 6 will elaborate on the significance of the study and provide some recommendations for future research.

**Literature Review:** Employee involvement. According to Spreitzer [13], the study of employee involvement, among various other social-structural conceptualization of the working environment (e.g. employee participation, employee engagement) within organizations, or simply put, the contextual conditions that enable employee empowerment can be traced back to Kanter’s structural empowerment theory [14]. Kanter’s theory of structural empowerment is “rooted in the idea of democracy, in which power resides within individuals at all levels” [13].

Central to the theory of structural empowerment is that an empowering workplace is a function of how much employees have access to information, support, resources and opportunity so that they will be able to perform their work. Kanter posits that employees at various level of the organizational hierarchy can be empowered if they have access to opportunity, information, support and resources [13]. Opportunity is understood as the opportunity for growth, as well as to increase one’s knowledge and skills in the organization. Kanter [14] argued that access to opportunity would increase organizational member’s aspirations, work commitment, as well as their sense of organizational responsibility. Information refers to both formal and informal knowledge that is required for the employees to perform in their tasks. By having information, organizational members are able to make decisions and act quickly [25]. Support is basically receiving guidance and feedback from organizational members (i.e. subordinates, peers, superiors). Lastly, access to resources entails that the employee is provided with the necessary means (time, materials and financial help) to do the work itself. In essence, Spreitzer [13] pointed out that, in a nutshell, the structural empowerment theory boils down to “employee participation through increased access to opportunity, information, support and resources throughout the organizational chain of command”.

**Psychological Empowerment:** The idea behind the psychological or motivational perspective of employee empowerment is that it is an intrinsic cognitive phenomenon [26] that is rooted in an individual’s self-belief [27]. Conger and Kanungo [27] argued that employee will feel more empowered when their self-efficacy are strengthened. Conger and Kanungo [27] defined employee empowerment as “a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques or providing efficacy information”. Thomas and Velthouse [26] further expanded [27] model of psychological empowerment and argued that apart from self-efficacy, empowerment from a psychological standpoint consisted of three other set of beliefs cognitions towards one’s job.
defined empowerment as ‘increased task motivation’, a psychological state which is seen to encompass four dimensions of cognitions that influences empowerment, namely (1) sense of impact, (2) competence, (3) meaningfulness and (4) choice. The dimension of impact refers to the belief on the whether the individual influenced their environment, specifically, outcomes at work [26,28]. Impact is considered to be the conceptual opposite of learned helplessness in the sense that an individual’s perceived influence or control of their environment is also an indication of a perceived lacked of helplessness [26]. Furthermore, Conger and Kanungo [27] argued that the empowerment of an individual involved weakening their belief in personal helplessness. Competence refers to an individual’s ability to appropriately perform their tasks skillfully. The concept of competence has often been studied in the context of self-efficacy beliefs. Conger and Kanungo [27] mentioned that from a self-efficacy perspective, empowerment entailed the process of increasing an individual’s level of self-efficacy beliefs. Meaningfulness, according to [26], refers to the “value of the task goal or purpose, judged in relation to the individual’s own ideals or standards.” Whereas a high level of meaningfulness is expected to result in commitment and involvement with respect to a specific tasks, a low level of meaningfulness is expected to result in apathy and detachment [26]. Choice is concerned with an individual’s sense of autonomy in initiating a course of action [28]. Whereas absence of choice is expected to result in decreased self-esteem and a generally negative emotional state, the presence of choice is expected to result in a more positive emotional state characterized by a higher degree of creativity, flexibility and resiliency [29].

Attitude Towards Organizational Change: In general, an individual’s attitude toward someone or something (both physical and non-physical objects) can be considered as their evaluation of the said entity [30]. Attitude has also been generally understood as “a summary of evaluation of a psychological object captured in such attribute dimensions as good-bad, harmful-beneficial, pleasant-unpleasant and likable-dislikable” [31].

Researchers have argued for attitude to be structured along three dimensions: cognitive, affective and conative (i.e. behavioral) [32, 33]. Whereas the cognitive dimension reflects beliefs, the affective dimension refers to how organizational member feel about an attitude object [34]. On top of feelings, affect can also be described as moods, emotions and temperaments [35, 36]. Lastly, the conative domain of attitude reflects an individual’s behavioral intention or action towards an object.

Attitude towards organizational change has often been conceptualized as a multi-dimensional construct [10, 34]. At the early stage of the change process, organizational member develops beliefs and emotions towards the change based on the initial information that they receive pertaining to the change. These beliefs and emotions combines to form an attitude towards the change [10]. In the study of reactions to change from an attitude perspective, researchers has often described the reactions from either a positive or negative perspective. This has subsequently resulted in the development of various constructs that represents employees’ attitudes towards organizational change, with each constructs having its own definition, as well as emphasis in the change process. While attitudinal constructs such as resistance and cynicism towards organizational change have conceptualized attitude negatively, other constructs in the form of readiness and commitment to organizational change have viewed it positively.

Conceptual Framework and Hypotheses: Figure 1 illustrates the conceptual framework for the current study. The conceptual framework was derived based on Kanter’s structural empowerment theory [14], as well as Thomas and Velthouse’s cognitive theory of empowerment [26]:

Fig. 1: Conceptual framework of study

Based on conceptual framework developed for the current study, as well as past empirical studies conducted on employee involvement psychological empowerment and attitude towards organizational [15, 16, 22, 37], the following hypotheses were proposed:

H1: There is a significant positive correlation between employee involvement and psychological empowerment.

H2: There is a significant positive correlation between employee involvement and attitude towards organizational change.
H₁: There is a significant positive correlation between psychological empowerment and attitude towards organizational change.

H₂: Psychological empowerment will mediate the relationship between employee involvement and attitude towards organizational change.

MATERIALS AND METHODS

Population and Sample: The target population for this study were executive-grade employees that were employed in large GLCs that were situated in Klang Valley. These 7 GLCs operated in a diverse range of business sectors which includes, plantation, telecommunication, construction, automotive, utility and banking. In order to reach as much of the intended survey population as possible and maximize the sample size for further statistical analysis, convenience sampling method was utilized. 550 copies of the questionnaire were distributed to the employees of the 7 GLCs and 370 responses were received, yielding a response rate of 67.2%.

Measures: A total of four survey instruments were used to retrieve data from the research participants. Firstly, the demographics questionnaire was used to gather information pertaining to the research participant’s (1) gender, (2) age group, (3) highest level of education, (4) cultural background, (5) years of service with their current organization, (6) position and (7) department. The second instrument was the Power, Information Sharing, Performance-Based Rewards and Training scale [38], an 18 item questionnaire which measured the four dimensions of employee involvement which includes (1) power, (2) information, (3) knowledge and (4) rewards. The third instrument was the Psychological Empowerment scale [28], a 12 item questionnaire that measured psychological empowerment and its sub-components which includes (1) meaning, (2) competence, (3) self-determination and (4) impact. The last instrument utilized was the Attitude towards Change scale [39], an 18 item questionnaire which measured an individual’s general attitude towards organizational change within 3 dimensions which includes (1) cognitive, (2) affective and (3) behavioral intention. Whereas the PISPT and ATC utilized a 5-point Likert scale, the PE scale employed a 7-point Likert scale. In terms of analyzing the data obtained from the questionnaire, SPSS program was utilized.

Validity and Reliability of Scales: To assess the validity of the measurement instruments, a confirmatory factor analysis (‘CFA’) was conducted using AMOS. To determine how well the measurement model fits to the sample data, four fit indices were evaluated: goodness-of-fit (‘GFI’), root mean square of error approximation (‘RMSEA’), comparative fit index (‘CFI’) and chi square/degrees of freedom (‘χ²/df’). The results from the CFA of the four-factor model of employee involvement (GFI = .92; CFI = .96; RMSEA = .06; χ²/df = 2.11) and four-factor model of psychological empowerment (GFI = .93; CFI = .97; RMSEA = .08; χ²/df = 3.00) showed that all fit indices were within the acceptable range of values, hence providing evidence on the validity of the measurement models. In the case of attitude towards organizational change, the initial three-factor model demonstrated poor fit to the data (GFI = .82; CFI = .79; RMSEA = .12; χ²/df = 5.61). However, further analysis on the one-factor model of attitude towards organizational change resulted in an acceptable value of the fit indices (GFI = .91; CFI = .92; RMSEA = .07; χ²/df = 3.49).

Reliability of the scales were assessed by calculating the Cronbach alpha for each scales from the sample data. The Cronbach alpha values for employee involvement, psychological empowerment and attitude towards organizational change were determined to be .92, .92 and .89, respectively, which indicated that the scales were internally consistent and reliable.

RESULTS AND DISCUSSION

Demographic Profile: A total of 370 employees participated in the study, of which 286 (77.3%) employees completed the hardcopy version of the survey and 84 (22.7%) completed it online. 53 cases were removed from the data set as it did not meet the target population requirement of the current study and an additional 4 cases were removed from further data analysis as it was flagged as outliers data, thus, leaving a total of 313 cases for final data analysis. In this sample, more than half of the participants were female (58.5%). Slightly more than half of the participants were between 25-34 years of age (51.8%), while slightly less than one third of them were between 35-44 years of age (29.7%). In terms of the participants highest academic qualifications, almost three quarter of them possessed a bachelor’s degree (72.8%). As for cultural background, a majority of the participants (more than three quarter) of them were of Malay origin (82.1%), followed by participants that were of Chinese and Indian background, respectively. Also,
almost half of the participants were of executive/senior executive job grade in their organization (47.6%). A good portion of the participants were also assistant manager/manager (41.9%).

Descriptive Statistics: From the outcome of the descriptive statistics, it appears to be that the GLC employees were reasonably satisfied with employee involvement practices in their organizations ($M = 3.563$, $SD = .543$). Among the four dimension of employee involvement practices, participative decision making was ranked the highest ($M = 3.740$, $SD = .633$), followed by information sharing ($M = 3.622$, $SD = .616$), training ($M = 3.512$, $SD = .668$) and lastly performance-based rewards ($M = 3.408$, $SD = .751$). As far as the employee’s attitude towards organizational change was concerned, it appears that the employees have a relatively favorable, or in other words, positive attitude towards organizational change ($M = 3.687$, $SD = .496$). In term of psychological empowerment, it can be seen from the results that, in general, the employee feels empowered in their organization ($M = 5.042$, $SD = .782$). Among the four cognitions of empowerment, the highest scores were attributed to the dimension of competence ($M = 5.353$, $SD = .784$), followed by meaning ($M = 5.249$, $SD = .928$), self-determination ($M = 4.948$, $SD = .947$) and impact ($M = 4.408$, $SD = 1.286$).

Inferential Statistics: A Pearson product-moment correlation coefficient was computed to assess the relationship between employee involvement, psychological empowerment and attitude towards organizational change. The results showed that there was a positive correlation between (1) employee involvement and psychological empowerment ($r = .661$, $p < .01$), (2) employee involvement and attitude towards organizational change ($r = .551$, $p < .01$) and (3) psychological empowerment and attitude towards organizational change ($r = .609$, $p < .01$). The summary of the Pearson product-moment correlation analysis is provided in Table 1:

Table 1: Correlation analysis between study variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>$M$</th>
<th>SD 1</th>
<th>SD 2</th>
<th>SD 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. EI</td>
<td>3.56</td>
<td>.54</td>
<td>1.00</td>
<td>.66*</td>
</tr>
<tr>
<td>2. PE</td>
<td>5.04</td>
<td>.78</td>
<td>1.00</td>
<td>.60*</td>
</tr>
<tr>
<td>3. ATC</td>
<td>3.68</td>
<td>.49</td>
<td>1.00</td>
<td></td>
</tr>
</tbody>
</table>

Note: * = $p < .01$. $N = 313$. $M = $ Mean; $SD = $ Standard Deviation; $EI = $ Employee Involvement; $PE = $ Psychological Empowerment; $ATC = $ Attitude towards Organizational Change

To further analyze the relationship between employee involvement, psychological empowerment and attitude towards organizational change and also to determine whether psychological empowerment mediated the relationship between employee involvement and attitude towards organizational change, the PROCESS macro [40] was executed in SPSS in order to derive the unstandardized regression coefficients (‘$\beta$’) from the regression analysis between the study variables, as well as the estimate of the direct, indirect and total effects of employee involvement on attitude towards organizational change, with psychological empowerment as the proposed mediator. Further to that, the PROCESS macro was also requested to generate the bootstrap confidence interval for the indirect effect using 10,000 bootstrap samples (as recommended by [41] and [42]). The confidence interval was set at the default value of 95%. To control for the effect of demographic covariates, the necessary coding to the SPSS syntax was made prior to running the PROCESS macro.

A summary of the regression analysis between the study variables is provided in Table 2. The regression coefficient for the path between employee involvement and psychological empowerment was significant ($\beta = .902$, $p < .001$). For the regression analysis between psychological empowerment and attitude towards organizational change, the coefficient was also significant ($\beta = .279$, $p < .001$). The total effect of employee involvement on attitude towards organizational change was significant ($\beta = .486$, $p < .001$). Also, the direct effect of employee involvement on attitude towards organizational change was also found to be significant at ($\beta = .233$, $p < .001$).

Table 2: Results of regression analysis

<table>
<thead>
<tr>
<th>Antecedent</th>
<th>$M$ (PE)</th>
<th>$Y$ (ATC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$X$ (EI)</td>
<td>.90*</td>
<td>.23*</td>
</tr>
<tr>
<td>$M$ (PE)</td>
<td>-</td>
<td>.27*</td>
</tr>
</tbody>
</table>

$R^2 = .46$ $R^2 = .41$ $F(5,307) = 52.64*$ $F(6,306) = 36.48*$

Note: $N = 313$. *$p < .001$. $X$ = Independent Variable; $M$ = Mediating Variable; $Y$ = Dependent Variable; $\beta$ = Unstandardized Regression Coefficients; $SE = $ Standard Error; $EI = $ Employee Involvement; $PE = $ Psychological Empowerment; $ATC = $ Attitude towards Organizational Change
Figure 2 depicts the results of the study’s mediation model:

![Diagram of mediation model]

 Examination of the indirect effect ($\beta = .252$) of employee involvement on attitude towards organizational change through psychological empowerment revealed it was contained in a 95% bootstrap confidence interval (.162, .352), hence an indication of a statistically significant indirect effect. Furthermore, the normal theory tests for indirect effect also supported the mediating role of psychological empowerment (p < .001). From the results obtained from the correlation, regression and bootstrapping analysis, all four hypotheses of the study were supported.

**CONCLUSION**

The findings from this study has further enriched the understanding of how work environment can influence the cognitions of employees. Thus, from a practical standpoint, these research findings can serve as a guidance to business practitioners to potentially increase the success rate of change projects. The findings reported in this study indicates that organizations can utilize employee involvement as interventions to shape employee’s attitude toward change. However, practitioners will likely have more success in the implementation of change if the involvement strategy affects employee’s cognition of empowerment. As this study has utilized cross-sectional data, future researcher could perhaps analyze the variables over a period of time, specifically, before and after the implementation of an organizational change initiative. By doing so, it could reveal whether the positive relationship between employee involvement, psychological empowerment and attitude towards organizational change persist over time. Also, replication of the study using specific attitude towards organizational change such as resistance, readiness, commitment and cynicism would also be of interest.

**REFERENCES**


