THE RELATIONSHIP BETWEEN PSYCHOLOGICAL
EMPOWERMENT AND ORGANIZATIONAL
COMMITMENT: A CASE STUDY AMONG
EMPLOYEES IN CONSTRUCTION
SECTOR IN KOTA KINABALU,
SABAH

SYLVIA @ NABILA AZWA BINTI AMBAD

Dissertation submitted in partial fulfillment of
the requirement for the degree of Master
of Business Administration (MBA)

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23rd June 2008

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ABSTRACT

This research aims to investigate the relationship between psychological empowerment and organizational commitment among employees in the construction sector in Kota Kinabalu area. Psychological empowerment dimension namely meaning, competence, self-determination and impact are the independent variables. The dependent variable is the organizational commitment. Moderating variables consists of education level and length of service. Each of these dimensions was tested to see its relationship with the organizational commitment. The objectives of this study are, first, to measures the level of psychological empowerment and organizational commitment. Second, to examines the relationship between independent variables and dependent variable. Third, to investigates whether the education level and length of service moderate the relationship between psychological empowerment and organizational commitment. Questionnaire were distributed to 171 employees came from various background and position working in the construction sector in Kota Kinabalu. The questionnaire for psychological empowerment adapted from Spreitzer (1995a) and for organizational commitment questionnaire created by Mowday, Steers and Porter (1979) have been used. Twelve hypotheses were being tested using Statistical Package for Social Science (SPSS) Version 15.0. The findings indicated that when the construction employee felt empowered by given them autonomy, freedom and opportunity in determining on how they do their job, they will feel more committed to their organization and put the best effort to ensure the sustainability of the organization. In addition, if the employees are directly involved in outcomes that affect the organization, the more the individuals are involved in decision making, the more committed they would be to their organization. The education level and length of service were not significantly moderates the relationship between psychological empowerment and organizational commitment. The implication of each variables and further suggestions for future research were identified and proposed.
KAJIAN MENGENAI HUBUNGAN EMPOWERMEN PSILOGI KEATAS KOMITMEN ORGANISASI. SATU KAJIAN DI KALANGAN PEKERJA SEKTOR PEMBINAAN DI KAWASAN KOTA KINABALU, SABAH

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CHAPTER 1

INTRODUCTION

1.1 Overview

The major sources of competitive advantage will lie not only in new technology but in the dedication, the quality of the commitment and competence of the workforce. The results of the human capital energy and creativity are the company's most important resource. Empowerment is the new fuel for the growing and booming workplace (Scott and Jaffe, 1993).

Moreover, according to Lawler, Mohrman and Benson, (2001, cited in Spreitzer, 2007) today, more than 70 percent of organizations have adopted some kind of empowerment initiative for at least part of their workforce. Other than that, to be successful in today's business environment, companies need the knowledge, ideas, energy, and creativity of every employee, from front line workers to the top level managers in the executive suite. The best companies accomplish this by empowering their employees to take initiative without prodding, to serve the collective interests of the company without being micro-managed, and to act like owners of the business (O'Toole and Lawler, 2006). Because a sense of empowerment helps individuals to experience greater personal control over their own work, they are more likely to be better able to manage any accompanying strain.

As every organization goes about meeting challenges and making continual work improvements, they seek the support, involvement and commitment of their employees. Thus, this study aims to seek the relationship of the psychological empowerment and organizational commitment.
The process of building a highly committed, highly effective workplace has been given many labels: participative management, quality of working life, internal service environment, alternative working arrangements, open systems planning, sociotechnical systems, work redesign or self-empowerment. Whatever the label is empowered workforce share responsibility, communication, expectations and rewards in ways that are very different from relationships in the hierarchical organization. The current global business environment of competition and scarce resources require managers to behave differently in order to be effective and to sustain the organization thrive (Brief and Nord, 1990).

This study conducted among employees in the construction sector because the construction industry is one of the key sectors of the economy and its accounts for a significant percentage of the gross domestic product (GDP) in basically all countries (Jason, 2007). It is also vital for human settlement such as to fabricate the buildings, highways, residential and the overall development of the nation. It can be concluded that, construction sector is a major provider of work in urban area.

1.2 Problem Statement

The empowerment and organizational commitment are very important to the organization in order to sustain in the business. Empowerment promotes improved productivity and quality, reduces operating costs, allows greater flexibility, increase job satisfaction and improves motivation (Swenson, 1997, Nykodym, Simonetti, Nielsen and Welling, 1994, Wellins, Byham, and Wilson, 1991, Sashkin, 1984, cited in Dainty, Bryman and Price, 2002). Organizational commitment ensures that the employees have a strong desire to stay in the organization, willing to put more effort and always follow the company policies (Mowday, Steers and Porter, 1979). Loyalty of employee is crucial to the organization in order to maintain talented and well trained human capital to accomplish the organization’s goal and mission.

East Malaysia remains as one of the most exciting construction markets in Brunei-Indonesia-Malaysia-Philippines-East Asia Growth Area (BIMP-EAGA). Sabah, as a hub in the BIMP-Eaga region, continues to increase in its significance to foreign investors, political stability, proper infrastructure, well-trained labor force and its relatively low wage level are major factors for its attraction. The rapid pace of economic growth as well as
the industrialization and urbanization associated with this growth have given rise to
teritable boom in the state (Exhibitions Management and Services Sdn. Bhd, 2008). Therefore, construction sector contributes a great deal in offering more employment.

The construction sector seems well-suited to empowerment strategies because the industry represents the most complex and dynamic industrial environments. It relies on its skilled laborers supported by an organized management team (Dainty et al., 2002). Construction works will involve many designs, dealing with many suppliers and sub contractors. All must work together effectively to ensure the project completed smoothly and timely. The vast majority of large construction companies comprise a large number of small project teams or group of specialist staff in project related functions. The team is effectively self-managed, cross-functional groups, which combine the expertise of various designers, managers, cost control specialists and other technical experts (Dainty et al., 2002).

Even though empowerment is a good management practices but not everyone opt for it. Firstly, on the manager’s side, they fear of losing the power, control, and authority over their employees. Trust is another issue because most of the time they are not trust the employee because may be sharing information means leaking ideas, plans, and knowledge to competitors. Secondly, on employee’s side, they are reluctant to make responsible decision as they don't want to be blame for any mistakes arise from the decision.

However, the empowerment in workforce will be success if it is implemented in right approach. As mentioned earlier, empowerment creates the sense of ownership among the employees and therefore there will be more committed and to the overall wellbeing of the company.

Hence, the research questions in this study seeks to address are, "Is there any relationship between each component of the four dimensions in psychological empowerment and organizational commitment?" and "To what extent do the employee’s demographic characteristic such as education level and length of service moderate the relationship between psychological empowerment dimensions and organizational commitment?"
1.3 Objectives of the Study

The objectives of the study are:

1. To measure the level of psychological empowerment and organizational commitment among employees in the construction sector in Kota Kinabalu area.

2. To examine the relationship between the independent variable (psychological empowerment four dimensions - meaning, competence, self-determination and impact) and dependent variable (organizational commitment) among employees in the construction sector in Kota Kinabalu.

3. To investigate whether the education level and length of service moderate the relationship between four dimensions of psychological empowerment and organizational commitment.

4. To provide better understanding of the empowerment as a crucial element towards organizational commitment.

1.4 Scope of Study

The scope of this study is to look whether there is positive or negative relationship between psychological empowerment and organizational commitment among employee in construction sector in Kota Kinabalu, Sabah, Malaysia. The area has been chosen based on the fact that Kota Kinabalu is the heart of the state and most of the major contractors' offices are located here.
1.5 Significance of Study

This study is important as a reference to managers, business owners and employee in order for them to understand more of the importance of empowerment, so as to retain talented employees in their organizations.

Empowerment, the most important concept in Total Quality Management (TQM) is many things, since employees must be empowered to make the necessary organizational changes (Stevens, 1993). The concept of empowerment is based upon the belief that employees need the organization as much as the organization needs them and that leaders understand that employees are the most valuable asset in the firm.

Empowered employees have high self-responsibility and encourage self-efficacy. Therefore, can improve business processes, reduced costs, and improved product quality (Nesan and Holt, 1999). Research has shown that there is a positive link between participation and satisfaction, motivation and performance (Holander, Offerman, 1990: 183).

Empowered personnel have "responsibility, a sense of ownership, satisfaction in accomplishments, power over what and how things are done, recognition for their ideas, and the knowledge that they are important to the organization" (Tumey 1993: 30). Without productive employees, the organization is nothing and can do nothing. Empowerment works the best when employees need their organization as much as the organization needs them, "and the need is much more than a paycheck and benefit package" (Johnson, 1993: 47).

1.6 Definition of Terms

1.6.1 Empowerment

According to Conger and Kanungo (1988) empowerment is 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 of providing efficacy information.
1.6.2 Psychological Empowerment

Psychological empowerment has its roots in early work on employee alienation and quality of work life. Rather than focusing on managerial practices that share power with employees at all levels, the psychological perspective is focused on how employees experience empowerment at work. This perspective refers to empowerment as the personal beliefs that employees have about their role in relation to the organization. When people feel empowered at work, they experience the feeling through four dimensions including meaning, competence, self-determination and impact.

First, meaning is the value of a work goal or purpose, judged in relation to an individual’s own ideals or standard. It involves a fit between the needs of one's work role and one's beliefs, values and behaviors (Thomas and Velthouse, 1990).

Second, competence or self-efficacy (Conger and Kanungo's, 1988) is an individual’s belief in his or her capacity to perform activities with skill (Gist, 1987, cited in Honold, 1997). Competence is analogous to agency beliefs, personal mastery, or effort-performance expectancy (Bandura, 1989, cited in Honold, 1997).

Third, self-determination is a sense of choice in initiating and regulating one's actions. It reflects a sense of autonomy over the initiation and continuation of work behavior and processes for example making decisions about work methods, pace, and effort.

Fourth, impact is the degree to which one can influence strategic, administrative, or operating outcomes at work.

Together, these four cognitions reflect an active, rather than passive, orientation to one's work role. In other words, the experience of empowerment is manifest in all four dimensions if any one dimension is missing, then the experience of empowerment will be limited. For example, if people have discretion to make decisions (self-determination) but they don’t care about the kinds of decisions they can make (they lack a sense of meaning), they will not feel empowered. Alternatively, if people believe they can make an impact but don’t feel like they have the skills and abilities to do their job well (they lack a sense of competence), they will not feel empowered as well (Spreitzer, 2007).
1.6.3 Organizational Commitment

Organizational commitment can be defined through various perspectives. However, in this study definition given by Mowday, Steers and Porter in 1979 will be adopted. Organizational commitment is characterized by at least three related factors namely, strong beliefs in and acceptance of the organization’s goals and values, a willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership in the organization.

1.6.4 Construction Sector

Basically according to U.S Department of Labor, the construction sector is divided to three major segments. First, the construction of building segment which refers to general contractors, who build residential, industrial, commercial, and other buildings. Second, we called it heavy and civil engineering construction. They build sewers, roads, highways, bridges, tunnels, and other projects. Third, special trade contractors, performed specialized activities related to construction such as carpentry, painting, plumbing, and electrical work.

This study chooses the respondents randomly from all types of construction companies and the contractors list was obtained from Construction Industry Development Board (CIDB). CIDB categorized construction companies in ordinal order from Grade 1 until Grade 7.
1.7 Organization of Study

Chapter 1 Introduction and Background

The purpose of this chapter is to present an overview of the research and its objective, scope of the study, significance, and definition of terms and finally the organization of the study.

Chapter 2 Literature Review

This chapter is all about previous studies related to the topic and knowledge regarding the issues, findings, and methodology used. Most importantly, this chapter reveals other researchers ideology that used as a guideline and reference in this research.

Chapter 3 Methodology

This chapter gives explanation to the techniques and methodologies that were used to conduct the research. A theoretical framework adapted from previous researcher used in this research followed by the definition of variables, explanation of the research hypotheses, sampling design, instruments, data collection method, data analysis technique and unit of analysis.

Chapter 4 Key Findings, Data Analysis and Interpretation

This chapter illustrates the respondent profiles followed by the research results and findings.

Chapter 5 Discussion and Conclusion

This chapter presents the conclusion of all the information gathered, as well as the interpretation of the data. Finally, subsequent that is the implications, limitations of research as well as suggestion for future research.
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter illustrates two things, firstly, the definitions given by previous researcher and secondly, the previous research that has been conducted. These definitions and the previous research are all about the variables used in this research namely psychological empowerment (independent variable), organizational commitment (dependent variable), moderating factors (length of service and education level) and the construction sector (scope of study). The reviews and summary of the previous research demonstrates more clearly on how the variables relate to each other and to other variables.

2.2 Employee Empowerment

Since 1990 the number of articles with “employee empowerment” as the key descriptor has exploded. This term can be used to describe both individual aspect of the concept as well as the organizational one (Honold, 1997).

The beginnings of the concept of employee empowerment can be found in several places. The socio-technical approach introduced by Lewin in 1951 (cited in Honold, 1997) combined two aspects of work in a systematic manner. The idea of job enrichment came from Herzberg and Mausner et al. (1959) (cited in Honold, 1997) and further discuss by Herzberg (1968) which focused on increasing control and decision making in one's work. Job autonomy as reveal by Herzberg and Mausner et al. (1959) (cited in Honold, 1997) and used by Herzberg (1968), Hackman and Oldham (1976), Hackman and Oldham (1980) and Menon (1995) addressed another component of what is today referred to employee empowerment (Honold, 1997).
Up until today, employee empowerment continuously attracts researchers to conduct research about empowerment in organization or in individual perspective. For example, Spreitzer et al. have conducted various studies on employee empowerment since 1995 until 2007.

To better understand employee empowerment literature, Honold (1997) divided the literature on employee empowerment into five groupings namely leadership, the individual empowered state, collaborative work, structural or procedural change, and the multidimensional perspective which encompasses most of the four previously stated categories.

Definition of the first group of empowerment (leadership) was given by Kanter (1977) (cited in Honold, 1997). She defines empowerment as giving power to people who are in the disadvantaged spot in an organization. She sees a continuum of power from powerlessness to empowered.

Second category defines empowerment as an act of building, developing and increasing power by working with others and of having the ability to influence one's own behavior which is called “self empowerment” (Vogt and Murrell, 1990, cited in Honold, 1997). Another definition of employee empowerment from this perspective is “a cognitive state of perceived control, perceived competence and goal internalization” (Menon, 1995:30).

Third category is collaborative work whereby empowerment was defined as "an act of building, developing, and increasing power through cooperating, sharing, and working together" (Rothstein, 1995:21, cited in Honold 1997).

Fourth category is structural or procedural change as empowerment, introduced by a group of writers that see the need for changing the processes of work within an organization as critical to achieving employee empowerment. It is related to total quality management (TQM) (Gilbert, 1993; Westphal et al., 1997, cited in Honold, 1997).

Finally, much of the most current writing on employee empowerment suggests that one-dimensional approaches are not enough. For empowerment to be effective it must be multi-dimensional. Vogt and Murrell (1990, cited in Honold, 1997) identify six
dimensions to empowerment which are educating, leading, mentoring/supporting, providing, structuring, and one that incorporates all of the above.

On the other hand, Liden and Arad (1996) have distinguished two complementary perspectives on empowerment at work that have emerged in the literature. The first is more macro and focuses on the social-structural (or contextual) conditions that enable empowerment in the workplace. The second is more micro in orientation and focuses on the psychological experience of empowerment at work. The two perspectives can be distinguished by the focus on between empowering structures, policies, and practices and a focus on perceptions of empowerment embedded in (Eylon and Bamberger, 2000).

The social-structural perspective focuses on how organizational, institutional, social, economic, political, and cultural forces can root out the conditions that foster powerlessness in the workplace (Liden and Arad, 1996). The structural views would encourage the employees to behave in an empowered way by making the necessary changes at the structural level (Dewettinck, Singh, J, Buyens, 2003).

Practically, organizations can change organizational policies, processes, practices, and structures away from top-down control systems toward high involvement practices where power, knowledge, information and rewards are shared with employees in the lower echelons of the organizational hierarchy (Bowen and Lawler, 1995). For example, management can change practices to allow employees to decide on their own how they will recover from a service problem and then surprise-and-delight customers by exceeding their expectations rather than waiting for approval from a supervisor (Spreitzer, 2007).

Specific practices that indicate a high involvement or self-managing system including participative decision-making, skill or knowledge-based pay, open flow of information, flat organizational structures and training. Each of these practices contributes to employee empowerment by increasing access to opportunity, information, support, or resources.

Second perspective is psychological empowerment which will be further explained in next section.
2.2.1 Psychological Empowerment

As mentioned earlier on, this study will focus on the psychological empowerment perspective. Psychological empowerment refers to a set of psychological states that are necessary for individuals to feel a sense of control in relation to their work. Rather than focusing on managerial practices that share power with employees at all levels, the psychological perspective is focused on how employees experience their work. This perspective refers to empowerment as the personal beliefs that employees have about their role in relation to the organization (Spreitzer, 2007).

The paper that motivated researchers to think differently about empowerment was a conceptual piece by Conger and Kanungo (1988). They argued that a social-structural perspective was incomplete because the empowering managerial practices discussed above would have little effect on employees if they lacked a sense of self-efficacy. To them, empowerment was a "process of enhancing feelings of self-efficacy among organizational members through the identification and removal of conditions that foster powerlessness" (Conger and Kanungo, 1988, p. 484).

Thomas and Velthouse (1990) extended Conger and Kanungo's ideas with the development of a theoretical framework articulating empowerment as intrinsic task motivation manifest in four cognitions that reflect their orientation to work. Rather than a dispositional trait, Thomas and Velthouse defined empowerment as a set of cognitions or states influenced by the work environment that helps create an active-orientation to one's job.

To ensure that these four dimensions truly captured the essence of empowerment, Spreitzer (1997) distilled the interdisciplinary literature on empowerment, drawing on psychology, sociology, social work, and education. She found wide support for these four dimensions of empowerment across these disparate literatures. Based on these results, she further refined these four dimensions as follows:

- **Meaning** involves a fit between the needs of one's work role and one's beliefs, values and behaviors (Hackman and Oldham, 1980).
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