

# ENHANCEMENT OF EMPLOYEE INNOVATIVE WORK BEHAVIOUR THROUGH PSYCHOLOGICAL EMPOWERMENT AND ORGANIZATIONAL CULTURE

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**ABSTRACT:** *Psychologically empowered people feel a positive change in their attitude, behavior and cognition which leads them towards innovative ideas. Organizational culture can be an inhibitor or activator for process of innovation. In Pakistan both factors are neglected to a great extent. The focus of this paper is to study the impact of psychological empowerment of employees and organizational culture on innovative work behavior. Random sampling technique was used to study 302 employees from branches of public sector banks of Pakistan (located in Faisalabad and Lahore). Data was analyzed through descriptive statistics, correlation coefficient and regression analysis. The findings showed that organizational culture and psychological empowerment has significant positive relationship with innovative work behaviour.*

**KEYWORDS:** *Psychological Empowerment, Organizational Culture, Innovative Work Behaviour, public sector banks of Pakistan*

## INTRODUCTION

In public banking sector of Pakistan conventional culture of working discourage employees to think and behave innovatively. According to [1] improvement is brought in business decisions by effectual and successful organizational culture. Culture of bureaucratic style of management in banking sector with more power distance has discouraged the employees' innovative way of thing in their way of working, services and entertaining their customers. It is also suggested that the management must empower their employees if they want to establish a culture that supports innovation activities on the part of employees for developing new products and procedures [2].

The notion psychological empowerment (PE) refers to inner mechanism of employees who are being

empowered [3]. Empowerment is a psychological mindset which is associated with individual's self-perception [4]. According to [5], PE has four dimensions named as meaning, self-determination, impact and competence. Meaning has been characterized as a sense of purpose or individual association to the workplace task [6]. Self-determination is referred as employees having autonomy over the commencement and continuation of any work behaviour and work practices like deciding their work approach, effort and momentum [7]. Impact is expressed as a belief that the employees can manipulate the system in which they are rooted [6]. Competence, another facet of psychological empowerment, is defined as a sense of faith which employees have on their expertise and potential to execute their work better [6].

The significance of organizational culture (OC) is described by putting it equally important with strategy, control system and structure of organization [8]. O'reilly *et al.* [9] published seven dimensions in their research work to describe nature of organizational culture as Organization Culture Profile (OCP). Later on, OCP was revised for its updated version by examining its validation and development to overcome its limitations. Seven new dimensions named as competitiveness, social responsibility, supportiveness, innovation, emphasis on reward, performance

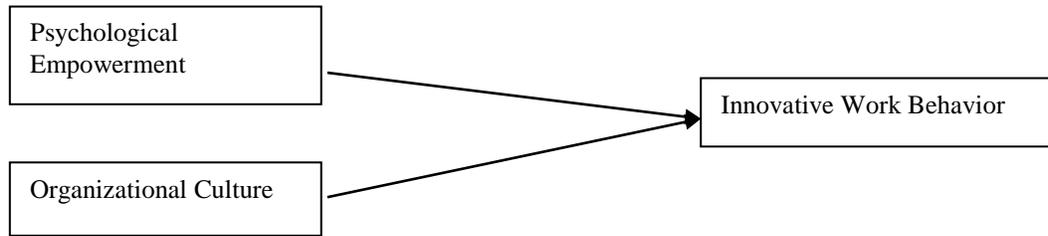
orientation, stability were mentioned in updated version of OCP [10].

Innovative work behaviour (IWB) is a multi-phase mechanism comprising of problem recognition, generation of ideas or solutions, building support for ideas, and idea implementation. So creativity, which includes generation of unique and valuable ideas, is an important part of IWB [11]. Literature shows that idea generation and problem recognition require different intellectual abilities [12]. In research [13], has described it as opportunity exploration phase being chased by idea generation. So it is summed up that IWB consists of four dimensions named: 1. Opportunity exploration 2. Idea generation 3. Idea championing 4. Idea implementation. Opportunity exploration starts when there is something missing and performance is not meeting expectations. According to [14], innovation begins after exposing performance gap or finding actual and expected performance imbalance. In research it is found that for performance boost and to sort out problems, idea generation can be trigger by joining and restructuring information and current approaches [15]. Championing requires behaviours like having courage to locate support and make alliance and having ability to put forth the idea then stimulating and negotiating on this idea with management or rest of employees [16]. To transform the generated idea into practical form, extensive efforts are required. Implementation refers to the efforts that are required to convert ideas into reality [14].

By raising PE, employees show behaviour that encourages innovation at work place, become more effective and show least resistance towards change. It means that PE causes enhancement in IWB [17]. It has concluded that PE is a predictor of IWB [18]. Further, it was reinforced by finding that IWB is the behavioral product of PE and significant result was reported between PE and IWB [19].

On the same lines, successful innovative behaviour mainly depends on organizational cultural values that come into shape by group interaction and the degree of fit between overall cultural orientation of organization and groups [20]. Culture can compel employees to behave innovatively or can be an obstruction in the way of innovation thus relationship

**THEORETICAL FRAMEWORK**



exists between organizational culture and innovative work behaviour [21].

**MATERIAL AND METHODS**

**VARIABLES:**

**Independent variables:**

- a. Psychological Empowerment
- b. Organizational Culture

**Dependent variables:**

Innovative Work Behavior

Hypotheses of the study were following.

**H1:** Organizational culture (OC) has significant positive relationship with IWB.

**H2:** Psychological empowerment (PE) has significant positive relationship with IWB.

The study was quantitative in nature. Quantitative approach was applied at this study so that results could be more explicit and consequently objective and representative results. Moreover, it is easier to collect, compare and then summarize after statistical analysis [22]. Random sampling technique had been used. Data had been collected through questionnaires from 302 employees of public sector banks located in Faisalabad and Lahore. Questionnaires were sent to 400 employees representing all departments and functions of organization. Participation happened on voluntary basis. Out of 400 respondents 302 responded.

Psychological empowerment was measured by using psychological empowerment instrument developed by [6]. The instrument had already been validated by [6-5]. The instrument consisted of 12 items which were rated on 7 point Likert-type scale ranging from very strongly disagree (1) to very strongly agree (7).

For measuring organizational culture, organizational culture profile instrument was used which was amended version of organizational culture profile (OCP) that was previously developed by [9] and now it was recently revised by [10]. It was based on 5 point Likert-type scale ranging from not at all (1) to very much (5). The revised OCP comprises of 28 questions.

For measuring IWB, the used instruments consisted of 14 items which was based on previous work of [23-24-25]. This multi-item scale was used to measure IWB of employee by creating a pool of items from the instruments developed by these researches [14]. Same scale was used to measure IWB, its validity and while checking its relationship with other variables [15-14-26]. Responses were given on 5 point Likert-type scale ranging from never (1) to always (5).

Reliability was checked before applying other statistical tests. Then correlation was checked to confirm whether multicollinearity exists or not. To check cause and effect relationship, regression analysis was applied using SPSS 18.0 to test the hypothesis.

**RESULTS AND DISCUSSION**

Our data were reliable to test, scale reliability had been checked. So data were reliable to internal items consistency.

**Table-1. Showing Reliability of Innovative Work Behaviour**

Variables	Dimensions of variables	No of Items	Cronbach's Alpha
Innovative Work Behaviour	Opportunity Exploration	3	0.707
	Idea Generation	3	0.791
	Idea Championing	4	0.817
	Idea Implementation	4	0.806

Reliability analysis of organizational culture is presented by table 2.

**Table-2. Showing Reliability of Organizational Culture**

Variables	Dimensions of variables	No of Items	Cronbach's Alpha
Organizational Culture	Stability	3	0.695
	Competitiveness	4	0.887
	Social Responsibility	4	0.861
	Supportiveness	4	0.896
	Innovation	4	0.840
	Emphasis on Reward	4	0.930
	Performance Orientation	4	0.867

Reliability of Psychological Empowerment is presented below in table.3.

**Table-3. Showing Reliability of Psychological Empowerment**

Variables	Dimensions of variables	No of Items	Cronbach's Alpha
Psychological Empowerment	Meaning	3	0.947
	Competence	3	0.847
	Self-determination	3	0.924
	Impact	3	0.930

**Correlation:**

The test of correlation was applied to check the strength and nature of the relationship between variables. Correlation was found between variables as can be seen in table presented below. To interpret the results in either direction the two-tailed test was applied. Results supported our hypotheses H1 and H2 as can be seen in table.4 that all variables are significantly correlated with each other ( $r > .5, p < .01$ ). Idea implementation with  $r=0.566, p=0.01$  had shown strong correlation. Idea generation had shown weak correlation with  $r=0.175, p=0.01$ .

Social responsibility with  $r=0.740, p=0.01$ , supportiveness with  $r=0.719, p=0.01$ , innovation with  $r=0.777, p=0.01$ , emphasis on reward with  $r=0.745, p=0.01$  and performance

orientation with  $r=0.726, p=0.01$  were also found with strong correlation. Moving towards PE, meaning with  $r=0.462, p=0.01$  was found moderately correlated while impact had shown strong correlation with  $r=0.703, p=0.01$ . Organizational culture and psychological empowerment had shown correlation with  $r=0.174, p=0.01$  and  $r=0.138, p=0.05$  respectively.

Multiple regression test was applied to further confirm the test. All 4 facets of PE and OC were found to be positively related to IWB. They are significant predictors of IWB. Results of regression analysis are presented in table.5 and 6. Table.5 explains that the model is fit as it is evident from the value of R square and significance level.

**Table.4 Correlation of variables**

CORRELATION																		
	OE	IG	IC	II	C	SR	SP	IN	S	ER	PO	M	CP	SD	IP	IWB	OC	PE
OE	1																	
IG	.175**	1																
IC	.250**	.461**	1															
II	.320**	.566**	.474**	1														
C	-.020	.185**	.180**	.079	1													
SR	.051	.204**	.286**	.146*	.740**	1												
SP	-.130*	.126*	.234**	-.048	.719**	.635**	1											
IN	-.111	.273**	.274**	.108	.777**	.662**	.785**	1										
S	.020	.093	-.049	.055	.400**	.322**	.213**	.285**	1									
ER	-.098	.178**	.126*	.002	.753**	.610**	.705**	.745**	.289**	1								
PO	-.022	.180**	.174**	.117*	.775**	.621**	.597**	.726**	.396**	.680**	1							
M	-.111	.305**	.299**	.170**	.217**	.226**	.246**	.280**	-.092	.184**	.316**	1						
CP	.211**	.424**	.219**	.464**	.016	.110	.004	.029	-.018	-.048	.045	.462**	1					
SD	-.053	.269**	.129*	.087	.064	-.020	.179**	.179**	.017	.058	.065	.609**	.370**	1				
IP	-.043	.209**	.187**	.037	-.056	.004	.119*	.110	-.119*	-.016	.015	.685**	.347**	.703**	1			
IWB	.581**	.756**	.761**	.815**	.148**	.239**	.068	.192**	.040	.074	.157**	.234**	.452**	.150**	.137*	1		
OC	-.047	.219**	.233**	.090	.922**	.825**	.833**	.884**	.508**	.791**	.850**	.255**	.038	.104	.020	.174**	1	
PE	-.026	.353**	.255**	.198**	.081	.097	.185**	.199**	-.070	.068	.146*	.873**	.608**	.850**	.873**	.271**	.138*	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).\* . Correlation is significant at the 0.05 level (2-tailed)

**Table-5. Model Fitness**

Model	R square	Significance
1	0.27	.000

**Table-6. Direct Effect**

Hypotheses	Direct Effect	Estimate	T-value	Significance	Result
H1	OC→ IWB	.111	2.500	.013	Accepted
H2	PE→ IWB	.136	4.533	.000	Accepted

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

Organizational culture showed significant positive relationship with innovative work behaviour with values of  $\beta = 0.111$ ,  $p = 0.013$ . Likewise, psychological empowerment showed positive relationship with innovative work behaviour with  $\beta = 0.136$ ,  $p = 0.000$ . As per results of regression analysis, our regression equation will be as follows.

$$IWB = \alpha + \beta_1 OC + \beta_2 PE + e \quad IWB = 2.539 + 0.111OC + 0.136PE + e$$

The statistical results showed that organizational culture and innovative work behaviour have strong and positive relationship with psychological empowerment. In conclusion by showing the results, it can be inferred that by creating and maintaining the organizational culture that encourages employees to not only to bring new ideas but also implementing them, we can change their behaviour towards innovation. Likewise, by empowering employees psychologically, employees can be compelled to behave innovatively. So it is summed up as that organizational culture and psychological empowerment can significantly enhance innovative work behaviour of employees. This study has reinforced that PE is a predictor of IWB [18]. Same finding was concluded that IWB is the behavioral product of PE and significant result was reported between PE and IWB [19]. Spreitzer *et al.* [17] also concluded their research with same findings. Current study also fostered the results that empowering the employees psychologically and culture of trust on employees help them to behave innovatively [28]. Likewise, significant positive relationship was found between organizational culture and innovative work behaviour [27-29]. The results of study were found also consistent with [21] who claimed the same relationship between organizational culture and IWB. So current paper can be summed up on the note that organizational culture and psychological empowerment are significant and positive predictor of IWB.

**FUTURE RECOMMENDATION**

The study is limited to few cities of Pakistan. In future it is recommended that study can be expanded by collecting data from all over Pakistan to help the all public sector banks regarding empowering their employees through psychological empowerment and improving their culture in terms of innovation support. Greater sample size will help to generalize the results. This study was cross sectional as the results were confined to a certain time frame in which data were gathered. Longitudinal study will help to realize that by maintaining an innovation supportive culture and empowering psychologically either innovation happens in reality or not over the time. It is also suggested that same study can also be done in other sectors.

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