THE RELATIONSHIP OF PSYCHOLOGICAL EMPOWERMENT AND ORGANIZATIONAL CULTURE IN BANKING SECTOR OF LAHORE, PAKITSAN

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ABSTRACT

Current study is designed to check the relationship of the organizational culture and its dimensions (strategic orientation, structural conditions, cooperation and the teamwork, general management and leadership) on psychological empowerment in banking sector of Lahore (Pakistan). All these parameters are considered as the vital components for the success of every organization including the banks. In this regard, simple random sampling was used to collect the data from banking sector. For this purpose, total 110 questionnaires were distributed among employees, 100 were fully filled and used for final analysis. To analyze the results of the study SPSS was used by using different statistical tools. Current research was performed the reliability, correlation and regression analysis with the help of SPSS. The result shows that the organizational culture and its dimensions has significant positive impact on psychological empowerment of the employees working in the banking sector of Lahore, Pakistan.

Keywords: *Psychological Empowerment, Organizational Culture & Banking Sector*

INTRODUCTION

This research is plan to explore the relationship of organizational culture and its dimensions like the strategic orientation, structural conditions, cooperation and teamwork, general management and leadership with psychological empowerment. Organizations of modern age are fully focused regarding incorporating the strong culture in their organizations. The concept of culture was examined by researchers in different organizations and work setting for enhancing the organizational productivity and consistency (Fralinger & Olson, 2007). Schein (2004) has proposed that agreement with a given group has invented, discovered, or (made) got greater, stronger and healthy in learning to do with the good example of basic things consider as to solve problems of outside adjustments and inside organizations and this have taught the new members about the right ways about perception of work.

This will also enhance the thinking process and will precisely address the questions in the minds of employees. Organizational culture acts as vital function in flourishing, modify procedure and consider as most important element of effective decision making (Lincoln,

2010). There is a small number of researches about relationship of organizational culture and psychological empowerment in banking sector. Empowerment is novel concept which acts as fresh energy for developing and flourishing the organizations (Scott & Jaffe, 1993). Empowerment is one of most popular ways to improve worker's reasoning about decision making and job satisfaction (Wang & Lee, 2009). Empowerment ensures to get greater, stronger, more comprehensive growth in power sharing, knowledge, powers to do well, self-power to get effect on others and drops out employers' turnover (Biron & Bamberger, 2010). It is also seen that organizational culture helps to improve empowerment (Johnson, 2009). Psychological empowerment is also helped the banking sector of under develop countries (Henkin & Marchiori, 2003).

But, in developing countries like Pakistan, still the ideas of psychological empowerment is lack behind. There is also much space about researches of psychological empowerment in these countries. Current research is also design to fill this gape. Moreover, in the view of Spreitzer, (2007), about seventy percent of organizations are incorporating psychological empowerment concept for boosting up the morale of their employees. This means that psychological empowerment is critical issue for the organizations which is addressed by many organizations and about 30 % organizations are ignoring this important concept. That is why main purpose of this study is to check the impact of organizational culture on psychological empowerment in banking sector of Pakistan for exploring the phenomenon of the important issue of psychological empowerment.

LITERATURE REVIEW

Organizational Culture

The organizational culture may be described as an outline of essential postulations exposed in organizations whereas this association is find out how to reasonably compact with internal and external challenges (Schein, 1990). Denison (1996) describes organizational culture as "a fundamental structure in organizations which is based on the common values, beliefs and assumptions of its employees". Therefore, organizational culture is perceived as a relatively stable, not unalterable feature, persuades the attitude of the workers in the organizations (Beugelsdijk et al., 2006). Thus, organizational culture is a key to enhance the social interaction and gathering of the employees. Schein (1995) describes why and how culture grows within the boundaries of an organization, by explaining the requirement for sense and integration in the activities of the organizational employees. This important requirement for integration of ultimately results in the development of shared elements like beliefs, procedures and shared values which are declared over time and therefore bring success. Some shared fundamentals are shift to existing employees i.e. in components of the socialize procedures.

Schein (1995) expand a model of inter-reliant cultural stage to the elementary model in business psychology. In the current research, organizational culture is to be knowable concept related to Schein's description and model. Organizational culture can be classified in three levels which are described as, first level of visible manufactured artifact includes cultural happening on plane stage as name of language, symbols or architectural aspect inside the business. For interpret cultural sense of such objects, it is crucial to understand and recognize the more stages of organizational culture. The next cultural level focus on shared strategies, philosophies, norms and values which are stand on ethical, moral and ideals spread of emotions which are either incorrect or correct. These values provide as an orientation's structure that persuade behaviors and attitudes of the business' employees. The third level contains unaware postulations and work of approved notion of the entire society which displays the entire actions and values which can be seen initial indication. Businesses inside the similar culture do not fluctuate powerfully through these essential suppositions (Schein, 1995).

Consequently, the first and second stages are considered as most common tools for the estimation. Organizational culture can be perceived as creation of shared values through the employees of business with the help of general dialogues (Schein, 1995). To measure organizational culture numerous researchers choose a qualitative approach and they are using to observe this phenomenon as single variable for in depth investigation (Furnham, 1996 and Sackmann, 1991). On the other hand, quantitative methods appear to be further appropriate for determination of further equivalent and accessible estimation of the organizational culture with simplified results (Marcoulides & Heck, 1993). Organizational culture is imitating in numerous core elements and describes in an even or similar matching methods by many researchers for the estimation (questionnaires) which can use for argumentation (Poech, 2002). The first two stages of the organizational culture are considered core elements of Schein (1995). These can consider as source of comparable and comprehensive estimation of organizational culture. The organizational culture can be distinguishing into various cultural dimensions (Rousseau, 1990; Xenikou & Furnham, 1996; and Hassan, Shah, Malik & Khan, 2016).

Important cultural dimensions and various approaches are declared by Poech (2002). These dimensions are appearing enough to describe concept of organizational culture completely. It considers the shared norms, values of businesses, the processes and structures of the initial stages (Schmickl & Jons, 2004). The expansion of this level is related to a complete literature' investigation for reorganization about vital cultural dimensions of various analytical techniques (e.g. the questionnaires of Kobi and Wüthrich 1986; Ashkenasy et al., 2000; and O'Reilly et al., 1991). These techniques are measured with the help of several

tools (Jöns et al., 2006). The cultural dimensions, which have been validated in numerous surveys and case studies (see for example Jöns et al., 2004), are given as follows:

- ➢ **Strategic Orientation:** consists of characteristics of buyer direction at the same time quality and performance orientation of business.
- ➢ **Structural Conditions:** contain the quantity of rules and bureaucracy or the numeral hierarchical levels inside the business.
- ➢ **Cooperation and Teamwork**: indicating team associated horizontal dealings qualities as one interaction dimensions.
- ➢ **General Management and Leadership:** like the second interaction dimension associated with the vertical interaction qualities diagonally hierarchies.
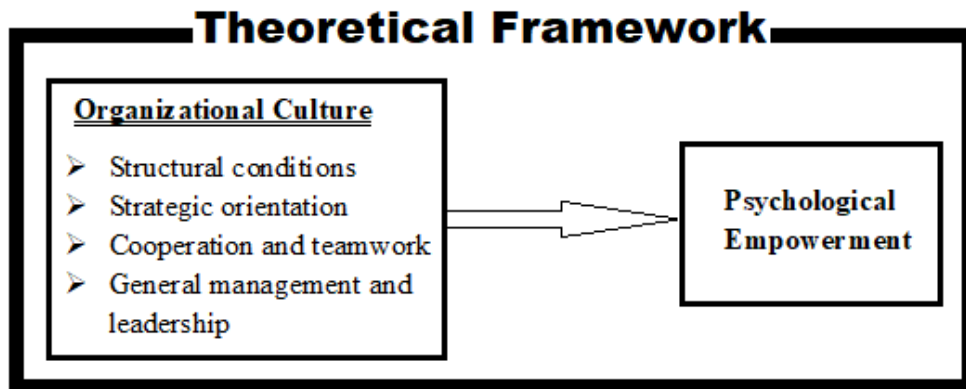
Psychological Empowerment

The notion psychological empowerment is described as set of cognitive and psychological conditions. Conger and Kanungo (1988) describe the psychological empowerment as "process of improve opinion of worker personality worth through the recognition of situation that promote inability and through their elimination with mutual casual method and official business training provide that knowledge of worth". Thomas and Velthouse (1990) find out inherent assignment and inspiration in employees with the intention of comprehensive move towards defining this term with its dimensions (competence, impact, meaningfulness and choice). Working on both concepts of Thomas & Velthouse (1990) and Conger & Kanungo (1988), Spreitzer (1995) has proposed the four distinct dimensions of psychological empowerment which termed as meaning, competence, self-determination and Choice.

A personal work which is important for intellect of emotion is called meaning. A personal capability to generate profitably responsibilities in faith or self-efficacy is called competence. Observation of independence to select how to take away and begin the jobs is termed as self-determination. The degree to which a person outlook his/her nature of work result in work performance is named as choice. Four dimensions offered by Spreitzer (1995) (competence, impact, meaningfulness and choice) indicates the whole concept of psychological empowerment. Consequently, a facilitating procedure to develop a workers' job beginning and determination which is perceived as psychological empowerment (Conger &Kanungo, 1988).

Conceptual Model

The main concepts of the current study were extracted from the previous studies and then developed into a theoretical framework for further expansion by emerging the hypotheses of the current study.

Figure 1 The Theoretical Framework

Hypothesis

The organizational culture has positive impact on the psychological empowerment (Martin, 1992; kseanelasotirofski, 2014; and Sparrowe, 1994) on the basis of these facts current study has projected the below hypotheses.

H_1: organizational culture has positive impact on psychological empowerment.

From the best of researcher knowledge no previous study was not checked the relationship of dimensions of organizational culture like the strategic orientation, structural conditions, cooperation and teamwork, general management and the leadership with psychological empowerment. So, current research is proposed the following hypothesis.

H_{1a}: Strategic orientation has positive influence on psychological empowerment
H_{1b}: Structural conditions has positive effect on psychological empowerment
H_{1c}: Cooperation and teamwork has positive influence on psychological empowerment
H_{1d}: Management and leadership has positive effect on psychological empowerment

RESEARCH DESIGN

Population

Employees of Banking Sector of Lahore (Pakistan) are the population of this research. The researchers selects the seven (7) banks randomly from whole population for the collection of primary data.

Sample size

A total number of 110 questionnaires were distributed among the bank employees. 100 questionnaires were returned back and fully completed and used in final analysis. The effective response rate of return is 91%.

Sampling technique

The simple random sampling technique has been used for the primary data collection from banking sector.

Instrumentation

Scale of organizational culture was consisting of 17 items. This scale was adopted from Jöns et al., (2006). Scale of psychological empowerment was consisting of 13 items. This scale was adopted from Spreitzer (1995). Responses are taking on 5 point Likert scale.

Data Analysis Technique

SPSS is used to check the hypotheses of this study. Current research applied the reliability, correlation and regression analysis.

FINDINGS OF STUDY

A. Reliability

Table 1 The Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	No of Items
0.950	31

The Cronbach's Alpha is used to find out the reliability of data. This value is 0.950 which is more greater than 0.50. Which proves that the data is statically reliable.

B. Correlation Analysis

The Correlation of organizational culture and its dimensions with psychological empowerment

Correlation table indicates that all the variables have positive relations with each other's. The coefficient of co-relation between organizational culture (structural conditions) with organizational culture (strategic orientation) is 0.710[**]. This means that both variables have strong positive correlation with each other. The coefficient of correlation between organizational culture (cooperation and teamwork) with organizational culture (structural conditions) is 0.827[**]. This means that both variables have strong positive correlation with each other. The coefficient of correlation between organizational culture (cooperation and teamwork) with organizational culture (strategic orientation) is 0.782[**]. This means that both variables have strong positive correlation with each other.

Table 2 The Correlation Analysis

	Strategic Orientation	Structural Conditions	Cooperation & Teamwork	Management & Leadership	Organizational Culture
Strategic Orientation	1	.710**	.782**	.550**	.862**
		.000	.000	.000	.000
	82	82	82	82	82
Structural Conditions	0.710**	1	.827**	.601**	.882**
	.000		.000	.000	.000
	82	82	82	82	82
Cooperation & Teamwork	.782**	.827**	1	.742**	.948**
	.000	.000		.000	.000
	82	82	82	82	82
Management & Leadership	.550**	.601**	.742**	1	.831**
	.000	.000	.000		.000
	82	82	82	82	82
Organizational Culture	.862**	.882**	.948**	.831**	1
	.000	.000	.000	.000	
	82	82	82	82	82
Psychological Empowerment	.778**	.812**	.905**	.691**	.902**
	.000	.000	.000	.000	.000
	82	82	82	82	82

The coefficient of correlation between organizational culture (general management and leadership) with organizational culture (strategic orientation) is 0.550**. This means that both variables have strong positive correlation with each other. The coefficient of correlation between organizational culture (general management and leadership) with organizational culture (structural conditions) is 0.601**. This means that both variables have strong positive correlation with each other.

The coefficient of co relation between organizational culture with organizational culture (strategic orientation) is 0.862**. This means that both variables have strong positive correlation with each other. The coefficient of correlation between organizational culture with organizational culture (structural conditions) is 0.882**. This means that both variables have strong positive correlation with each other. The coefficient of correlation between organizational culture with organizational culture (cooperation and teamwork) is 0.948**. This means that both variables have strong positive correlation with each other. The coefficient of co relation between organizational culture with organizational culture (general management and leadership) is 0.831**. This means that both variables have strong positive correlation with each other.

The coefficient of correlation between psychological empowerment with organizational culture (strategic orientation) is 0.778**. This means that both variables have strong positive correlation with each other. The coefficient of correlation between psychological empowerment with organizational culture (structural conditions) is 0.812**. This means that both variables have strong positive correlation with each other.

The coefficient of correlation between organizational culture (cooperation and teamwork) with psychological empowerment is 0.905^{**}. This means that both variables have strong positive correlation with each other. The coefficient of correlation between organizational culture (general management and leadership) with psychological empowerment is 0.691^{**}. The coefficient of correlation between psychological empowerment with organizational culture is 0.902^{**}. This means that both variables have strong positive correlation with each other.

C.   Regression Analysis

The Regression analysis of organizational culture with psychological empowerment.

Table 3 The Summary Table

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.902ª	0.813	0.810	0.43217

Table 4 The ANOVA Regression

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	64.857	1	64.857	347.254	0.000ª
	Residual	14.942	80	0.187		
	Total	79.799	81			

a. Predictors: (Constant), Organizational culture
b. Dependent Variable: Psychological empowerment

Table 5 The Coefficient of Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t'	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.414	0.174		-2.382	0.020
	Organizational Culture	0.944	0.059	0.902	18.635	0.000

a. Dependent Variable: Psychological empowerment

The p-value shows the significance level among variables. The hypotheses is accepted if the value of p is < 0.10, 0.01 and 0.05 if the condition is not fulfil then the hypothesis is rejected. The above table shows that the p value is significant so the hypothesis is accepted. In regression analysis the value of R square shows the impact of independent variable on dependent variable. If the value of R square is $> 25\%$ then the value is accepted. The table shows the value of $R^2=81.3\%$. The value of F shows the relationship between independent variable and dependent variable. The highest value of F shows the good relationship

between the variables. The above tables shows that the value of F=347.254, which shows the relationship between independent (organizational culture) and dependent variables (psychological empowerment).

All values of "t" are non-zero .The above table shows that the value of β =0.944 and p<0.01. The result shows that one unit rise in organizational culture cause 94.4% variation in psychological empowerment. This value is greater than the value β =0.63which was find out by Saharet al., (2011).

D. Multiple Regression

Regression analysis of dimensions of organizational culture with the psychological Empowerment

Table 6 The Summary Table

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.918a	0.842	0.834	0.40441	1.213

a. Predictors: (Constant), Structural conditions, Strategic orientation, Cooperation and teamwork, General management and leadership
b. Dependent Variable: Psychological empowerment

Table 7 The ANOVA Regression

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	67.205	4	16.801	102.730	0.000a
	Residual	12.593	77	0.164		
	Total	79.799	81			

a. Predictors: Structural, Strategic, Cooperation, management & leadership
b. Dependent Variable: Psychological empowerment

Table 8 The Coefficient of Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t'	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.380	0.164		-2.311	0.003
	Structural conditions	0.164	0.077	0.158	2.131	0.006
	Strategic orientation	0.197	0.095	0.171	2.083	0.001
	Cooperation and teamwork	0.665	0.120	0.598	5.539	0.000
	General management and leadership	0.057	0.066	0.058	0.854	0.006

Dependent Variable: Psychological Empowerment

The table shows the value of R^2= 84.2%.The p-value shows the significance level among variables. The hypothesis are accepted if the value of p is < 0.10, 0.01 and 0.05 if the condition is not fulfil then the hypothesis are rejected. The above table shows that the p values are significant so the hypothesis are accepted. The above tables shows that the value of F=102.730, which shows the relationship between independent variable the dimensions of structural conditions, strategic orientation, cooperation and teamwork, general management and leadership and dependent variables (psychological empowerment). All the values of "t" are non-zero. The above table shows that the value of β and p for the relationship of structural conditions and psychological empowerment is (β=0.164; p<0.05).The result shows that one unit rise in structural conditions cause 16.4% variation in psychological empowerment.

The value of β and p for strategic orientation and psychological empowerment is (β=0.197; p<0.05). The result shows that one unit rise in strategic orientation cause 19.7 % variation in psychological empowerment. The value of β and p for cooperation and teamwork and psychological empowerment is (β=0.665; p<0.05).The result shows that one unit rise in cooperation and teamwork cause 66.5% variation in psychological empowerment. The value of β and p for general management and leadership and psychological empowerment is (β=0.057; p<0.01).The result shows that one unit rise in general management and leadership cause 5.7% variation in psychological empowerment. So the cooperation and teamwork has more significant impact on psychological empowerment and general management and leadership has not significant impact on psychological empowerment.

CONCLUSION

The research finds out the influence of organizational culture and its dimensions on psychological empowerment. The results shows that organizational culture strong predictor of psychological empowerment. The result also indicates that strategic orientation is good antecedent of psychological empowerment. Results point out that structural conditions has also good influence on psychological empowerment. The findings of this vary research indicates that cooperation and teamwork conditions strong predictor of psychological empowerment. The result highlights general management and leadership is not good antecedent of and psychological empowerment as compare to other dimensions of organizational culture. Results of this study shows that organizational culture take imperative part in enhancing the level of psychological empowerment in banking sector. The value of β affirms that organizational culture is stronger predictor of psychological empowerment in banking sector of Pakistan.

Likewise, it is better for the banking sector of Lahore to formulate the good policies regarding organizational culture. This can enhance the level of employee empowerment in

banks. Additionally, cooperation and teamwork is very strong antecedent of psychological empowerment. Furthermore, "structural conditions" and "strategic orientation" which are dimensions of organizational culture are good predictors of psychological empowerment respectively. Whereas, general management and leadership is poor predictor of psychological empowerment. So the banking sector of Pakistan may also articulate better policies for implementation the concepts of "cooperation and teamwork", "structural conditions" and "strategic orientation at micro level. In future, these kinds of researches will be conducted on other sectors like education sector, textile industry etc. for more generalizing the results. Future researches will also include some other important variable like perceived organizational support, perceived supervisor support and work motivation.

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