Empowering leadership and job performance: mediating role of psychological empowerment

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Abstract

Purpose – The purpose of this paper is to check the effects of empowering leadership on job performance of employees through the mediation of psychological empowerment.

Design/methodology/approach – Primary data were gathered from 418 Indian banking employees. Statistical techniques like factor analysis, multiple regressions and bootstrapping via PROCESS were used to analyze the data.

Findings – Initially, the results of multiple regression analysis revealed that empowering leadership behaviors have positive influence on psychological empowerment and job performance of subordinates. Further, bootstrap analysis revealed that the individual dimensions of psychological empowerment serially mediate the effects of empowering leadership behaviors on subordinates' job performance.

Research limitations/implications – The study indicates that the empowering leadership style is not applicable to Western culture only, but it is also very effective in high power distance cultures like of India. The major limitation of the study is that the data have been gathered from a single source. This may lead to common method variance.

Practical implications – In banking context, empowering leadership can improve the performance of employees by means of psychological empowerment. Training should be provided to organizational leaders in banks with special focus on facilitating the empowering behaviors among them.

Originality/value – The research studies on measuring the effects of empowering leadership on job performance through mediation of psychological empowerment are very limited.

Keywords India, Autonomy, Psychological empowerment, Banks, Empowering leadership, Job performance, Organizational theory and behaviour

Paper type Research paper

1. Introduction

Employee productivity is very crucial for organizational performance and growth. More specifically for service organizations, where the performance of employees is a determining factor for higher growth, as the perceptions of the consumers regarding service quality are reported to be influenced by their interaction with the employees (Fong and Snape, 2015). It has been reported that employees cannot perform at their optimum level without full control or autonomy over their jobs (Spreitzer, 1995). Too much adherence to rules and regulations has adverse effect on service quality of employees (Kundu and Vora, 2004). Now, the era of traditional hierarchical structures, directing and controlling employees is gone; it is the time to enable and empower the employees (Chen *et al.*, 2011). Empowered employees have higher

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potential to reach superior levels of productivity because they feel a sense of control over their jobs (Koberg *et al.*, 1999). In this context, empowering leadership may emerge as an important variable that can proactively advance the changes in the organization, with voicing of constructive ideas from the subordinate side.

In present times, the responsibility of the leader is not over by merely giving power to the employees, but they also have to check whether employees are feeling psychologically empowered or not (Zhang and Bartol, 2010). A lot of studies have demonstrated the close association of various leadership styles with psychological empowerment (Albrecht and Andreetta, 2011; Klerk and Stander, 2014; Özaralli, 2015). Among them, empowering leadership style has been found most effective in augmenting the psychological empowerment in employees (Amundsen and Martinsen, 2015; Fong and Snape, 2015). Pursuing further, few studies have examined the relationship between empowering leadership and job performance as well. However, the results of these studies are not consistent with each other (Humborstad *et al.*, 2014). While some studies have found significant positive impact of empowering leadership on job performance, some other studies have found that this relationship is not significant or detrimental either (Ahearne *et al.*, 2005; Hui *et al.*, 2004). The current study focuses on determining the relationship between these variables in a clearer manner.

Indian banking sector has been considered as a strong contributor in high economic growth of India (Suriyamurthi *et al.*, 2012). With liberalization, privatization and globalization of Indian economy, Indian banking sector has become highly competitive with a high number of public, private, cooperative and foreign banks. It has been observed that a bank can achieve optimum performance and competitive advantage over other banks only through high level of service performance and customer satisfaction (Jham and Khan, 2008). As customers have to interact with and take service from lower level or frontline employees, so their satisfaction mostly depend upon the performance of these employees. Therefore, it is imperative for the banks that their each and every employee performs at the optimum level. However, this can be done only when their leaders provide autonomy and control over their job (Abuzid and Abbas, 2017). In background of these studies, we have chosen to focus on evaluating the role of leadership in enhancing job performance among banking employees.

This study aims to contribute to the existing literature in several ways. It is the first to interweave the concepts of empowering leadership, psychological empowerment and job performance in a single study. We have found that the previous studies (Ahearne *et al.*, 2005; Chow, 2018; Zhang *et al.*, 2018) have considered empowering leadership as a collective construct, rather than studying the effects of its individual dimensions. It is again the first study to analyze the concept of empowering leadership through its individual dimensions. Another considerable point is that empowering leadership has not been studied in Indian banking sector yet. Most of the studies on empowering leadership have been pursued in Western cultures with major focus on sectors like hospitality, telecommunication, health services, pharmaceutical, manufacturing, insurance, education etc. (Ahearne *et al.*, 2005; Albrecht and Andreetta, 2011; Bester *et al.*, 2015; Chow, 2018; Hao *et al.*, 2018; Humborstad *et al.*, 2014; Raub and Robert, 2010).

In fact, the concept of empowering leadership has not been much researched in any sector of India till now. Only a few studies have measured psychological empowerment and they have found moderate level of empowerment among employees (Bhatnagar, 2004; Diwedi, 2000). Some studies have even indicated that the societies with high power distance and hierarchical structures such as of India can undermine the effects of opportunity-enhancing practices like empowerment and self-managed teams (Hui *et al.*, 2004; Kundu and Gahlawat, 2016). Therefore, to clarify the relationship between these constructs in Indian

banking context, the present study aims to measure the effect of empowering leadership on job performance through mediation of psychological empowerment among Indian bank employees.

2. Conceptual framework and hypotheses

2.1 Empowering leadership and psychological empowerment

Over the past two decades, empowering leadership has emerged as a distinct form of leadership style (Amundsen and Martinsen, 2014; Arnold *et al.*, 2000). Ahearne *et al.* (2005) have defined empowering leadership as a combination of four behaviors, namely, enhancing the meaningfulness of work, fostering participation in decision making, expressing confidence in high performance and providing autonomy from bureaucratic constraints. Talking about psychological empowerment, here the main focus lies upon the psychological state of employees, i.e. whether they are psychologically experiencing power over their jobs (Menon, 2001; Spreitzer, 1995). Spreitzer (1995) has defined psychological empowerment as "a motivational construct manifested in four cognitions: meaning, competence, self-determination, and impact". While empowering leadership refers to the actions taken by the leader to delegate the decision making powers to subordinates, psychological empowerment considers the reactions of subordinates to that power (Amundsen and Martinsen, 2014).

It is obvious that empowering efforts of leadership will not be successful if the employees do not experience that power psychologically (Raub and Robert, 2010). Prior studies have found a positive association between empowering leadership and psychological empowerment (Albrecht and Andreetta, 2011; Klerk and Stander, 2014; Özaralli, 2015). Amundsen and Martinsen (2014) have even stated that empowering leadership is a more effective approach than transformational leadership in enhancing the feelings of psychological empowerment among subordinates. Actually, psychological empowerment is the mechanism through which empowering leadership influences many attitudinal and behavioral outcomes at the individual and the team level (Amundsen and Martinsen, 2014; Klerk and Stander, 2014). At the team level, the study of Chen *et al.* (2011) has found that empowering leadership has positive direct impact on psychological empowerment and affective commitment.

Amundsen and Martinsen (2015) have further established that empowering leadership has both direct and indirect effects on psychological empowerment and the indirect effects are through self-leadership. In a study of public organizations, Park and Hassan (2018) have indicated that the relationship between empowering leadership and psychological empowerment works as a snowball effect. They have elaborated that the managers use empowering leadership practices when they feel psychologically empowered and they feel psychologically empowered when their own supervisors engage in empowering leadership practices. Albrecht and Andreetta (2011) have also concluded that the employees feel more empowered when their leaders exhibit empowering behaviors by means of encouraging independent actions, opportunity thinking and self-development. Positive association of the empowering leadership and the psychological empowerment has been proved in all kinds of studies conducted at the individual level (Ahearne *et al.*, 2005; Arnold *et al.*, 2000), the group or team level (Chen *et al.*, 2011) and at both the levels simultaneously (Fong and Snape, 2015). On the basis of such findings, the following hypothesis can be proposed for our study context:

H1. Empowering leadership has positive impact on psychological empowerment.

2.2 Empowering leadership and job performance

There are two approaches in literature to measure employee job performance; one is the objective approach focusing upon the outcomes of the job and another is the subjective approach concentrating upon the performance of the job tasks by the employees rather than the outcomes of the job activities (Yilmaz, 2015). It has been found that sometimes, the employees only have control over the performance of the job tasks, not on the job outcomes. In those situations, the subjective measure is more suitable than the objective measure of job performance (Yilmaz, 2015). Considering this, we have used the subjective measure of job performance in the current study.

Many studies have empirically supported the direct or indirect relationship of empowering leadership with employee job performance (Ahearne *et al.*, 2005; Fong and Snape, 2015; Humborstad *et al.*, 2014; Raub and Robert, 2010). Although empowering leadership has been positively associated with job performance of subordinates, it is suggested that leaders need to be cautious while exhibit empowering behaviors. As some previous studies have indicated, skilled labor perceives empowerment as positive initiative to improve their autonomy, whereas unskilled labor has tendency to perceive it as a lack of guidance or concern from leadership (Kwak and Jackson, 2015). The study of Humborstad *et al.* (2014) has demonstrated that empowering leadership may have positive, neutral, and sometimes, negative influence on employee performance based on the level of empowering behaviors shown by the leader. They have concluded that while high level of empowering leadership behaviors lead to higher in-role performance, lower level of empowering leadership behaviors can make negative impact on the employee job performance.

Raub and Robert (2010) have found that empowering leadership has direct positive effect on in-role behaviors and affiliated extra-role behaviors of service employees as well as indirect effect on challenging extra-role behaviors through mediation of psychological empowerment. In a study of municipality employees in South Africa too, empowering leadership is found to be closely associated with work effort and performance of employees (Govender, 2017). On the same line, Chow (2018) has also indicated that empowering leadership enhances creativity among subordinates which can further improve their job performance. Thus, based on above studies, the following hypothesis is proposed to be tested:

H2. Empowering leadership has positive impact on job performance.

2.3 Psychological empowerment and job performance

Prior empirical evidences have highlighted a strong association between psychological empowerment and job performance (Bartram and Casimir, 2007; Kirkman and Rosen, 1999; Spreitzer, 1995). Bartram and Casimir (2007) have found that in-role performance of employees (rated by their supervisors) is deeply influenced by their level of psychological empowerment. On the similar line, Meyerson and Kline (2008) have also found a positive relationship between psychological empowerment and employee in-role job performance. Seibert *et al.* (2004) have recognized psychological empowerment as the source of indirect relationship between the psychological climate and the individual performance. Spreitzer (1995) has stated that employees feel motivated to perform better at their jobs when they feel control on their work environment have necessary capabilities to perform their job tasks, and find a match between their aspirations and job tasks. It is stated that psychologically empowered employees have more absorptive capacity for knowledge (Siachou and Gkorezis, 2014) and this further enhances their performance. In opinion of Çetin and Aşkun (2018),

psychological empowerment generates self-efficacy and intrinsic task motivation among employees and these both have been found to make positive impact on work performance.

Koberg *et al.* (1999) have also revealed that psychological empowerment is significant predictor of perceived work productivity/effectiveness among the employees of health care industry. Psychological empowerment also has the positive impact on job performance via the mediation of job satisfaction (Sun, 2016). In Indian context, Mir and Rainayee (2015) have indicated that psychological empowerment influences job performance both directly and indirectly through mediation of job satisfaction. So, on the basis of these empirical evidences, the hypothesis is proposed as:

H3. Psychological empowerment has positive impact on job performance.

2.4 Empowering leadership, psychological empowerment, and job performance

In past few decades, the leader-member exchange (LMX) theory has been acknowledged as one of the most successful approaches in understanding the leadership in organizations (Dinh *et al.*, 2014; Schriesheim *et al.*, 1999). The proponents of this theory assert that good relationships between leaders and followers lead to favorable employee outcomes particularly in the form of positive job attitudes, frequent display of citizenship behavior, better performance at work, and reduced intention to quit the organization (Cropanzano *et al.*, 2017; Dulebohn *et al.*, 2012). In their meta-analysis, Lee *et al.* (2018) also found LMX as a mediator between empowering leadership and task performance. Similar can be extended for our study context. Considering the positive effects of empowering leadership on psychological empowerment of employees in context of their jobs, it can be assumed that this empowering relationship between leaders and followers in organizations enable employees to perform their jobs more effectively. In this context, Ahearne *et al.* (2005) have stated that leadership empowerment behavior leads to a higher level of adaptability among employees which turns into a higher level of job performance.

Humborstad *et al.* (2014) have also indicated in their study that high empowering behaviors of the leader lead to the higher in-role and extra-role work performance of employees whereas low or moderate empowering behaviors have the negative impact on in-role and extra-role performance of employees. Another theory which can provide direction to our study variables is affective event theory (AET). Using AET, Cropanzano *et al.* (2017) have opined that high quality LMX relationships progress through three stages: role taking, role making and role routinization. They have further articulated that with the sharing of discrete emotions over time, leaders can strengthen or weaken their relationships with the members. Considering this, we can argue that with disclosure of high empowering leadership traits, supervisors broaden the role definitions among their subordinates, an important component of psychological empowerment and this, in turn, help employees/subordinates in performing on their jobs in a better manner.

Some recent studies have indicated that empowering leadership affects behavioral outcomes among employees through different psychological mechanisms (Chow, 2018; Kim and Beehr, 2018). Chow (2018) has found that empowering leadership makes positive impact on employee creativity through the mediation of motivation to learn and trust in leadership. Kim and Beehr (2018) have found that empowering leadership has negative influence on two employee withdrawal behaviors (absenteeism and turnover intention) with the mediation of affective commitment. In a study of Arabian banks, Abuzid and Abbas (2017) have found that empowering leadership has both direct and indirect impact on psychological empowerment through self-leadership and their empowerment leads to higher job satisfaction and creative performance.

Pursuing further, Bordin *et al.* (2006) have found that psychological empowerment has more positive influence on employee's job satisfaction when supervisory social support is high. Fong and Snape (2015) have also found the traces of mediation of psychological empowerment in explaining the relationship between empowering leadership and in-role behaviors (performance of job tasks). Özaralli (2015) has revealed that psychological empowerment moderates the relationship between empowering leadership and employee creativity which is significant predictor of the job performance. So, basing upon the above arguments, the final hypothesis in our study context can be proposed as:

H4. The relationship between empowering leadership and job performance is mediated by psychological empowerment.

Considering the anticipated relationships between the above mentioned variables, the following model (Figure 1) has been proposed to be tested.

3. Research methodology

3.1 Sample and data

Survey questionnaire had been administered to 800 employees working in various banks in India. In total, 35 banks participated in the study. Employees completed their surveys by rating their supervisors' empowering behaviors and their own level of psychological empowerment and job performance on a five-point rating scale. Out of the total distributed questionnaires, 350 employees did not return the questionnaires. In all, 450 respondents filled up the questionnaires and returned; 32 questionnaires were dropped from the study because of the incomplete information. The final sample included 418 employees, resulting in effective response rate of 52.2 per cent, which is suitable for social sciences research (Alreck and Settle, 1985). The demographics and characteristics of the respondents can be seen through Table I.

3.2 Measures

Questionnaire survey method was used for collecting the data. All items were measured on a five-point rating scale ranging from 1 (strongly disagree) to 5 (strongly agree). In addition to

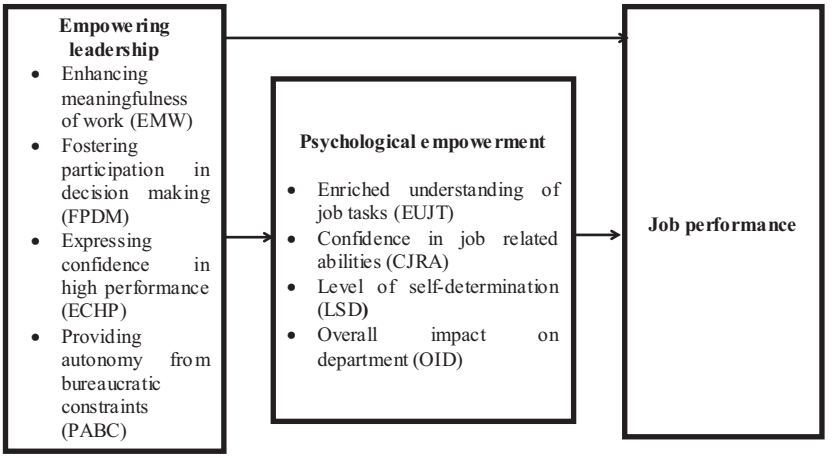

Figure 1.
Proposed conceptual model predicting direct effects and psychological empowerment mediation effects of empowering leadership on job performance of employees

Demographics	Categories	Frequencies	(%)	Average
Gender	Female	72	17.2	
	Male	346	82.8	
	Total	418	100.0	
Age	Below 25 years	56	13.4	31.56
	26-30	228	54.5	
	31-40	90	21.5	
	41-50	22	5.3	
	50 and above	22	5.3	
	Total	418	100.0	
Total work experience (TWE)	Below 5 years	208	49.7	5.55
	5-10	122	29.1	
	10 and above	88	21.2	
	Total	418	100.0	
Education	Undergraduate	192	45.9	
	Postgraduate	226	54.1	
	Total	418	100.0	

Table I. Respondents' demographics ($N = 418$)

the general information about the respondents and the organizations, the following measures were included in the study.

3.2.1 Empowering leadership (independent variable). A twelve-item measure reflecting the four dimensions of empowering leadership developed by Ahearne *et al.* (2005) was adopted for the study. Employees were asked to rate their supervisors' empowering leadership behaviors where higher scores indicated the higher positive perceptions of employees regarding the empowering behaviors of their leaders. The scale had four dimensions with three variables for each dimension including enhancing the meaningfulness of work (EMW), fostering participation in decision-making (FPDM), expressing confidence in high performance (ECHP) and providing autonomy from bureaucratic constraints (PABC).

3.2.2 Psychological empowerment (mediating variable). Spreitzer's (1995) twelve-item scale was adopted to measure the level of psychological empowerment among employees. The scale measured four dimensions of psychological empowerment, namely, enriched understanding of job tasks (EUJT), confidence in job related abilities (CJRA), level of self-determination (LSD) and overall impact on department (OID). Higher scores indicated a higher level of empowerment experienced by the employees.

3.2.3 Job performance (dependent variable). To assess the employee job performance, the scale was adopted from Yilmaz's (2015) study. The scale had four statements to measure perceptions of employees regarding their own job performance. It was a self-report measure where the employees rated their own performance rather than the traditional way in which leaders or supervisors rate the performance of subordinates (Meyerson and Kline, 2008).

3.2.4 Control variables. Özaralli (2003) has found that the age of the employees is significantly correlated to their level of psychological empowerment. Job experience is also found to be significantly related with the employee performance (Govender, 2017). Wang and Zhang (2012) too find a significant difference in levels of psychological empowerment among teachers based on their gender. Keeping these studies in mind, three variables including gender, age and work experience of the employees were used to exert control on the relationships hypothesized in this study.

4. Initial analysis and hypotheses testing results

4.1 Validity and reliability of scales

Initially, the data were subjected to exploratory factor analysis (EFA) for identifying the loading pattern of the observed items/variables on their respective constructs. The results of EFA yielded a seven-factor solution in contrary to the expected solution of nine factors. One factor belonging to empowering leadership family named FPDM and one related to psychological empowerment named CJRA got dropped because of the insignificant factor loadings (< 0.5) on their respective items. The emerged seven factors were EMW, ECHP, PABC, EUJT, LSD, OID and job performance (JP). Together, these seven factors accounted for 71.92 per cent of the variance, representing the unidimensionality of the study constructs. The calculated Cronbach alpha values for these factors/constructs ranged from 0.755 to 0.848, providing support for good internal reliability (Hair *et al.*, 2010).

Using AMOS18, we then performed first order confirmatory factor analysis (CFA) to estimate the convergent and discriminant validity of these constructs. The 22 items were loaded on their corresponding latent constructs and allowed to correlate. The model fit indices demonstrated a good fit. The statistics were: Chi square goodness-of-fit to degrees-of freedom ratio (χ^2/df) = 2.52 less than 5 (Harrison and Rainer, 1996); standardized root mean square residual (SRMR) = 0.030 smaller than the acceptable value of 0.08 (Garver and Mentzer, 1999); comparative fit index (CFI) = 0.933 and Tucker–Lewis index (TLI) = 0.921 higher than the minimum acceptable value of 0.9 (Hu and Bentler, 1999); and root mean square error of approximation (RMSEA) = 0.060 less than 0.08 (Garver and Mentzer, 1999). Standardized factor loadings for all the items were statistically significant ($p \leq 0.001$) with values higher than 0.50. Statistics highlighted in Table II confirms the convergent and the discriminant validity of the seven constructs. For each of the seven constructs, the composite reliability (CR) was greater than 0.70 and the average variance extracted (AVE) was higher than 0.50 (Hair *et al.*, 2010). Both these statistics established a good convergent validity for our latent constructs (Table II). Further, maximum shared variance (MSV) and average shared variance (ASV) were calculated to estimate the discriminant validity. Both MSV and ASV were found less than AVE for each of the constructs, thus, approving the discriminant validity (Hair *et al.*, 2010).

Bearing in mind the dimensional nature of empowering leadership and psychological empowerment scales, it was important to examine whether these scales could be treated as a superordinate concepts. To determine this, second order factor model was estimated separately on the subscales related to these variables. For empowering leadership containing EMW, ECHP, and PABC subscales, the model fit statistics demonstrated a reasonable fit (χ^2/df = 3.27; SRMR = 0.027; CFI = 0.970; TLI =0.947; RMSEA = 0.074). On the same line, the statistics reflected an adequate fit (χ^2/df = 2.37; SRMR = 0.048; CFI = 0.980; TLI =0.966; RMSEA = 0.058) for psychological empowerment constituting EUJT, LSD and OID subscales. Based on these statistics, the summated scales of empowering leadership and psychological leadership were put into use at the time of multiple regression analysis (refer to Section 4.4).

4.2 Common method variance testing

Since the data were collected from employees with the help of a single questionnaire for all the variables, the possibility of common method variance could not be ignored. Although, precautions in form of assuring the confidentiality of the collected responses, deliberately positioning the dependent variables prior to the independent variables, were taken during the data collection process. Before the final data analysis, it seemed wise to conduct Harman's (1976) single-factor test with CFA. For this, all the 22 measurement items related

Study variables	Standardized factor loadings	CR	AVE	MSV	ASV
EMW		*0.781*	*0.543*	*0.425*	*0.290*
My supervisor helps me understand how my objectives and goals relate to that of the company	0.753				
My supervisor helps me understand the importance of my work to the overall effectiveness of the company	0.734				
My supervisor helps me understand how my job fits into the bigger picture	0.723				
Expressing confidence in high performance (ECHP)		*0.795*	*0.565*	*0.309*	*0.255*
My supervisor believes in my ability to improve even when I make mistakes	0.807				
My supervisor expresses confidence in my ability to perform at a high level	0.762				
My supervisor believes that I can handle demanding tasks	0.681				
Providing autonomy from bureaucratic constraints (PABC)		*0.814*	*0.601*	*0.425*	*0.278*
My supervisor makes it more efficient for me to do by keeping the rules and regulations simple	0.907				
My supervisor allows me to do my job my way	0.801				
My supervisor allows me to make important decisions quickly to make	0.581				
EUJT		*0.842*	*0.641*	*0.359*	*0.226*
My job activities are personally meaningful to me	0.834				
The work I do is very important to me	0.801				
The work I do is meaningful to me	0.765				
LSD		*0.758*	*0.513*	*0.364*	*0.183*
I can decide on my own how to go about doing my work	0.796				
I have considerable opportunities for independence and freedom in how to do my work	0.704				
I have significant autonomy in determining how to do my job	0.640				
OID		*0.845*	*0.646*	*0.271*	*0.196*
I have a great deal of control over what happens in my department	0.836				
My impact on what happens in my department is large	0.804				
I have significant influence over what happens in my department	0.769				
Job performance (JP)		*0.844*	*0.576*	*0.309*	*0.255*
I make sure that my work meets/exceeds performance standards	0.811				
I meet/exceed my goals	0.807				
I complete my tasks on time	0.726				
I respond quickly when problems come up	0.684				

Notes: [a]Factor loadings for all the factors were significant at 0.001 level; [b]model fit statistics were χ^2/df = 2.52; SRMR = 0.030; CFI = 0.933; TLI = 0.921; RMSEA = 0.060

Table II.
Study variables with their properties

to different study variables were loaded on a single factor and CFA was run via AMOS. It has been found that single factor model fits the data well if there is any method variance present in the gathered data. Our test statistics revealed a very poor model fit (χ^2/df = 9.79; SRMR= 0.073; CFI = 0.567; TLI = 0.522; RMSEA = 0.148), indicating the negligible influence of method variance on the results of the study.

4.3 Descriptive statistics

Table III highlights the means, standard deviations, and correlations for the adopted study variables. The correlation values were found to support the hypothesized linkages between empowering leadership, psychological empowerment, and job performance. As high correlations were observed among most of the variables (Table III), there might emerge the problem of multicollinearity. This problem could lead to untrustworthy beta coefficients and might create difficulty in assessing the individual importance of a predictor (Field, 2014). To check the problem of multicollinearity in regression equation, VIF (variance inflation factor) and tolerance values were calculated. VIF values for predictors ranged between 1.805 and 3.225 far below the "cause of concern" value of 10 (Bowerman and O'Connell, 1990). The lowest tolerance value was 0.310, higher than the threshold value of 0.2 (Menard, 1995). Altogether, these values confirmed the nonappearance of multicollinearity.

4.4 Hypotheses testing

The structured hypotheses (Section 2) were verified in two steps. Multiple regression analysis was used to examine the first three hypotheses indicating the linear relationships among primary variables. Afterwards, bootstrapping procedure via PROCESS suggested by Hayes (2012) was used to test the mediation hypothesis. Table IV highlights the significant positive relationships among the primary variables of the study. Except the base model which contained control variables only (Model 1), all other regression models were found significant considering the F statistic. Model 2 captured the direct effects of empowering leadership on psychological empowerment. The β coefficient related to empowering leadership was positive and significant for psychological empowerment (β = 0.651, $p \leq 0.001$), thus supporting *H1*. Model 3 reflected the direct effects of empowering leadership on job performance. The significant value of β coefficient verified the positive relationship between empowering leadership and job performance (β = 0.554, $p \leq 0.001$), hence confirming *H2*. Model 4 projected the positive relationship between psychological empowerment and job performance (β = 0.466, $p \leq 0.001$), therefore supporting the *H3*.

Proceeding further, in view of the significant correlations of the three dimensions of psychological empowerment with other variables (Table III), it seemed wise to check multiple mediations (assuming EUJT, LSD, and OID as mediators) with the help of bootstrapping procedure via PROCESS instead of simply following the Baron and Kenny procedure through simple regression (using the aggregated scale of psychological empowerment as mediator). Bootstrapping is known to be a non-parametric resampling method that reexamines the mediation hypothesis in thousands of subsamples (Preacher and Hayes, 2008) and PROCESS is renowned for generating a number of models that facilitate the testing of different types of mediations (e.g. serial, parallel or moderated mediation). For this study, we specifically opted for Model 6 of PROCESS, as it is known to produce confidence intervals for confirming the sequential or serial mediation. Nonexistence of zero in computed confidence interval confirms the significance of the assumed mediated or indirect path whereas presence of zero verifies the non-significance of the path.

Using 5,000 iterations in Model 6, bias corrected 95 per cent confidence intervals were then computed for the three mediators. The important point is that this multiple mediation

Items	Mean	SD	Gender	TWE	Age	EMW	ECHP	PABC	EUJT	LSD	OID
Gender	–	–	–								
TWE	–	–	0.139**	–							
Age	–	–	0.191***	0.871**	–						
EMW	4.017	0.589	−0.069	0.072	0.068	–					
ECHP	3.701	0.549	−0.033	0.085	0.060	0.644***	–				
PABC	2.430	0.441	−0.058	−0.048	−0.025	0.741***	0.616***	–			
EUJT	3.763	0.619	0.017	0.084*	0.048	0.691***	0.601***	0.520***	–		
LSD	3.625	0.588	0.007	−0.052	−0.035	0.592***	0.384***	0.693***	0.499***	–	
OID	3.916	0.681	−0.063	0.004	0.001	0.538***	0.601***	0.553***	0.468***	0.487***	–
JP	3.540	0.550	−0.037	0.083	0.066	0.540***	0.639***	0.433***	0.486***	0.274***	0.409***

Notes: *** $p \leq 0.001$, ** $p \leq 0.01$, * $p \leq 0.05$; $N = 418$

Table III.
Means, standard deviations, and correlations of related variables

Table IV.
Summary results of multiple regression analysis

Independent variables	Control variables Model 1	Dependent variables: Psychological empowerment Model 2	Job performance Model 3	Job performance Model 4
Constant	3.562***	1.186***	1.412***	1.895***
Gender	−0.049	0.032	−0.008	−0.041
TWE	0.101	0.088	0.075	0.046
Age	−0.013	−0.093	−0.026	0.023
Empowering leadership	–	0.651***	0.554***	–
Psychological empowerment	–	–	–	0.466***
R^2	0.019	0.424	0.313	0.226
Adjusted R^2	0.010	0.419	0.306	0.218
F Statistic	1.307	76.112***	47.061***	30.103***

Notes: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$; $N = 418$

model (including EUJT, LSD and OID as mediators) was examined first for empowering leadership and then the similar procedure was followed for each of its three dimensions. It was done to get a more elaborated picture about the nature of mediation in our study context. Table V presents the significance of the total effect, the direct effect and the indirect or mediation effects with estimations of the mediation sizes for empowering leadership and its three dimensions. For the ease of readers, an indicative Figure 2 has been presented containing all the paths linking empowering leadership to job performance of employees.

Beginning with the total effect of the multiple mediation model on job performance, it was found positive and significant ($p \leq 0.001$) for empowering leadership as well as for its three dimensions. As expected, the direct effects were also significant ($p \leq 0.001$) for all the four cases. Coming to the most important analysis of this study, i.e. the testing of mediation or indirect effects, the total indirect effect was significant for empowering leadership, as well as for its three dimensions. No confidence interval contained zero for the total indirect effect, hence establishing the mediating role of psychological empowerment in relationship between empowering leadership and job performance and subsequently confirming *H4*.

Analyzing more deeply, it was observed that out of the assumed seven indirect paths (see table V), only one path was insignificant for empowering leadership. The confidence interval related to mediation through OID contained zero (for OID; BOOTLLCI = -0.003, BOOTULCI = 0.117). It could be derived that all the three dimensions of psychological empowerment either in serial or parallel form play a mediating role in relationship between empowering leadership and job performance. Interestingly, this indirect pattern was different for the three dimensions. For EMW and PABC, all the seven indirect paths were significant whereas for ECHP, only one indirect path in relation to mediation through EUJT was significant. Confidence intervals for all other indirect paths in case of ECHP contained zero. The reason may be attributed to the more positive direct relationship of this ECHP dimension ($\beta = 0.534$, $p \leq 0.001$) with job performance in comparison to the other two dimensions (β for EMW = 0.358, $p \leq 0.001$; β for PARC = 0.289, $p \leq 0.001$). Altogether, this differential nature of mediation justified the derivation of the mediation model distinctively on the three dimensions of empowering leadership.

5. Discussion

The recent actions of the Indian government such as demonetization, digitization, Direct Benefit Transfer, Pradhan Mantri Jan-Dhan Yojna, etc. have increased the work burden on

Nature of effects	Independent variable			
	Empowering leadership	EMW	ECHP	PABC
Total effect (direct + indirect)				
Effect	0.545***	0.501***	0.637***	0.371***
SE	0.040	0.039	0.038	0.027
Direct effect				
Effect	0.419***	0.358***	0.534***	0.289***
SE	0.058	0.056	0.043	0.029
Total indirect effect size				
Effect	0.125	0.144	0.104	0.193
Boot SE	0.051	0.050	0.040	0.080
BootLLCI	0.028	0.048	0.028	0.036
BootULCI	0.230	0.239	0.182	0.353
EUJT indirect effect size				
Effect	0.045	0.036	0.085	0.052
Boot SE	0.031	0.021	0.033	0.024
BootLLCI	0.003	0.012	0.037	0.015
BootULCI	0.116	0.088	0.148	0.106
LSD indirect effect size				
Effect	0.007	0.006	*0.002*****	0.012
Boot SE	0.006	0.005	0.007	0.008
BootLLCI	0.000	0.000	−0.011	0.000
BootULCI	0.023	0.018	0.022	0.018
OID indirect effect size				
Effect	*0.049****	0.048	*0.009****	0.075
Boot SE	0.030	0.022	0.028	0.034
BootLLCI	−0.003	0.015	−0.041	0.019
BootULCI	0.117	0.106	0.070	0.155
Sequential indirect effect size 1 (→EUJT→LSD→JP)				
Effect	0.004	0.016	*0.005****	0.008
Boot SE	0.003	0.010	0.013	0.007
BootLLCI	0.000	0.001	−0.021	0.000
BootULCI	0.018	0.042	0.032	0.012
Sequential indirect effect size 2 (→EUJT→OID→JP)				
Effect	0.008	0.016	*0.001****	0.025
Boot SE	0.007	0.009	0.003	0.014
BootLLCI	0.000	0.003	−0.003	0.005
BootULCI	0.029	0.039	0.010	0.063
Sequential indirect effect size 3 (→LSD→OID→JP)				
Effect	0.010	0.018	*0.001****	0.018
Boot SE	0.008	0.010	0.002	0.014
BootLLCI	0.000	0.005	−0.003	0.000
BootULCI	0.031	0.041	0.007	0.061
Sequential indirect effect size 4 (→EUJT→LSD→OID→JP)				
Effect	0.003	0.005	*0.001****	0.003
Boot SE	0.002	0.004	0.004	0.003
BootLLCI	0.000	0.000	−0.006	0.000
BootULCI	0.011	0.015	0.011	0.013

Notes: BootLLCI stands for bootstrapped accelerated lower limit confidence interval and BootULCI for bootstrapped accelerated upper limit confidence interval. $^{***}p \leq 0.001$, $^{**}p \leq 0.01$, $^{*}p \leq 0.05$. Highlighted values with **** sign depicts the insignificant effect sizes as the related intervals contain zero

Table V.
Summary of direct and indirect effects relating empowering leadership and its dimensions to job performance

the banking sector manifold. To successfully handle this increased work burden, optimum performance of each and every employee has become crucial for the banks. Keeping this in mind, the current study has been conducted to investigate the role of leadership in improving job performance of employees. Using the sample of 418 employees from 35 banks, the study confirms that the supervisors/leaders can enhance the job performance of employees by exhibiting empowering behaviors. The first prominent finding of the study is that empowering leadership is found to be a significant predictor of psychological empowerment and job performance. It signifies that the employees tend to use their supervisors' empowering behavior as a point of reference to act that assists them in adopting the similar kind of empowering ideology. In consistence with our finding, Rothman and Melwani (2017) have also mentioned that the leader flexibility and openness to ideas highlights the importance and appropriateness of thinking flexibly, thereby increasing the chances of employees feeling more engaged and empowered.

Another important finding is that psychological empowerment has positive impact on employee job performance. We can say that empowered employees feel "ownership" of the job and this encourages them to go beyond the indifferent performance of the routine job tasks. In consonance with LMX and AET theory (mentioned in Section 2.7), the findings further highlight that psychological empowerment partially mediates the impact of empowering leadership on job performance. In simple words, empowering leadership has both direct and indirect impact on job performance. It means that when leaders exhibit empowering behaviors, employees experience high level of psychological empowerment which, in turn, improves their level of job performance. Other scholars too emphasize that empowering leadership succeeds in bringing its anticipated impact when followers experience psychological empowerment (Menon, 2001; Zhang and Bartol, 2010).

Proceeding further, bootstrap results have conveyed that EUJT and LSD, two main components of psychological empowerment, are more effective in mediating the relationship between empowering leadership and job performance. The possible explanation for this finding is that the EUJT or meaningfulness makes employees to follow the deadlines and prevent them from stay away of assigned work, and this, in turn, improves their performance (Bester *et al.*, 2015). At the same time, higher level of autonomy or self-determination enables employees to take quick decisions and prevents unnecessary deferral of work, thus leading to higher job performance. The analysis has also revealed that subordinates perceive two behaviors (EMW and PABC) of their leader more empowering than others. When leader provides autonomy or freedom of decision making to subordinates

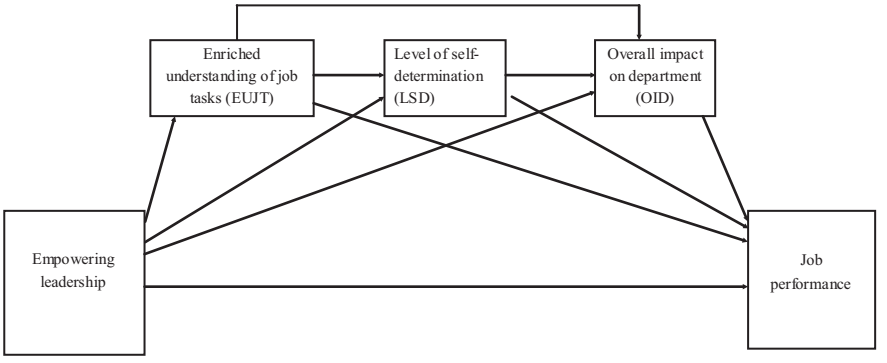

Figure 2.
Indicative figure showing estimated multiple path model relating empowering leadership to job performance of employees

and help them understand the importance of their jobs, they experience greater degree of psychological empowerment.

Considering these remarkable findings, it can be said that the findings contributes well to the existing literature. Till now, the concept of empowering leadership has been under researched in India. To the best of our knowledge, this is the first study that has examined the effects of empowering leadership on employee job performance in the Indian context. In Western cultures, many studies (Raub and Robert, 2010; Zhang and Bartol, 2010) have proved the positive effects of empowering leadership on psychological empowerment and job performance of employees. However, if we talk about high power distance cultures such as of India, some studies have proved that the efforts of making employees empowered can become a cause of stress among them, instead of psychologically empowering them (Hui *et al.*, 2004). This can confuse Indian organizations about whether to empower employees or not. However, this study assures that Indian banking employees are also taking empowering efforts of leadership positively and show better job performance when they feel psychologically empowered. This change can be attributed to the globalization occurring at a tremendous pace in the Indian economy, which has caused rapid changes in corporate culture as well.

6. Implications of the study

There are several practical implications of the study for the Indian banks, supervisors/leaders and employees. The first implication is for the banks in relation to the selection and the training of the leaders. As Srivastava *et al.* (2006) have advocated, organizations must hire those leaders who believe in sharing the power with subordinates rather than retaining all the power with them. Empowering leadership training must be provided to supervisors or leaders, so they can empower their subordinates effectively. Elaborating more, supervisors/leaders need to understand that the performance of the banking employees can easily be increased if they succeed in developing the psychological empowerment among employees by providing them the meaningful work and removing the unnecessary constraints. In this context, Kim and Beehr (2018) have suggested that banks can motivate their supervisors to exercise the empowering behaviors by assigning rewards and incentives to their behaviors which specifically lead to enhancement in meaningfulness of work and more autonomy to the subordinates from bureaucratic constraints. Further, as stated earlier, empowering leadership works as a snowball effect (Park and Hassan, 2018). Empowering leadership behaviors shown by top management develop psychological empowerment among subordinates and subordinates, in turn, feel encouraged to exercise empowering behaviors with their followers. We have seen that in general, top management leadership style is followed at the middle and the lower level of management. Therefore, top management employees of banks must "walk the talk". They can act as role models and initiate in developing the organizational culture by consistent display of empowering leadership style which middle and lower level management employees will definitely imitate. Same can be implied for lower level of management or supervisors as well who are in direct association with frontline employees. Supervisors have to realize that their behaviors do matter in relation to job performance of subordinates. As Suifan *et al.* (2018) have suggested, bank managers should behave as true leaders instead of behaving like traditional supervisors and must provide job autonomy to employees by removing unnecessary bureaucratic constraints. They can improve the level of job performance by developing a higher sense of psychological empowerment among employees by exhibiting empowering behaviors toward their subordinates.

In todays' highly dynamic business environment, job tasks keep changing continuously. Therefore, with every change in the job tasks, supervisors must train employees to keep them up to date, which will make them feel competent to perform their job effectively. Supervisors can also improve psychological empowerment of employees by providing timely information, coaching and emotional support to their subordinates. Kundu *et al.* (2006) have warned that management should be extra careful in implementing empowerment efforts in Asian culture, because here employees are habitual of following the rules set by the management. Therefore, leaders should consider the readiness or attitude of subordinates before empowering them. One possible way to overcome this problem is to develop high-quality LMX with subordinates. When subordinates experience high LMX with their leaders, they feel higher psychological empowerment which, in turn, leads to higher job performance (Fong and Snape, 2015; Kwak and Jackson, 2015). Gupta and Singh (2012) have also suggested that managers should use a mixture of empowering as well as task-oriented leadership behaviors in Indian context.

7. Limitations and guidance for future research

Similar to every other research, this study is also not without limitations. The first limitation pertains to the research design. We adopted cross-sectional design to collect the data. Prior scholars have stated that it is hard to establish causal relationship among variables in cross-sectional designs (Humborstad *et al.*, 2014). Therefore, future studies should try to adopt longitudinal research design to check the relationship among our study variables over time. Another limitation of the study is that data were collected from the single source (employees) which may cause common method biasness. Though, Harman's (1976) single factor test assured that results were not much influenced by common method biasness (Section 4.2). In future, scholars need to adopt different sources to collect the data. Qualitative data can also be gathered to gain insights about how leadership actually empowers employees (Bartram and Casimir, 2007). One further limitation is that subjective measure was used to measure performance of employees rather than the objective one. Future studies can measure the impact of empowering leadership and psychological empowerment on outcomes of the job tasks rather than performance of the job tasks themselves. In this study, psychological empowerment mediates partially the relationship between empowering leadership and job performance. It implies that there may lay some other mechanisms through which empowering leadership influence employee job performance. Therefore, further studies can measure this relationship with inclusion of other mediating variables such as procedural justice, structural empowerment, employee motivation and creativity.

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