

THE MODERATING EFFECT OF TRANSFORMATIONAL LEADERSHIP
ON THE RELATIONSHIP BETWEEN EMPLOYEES' PSYCHOLOGICAL
EMPOWERMENT AND EMPLOYEES' JOB SATISFACTION

ASMA ABDULWASEA A. MOHAMMED AL-HOSAM

MASTER OF HUMAN RESOURCE MANAGEMENT

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BY

ASMA ABDULWASEA A. MOHAMMED AL-HOSAM

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ABSTRACT

The main objective of the study was to examine the moderating effect of transformational leadership on the relationship between employees' psychological empowerment and the employees' job satisfaction. This study was originally motivated by the increasing importance gained by employees' job satisfaction construct towards successful organizational performance. It was also based on the literature review that proved that the more satisfied the employees of an organization, the more satisfied will be the customers and subsequently the more successful will be the business. As it has been reported and discussed in the problem statement part, Yemeni banks failed to attract the customers and develop a successful banking culture. Additionally, this study was motivated by the fact that the literature of human resources gave a huge attention to the effect of transformational leadership on empowerment and even employees' satisfaction but how empowered employees are satisfied under the supervision of transformational leaders has been neglected. To achieve the objective of this study, the relevant literature was reviewed and thoroughly reported. In the view of the transformational leadership theory, the framework and the hypotheses of the study were developed. To test the developed research framework, a quantitative research approach was employed in which a survey questionnaire was self-administered to collect the data regarding the variables of the study. Out of 250 questionnaires distributed to the employees in Islamic banks in Sana'a, where the biggest number of Islamic bank branches was located, 170 questionnaires were returned among which 160 constituting 64% were usable. The findings of this study confirmed the significant role of transformational leadership and psychological empowerment on the employees' job satisfaction. On the other hand, the moderating effect of transformational leadership on the relationship between employees' psychological empowerment and the employees' job satisfaction was not supported by the findings of this study.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Nowadays, the global business environment has become hypercompetitive. Therefore, all kind of organizations operating in this uncertain marketplace have been facing many challenges regardless of the size, technology adopted, and highly strategic policies used in these organizations (Ramlall, 2004). Furthermore, the fast paced technological advancements changed all aspects of life and the whole world has diversified the choices for job seekers. However, the availability of jobs cross boarders has affected the stability of talented job seekers who are always attracted by high promising jobs causing what is so called as brain drain. Not only for the talented employees but also other less experienced can also seek better jobs anywhere in the world. In this situation, the business environment can be characterized as instable especially from human resources perspective.

It has been very much acknowledged that employees are the most valuable assets of an organization and play the crucial role in achieving its overall objectives. These arguments justify the attention given to studying the psychological characteristics of employees and what determine their job satisfaction that impacts the organizational performance.

Due to the open global market business environment and consequently global attractive job opportunities, the issue of employees' job satisfaction has been gaining

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