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

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BY

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A Project Paper Submitted to Othman Yeop Abdullah Graduate School of Business in Partial Fulfillment of the Requirements for the Degree of Master of Human Resource Management

Universiti Utara Malaysia

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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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In the name of ALLAH, the most gracious, the most merciful. Praise be to ALLAH, the creator and custodian of the universe. Salawat and Salam to our Prophet Muhammad, peace and blessings of ALLAH be upon him and to his family members, companions and followers.

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TABLE OF CONTENTS

PERMISSION TO USE........................................................................................................ ii
ABSTRACT................................................................................................................................ iv
ACKNOWLEDGEMENTS................................................................................................. v
TABLE OF CONTENT................................................................................................... vii
LIST OF TABLES............................................................................................................... xiii
LIST OF FIGURES........................................................................................................... xvi
LIST OF APPENDICES.................................................................................................... xvii

CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION........................................................................................................ 1
1.2 PROBLEM STATEMENT .......................................................................................... 3
1.3 RESEARCH QUESTIONS......................................................................................... 6
1.4 RESEARCH OBJECTIVES..................................................................................... 7
1.5 SIGNIFICANCE OF THE STUDY........................................................................... 7
1.6 SCOPE OF THE STUDY.......................................................................................... 8
1.7 DEFINITION OF KEY TERMS............................................................................... 8
1.8 ORGANIZATION OF THE REPORT........................................................................ 9

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION........................................................................................................ 11
2.2 EMPLOYEE JOB SATISFACTION EJS................................................................. 11
   2.2.1 The Elements of Employee Satisfaction....................................................... 16
   2.2.2 Theories of Job Satisfaction ........................................................................ 22
2.3 EMPLOYEE PSYCHOLOGICAL EMPOWERMENT (PE) .................................. 24
   2.3.1 Historical Overview...................................................................................... 24
   2.3.2 Psychological Empowerment Definition.................................................. 25
   2.3.3 Empowerment Perspectives....................................................................... 26
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION .......................................................................................... 55

3.2 RESEARCH FRAMEWORK ......................................................................... 55

3.3 HYPOTHESES DEVELOPMENT .................................................................. 56

3.3.1 Psychological empowerment and employee job satisfaction .................. 56

3.3.2 Transformational leadership and employees’ job satisfaction ............... 58

3.3.3 Transformational leadership as a moderating effect on the relationship between psychological empowerment and job satisfaction ................ 60

3.4 RESEARCH DESIGN .................................................................................... 61

3.6 POPULATION AND SAMPLING ................................................................. 62

3.7 DATA COLLECTION METHOD ..................................................................... 62

3.8 MEASUREMENTS OF THE VARIABLES ..................................................... 63

3.8.1 Employees’ Job Satisfaction (EJS) .......................................................... 63

3.8.2 Employees’ Psychological Empowerment (EPE) ................................. 64

3.8.3 Transformational Leadership (TL) .......................................................... 65

3.9 QUESTIONNAIRE DESIGN ........................................................................ 66

3.10 DATA ANALYSIS PROCEDURES ............................................................. 66
CHAPTER FOUR: RESEARCH FINDINGS

4.1 INTRODUCTION

5.3 GOODNESS OF MEASURE

5.3.1 Reliability analysis

5.3.2 Validity analysis through factor analysis

4.3 RESPONDENTS’ PROFILE

4.4 DESCRIPTIVE ANALYSIS

4.5 HYPOTHESES TESTING PROCEDURES

4.5.1 Pearson Correlation Coefficient

4.5.2 Preparing data for Multivariate analysis

4.5.3 Multiple Regression Analysis

4.6 SUMMARY OF THE FINDINGS

4.7 SUMMARY

CHAPTER FIVE: DISCUSSION, RECOMMENDATIONS AND CONCLUSION

5.1 INTRODUCTION

5.2 SUMMARY OF THE STUDY

5.3 DISCUSSION

5.3.1 Employees’ psychological empowerment and employees’ job satisfaction

5.3.2 Transformational leadership and employees’ job satisfaction

5.3.3 The Moderating effect of Transformational Leadership

5.4 CONTRIBUTIONS OF THE STUDY

5.4.1 Contribution to the Literature

5.4.2 Practical Contribution

5.5 LIMITATIONS

5.5.1 Causality

5.5.2 Generalizability

5.5.3 Methodology

5.6 SUGGESTIONS FOR FUTURE RESEARCH
<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Population and the sample of the study</td>
<td>62</td>
</tr>
<tr>
<td>3.2</td>
<td>Items used to measure EJS</td>
<td>63</td>
</tr>
<tr>
<td>3.3</td>
<td>Items used to measure psychological empowerment</td>
<td>64</td>
</tr>
<tr>
<td>3.4</td>
<td>Items used to measure transformational leadership</td>
<td>65</td>
</tr>
<tr>
<td>3.5</td>
<td>The strength of correlation relationship</td>
<td>68</td>
</tr>
<tr>
<td>4.1</td>
<td>Reliability Analysis of the measure used</td>
<td>71</td>
</tr>
<tr>
<td>4.2</td>
<td>Factor analysis of job satisfaction</td>
<td>73</td>
</tr>
<tr>
<td>4.3</td>
<td>Factor Analysis of Employees’ Psychological Empowerment (EPE)</td>
<td>74</td>
</tr>
<tr>
<td>4.4</td>
<td>Factor Analysis of TL</td>
<td>75</td>
</tr>
<tr>
<td>4.5</td>
<td>Respondents Profile</td>
<td>76</td>
</tr>
<tr>
<td>4.6</td>
<td>Descriptive Statistics of the Variables</td>
<td>81</td>
</tr>
<tr>
<td>4.7</td>
<td>Pearson correlations analysis</td>
<td>82</td>
</tr>
<tr>
<td>4.8</td>
<td>Testing for the Multicollinearity</td>
<td>84</td>
</tr>
<tr>
<td>4.9</td>
<td>Results of Multiple Regression Analysis</td>
<td>88</td>
</tr>
<tr>
<td>4.10</td>
<td>Results of Hierarchical Multiple Regression Analysis</td>
<td>90</td>
</tr>
<tr>
<td>4.11</td>
<td>Summary of the Findings</td>
<td>92</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Figure 3.1  Research Framework  56
Figure 4.1  Respondents’ profile according to job title  78
Figure 4.2  Respondents’ profile according to gender  78
Figure 4.3  Respondents’ profile according to age  78
Figure 4.4  Respondents’ profile according to education  79
Figure 4.5  Respondents’ profile according to specialization  79
Figure 4.6  Respondents’ profile according to experience  79
Figure 4.7  Histogram of the regression residuals  85
Figure 4.8  Testing Normality using Normal Probability Plot  86
Figure 4.9  Testing Normality using Q-Q Plot  86
Figure 4.10  Scatterplot of the residuals  87
Figure 4.11  The moderating effect of transformational leadership  91
### LIST OF APPENDICES

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 1</td>
<td>Questionnaire in English</td>
<td>119</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>Questionnaire in Arabic</td>
<td>124</td>
</tr>
<tr>
<td>Appendix 3</td>
<td>Descriptive Statistics, Skewness and Kurtosis</td>
<td>129</td>
</tr>
</tbody>
</table>
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
REFERENCES


