

THE ROLE OF PSYCHOLOGICAL EMPOWERMENT IN CULTIVATING THE PSYCHOLOGICAL CAPITAL OF EMPLOYEES IN THE ORGANIZATION

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Abstract. *The purpose of this paper is to present a paper in the context of the role of psychological empowerment in cultivating employee psychological capital in organizations. This paper presents a literature review on psychological empowerment and psychological capital according to positive psychology. Psychological empowerment in cultivating the psychological capital of employees in organizations is practiced and conceptualized. Psychological empowerment refers to employees' internal motivation to perform a task and the importance of the job to them. Meanwhile, psychological capital includes all behaviors that can bring positive results for individuals and organizations. Some of the assumptions made to conceptualize empowerment have an impact on the psychological capital employees develop and the possible outcomes of psychological empowerment and psychological capital can also increase competitive advantage through organizational creativity.*

Keywords: *Psychological Empowerment; Psychological Capital; Organization*

1. INTRODUCTION

Organizations are some of the most complex sets of phenomena both conceptually and practically (Singh, S., Kodwani, A. D., & Agrawal, R. K., 2013). Psychological empowerment refers to the internal motivation of employees to perform tasks (Soleimani et al., 2013). Within organizations there is also an intricate interplay between employees' deep personal perception of what is happening in the organization and their emotions which often goes unseen. It would therefore be very pragmatic to question how the dynamics of personal perceptions, orientation, feelings and thoughts impact employees, their work and by implication the entire organization. Furthermore Sing et al. (2013) stated that empowering employees is a challenge faced by organizations, because the effectiveness that organizations can engage, manage, develop, motivate and involve voluntary contributions from people who work for individuals is the main determinant of its success or failure.

Psychological empowerment has received much attention from researchers and practitioners because of its tremendous impact on outcomes that are beneficial for both individuals and organizations (Liden et al., 2000). In other studies it is also stated that psychological empowerment has been discussed by several scholars in management and other fields with respect to its impact on the empowered individual and the relationships the individual has with others (Conger & Kanungo, 1988; Thomas & Velthouse, 1990; Spreitzer, 1995). Psychological empowerment has received considerable attention in the field of organizational science (Afsar and Badir, 2016) believe that higher psychological empowerment leads to greater effort and performance improvement, and according to Jena et al (2019) psychological empowerment is an important factor for organizational success. Employee empowerment as an ongoing process improves the relationships at work, which ultimately improves the effectiveness of the organization and leads to enhancing productivity and performance (Gautam and Ghimire, 2017). Empowering employees is more important in today's competitive environment where organizations have flatter structures and pervasiveness of knowledge workers (Baird and Wang, 2010). Identifying the antecedents and consequences of psychological empowerment is critical for employees to identify

effective human resource strategies (Soleimani et al., 2023). One important area of organizational studies related to psychological empowerment is psychological capital.

With a rapid growth in publications since the early 2000s, psychological capital has developed empirically shown to be a promising indicator of desired work attitudes and behaviors and organizational outcomes for competitive advantage (Newman et al., 2014). The four positive psychology resources, including: hope, efficacy, resilience and optimism have previously been theorized by Luthans and Avolio (2009) and are used extensively in the fields of positive psychology, positive organizational behavior and occupational health studies. Organizations emphasize the creation of "human capital" namely building knowledge, skills, abilities of employees and "social capital", which represents a resource of trust, relationships, networks, and friends and colleagues and aligns it with organizational strategy to improve organizational performance (Han & Garg, 2018). Continuous progress and globalization require organizations to create more subtle and intangible resources to maintain competitive advantage. Twenty-first century organizations are facing unprecedented change, and so they need to reassess managerial strategies large part of their lives at work, organizations need to understand employee concerns.

2. LITERATURE REVIEW

2.1 Psychological Empowerment

The term empowerment has been around since 1980 (Simon, 1994) and has changed over the years. During the 1950s, the focus was on the human relations factor, which suggested that organizations should create and maintain better relationships with employees. In the 1960s, the concept emerged as sensitivity training, with the thinking that leaders must be sensitive to the professional needs and motivations of their employees. During the 1970s, the concept of employee involvement theorized that leaders should form teams and hold meetings to solicit everyone's input prior to the actual decision-making process (Whetten and Cameron, 1998).

A review of the current use of the phrase "employee empowerment" reveals a variety of different definitions and explanations. Some consider empowerment to involve sharing power with or giving it to the employees doing the work (Karsten, 1994). Psychological empowerment refers to employees and managers sharing equal responsibility for results and maximizing employee contribution to organizational success (Jaffee and Scott, 1993). Another view also suggests that employees and leaders who participate fully in decision-making and pursue shared visions and goals through team efforts make a lot of difference to organizational performance and outcomes (Senge, 1990). Employee self-motivation, which develops through an understanding of responsibility and authority, commensurate with that responsibility, and the ability to make a difference in the achievement of important goals (Mohrman et al., 1995). Conger and Kanungo (1988) define empowerment as "a process of increasing feelings of self-efficacy among organizational members through identification of conditions that promote powerlessness and through elimination through formal organizational practices and informal techniques of providing effective information."

Psychological empowerment refers to intrinsic task motivation consisting of four psychological states or dimensions: meaning, competence, self-determination, and impact (Spreitzer, 1995). The meaning dimension of psychological empowerment refers to how important and useful employees view their work. Competence refers to an employee's belief regarding his ability to complete a task successfully. Self-determination refers to a person's sense of freedom to do his job, whereas impact represents the degree of freedom with which an individual can affect organizational outcomes in a positive way. Psychological empowerment refers to employees' internal motivation to perform tasks (Soleimani et al., 2023). Psychological empowerment is an important concept for practitioners and researchers and merits continuous scrutiny (Spreitzer, 1995). Empowerment is defined as a management practice in which decision-making authority is "pushed" from higher organizational levels to lower levels by increasing the availability of resources and information to lower levels (Mainiero, 1986; Neilsen, 1986).

Employees experience psychological empowerment when they realize the importance of job tasks that require skills and competence. Also aware of the autonomy

to decide how to do work and believe in work to make a difference in achieving organizational goals (Singh & Singh, 2019). Psychological empowerment has been recognized as an effective way to retain employees in the workplace and a source of competitive advantage in organizations (Pigeon, 2017). Employees' feelings of independence and competence, relevance and self-efficacy can turn into beneficial organizational behavior (Shah, et al., 2019).

2.2 Psychological Capital

Psychological capital is a construct that was first adopted in the workplace to symbolize positive psychology (Wang et al., 2014). It consists of psychological abilities that can be measured, developed and managed for increased performance (Luthans, 2011; Wernsing, 2014). Psychological capital goes beyond economic (what you have), human or intellectual (what do you know), social (who do you know), to include a special focus on psychological states of mind (Sehora, 2011) and on what suits people person. Psychological capital is described as a basic competency that plays an important role for employees to handle awareness, strive and achieve efficiency at work (Cavus and Gokcen, 2015).

Luthans et al. (2007); Luthans (2004) and Luthans (2002) define psychological capital as, "a positive psychological state of an individual characterized by:

- 1) Hope: creates hope for success in the present and the future.
- 2) Efficacy: confidently mobilizing energy to succeed when doing challenging tasks.
- 3) Resilience: persistence, persistence in a goal and if necessary will adjust the path to success.
- 4) Optimism: optimistic when facing obstacles and always ready to face difficulties to succeed.

Hope is a belief that becomes a driving force to take a path that is in accordance with predetermined organizational goals (Snyder et al., 2002). Kong et al. (2018) suggested that hope shows a positive psychological state that comes from feelings of success from achieving goals and the energy to achieve targets. Thus, hope describes expectations about positive results and brings good feelings to turn dreams into reality in people's lives. These can be identified as features that make employees motivated to perform tasks (Cavus and Gokcen, 2015). Therefore, employees with high expectations can carry out tasks with enthusiasm, which will result in higher results. Efficacy plays an important role in the approach to goals, tasks, and ways of doing tasks (Bandura, 1977). Efficacy expresses the ability of employees to mobilize cognitive resources and actions to perform specified tasks in certain contexts (Kong et al., 2018). Efficacy is considered as an internal actor to effectively guide employees to perform organizational tasks (Cavus and Gokcen, 2015).

Resilience refers to positive adaptation in the context of significant difficulties or risks (Masten and Reed, 2002). Kong et al. (2018) stated that resilience describes a person's ability to overcome conflict, difficulties, failures or even challenges. Thus, resilience expresses the capacity of employees to deal with complex and challenging situations. Resilience describes resilience, rebounding and focus on goals for success (Cavus and Gokcen, 2015). In general, resilience is related to the tendency to persevere after adversity and allows employees to look optimistically at future situations. Meanwhile, optimism is a special psychological state, which describes a positive future hope to open the direction of development (Kong et al., 2018). Thus, optimism is related to psychological expectations about the best and most positive outcomes for the mental and physical well-being of employees (Cavus and Gokcen, 2015). This gives employees the opportunity to be able to make life easier and stress free at work.

In particular, psychological capital represents the positive psychological resources possessed by individuals, involving basic, state-like psychological strengths including self-efficacy, hope, optimism, resilience and resilience, rather than relatively stable personality characteristics such as traits (such as introvert or extrovert). Psychological capital emphasizes "individual strengths" and "enthusiasm" and reflects the strengths rather than weaknesses of employees. Psychological capital includes all behaviors that can bring positive results to individuals and organizations, such as organizational

commitment, loyalty, integrity, organizational citizenship behavior, psychological contracts, work involvement and organizational identity (Han & Garg, 2018).

3. DISCUSSION AND CONCLUSION

The above literature review is an issue for researchers who are interested in extending and applying the psychological empowerment framework in cultivating the psychological capital of employees in organizations. Several researchers have discussed the importance of employees in organizations with reference to intrinsic task motivation which consists of psychological states with four dimensions: meaning, competence, self-imposed burden, and journey. Higher psychological empowerment leads to increased effort and greater performance in organizations. Higher psychological empowerment leads to increased effort and greater performance in organizations. Meanwhile, to grow psychological capital in organizations which are characterized by four dimensions, namely hope, efficacy, resilience and optimism. In this sense, hopeful employees promote generation and pursue multiple paths towards their goals, when employees become confident they will deliberately choose challenging goals and are motivated to achieve those goals, resilience allows recovery from setbacks when paths are blocked, meanwhile Employees who feel optimistic will see their chances with high success in achieving their goals.

Psychological empowerment and psychological capital can also increase competitive advantage through organizational creativity. Empowerment and psychological capital are effective ways to develop human capital to increase competitive advantage. Organizational investment in improving employee capabilities and making employees more creative is one successful way for organizations to become more innovative and creative. When employees become creative in their work and use new ideas then it will be useful for products, performance, services, and organizational procedures.

This paper argues that the role of psychological empowerment in growing the psychological capital of employees in organizations is very important which can lead to organizational productivity. In research it is stated that psychological empowerment affects psychological capital to facilitate positive attitudes of employees (Shah et al., 2019). The resources resulting from the psychological empowerment of employees in the organization work as a driving force behind the beneficial effects of psychological capital and the various attitudes and behaviors of employees in the organization.

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