AL-FIKRAH: Jurnal Manajemen Pendidikan, 11(1) - June 2023 100-109

Empowering Leadership In Employee Career Establishment (Case Study in East Java Banking)

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Article Information:
Received October 10, 2021
Revised October 19, 2021
Accepted November 1, 2021

ABSTRACT

The purpose of this study is to determine the relationship between empowering leadership and career success and the mediating role of psychological empowerment in the process of forming employee careers. The research method used is a quantitative research type with a survey method. The population of banking employees with a research sample of 300 banking employees in East Java. Analysis using PLS SEM. The results of the study show that empowering leadership is positively related to psychological empowerment and career success. besides that psychological empowerment also plays a positive role in mediating the relationship between empowering leadership and career success. This study outlines that psychological empowerment is an effective stimulus in enhancing the relationship between empowering leadership and career success. implications of contributing practically in the development of theories and strategies that can be applied in banking. Additionally future research directions are suggested.

Keywords: *Career Success, Empowering Leadership, Psychological Empowerment*

Journal Homepage https://ojs.iainbatusangkar.ac.id/ojs/index.php/alfikrah/index
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How to cite: Yulia, E., & Safa'atillah, N. (2023). Empowering Leadership In Employee Career Establishment (Case Study in East Java Banking). *Al-Fikrah: Jurnal Manajemen Pendidikan*, 11(1), 100-. https://doi.org/10.31958/jaf.v10i1.9487
Published by: Universitas Islam Negeri Mahmud Yunus Batusangkar Press

INTRODUCTION

The purpose of this study is to determine the relationship between empowering leadership and career success and the mediating role of psychological empowerment in the process of forming employee careers. The research method used is a quantitative research type with a survey method. The population of banking employees with a research sample of 300 banking employees in East Java. Analysis using PLS SEM. The results of the study show that empowering leadership is positively related to psychological empowerment and career success. besides that psychological

empowerment also plays a positive role in mediating the relationship between empowering leadership and career success. This study outlines that psychological empowerment is an effective stimulus in enhancing the relationship between empowering leadership and career success. implications of contributing practically in the development of theories and strategies that can be applied in banking. Additionally future research directions are suggested.

Based on this explanation, this study proposes a Psychological Empowerment (PE) mediation model to explain the relationship between empowering leadership and career success. The author's reason for proposing this model is that employees who are empowered are more committed and more competent at work, employees feel more motivated to provide higher dedication to work (Stander & Rothmann, 2010). Psychological empowerment has an important role in the organization. Psychologically empowered employees receive higher respect in the organization ((Frazier et al., 2017). Previous studies have also shown that psychological empowerment has a positive and significant effect on employee performance, work environment, work skills and career (Spreitzer, 1995 ; McMillan et al., 2011; Yan., 2016).

However, the facts related to psychological empowerment to career problems are still limited, most research focuses on performance (Niehoff et al., 2001). Some research also causes stress among workers, not empowering them psychologically (Hui et al., 2004). In addition, the mediating role of Psychological empowerment on career success in banking in Indonesia has not been studied much before. Therefore, this theoretical model is proposed to explore how much career success achieved by employees in banking in Indonesia. This study attempts to explore the effect of Psychological empowerment to clarify the relationship of

From the explanation above, the model constructed from previous research cannot be used to explain the phenomenon of the problem and is limited (in-conditional). This provides an opportunity for the current study to propose alternative models based on the existing gaps and debates regarding the inconsistencies with which the theory is applied. So the authors are interested in researching empowering leadership in the context of career success

The purpose of this study is to determine the relationship between empowering leadership and career success by proposing the mediating role of psychological empowerment to determine the level of career success achieved in the future. This study contributes to the development of a model that specifically studies career success and understanding from a theoretical perspective related to the contribution to the JD-R theory.

THEORY OF JD-R

This study uses the theoretical model of job demand and job resources or known as JD-R. The JD-R model is a model development from demand-control models (Karasek, 1979) and effort-reward imbalance (Siegrist, 1996). This theory assumes that when employees are in different job positions with different work environments, they

can be classified into 2 categories, namely job demand and job resources. Job demand or job demands are defined as the physical, social, psychological and organizational aspects of work that require physical or mental strength which results in psychological fatigue for employees (Demerouti et al., 2001), while job resources are job characteristics shown in physical, social aspects. , organizational and psychological work that helps achieve the expected results, self-development of employees such as competence and overcoming psychological fatigue in employees.

CAREER SUCCESS

Hall (1976) defines career success as a form of attitude and behavior of a person related to one's experience and work activities from time to time. This study uses 2 dimensions of career success, namely objective and subjective dimensions (Judge & Bretz, 1994; Judge et al., 1995). For the objective dimension of career success, the indicators used in this study are promotions, job positions and salary increases. While the subjective dimensions of career success indicators used in this study are career satisfaction, authenticity, growth and development, personal life, quality work and recognition.

EMPOWERING LEADERSHIP

Empowering leadership stems from participatory management theory, which advocates sharing of managerial power (Spreitzer et al., 1997). Empowering leadership as a power-sharing behavior (Srivastava at al., 2006) and a form of leadership style (Arnold et al., 2000). The main component of empowering leadership is empowering employees to be able to work together well in improving company performance. In JD-R theory, empowering leadership is able to meet basic human needs. This study focuses on the study of Konzak et al. (2000) who mentions empowering leadership as a multidimensional construct with six dimensions namely authority, accountability, self-directed decision making, information sharing, skills and coaching for innovative performance.

Empirical evidence shows that organizational management needs to promote empowering leadership to encourage a psychologically safe and supportive work environment to produce optimal performance (Iqbal et al., 2020). Bass's (2006) study shows that empowered employees have more positive energy, employees are more energetic and active at work and tend to be satisfied and more committed in the organization. Empirical research shows that empowering leadership has a positive correlation with employee psychological ownership (Kim, 2017). Besides that, empowering leadership is positively related to career skills and career success (Wang et al., 2019). Empowering leadership tends to help employees achieve career success (Kim and Beehr, 2017)

H1 empowering leadership has a positive effect on psychological empowerment

H2 empowering leadership has a positive effect on career success

PSYCHOLOGICAL EMPOWERMENT

Conger and Kanungo (1988) define Psychological empowerment as the psychological state of employees who are supported by intrinsic task motivation from a leader. Intrinsic task motivation consists of meaning, competence, self-determination and impact (Thomas and Velthouse, 1990). Spreitzer (1995) explains that the dimensions of Psychological empowerment consist of four dimensions, namely meaning, competence, self-determination and impact. The indicators used in this study were derived from the four dimensions of Spreitzer (1995).

Empirical evidence shows that Psychological empowerment helps employees discover their potential (Klagge, 1998), encourages employees to increase their motivation, ideas and hidden aspirations (Morisson, 1996). In general, organizations need to facilitate employees with psychological empowerment so that employees are more confident and open in expressing their ideas. The results of the study by Namasivayam et al. (2014) showed a positive contribution from Psychological empowerment to subjective career success. Jung and Yoon's (2015) study also confirmed a direct relationship between psychological empowerment and subjective career success. Yan (2016) also explains that psychological empowerment has a positive impact on career success and proves that the four dimensions of psychological empowerment are positive predictors in career research.

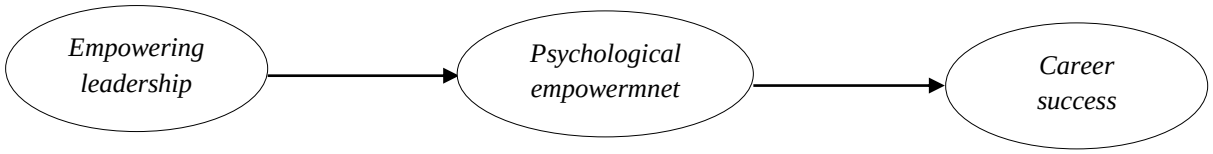
H3 Psychological empowerment has a positive effect on career success

The mediating role of psychological empowerment

The study of Ahmad and Gao (2018) shows that the mediating role of Psychological empowerment has a positive relationship to leadership and work involvement. Psychological empowerment is considered as a motivation for employees to be involved in work and helps employees to show their potential. The results of Saira's study (2020) show that the mediating role of Psychological empowerment has a positive and significant relationship to leadership and work success. The positive effect of Psychological empowerment makes employees more responsible, confident and comfortable when involved in activities. Positive signals given by leaders provide feedback from followers with positive behavior.

H4 Psychological empowerment mediates a positive relationship between empowering leadership and career success.

MODEL CONCEPTUAL FRAMEWORK



RESEARCH METHODOLOGY

The population in this study were employees from the East Java city banking, while the samples taken were 300 employees. The sampling technique used was convenience sampling, meaning that sampling was carried out without any specific requirements other than research inclusion, namely employees who want to be successful in their careers. The data used in this research is primary data. Primary data obtained from interviews and questionnaires. Data collection techniques were carried out using survey techniques, namely giving structured questions in the form of questionnaires to banking employees

This study uses PLS SEM analysis to analyze the data and determine the results support or reject the hypothesis. Data analysis in this study used the second order confirmatory method. Each manifest variable is reflected by the indicators used. To find out the effect between variables, we use the outer model or evaluation of the measurement model and the inner model or the so-called evaluation of the structural model. The outer model is to assess the validity and reliability of the model while the inner model is to predict the relationship between latent variables. To test the fit of all models, this study uses the goodness of fit measurement model. The results of the goodness of fit calculation are based on the R-square value.

RESULT AND DISCUSSION

Validity Testing (Convergent Validity)

Table 1 Validity test

Variabel	Indikator	Faktor Loading	Keterangan
Empowering leadership	OT1	0.852	Valid
	OT2	0.843	Valid
	AB1	0.807	Valid
	AB2	0.802	Valid
	PKS1	0.811	Valid
	PKS2	0.816	Valid
	PKS3	0.830	Valid
	BI1	0.836	Valid
	BI2	0.686	Valid
	PK1	0.876	Valid
	PK2	0.941	Valid
	PKI1	0.837	Valid
	PKI2	0.864	Valid
	PKI3	0.754	Valid
Psychological empowerment	MK1	0.846	Valid
	MK2	0.831	Valid
	KPS1	0.870	Valid
	KPS2	0.883	Valid
	KPS3	0.837	Valid

	PNS1	0.841	Valid
	PNS2	0.854	Valid
	PNS3	0.612	Valid
	DM1	0.730	Valid
	DM2	0.675	Valid
	DM3	0.743	Valid
	OCS1	0.830	Valid
	OCS2	0.659	Valid
	OCS3	0.772	Valid
	SCKP1	0.873	Valid
	SCKP2	0.844	Valid
Career success	SCKP3	0.785	Valid
	SCKS1	0.766	Valid
	SCPP1	0.821	Valid
	SCKHP1	0.650	Valid
	SCPB1	0.802	Valid
	SCPK1	0.856	Valid

Discriminant Validity Testing

Table 2 Discriminant Validity Testing

Variabel	Average Variance Extracted (AVE)
Career success	0.624
Empowering leadership	0.684
Psychological empowerment	0.636

The value seen in this test is the average variance extracted (AVE) value as a whole, all variables have an AVE value > 0.5 so that it is declared valid.

Reliability Testing

Table 3 Reliability testing

Variabel	Cronbach's Alpha	Composite Reliability	*Rule of Thumb*	Evaluasi Model
Career success	0.939	0.948		Reliabel
Empowering leadership	0.964	0.968	> 60	Reliabel
Psychological empowerment	0.941	0.950		Reliabel

Based on the table above, it can be concluded that the constructs for the Management variables all meet the criteria of being reliable. The resulting value is > 0.60 as the recommended criteria.

Structural Model (Inner Model)

Table 4 R Square Value

Variabel	*R Square*
Career Sucsess	0,817
Psychological Empowerment	0,665

Hypothesis Testing

Table 5. Path coefficient analysis results

	Hipotesis	Original Sample	T Statistics	P Values
H1	*empowering leadership* berhubungan positif dengan *psychological empowerment*	0.407	7.254	0.000
H2	*Empowering leadership* berhubungan positif dengan *career success*	0.587	6.835	0.000
H3	*Psychological empowerment* berhubungan positif dengan *career success*	0.495	7.841	0.000
H4	*Psychological empowerment* memediasi hubungan positif antara *empowering leadership* dan *career success*	0.602	8.350	0.000

The results of testing the relationship between the empowering leadership variable and psychological empowerment show an estimated value of 0.407 (positive). Then the p-value is 0.000 < significance (0.05) and the t-statistic value is 7.254 > t-table (1.645) so that it can be concluded that empowering leadership is positively related to psychological empowerment, meaning that it is in accordance with the hypothesis (H1 Accepted).

The results of testing the relationship between the empowering leadership variable and career success show an estimated value of 0.587 (positive). Then the p-value is 0.000 < significance (0.05) and the t-statistic value is 6.835 > t-table (1.645) so that it can be concluded that empowering leadership is positively related to career success, meaning that it is in accordance with the hypothesis (H2 Accepted).

The results of testing the relationship between the psychological empowerment variable and career success show an estimated value of 0.495 (positive). Then the p-value is 0.000 < significance (0.05) and the t-statistic value is 7.841 > t-table (1.645) so that it can be concluded that psychological empowerment is positively related to career success, meaning that it is in accordance with the hypothesis (H3 Accepted).

The results of testing the relationship between the empowering leadership variable and career success through psychological empowerment mediation show an estimated value of 0.602 (positive). Then the p-value is 0.000 < significance (0.05) and the t-statistic value is 8.350 > t-table (1.645) so that it can be concluded that psychological empowerment mediates a positive relationship between Empowering leadership and career success, meaning that it is in accordance with the hypothesis (H4 Accepted).

CONCLUSION

This study underlines that psychological empowerment is an effective stimulus in mediating the relationship between empowering leadership and career success. It was found that empowering leadership had a direct effect on career success, but the results showed a low effect. When interacted with psychological empowerment, it shows a positive effect and a stronger influence on career success. Previously it was explained that empowering leadership is an ambivalent concept (Hui, 2004; Cheong et al., 2016; Kim & Beehr, 2018) it turns out that this concept will be effective if it is through psychological empowerment first. This means that psychological empowerment is conceptualized as a full mediation variable.

IMPLICATIONS

Theoretically, this study contributes to an alternative model in the field of human resource management that explains a specific phenomenon, namely the process of forming employee careers. The constructed model was developed from the model of empowering leadership and career success (Lei et al., 2021). Practically, this study contributes to practitioners regarding strategies that should be used by organizations to increase career success. Empowered employees have better career prospects in the future.

LIMITATION

This study is only focused on employees from East Java Indonesian banking. Due to the limited scope of the research, especially the object and setting, it may have implications for a number of things, including some indicators that are invalid, meaning that these indicators are not an important reason for employees to achieve career success.

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