

# Psychological Empowerment as Mediator on Perceptions of Organizational Environment with Commitment to Change

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**Abstract**—An organization is an open system; consequently, any changes in the external environment will have an impact on the organization. This condition makes the organization must change. However, based on the previous experiences, not every change program had succeeded, and even can be categorized as a failure. In this regard, there are many variables can become the sources of failure namely: factors that lie in the environment, organization, and people, such as individual characteristics. Mostly the researchers pay attention to variables in the organization and personal characteristics, however, only a few their studies regarding to the perceptions of the organizational environment. The research aims to test the effect of employee's perceptions of the external organizational environment about commitment to organizational change, using psychological empowerment as a mediator. Data gathered from 539 employees working in two financial state-owned organizations in Indonesia. Results showed that there are significant effects of all the two variables, namely: organizational task environment and Psychological Empowerment on commitment to change. Results also revealed that the psychological Empowerment as a mediator had an indirect effect on a commitment to change. The implications of this study are for management of change, regarding paying attention to how people perception of their environment as well as developing psychological empowerment to achieve high commitment to change from their employees.

**Keywords**—commitment to change, organizational task environment, psychological empowerment.

## I. INTRODUCTION

Organizations operate as an open system. Consequently, any changes in the external environment will have an impact on the organization and vice versa. Any kinds of changes, in terms of economic, political, technical, customer demand, competitor's policy will have an impact on the organization. It can be said that as a response to the environment's demand, an organization has to change.

However, not all the change program has succeeded, and many variables play an essential role in the success, and amongst them are people. Without the support from people, organizational change will not have succeeded. As a result, commitment from people about the change program is a must.

On the other hand, people itself, cannot be separated from the external environment, its organization, and his/her characteristics. As a result, people perceptions about the external organizational environment is assumed to have an

impact on their attitude toward organizational change. This paper aims to identify which variable between perceptions of the external organizational environment and psychological empowerment is more critical in developing commitment to change, and how is the dynamics between these two variables on the influencing process on commitment to change. This study was conducted at two financial state-owned organizations, as at present state-owned organizations are required to be beneficial with high efficiency.

### A. Commitment to Change

It used the concept who define commitment to change as a force (mindset) that binds an individual to an action that deemed necessary for the successful implementation of a change initiative [1]. This kind of mentality has a various degree, which expressed in three dimensions. First, a desire to provide support for the change based on a belief inherent in the benefits to change or so-called as affective commitment. Second, a recognition that there are costs related to lack of support for the change or so-called as continuance commitment to change. Third, a sense of obligation in providing support for the change, or so-called as a normative commitment to change. In other words, individuals can feel bound to support a change initiative because they want to, have to, and/or ought to [2]. Reference [1] also mention that the effective commitment to change is only represents by affective commitment to change and normative commitment to change, as they both expressing championing behaviors.

### B. Organizational Task Environment

It based upon a concept which explained that that there are dimensions of environments that important and taken into consideration in management, especially in organizational change management [3]. These dimensions measuring the task environment of organizations, including using the data and schema developed to record resource transactions in the national social accounts. These dimensions called Organizational Task Environments (OTE), consists of (1) Capacity, is the extent to which the environment can support the sustained growth of the organization; (2) Environmental Dynamism, turn over, absence of pattern and unpredictability are the best measures of environmental stability-instability [3]. Dynamism should be restricted to change that is hard to predict, and that heightens uncertainty for vital organizational members; and (3) Environmental Complexity, is the heterogeneity of organization activities and the range of an organization's activities[3].

### *C. Psychological Empowerment*

Psychological empowerment is a set of mental states that are necessary for individuals to feel a sense of control about their work [4]. This perspective refers to the empowerment of personal beliefs that employees have about their role in the organization. Four dimensions of psychological empowerment namely: First, meaning, is involving a match between the needs of one's work role and one's beliefs, values, and behaviors; second, competence, is similar to self-efficacy, which is a belief in his/her capability to perform their work activities; third, self-determination is a sense of choice in initiating and regulating of one's actions which reflects a sense of autonomy; and fourth, impact is the degree to which one can influence strategic, administrative, or operating outcomes at work [5]

Every organizational change makes people feel ambiguity, anxiety, and insecurity, this feeling followed by a sense of low trust and self-perseverance [6]. In this regard, perceptions of threatening external environments will be affecting their attitude toward change, and their commitment to change. As a result of the more positive their opinions about the external situations, this will be followed by the higher commitment to change. Building on these justifications, the first hypothesis as follows;

H1: Perceptions of organizational environment significantly predict commitment to change.

As discussed previously, every organizational change makes people feel ambiguity, anxiety, and insecurity [4], [7]. Moreover, organizational change can also create ambiguity and uncertainty about the future of the company. This lack of information often compounded with rumor and gossip will creates a high level of anxiety in people's lives. On the other hand, previous studied showed that people, in this regard characteristics of the individual, including whether employees have strong psychological empowerment was assumed to have positive correlation with commitment to change. Based on the above discussion the second hypothesis as follows;

H2: Perceptions on organizational environment influences psychological empowerment significantly.

A previous study showed that psychological empowerment has correlated with organizational commitment [8]. Further, another research showed that organizational commitment connected with a commitment to change, based on that it assumed that psychological empowerment has significantly positively associated with commitment to change [9]. On the other hand, having self-confidence, and belief that you have a meaning and impact to the job's environment as well as make choices by yourself (dimensions from psychological empowerment) will also influence people's commitment to change. Accordingly, the third hypothesis as follows;

H3: Psychological empowerment positively predicts a commitment to change.

Based on the previous discussion, it was mentioned that perceptions about the organizational environment as well as psychological empowerment had a significant impact on commitment to change, and perceptions of organizational

environment will have a significant impact on psychological empowerment. Based on those discussions, the fourth hypothesis is proposed as follows;

H4: Psychological empowerment mediate the association between organizational environment and commitment to change.

The rest of this paper is organized as follow: Section II describes the proposed method. Section III presents the obtained results and following by discussion. Section IV describes the hypothesis testing. Finally, Section V concludes this work.

## II. PROPOSED METHOD

### *A. Participants Characteristics*

The characteristic of the participants are as follows: permanent employees, minimum working in the company is two years, minimum education is senior high school, and the age is between 21–56 years old. The profile of the respondents are as follows: male (61.97%), the range of age between 25–44 years old (78.29%), bachelor's degree (74.77%), staff (43.42%), length of works more than ten years (51.95%).

### *B. Sampling Procedures*

The sample collected from two financial state-owned companies that had undergone some organizational changes, such as restructuring the organizational, different strategic marketing, and changes to the general system and procedures. Samples were chosen by convenience sampling. Numbers of participants were 539 respondents.

### *C. Measures & Data Collection*

Data were collected through 4 types of questionnaires, namely: (1) Commitment to Change Inventory, which was developed and modified to Indonesian language from previous study, consists of 18 items from three dimensions: (a) Affective Commitment to Change; (b) Continuance Commitment to Change; and (c) Normative Commitment to Change, and each dimension consists of 6 dimensions [1]. However, in this study, the researcher only use two dimensions of commitment to change namely affective and normative commitment to change, as these two commitment to change are the ones that can represent the commitment to change, as they represent championing [11], (2) Psychological Empowerment which consists of 4 dimensions: (a) meaning ( $\alpha=.78$ ); (b) competence ( $\alpha=.73$ ); (c) self-determinant ( $\alpha=.67$ ); and d) impact ( $\alpha=.79$ ) [20]. (3) Organizational Task Environment consists of a) Capacity, b) Environmental Dynamism, and (c) Environmental Complexity [7]. All the scales tested for its validity and reliability, in which the results were reliable and valid.

### *D. Research Design*

The design of the research is a survey with cross sectional research, thus one-shot data collection, without any repetition.

### *E. Data Analysis*

Data were analyzed using SEM, and descriptive statistics. Procedures for data analysis was following the two-step

modelling approach, the first stage, researchers identify how well each underlying indicator and error is included in the model [10]. This stage tests the reliability, factor loading and goodness-of-fit for each scale of the study. The rationale for this approach is that an accurate representation of the reliability of the indicators is best accomplished in two stages to avoid the interactions between measurement and the structural model.

### III. RESULT AND DISCUSSION

This section presents the results obtained and following by discussion.

#### A. Result

##### a. Mean, Standard Deviation, Correlation Analysis

Table I shows that based on references cut-off points for correlation, the magnitude of Pearson's correlation coefficient revealed that there is correlations between constructs.

TABLE I. MEAN, STANDARD DEVIATION AND INTERCORRELATION ANALYSIS

	Mean	SD	OTE	C2C	PE
Organizational Environment (OTE)	4.31	.41	1.00	.45**	.24**
Commitment to Change (C2C)	4.47	.51	.45**	-	.33**
Psychological Empowerment (PE)	4.60	.54	.24**	.33**	-

\*\* significant at  $p<0.01$

This might give preliminary evidence to support the hypotheses of the study.

##### b. Descriptive Analysis

Table II below shows that regarding organizational task environment, the results showed that the higher the position, the more positive their perceptions about the organization's environment. However, there are no significant differences in other demographic profiles, such as gender, age, education and lengths of works. In relation with a commitment to change, the results show that all demographic variables have significant effect on commitment to change. The results show that gender has significant differences men have higher score commitment to change than the women. The results also show that the older person have the higher score in commitment to change. Further, it also revealed that the higher the position, the higher even the score of commitment to change. Duration of works also play significant roles; the longer employees work and stay in the company, the more committed they are to the organizational change. Educational background also has a significant impact on the commitment to change. It shows that bachelor degree is the lowest dedicated to change and employees with diploma degree have the highest one.

TABLE II. DESCRIPTIVE ANALYSIS OF ORGANIZATIONAL TASK ENVIRONMENT & COMMITMENT TO CHANGE

Demographics Variable	Organizational Task Environment			Commitment to Change			Psychological Empowerment		
	Mea n	SD	Sig. n.	Mea n	SD	Sign.	Mea n	SD	Sign.
Sex/Gender			0.23			0.02 *			0.13
Male	4.29	0.42		4.51	0.52		4.64	0.56	
Female	4.34	0.38		4.40	0.48		4.53	0.49	
Age			0.14 -	-	-	0.00 **			0.00 **
<25 y.o.	4.12	0.25		4.11	0.35		4.46	0.35	
25-44 y.o.	4.32	0.42		4.64	0.51		4.57	0.53	
>44-56 y.o.	4.29	0.39		4.55	0.52		4.73	0.59	
Education			0.24			0.00 **			0.00 **
Sr. High Sch.	4.11	0.28		4.53	0.28		4.57	0.48	
Diploma	4.40	0.39		4.59	0.42		4.62	0.52	
Bachelor Degree	4.31	0.41		4.43	0.51		4.53	0.53	
Master Degree	430.	0.42		4.58	0.55		4.90	0.50	
Position									
Staff	4.25	0.39		4.37	0.53		4.48	0.52	
Section Head	4.29	0.40		4.46	0.50		4.60	0.53	
Department Head	4.35	0.38		4.49	0.52		4.71	0.57	

### IV. HYPOTHESIS TESTING

The results of the SEM analysis, it shows that all the hypotheses are accepted, the model testing and the results show in Fig. 1 and Table III.

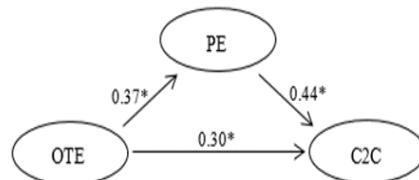


Fig. 1. Results of Standardized Solution

TABLE III. HYPOTHESES TESTING

Hyp	Path	Coefficient	t-value	Results
H1.	OTE → C2C	0.30	4.35	Hypothesis supported
H2.	OTE → PE	0.37	6.15	Hypothesis supported
H3.	PE → C2C	0.44	6.22	Hypothesis supported

p-value 0.0762 ( $p \geq 0.05$ ), RMSEA 0.031 ( $p \leq 0.08$ ), GFI  $\geq 0.90$

The total effects of Organizational Task Environments (OTE) to Commitment to Change (C2C) with Psychological Empowerment (PE) as mediator is  $(0.37 \times 0.44) + 0.30 = 0.46$ . The results show that Psychological Empowerment (PE) had indirect effects on Commitment to Change (C2C). Based on Table III and Fig. 1, it can be concluded that;

H1: Perceptions of organizational environment significantly predict commitment to change, was supported.

- H2: Perceptions of organizational environment influences psychological empowerment significantly, is supported
- H3: Psychological empowerment positively predicts the commitment to change, is supported.
- H4: Psychological empowerment mediate the association between organizational environment and commitment to change, is supported.

Furthermore, according to the results in Fig. 1, it can be concluded that Psychological Empowerment had an indirect effect on Commitment to Change, as there was significant impact from organizational task environment on Commitment to Change.

### *B. Discussion*

Organizational Change can be evolutionary [11], incremental [12], or transformational [13]. This kind of Organizational Change is the response of Organizational Environment, for which a successful Organizational Change should pay attention to the process, content, context, and people [14].

The study shows that perceptions of Organizational Environment and Psychological Empowerment have a significant contribution on Commitment to Change (C2C). The results show that both external organizational conditions and individual characteristics (in this case Psychological Empowerment) are essential to developing a commitment to change. It concludes that individuals who have positive perceptions about the organizational environment; self-confidence, high a sense of meaning in their work, and have the feeling of impact on the work environment will support the change in the organization and believe that the change is essential for the organization. Meanwhile, the research also shows that the positive perceptions about the external organization would develop more normative commitment to change rather than affective commitment to change. Moreover, the results show if the individual has positive feelings about the external environment, especially about the possibility of the external environment, this will develop a high normative commitment to change. As a result, individuals will have the feeling of obligations in supporting their organization, and show commitment to change, as they understand that there are lots of possibility for development and expansion for the organization [3].

This study supports the previous researches which mentioned that individual characteristic had an essential role in the success of organizational change [15], [14]. The study also shows that personal aspect, especially feeling of meaningful is significant during an organizational change to develop a commitment to change. This feeling of useful will overcome the fear and anxiety during the process of organizational change [6], as the feeling of meaningful at work similar to the feelings of self-esteem and recognition from the management [16].

The results also showed that the older of the position, the higher the job's position, as well as the longer they work in the company, will be resulted on the more committed employees to the organizational change. This result supports the previous research, which showed that the older and the longer people worked in the organization, will result in the

higher commitment to change [17]. However, these findings cannot be generalized, as these studies were conducted at state-owned organizations, with no large-scale/radical organizational change. The investigation also revealed that the older of the person, the longer they stay and the higher position of the employee, will be resulted in the stronger their psychological empowerment. This finding can be explained as by life and work experience that people have; these experiences will develop their sense of self-confidence and competence.

### V. CONCLUSION

Employee's commitment to change will lead to the implementation of change success and increasing performance [2]. Consequently, paying attention to the psychological empowerment of the employee is essential, as psychological empowerment will boost organizational commitment and commitment to Change [8], [17].

The result of the study has a practical benefit. First, it is useful for implementing change management in an organization. Moreover, there are some implications of this study as follows: First, management should identify, what kind of variables that can develop psychological empowerment, and organizational trust as these variables play an important role in developing a commitment to change. Second, as in a change and transformation situations create many anxieties, establishing the feeling of meaning will enable people to develop their self-confidence to face the organizational change, fears, and anxieties [6], [15]. Third, it recommends that change management should assign senior people, that have a high position, who are older and longer work in the organization) to become a change agent, as according to the results they are more committed to organizational change.

This study held at the state-owned organizational that conducted organizational changes regarding organizational structures, strategy, and operating procedures. However, it is not a large scale and transformational types of organizational change. Consequently, generalization cannot be made. Based on findings, further studies are recommended in many kinds of organizations in other forms of an organization who undertake different types of transformation, and in different kinds of organizations such as private, government and non-government organizations are still needed. Further, it also shows that age and tenure correlated with a commitment to change. However, these findings might have different results if the research conducted at large-scale organizational change, such as merger and acquisition.

Organizational change has to be successful, and to do that organization should pay attention to the employee, and their commitment to the organizational change. The study showed that Psychological empowerment or feeling of self-confidence and self-efficacy and meaning in their work environment is significant in developing a commitment to change. In this regard, organization should create many activities such as training, coaching, mentoring, and counselling to establish high sense of psychological empowerment.

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