

# The Impact of Psychological Empowerment on Organizational Citizenship Behavior and Knowledge Sharing Behavior: The Mediating role of Employee Engagement and Moderating role of Leader-member exchange

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**Abstract.** The aim of this study is to determine the relationship between psychological empowerment and two behavioral outcomes of an employee (organizational citizenship behavior and knowledge sharing behavior) by examining the mediating role of employee engagement and moderating role of leader-member exchange. A survey was completed by 146 employees working in a variety of jobs and organizations. The data were collected by self-administered questionnaire and then analyzed by using correlation and regression analysis. Results indicate that psychological empowerment positively influences organizational citizenship behavior and knowledge sharing behavior. In addition, employee engagement partially mediates the relationship between psychological empowerment and organizational citizenship behavior and fully mediates between psychological empowerment and knowledge sharing behavior. Leader-member exchange does not moderate the relationship between psychological empowerment and employee engagement. Psychological empowerment has positive relationship with the employee engagement for employees low in leader-member exchange than for employees high in leader-member exchange. The implications of these findings are discussed.

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## 1 Introduction

In recent years an extensive body of literature has focused on psychological empowerment of an employee. Researchers across the past several decades have analyzed behavioral consequences affected by psychological empowerment. (Conger and Kanungo, 1988) have focused on the positive effects of empowerment. On the basis of their structure of a range of cognitive motivation theories, they identified meaning, self determination, competence, and impact as the set of employee task assessments associated with intrinsic task motivation. Psychological empowerment is defined as intrinsic task motivation following a sense of control in relation to ones work and active orientation to ones work role that is evidenced in four dimensions: meaning, self-determination, competence and impact (Spreitzer, 1995).

The literature shows that perceived high performance managerial practices, socio-political support, leadership and work design characteristics are contextual antecedents of psychological empowerment (Seibert et al., 2011). Previous studies examined that organizational justice and psychological empowerment, positively and indirectly influence organizational citizenship behavior (Najafi and Khademi-Eslam, 2011) and traditionalism of middle manager had moderated

the relationship between psychological empowerment, performance and commitment (Akerib et al., 2014). In previous studies the mediating role of psychological empowerment has also been examined between expected contributions, individual characteristics, moral competence, transformational leadership and performance, commitment, OCB towards leaders and organizational commitment (Akerib et al., 2014; Seibert et al., 2011).

Compared to formal in role job performance, organizational citizenship behavior (OCB) is nontraditional job behavior (Özer et al., 2011). Organizational citizenship behavior (OCB) is defined as behavior related to work that is optional, not related to formal organizational reward system and promote the effective operations of organization collectively (Moorman, 1991). Organizations could not survive or prosper without their members behaving as good citizens by engaging in all sorts of positive behaviors (Clark and Jahangir, 2004). Knowledge Sharing Behavior (KSB) is a set of individual behaviors which involve sharing ones work related knowledge and skills with other members within ones organization, which can increase the organizations effectiveness (ÖZBEBEK and TOPLU, 2011); it is a team process in which team members are sharing ideas, information and suggestions related to task with each other (Srivastava et al., 2006).

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Engagement is defined as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption (Schaufeli et al., 2002). Engagement is psychological presence when occupying and performing an organizational role (Bakker and Demerouti, 2008). The leader-member exchange (LMX) involves the inter-personal relationships between leaders and followers. In general, these dual exchanges are thought to range on a continuum from high to low (Fielding et al., 2005).

In previous studies researchers have examined perceived organizational support (POS), organizational commitment and job satisfaction as mediating variables between psychological empowerment, OCB and KSB (Najafi and Khademi-Eslam, 2011); whereas, leader member exchange was examined as moderator between employee engagement, organizational citizenship behavior and turnover intentions (Alfes et al., 2013). To my knowledge no published study to date has considered employee engagement as mediating variable linking psychological empowerment and organizational citizenship behavior and knowledge sharing behavior. Also, no study has examined leader-member exchange as moderator between psychological empowerment and employee engagement.

This study investigates the moderating role of leader member exchange in relationship between psychological empowerment and employee behaviors, including organizational citizenship behavior and knowledge sharing behavior with mediating role of employee engagement. The decision to include these outcomes (OCB and KSB) was predicted not only on their importance in the field of management but also in the field of applied psychology, organizational behavior and social psychology. The behaviors of employees greatly affect the smooth functioning of organization; therefore it is important to examine the factors impacting employees behaviors. These two dependant variables are not highly relevant to organization but also related to personality of an individual.

This study contributes to the research on psychological empowerment, organizational citizenship behavior and knowledge sharing behavior in two major ways. First the examination whether leader member exchange acts as critical moderator between psychological empowerment and employee engagement. Second the examination whether two behavioral outcomes (OCB and KSB) are influenced by psychological empowerment with mediating effect of employee engagement. It has importance in organizational context to study variables that have impact on behaviors of employees. This study has four objectives: first, to identify the relationship between psychological empowerment and organizational citizenship behavior; second, to identify the relationship between psychological empowerment and knowledge sharing behavior; third, to investigate the mediating role of employee engage-

ment between psychological empowerment and OCB and KSB; fourth, to investigate the moderating effect of leader member exchange on relationship of psychological empowerment and OCB and KSB.

The underpinning theory for this study is social exchange theory (SET) which was introduced in 1958 by the sociologist George Homans. Social exchange is defined as the exchange of activity, tangible or intangible, and more or less rewarding or costly, between at least two persons. SET states that social exchange comprises actions contingent on the rewarding reactions of others, which over time provide for mutually and rewarding transactions and relationships (Cropanzano and Mitchell, 2005). Drawing on the social exchange theoretical perspective, this study proposed that high quality relationships depend upon the behaviors of employees that are affected by psychological empowerment. This study is about two behaviors of employees OCB and KSB. These two behaviors can affect the relationships between employees. Leader-member exchange can also be understood in terms of social exchange theory. According to the theory, the quality of the exchange relationship usually differs from one subordinate to another. High exchange relationships are developed with some subordinates, whereas lower exchange relationships are likely to be developed with other subordinates (Wayne et al., 1997).

## 2 Literature Review

### 2.1 Psychological Empowerment and Organizational Citizenship Behavior (OCB)

Psychological perspective on empowerment was first introduced by Conger and Kanungo (1988). Psychological empowerment is a critical concept and it has been discussed by several researchers in management and other fields with respect to its impact on the empowered individuals and relationship of individuals with each other (Solansky, 2014). Thomas and Velthouse (1990) defined psychological empowerment as intrinsic motivation manifested in four cognitions reflecting an individuals orientation to his or her work role. The four cognitions are meaning, competence, self-determination and impact (Spreitzer et al., 1997).

Meaning refers to a fit between the requirements of a work role and persons beliefs, values and behaviors (Spreitzer, 1996). Competence refers to self-efficacy related to work, a belief of an individual in his/her own capability to perform work related activities with skill (Gist, 1987). Self-determination is a sense of choice in initiating and regulating actions (Deci et al., 1989). Finally, impact is the degree to which strategic, bureaucratic, or operating outcomes at work are affected by an individual (Ashforth and Mael, 1989).

Organizational Citizenship Behavior refers to the

proactive cooperation and assistance among coworkers. OCB for an organization is behavior displayed by employees to make good for an organization (Chi-ang and Hsieh, 2012). Skarlicki and Latham (1996) found that training union leaders in organizational justice principles increased union members citizenship behavior directed at both the union as an organization (OCBO) and individual members of the union (OCBI). Intrinsic motivation can increase assistance and coordination among employees.

Team-level empowerment climate is positively related to individual-level feelings of empowerment, which, in turn, positively moderates the positive effect of LMX on OCB (Wu et al., 2011). Job affect was associated more strongly with OCB directed at individuals, whereas job cognitions correlated more strongly than did job affect with OCB directed at the organization (Lee and Allen, 2002). Job cognitions reflect psychological empowerment. Value-expression, social and career-related motives, organizational commitment and job satisfaction are predictors of OCB (?). Previous literature indicates that teachers perceptions of their level of empowerment are significantly related to their feelings of commitment to the organization and to the profession, and to their OCBs, while decision making, self-efficacy, and status are significant predictors of OCB (Ahmad et al., 2014; Bogler and Somech, 2004). Thus increase in psychological empowerment influences individual and team level feelings, which influences job satisfaction leading to increase in organizational citizenship behavior.

*H1: Psychological empowerment is positively associated with organizational citizenship behavior.*

## 2.2 Psychological Empowerment and Knowledge Sharing Behavior (KSB)

Knowledge sharing also called knowledge exchange (Cabrera et al., 2006) refers to the provision of task information and expertise to help others and to collaborate with others to solve problems, develop new ideas, or implement policies or procedures (Cum-mings, 2004; Dorsey, 2003). Knowledge sharing can occur via written connection or face-to-face communications through networking with other individuals, or documenting, organizing and capturing knowledge for others (Cum-mings, 2004; Dorsey, 2003).

Organizational knowledge capabilities have a positive association with knowledge sharing. Technical, structural, and human knowledge capabilities are significant for organizational knowledge sharing and the effects of implementing knowledge management on organizational knowledge capabilities and knowledge sharing are also significant (Dresselhaus et al., 2007). Job involvement, job satisfaction, psychological em-

powerment and OCB are independent and positively related to employees' knowledge sharing behavior (Teh and Sun, 2012).

The five areas of emphasis of knowledge sharing research are organizational context, interpersonal and team characteristics, cultural characteristics, individual characteristics and motivational factors (Wang and Noe, 2010). Employees knowledge acquisition and provision are highest when network centrality, autonomous motivation, and ability are all high (Reinholt et al., 2011). Literature on KSB shows that motivational factors such as reciprocal benefits, knowledge self-efficacy, and enjoyment in helping others are significantly associated with employee knowledge sharing attitudes and intentions (Bock et al., 2005; Frazer et al., 2007). Thus the success of knowledge management initiatives depends on knowledge sharing. Psychological empowerment improves an individual capability which improves knowledge sharing.

*H2: Psychological empowerment is positively associated with knowledge sharing behavior.*

## 2.3 The mediating role of Employee Engagement between Psychological Empowerment and Organizational Citizenship Behavior

Engagement at work was conceptualized by Kahn (1990). Employee engagement has become a generally used and a famous term (Robinson, 2004). Most often it has been defined as sentimental and intellectual commitment to the organization (Alberti et al., 2005; Hammer et al., 2006; Looi et al., 2004) or the amount of voluntary effort displayed by employees in their jobs (Frank, 2004). Perceived organizational support predicts both job and organization engagement; job characteristics predict job engagement; and procedural justice predicts organization engagement. In addition, job and organization engagement mediated the relationships between the antecedents of job satisfaction, organizational commitment, intentions to quit, and organizational citizenship behavior (Saks, 2006).

Job demands such as risks, hazards and complexity undermine employees health and positively relate to burnout and job resources such as knowledge, autonomy, and a supportive environment motivating employees and positively relating to engagement. Job demands were found to hinder an employee with a negative relationship to engagement and engagement motivated employees and was positively related to working safely (Nahrgang et al., 2011). Results of previous research show that psychological conditions such as meaningfulness, safety and availability have significant positive relationship with engagement (Avolio et al., 2004). There is a significant relationship be-

tween psychological empowerment, job insecurity and employee engagement. Affective job insecurity moderated the effect of psychological empowerment on employee engagement (Stander and Rothmann, 2010). The above discussion shows that when knowledge, self-efficacy, determination, and motivation will increase, job demands will decrease, job resources will increase and job insecurity will decrease which has a positive influence on employee engagement.

High levels of work engagement are when employees are involved with, committed to, enthusiastic, and passionate about their work (Macey and Schneider, 2008). Work engagement can be improved through adopting certain workplace behavioral health practices that address supervisory communication, job design, resource support, working conditions, corporate culture, and leadership style (Attridge, 2009). Researchers in organizational behavior have long been interested in exploring how employees perceptions of their leaders influence their work-related thoughts and behaviors. The results indicated a significant positive relation between charismatic leadership and work engagement, between work engagement and OCB, and between charismatic leadership and OCB. Results also indicate a full mediation of leaderships effects on OCB via work engagement (Babcock-Roberson and Strickland, 2010). The results of previous studies support for positive relationships between employee engagement and every component of OCB. The relationship was found to be strongest for the civic virtue component of OCB. However, no support was found for the hypothesized moderating effect of HRD practices between employee engagement and OCB (Rurkkhum and Bartlett, 2012). Engagement and job embeddedness are unique constructs and both are predictors of performance and intention to leave (Halbesleben and Wheeler, 2008). Engagement is also a predictor of performance (Aad et al., 2012), team support is strongest predictor of engagement (Xu & Thomas, 2011). With the improvement in job design, working conditions, culture, leadership style and team support, employee engagement also increases, which has positive impact on employee behaviors such as organizational citizenship behavior.

Employee engagement emerges from positive organizational behavior (Bakker and Demerouti, 2008). Due to the increased frequency of organizational changes, predicting employees voluntary involvement in the development of organizational practices and individual work is of particular importance in organizational psychology (Gabrielsson et al., 2012). Rurkkhum and Bartlett (2012) found that psychological empowerment has positive influence on employee engagement. According to social exchange perspective, employee engagement deals with involvement in job and work and reflects quality of social exchange (Cropanzano and Mitchell, 2005). Thus, the employee engagement stemming from psychological empowerment can be trans-

lated into organizational citizenship behavior.

*H3: Employee engagement mediates the relationship between psychological empowerment and organizational citizenship behavior.*

## 2.4 The mediating role of Employee Engagement between Psychological Empowerment and Knowledge Sharing Behavior

Knowledge sharing is potential source to a firms success in todays highly competitive environment (Grant, 1996). Employee knowledge sharing provides way for mutual learning (Huber, 1991), which in turn may improve organizational performance (Hansen, 2002). Organizational rewards have a negative effect on employees tacit knowledge sharing intentions but a positive influence on their explicit knowledge sharing intentions; whereas, reciprocity, enjoyment, and social capital contribute significantly positively to enhancing employees tacit and explicit knowledge sharing intentions (Hau et al., 2013).

There are psychological, organizational and system-related variables that may determine individual engagement in intra-organizational knowledge sharing (Cabrera et al., 2006). Knowledge sharing will be improved when employees will be highly engaged.

Self-efficacy, openness to experience, perceived support from colleagues and supervisors and, to a lesser extent, organizational commitment, job autonomy, perceptions about the availability and quality of knowledge management systems, and perceptions of rewards are determinants of individual engagement and significantly predict self-reports of participation in knowledge exchange (Cabrera et al., 2006). Some of these variables are involved in dimensions of psychological empowerment. Employees knowledge acquisition and provision are highest when network centrality, autonomous motivation, and ability are all high (Reinholt et al., 2011).

Past studies found that the enactment of positive behavioral outcomes, as a consequence of engagement, largely depends on the wider organizational climate (Alfes et al., 2013). Thus, when employees self efficacy, competence, autonomy and determination are high, employee will be highly involved in his or her job and it has positive impact on knowledge exchange behavior.

*H4: Employee engagement mediates the relationship between psychological empowerment and knowledge sharing behavior.*

## 2.5 The moderating role of leader member exchange between psychological empowerment and employee engagement

This study is about the moderating effect of leader member exchange on relationship between psychological empowerment and employee engagement in organizational settings and it can be defined as the interpersonal exchange relationships between the new role incumbent (member) and his immediate supervisor (leader) (Dienesch and Liden, 1986). This interpersonal exchange relationship determines, in large part, the type of role the subordinate will play within a particular unit. Leader-member exchanges can be understood in terms of social exchange theory. SET emphasizes that interdependent transactions have the potential to generate high-quality relationships (Wayne et al., 2002). According to leader-member exchange (LMX) theory (Dansereau et al., 1975), Graen and Schiemann (1978); Graen and Scandura (1987), supervisors treat their subordinates differently; leading to the development of relatively constant set that ranges from lower to higher quality exchanges (Dienesch and Liden, 1986; Duchon et al., 1986; Graen and Cashman, 1975; Graen and Uhl-Bien, 1995; Sherony and Green, 2002). In higher-quality exchanges, both supervisors and subordinates enjoy advantageous rewards. For instance, higher-quality exchange subordinates acquire favorable performance evaluations (Gerstner and Day, 1997) and satisfying positions (Wakabayashi et al., 1990). In return, supervisors receive committed, competent and highly engaged subordinates (Dansereau et al., 1975, 1978; Liden and Graen, 1980). LMX quality influenced follower reactions to the form of emotion regulation engaged in by supervisors (Fisk and Friesen, 2012). Drawing on the insights gained from research in the areas of employee engagement, OCB and turnover intentions, along with the premise of the social exchange theoretical perspec-

tive, subordinates in high quality exchanges are more likely to strengthen the relationship between psychological empowerment and employee engagement.

*H5: Leader-member exchange moderates the relationship between psychological empowerment and employee engagement such that the relationship is stronger for those who are higher in leader-member exchange.*

## 3 Theoretical Framework

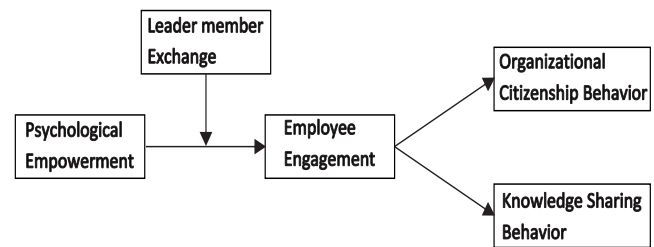


Figure 1: Theoretical Model

## 4 Methodology

### 4.1 Sample and Procedures

The sample consisted of employees working in three different work environments of Pakistan and it was a cross-sectional study. The research sites included well established organizations in the country which involved private sector banks, public sector bank and public and private sector universities and private organizations located in Pakistan.

The data were collected by self-administered questionnaire and copies were distributed to respondents

Table 1: ONE-WAY ANOVA

| Control Variable | Employee Engagement |        | Organizational Citizenship Behavior |        | Knowledge Sharing Behavior |        |
|------------------|---------------------|--------|-------------------------------------|--------|----------------------------|--------|
|                  | F- value            | Sig(p) | F-value                             | Sig(p) | F-value                    | Sig(p) |
| Gender           | 0.13                | 0.72   | 1.34                                | 0.25   | 0.01                       | 0.94   |
| Age              | 3.29                | 0.01   | 2.99                                | 0.02   | 0.67                       | 0.62   |
| Qualification    | 0.13                | 0.97   | 1.2                                 | 0.31   | 0.16                       | 0.96   |
| Work Experience  | 2.55                | 0.03   | 0.77                                | 0.57   | 1.31                       | 0.27   |

If  $p > 0.05$ , no need to control that variable; If  $p < 0.05$ , control those variables.

Table 2: Mean, Standard Deviations, Correlations and Reliabilities

| Variable | Mean | S.d.  | 1      | 2      | 3      | 4       | 5      |
|----------|------|-------|--------|--------|--------|---------|--------|
| 1. PE    | 4.05 | 0.499 | (0.82) |        |        |         |        |
| 2.EE     | 3.98 | 0.56  | .55**  | (0.88) |        |         |        |
| 3.LMX    | 5.25 | 1.16  | .40**  | .42**  | (0.93) |         |        |
| 4.OCB    | 5.54 | 0.94  | .37**  | .33**  | .49**  | (0.896) |        |
| 5.KSB    | 5.64 | 1.13  | .19*   | .19*   | .33**  | .46**   | (0.85) |

*N=146; alpha reliabilities are given in parentheses;\*\*\* $p < .001$ ; \*\* $p < .01$ ; \* $p < .05$ ; PE=Psychological Empowerment; EE=Employee Engagement; MX= Leader-member Exchange; OCB=Organizational Citizenship Behavior; SB=Knowledge Sharing Behavior.*

by hand and email. The target sample organizations were selected carefully for the study because in these sectors employees spend most of their time in offices from morning to evening so due to the stress of long working hours, employee engagement and their behaviors will be influenced. The convenience sampling technique was used because of limited resources and limited time availability. Initially total of 300 questionnaires were distributed, 156 were received back, and giving a response rate of 52%. The respondents are asked to identify their gender, age, qualification and work experience. After evaluating the questionnaires, it was found that 10 questionnaires were useless because of misleading and incomplete answers. So, the total size of responses being analyzed for statistical modeling was 146 ( $n=146$ ), which is 93.5% of total received questionnaires. The population sample for the research consists of 43.8% female and 56.2% male. The majority of the sample 56.8% holds master degrees while 19.9% people hold MS/M. Phil degrees. In terms of age group, a major portion of the sample 50.7% lies between 26 and 33 of age.

## 4.2 Measures

### 4.2.1 Psychological empowerment

A 12-item scale developed by Spreitzer (1995) was used to measure psychological empowerment. A sample item was The work I do is very important to me. The scale used for measurement was Likert, scale which is going from 1 (strongly disagree) to 5 (strongly agree). Cronbachs alpha for the scale was 0.82.

### 4.2.2 Employee engagement

A 17 item-scale developed by Maslach et al. (2001) was used to measure employee engagement. A sample item was I can continue working for very long periods of time. A five-point measure is going from 1 (strongly

disagree) to 5 (strongly agree). Cronbachs alpha for the scale was 0.88.

### 4.2.3 Leader-member exchange

An 11 item-scale developed by Liden and Maslyn (1998) was used to measure leader-member exchange. A sample item was I like my supervisor very much as a person. A seven-point measure is going from 1 (strongly disagree) to 7 (strongly agree). Cronbachs alpha for the scale was 0.93.

### 4.2.4 Organizational citizenship behavior

The aspects of organizational citizenship behavior (organizational citizenship behavior individual and organizational citizenship behavior organization) were measured by the instrument developed by Lee and Allen (2002). This instrument is comprised of 16 items. Example of these items consists of: Help others who have been absent, express loyalty towards the organization etc. A seven-point measure is going from 1 (never) to 7 (always). Cronbachs alpha for the scale was 0.896.

### 4.2.5 Knowledge sharing behavior

A 5 item scale developed by Zárrega and Bonache (2003) was used to measure knowledge sharing behavior. A sample item was My knowledge sharing with other organizational members is good. A seven-point measure is going from 1 (strongly disagree) to 7 (strongly agree). Cronbachs alpha for the scale was 0.85.

### 4.2.6 Control Variables

In table 1, one way analyses of variance were conducted to compare gender, age and work experience on employee engagement, organizational citizenship behavior and knowledge sharing behavior. These tests revealed that significant difference occurred in employee

engagement and organizational citizenship behavior on the basis of age and in employee engagement on the basis of work experience. Thus age and work experience had been controlled in regression analysis.

## 5 Results

### 5.1 Correlation Analyses

Table 2 presents descriptive statistics and correlations among the variables. All correlations at  $p < .05$  are significant. The mean for psychological empowerment was 4.05 (s.d.=.499), and that for organizational citizenship behavior was 5.54 (.94). The correlation between the psychological empowerment and organizational citizenship behavior was .37. The mean for knowledge sharing behavior was 5.64 (s.d.=1.13). The correlation between psychological empowerment and knowledge sharing behavior was .19.

### 5.2 Regression Analyses

Hierarchical regression modeling (HRM) was employed to test hypotheses (Table 3). In regressions where dependent variable was employee engagement, age and work experience were entered as control variables in first step and the regressions where dependent variable was organizational citizenship behavior age was entered as control variable in first step. To test the mediating role of employee engagement, Baron and Kennys (1986) procedures were applied. The results in Table 3 indicate that psychological empowerment has significantly positive influence on organizational citizenship behavior ( $\beta = .70$ ,  $p < .001$ ), supporting hypothesis 1. The psychological empowerment has significantly positive influence on knowledge sharing behavior ( $\beta = .44$ ,  $p < .05$ ), supporting hypothesis 2. After introducing the mediator (i.e. employee engagement) into model, psychological empowerment has significant positive influence on employee engagement ( $\beta = .60$ ,  $p < .001$ ), employee engagement has the significantly positive influence on organizational citizenship behavior ( $\beta = .58$ ,  $p < .001$ ), while influence of psychological empowerment on organizational citizenship behavior with mediating role of employee engagement becomes significant ( $\beta = .50$ ,  $p < .001$ ).

Therefore employee engagement partially mediates the relationship between psychological empowerment and organizational citizenship behavior, partially supporting hypothesis 3. Employee engagement has significant positive influence on knowledge sharing behavior ( $\beta = .60$ ,  $p < .001$ ). The influence of psychological empowerment on knowledge sharing behavior with mediating role employee engagement was insignificant ( $\beta = .29$ ,  $p < .05$ ), therefore employee engagement fully mediates the relationship between psychological em-

powerment and knowledge sharing behavior, supporting hypothesis 4.

Table 3 shows that interaction of psychological empowerment and leader-member exchange have insignificant influence on employee engagement ( $\beta = .09$ ,  $p < .05$ ), which indicates that positive relationship between psychological empowerment and employee engagement is weaker when the employees are high than low in leader member exchange, not supporting hypothesis 5.

## 6 Discussion and Conclusion

The first hypothesis predicted that psychological empowerment will be positively related to organizational citizenship behavior which was supported after analyzing results. Previous studies indicated that psychological empowerment was positively affected by organizational citizenship behavior (Chiang and Hsieh, 2012). The current study also affirms that psychological empowerment is significantly positively related to organizational citizenship behavior. The reason is that when employees will be psychologically empowered and motivated, they will be highly satisfied and committed towards their job, then cooperation with other organizational members will be increased and individual will give time freely to other members, organization or cause.

The second hypothesis predicted that psychological empowerment will be positively related to knowledge sharing behavior which was supported after analysis of psychological empowerment and knowledge sharing behavior. Employees knowledge acquisition and sharing are highest when network centrality, autonomous motivation, and ability are high (Foss, 2011). The more commitment towards meaningfulness, self-efficacy, autonomy and impact towards job positively influences the behavior of employee for knowledge sharing. The employee feeling of psychological satisfaction will put a positive impact on member of an organization.

The third hypothesis predicted that employee engagement mediates the relationship between psychological empowerment and organizational citizenship behavior which was partially supported after analysis. Psychological conditions positively influence employee engagement (Avolio et al., 2004; Kahn, 1990). The previous results indicated a significant positive relation between charismatic leadership and work engagement, between work engagement and organizational citizenship behavior. Employee engagement at work partially relates psychological empowerment with organizational citizenship behavior.

Analyses suggested a mediating role of employee engagement in the link between psychological empowerment and knowledge sharing behavior. The fourth

Table 3: Results of Regression Analyses

| Predictors             | EE      |       |              | OCB     |       |              | KSB     |       |              |
|------------------------|---------|-------|--------------|---------|-------|--------------|---------|-------|--------------|
|                        | $\beta$ | $R^2$ | $\Delta R^2$ | $\beta$ | $R^2$ | $\Delta R^2$ | $\beta$ | $R^2$ | $\Delta R^2$ |
| Step 1                 |         |       |              |         |       |              |         |       |              |
| Control variables      |         | 0.35  |              |         | 0.004 |              |         |       |              |
| Step 2                 |         |       |              |         |       |              |         |       |              |
| PE                     | .60***  | 0.32  | .29***       | .70***  | 0.14  | .14***       | .44*    | 0.04  |              |
| Step 1                 |         |       |              |         |       |              |         |       |              |
| Control variables      |         |       |              |         | 0.004 |              |         |       |              |
| Step 2                 |         |       |              |         |       |              |         |       |              |
| EE                     |         |       |              | .58***  | 0.12  | .12***       | .38*    | 0.035 |              |
| <b>Mediation: EE</b>   |         |       |              |         |       |              |         |       |              |
| Step 1                 |         |       |              |         |       |              |         |       |              |
| Control Variables      |         |       |              |         | 0.004 |              |         |       |              |
| Step 2                 |         |       |              |         |       |              |         |       |              |
| EE                     |         |       |              | .58***  | 0.12  | .12***       | .38*    | 0.04  |              |
| Step 3                 |         |       |              |         |       |              |         |       |              |
| PE                     |         |       |              | .50***  | 0.17  | .05*         | .29ns   | 0.05  | .01ns        |
| <b>Moderation: LMX</b> |         |       |              |         |       |              |         |       |              |
| Step 1                 |         |       |              |         |       |              |         |       |              |
| Control variables      |         | 0.04  |              |         |       |              |         |       |              |
| Step 2                 |         |       |              |         |       |              |         |       |              |
| PE                     | .51***  | 0.36  | .33***       |         |       |              |         |       |              |
| LMX                    | .11*    |       |              |         |       |              |         |       |              |
| Step 3                 |         |       |              |         |       |              |         |       |              |
| PELMX                  | .09ns   | 0.37  | .01ns        |         |       |              |         |       |              |

*N=146; control variables were age and work experience;\*\*\* $p$ .001; \*\* $p$ .01; \* $p$ .05; PE=Psychological Empowerment; EE=Employee Engagement; LMX= Leader-member Exchange; OCB=Organizational Citizenship Behavior; KSB=Knowledge Sharing Behavior.*

hypothesis stated employee engagement mediates the relationship between psychological empowerment and knowledge sharing behavior. The behavior of employee towards knowledge sharing and exchange will be positive when employee will be more empowered and engaged in work.

The fifth hypothesis indicated that leader-member exchange moderates the relationship between psychological empowerment and employee engagement such that the relationship is stronger for those who are higher in leader-member exchange. Results were not supporting this hypothesis.

According to vertical dyadic linkage theory, nature of interaction of leader with members is varying in in-group and out-group (Graen and Cashman, 1975). The relationship between leader and member is dyadic in nature. The outcome will vary for in-group and out-

group. In in-group members are more satisfied and committed and in out-group members are dissatisfied and not committed which puts impact on organizational performance (Graen and Uhl-Bien, 1995). The results of the study indicated that leader-member exchange does not moderate the relationship between psychological empowerment and employee engagement, because the psychological empowerment and employee engagement relationship of members of out-group will be weaker when leader-member exchange will be high.

## 6.1 Implications for Managers

Findings of this research have practical implications for the management because employee behaviors play an important role in the smooth functioning of an



organization. If employee is not intrinsically motivated to perform his/her task, it can create serious problem and conflict in an organization and he/she will show deviant behavior on workplace. Changes in employees behavior can be costly problem, both financially for organizations and psychologically for their employees. The understanding of psychological empowerments influence on organizational citizenship behavior and knowledge sharing behavior may help companies define solutions to reduce both financial and psychological costs of deviant behavior. If employees will not be psychologically empowered they will not share knowledge with other organizational members as well as they will not cooperate with other organizational members.

It is recommended that managers should increase psychological empowerment of employees. To increase the meaningfulness, competence, self-determination and impact of employees towards job, managers should adapt following steps: First identify what motivates employees such as opportunities for growth, control over their work, participation in decisions, to be part of a team, and sense of achievement that comes from being part of a successful team. Second identify and address barriers to employee motivation such as lack of knowledge, and fear of losing job. Third develop an employee motivation program such as provide encouragement, praise, and recognition as the employee's work improves. Make it clear that the employee's value in the workplace is increasing. Fourth, add motivation to employee training. Fifth implement procedures for motivating an aging workforce. Managers should provide good supervision to guide and direct activities of employees.

## 6.2 Limitations

The major strength of this study is field data from employees in a variety of organizations. Field data from different private and public organizations give some confidence in the generality of results, although this study inevitably has limitations. First, convenience sampling technique was used. Second the possibility of method bias for variables tapped from same source can create an issue. Third, the sample size was small.

## 6.3 Directions for Future Research

On the basis of limitations future researchers should use large sample size and experimental and longitudinal research designs. Researchers should test mediation moderation model in different countries or cultures with samples from other occupations and settings. Future research should examine relationship between job demands and job resources with organizational citizenship behavior and knowledge sharing behavior. Job crafting, burnout should be examined as

independent variables with organizational citizenship behavior. Job resources, transformational leadership, perceived organizational support and PS fit should be examined as moderators. Future research should also examine employee creativity as mediator between psychological empowerment and organizational citizenship behavior and knowledge sharing behavior.

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