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Transformational leadership and employee outcomes: The mediating role of psychological empowerment

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Research Problem and Significance

- Growing understanding: To remain competitive, organizations need to work to develop and sustain competitive advantage by retaining valuable employees.

- Push Factors:
  - High recruitment and training cost
  - Less Involvement
  - Dissatisfaction

- Pull Factor:
  - Product Service Quality
  - Effective Utilisation of Scarce Resources
Proposed Theoretical Model

Transformational Leadership → Psychological Empowerment

Psychological Empowerment → Turnover Intention
Psychological Empowerment → Organizational Citizenship Behavior
Hypotheses

**H1.** A positive relationship exists between transformational leadership and psychological empowerment.

**H2a.** A positive relationship exists between psychological empowerment and organizational citizenship behavior.

**H2b.** A negative relationship exists between psychological empowerment and turnover intention.

| Predictor                              | Outcome                                | Estimate  |
|----------------------------------------|----------------------------------------|-----------|
| Transformational Leadership            | Psychological Empowerment              | .506***   |
| Psychological Empowerment              | Organizational Citizenship Behaviour    | .855***   |
| Psychological Empowerment              | Turnover Intention                      | -.752***  |

***p<0.001 (two-tailed)
Mediating Effects

**H3a.** Psychological empowerment will mediate the relationship between transformational leadership and followers' organizational citizenship behavior.

**H3b.** Psychological empowerment will mediate the relationship between transformational leadership and followers' turnover intention.

| Hypotheses | Direct Effect | Indirect Effect | Mediation          |
|------------|---------------|-----------------|--------------------|
| TL–PE–OCB  | .728**        | .173*           | Partial Mediation  |
| TL–PE–TI   | -.428**       | -.218**         | Partial Mediation  |

TL = Transformational Leadership; PE = Psychological Empowerment; OCB = Organizational Citizenship Behavior; TI = Turnover Intention

*p<0.10, **p<.01 (two-tailed)
Methods

Research Design
  - Cross Sectional Research Design

Population
  - Textile Industry in Pakistan

Sample
  - 316 Employees

Measures
  - Transformational Leadership
  - Psychological Empowerment
  - OCB and Turnover Intention

Data Collection
  - Questionnaire
Study’s Strengths & Contributions

• Provides empirical evidence about the positive effect of transformational leadership on OCB and turnover intention mediated by psychological empowerment.

• Influence of empowerment highlights the significance of providing employees with the motivation to engage them in OCB.

• Training of leaders should be more transformational to limit upswing of turnover.

• Provides stronger evidence for the importance of continuing efforts to understand the nature of leadership behavior and employees outcomes.
THANK YOU