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Investigating Employees’ Tenure and Performance among Middle Managers: The Moderating Role of Psychological Empowerment

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Abstract
This study aims to analyses the influence of one important demographic variable, employees’ tenure at their organizations towards improving and enhancing employee performance among supervisory level staff in the ceramic tile manufacturing industry. Based on the literature discussed, the role of psychological empowerment will also be studied to see if it has any moderating influence on the relationship between employee’s tenure and their performance. Using the quantitative method, the population for this study was 239. The primary data was gathered in the form of questionnaires with a Likert-type scale which was then analyzed using multiple regression methods. The results of the study have shown that employees’ tenure has an influence on their performance but in the presence of psychological empowerment, tenure does not improve performance.

Keywords: Supervisory Level Staff, Ceramic Tile Companies, Tenure, Psychological Empowerment and Performance

Introduction
Non-metallic mineral products consist of ceramic and clay-based products, cement and concrete products, glass products, quicklime, barite, marble and granite. In 2015, this industry was ranked the 15th largest export earner for Malaysia, contributing 0.8% of Malaysia’s total export of manufactured goods. This research focusses on the ceramic tile industry where there are a few large manufacturing plants in southern Malaysia. The tile industry is facing many challenges. Among them include the rising costs of raw materials and fuel used in the tile manufacturing process. Another challenge is from the cheaper imported tiles available locally.

In order for these manufacturers to survive and remain in business in the face of numerous challenges, they have to look into their unit labor cost which is defined as labor compensation per person employed relative to output produced per employed person. The higher the unit labor cost, the less competitive the manufacturer will be. If an organization wants to stay competitive, it has to either decrease its labor costs or increase its labor productivity (Mertsina & Janes, 2012).

In order to lower the unit labor cost, organizations today have to focus on ensuring that labor productivity is always optimized. One way of doing so is by having a team of high performing
employees who are motivated to produce high quality work by putting in enough efforts on their jobs.

When employees do not perform well on the jobs assigned to them, the organizations productivity and profitability will be severely affected. Despite knowing the importance of high performing employees, employers are still faced with the problem of building and sustaining this team of high performers in their respective organizations. Studies carried out by different researchers have shown that poor performers are a liability to any organization. U.S. managers waste an average of 34 days per year dealing with underperformance while senior executives claim they spend seven weeks a year or over an hour per day in managing badly performing employees (Karsh, 2004). Felps, Mitchell, and Byington (2006) found that one poor performer was enough to bring down the organization’s productivity by 30-40 percent This compares to top performers who produce 20 to 30 times more than the average or poor employee in their fields (Gino, 2017). Based on these findings, employers have to ensure that their employees always work to the best of their abilities.

A substantial amount of research work has been done to determine organizational factors that could influence employee job performance. Past literature have indicated that among the organizational factors with strong influence on employee performance is psychological empowerment. A lot of research has been carried out on the link between psychologically empowering employees and their performance and the results obtained have shown a clear link between these two variables (Zhang & Bartol, 2010; Ergenelli, Sag, Ari, & Metin, 2007; Tjosvold & Sun, 2005).

One demographic variable that plays a big role in determining how an employee performs is his / her job tenure. Sturman (2003) argued that organizational knowledge obtained through organizational tenure have unique positive effects on employees’ job performance. However, there is a gap in the relevant literature concerning the effect of psychological empowerment in enhancing the value of employees’ tenure at their respective organizations in order to achieve better employee performance. Siebert, Silver and Randolph (2004) suggested that more studies were needed to examine the moderating roles of psychological empowerment on employee job performance. For this reason, this study attempts to identify psychological empowerment as a possible moderator in the relationship between tenure and performance.

Middle managers, also known as supervisory staff, were chosen as respondents for this study because their main role is on improving the operational effectiveness of management. They have to implement strategic decisions made by their superiors together with their team of subordinates (Porter, 1996). They coordinate, direct, train and motivate their subordinates as they are situated between senior leaders and frontline staff in the organization (Birken, Shou-Yih, & Weiner, 2012). Their population for this research consisted of diverse ethnic backgrounds, different academic qualifications and a significant number of female employees.

**Employee Performance**

Employees’ performance has been defined as a function of ability and motivation (Armstrong, 2009). Vroom (1964) in his theory of expectancy suggested that people needed both ability and motivation to perform well. If either ability or motivation is zero, there will be no effective performance. This shows that levels of work performance of employees are determined not
only by their ability but also by the strength of their motivation. Motivation represents the forces acting on / or within a person that causes him / her to behave in a specific goal directed manner (Hellriegel, Slocum, & Woodman, 1995).

Motivation can also be described as inspiring people to work, individually or in groups in such a way that they produce best results (Shah & Shah, 2010). Motivation increases the job involvement by making the work more meaningful and interesting as well as the fact that it keeps the employees more productive and improves their subsequent job performance (Ekerman, 2006). Desired performance is achieved only when employees perform effectively and efficiently when they get a sense of mutual gain for themselves and for their organization when they attain a certain goal or target set for them by their employers (Aktar, Sachu, & Ali, 2012). For this reason, it is imperative for employers to motivate their employees so that they will be able to contribute to the success of their organizations.

Employers have an important task to determine the appropriate individual and organizational factors that would contribute towards motivating their employees (Abbas & Yaqoob, 2009). Fostering a supportive working environment in which employees perform well is essential to employee retention and motivation (Brown, McHardy, McNabb, & Taylor, 2011).

**Psychological Empowerment**

Most organizations, public and private have empowerment programs as a way to improve their employees’ job performance. This is because empowerment is a dynamic process of redistribution of power between management and their employees (Greasley et al., 2005). Employees are able to make their own decisions without having to refer to their superiors. This could help increase employee productivity and efficiency across a wide range of job sectors (Nassar, 2018).

There are two perspectives of empowerment, structural and psychological. The structural perspective examines the role of managers and leaders in sharing power and authority with their employees at their respective organizations. The psychological perspective is based on how employees experience or feel empowered at work. It is defined from the perspective of the individual employee as it focuses on the beliefs that the employee has about his / her role in relation to the organization. Feelings of empowerment have been proposed and found to facilitate employees’ commitment to the organization (Rawat, 2011).

There are a few definitions of psychological empowerment. Conger and Kanungo (1988) defined psychological empowerment as a “process of enhancing the feeling of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by formal techniques of providing efficacy information” (p.474). They related empowerment, as a motivational concept, to self-efficacy and therefore defined empowerment as the improvement of the self-efficacy feelings of employees. Expanding the works of Conger and Kanungo (1988), Thomas and Velthouse (1990) and Spreitzer (1995) highlighted on the four aspects on building a psychological sense of empowerment, meaning, competence, self-determination, and impact, which work together to assist employees in shaping the context of their work environment.
Menon (1999) highlighted that the psychologically empowered state is considered to be a cognitive state characterized by a sense of perceived control, perceptions of competence, and internalization of the goals and objectives of the organization. Melham (2006) defined psychological empowerment as the state of mind in which an employee experiences the feeling of control over how a particular task can be done, has enough awareness of the work tasks being performed, has a high level of responsibility for both, personal work outcomes and overall organizational advancements, and the perceived justice in the rewards which are based on individual and collective performances.

Therefore, it can be said that when employees are psychologically empowered, there will be a corresponding positive change in attitude, cognition and behavior, self-efficacy as well as better psychological well-being which will all be brought into work (Oladipo, 2009). In addition to that, psychologically empowered employees can determine work roles, feel capable to successfully accomplish their tasks and influence the decision-making process in the workplace (Yukl & Becker, 2006).

Limited research has been paid to the possible linkages between psychological empowerment and employee performance. The reviews of the previous literature have so far revealed only a handful of studies, with mixed findings. Demirci and Erbas (2010) and Esam and Bon (2012) analyzed the relationship between psychological empowerment and employee performance and noted that empowerment had a direct and positive effect on employees’ behaviors and thus improved on their performance. However, studies done by Dewettinck, Singh and Buyens (2003) and Wood and Wall (2007) concluded that empowerment, especially psychological empowerment, only showed between six and seven per cent of the variance in performance when the employees felt psychologically empowered at their work place.

Therefore, the first hypothesis in this study is to empirically test the relationship between psychological empowerment and their performance.

H1: There is significant positive relationship between psychological empowerment and employee performance.

Employees’ Tenure
Employees’ tenure refers to the number years of service they have attained at their respective organizations. Employees generally display higher levels of performance as they gain organizational tenure (McDaniel, Schmidt, & Hunter, 1988). This could be due to the fact that longer tenured employees are more familiar with their job roles and may have also reached higher levels of career attainment than newer employees; therefore, they are able to perform better (Ng & Sorensen, 2008). Similarly, Suliman (2002) noted that longer tenured employee perform better than shorter tenured ones as they may have ascended to better positions or they have enjoyed working in their respective organizations. This shows that employee performance improved with their experience on the job.

However, some studies have also shown that tenure does not necessarily improve performance. Crawley’s (2005) research on the military found out that women with 5-8 years of service were more likely to leave their jobs carrying along with them the experience that they have gained. Similarly, Lee and Low (2008) reported that poor performance could be
expected from longer tenured employees as they were no longer motivated as age increased when compared to younger employees who were more dynamic, enthusiastic and excited about their jobs. Ng and Feldman (2010) showed that although the relationship of tenure and job performance is positive in general, the strength of association decreases as tenure increases. Bartłomieczk (2015) reported that the impact of tenure on performance was most significant between 3 and 6 years with an organization and gradually diminishes until about 14 years of employment. One reason that could explain this situation is that longer job tenure may lead to the loss of desire for career advancement which could lead to an actual decrease in job performance (Ng & Feldman, 2013).

Based on the above statements that show different impacts of tenure on performance, the second hypothesis is to empirically test the relationship between employees’ tenure and their performance.

\[ H_2 = \text{There is significant positive relationship between employees’ tenure and their performance } \]

**Moderating Role of Psychological Empowerment**

A variable functions as a moderator when it affects the direction and/or the strength of the relationship between the independent and dependent variables (Baron & Kenny, 1986). According to Thomas and Velthouse (1990) when given a particular task, an employee will make a personal assessment of four aspects, meaningfulness, choice, competence and impact. When the employee makes a positive assessment of these four aspects, he/she will feel a heightened level of intrinsic task motivation, which will then influence the employee’s effectiveness and ability to carry out the task to the best of his/her ability. Spreitzer, Kizilos and Nason (1997) stated that employees’ feel psychologically empowered when they perceive that they have some control on the works that they are doing which would motivate them to perform better. Based on these reasons, Indradevi (2011) concluded that psychological empowerment should be seen as an intrinsic motivator. This is because employees who have higher feelings of psychological empowerment are able to perform better than those who don’t feel psychologically empowered.

As defined earlier, performance is the function of ability and motivation. Employees with a long tenure also would need to be motivated in order to perform well on their job. Since psychological empowerment is an intrinsic motivator, therefore, the relationship between employee performance and tenure is likely to be enhanced with an increase in psychological empowerment.

Based on these findings, the following relationships were hypothesized:

\[ H_3 = \text{Psychological empowerment moderates the relationship between employees’ tenure and employee performance.} \]

**Methods**

A set of questionnaires were developed to collect data on employee performance, psychological empowerment and employees’ tenure. Employee performance was measured using the Employee Work Performance questionnaire, developed by [36] which was based on
five factors, work skills, work duties, work enthusiasm, readiness to innovate and job performance factors. The Spreitzer’s Empowerment Scale (1995) consisting of a twelve item scale on meaning, competence, self-determination and impact, was used to measure psychological empowerment.

For employee performance and psychological empowerment, a five point Likert scale was used to allow the respondent to express how much they agree or disagree with a particular statement in the questionnaire. Here, 1 referred to strongly disagree while 5 referred to strongly agree. 600 sets of questionnaires were distributed to supervisory staff in tile manufacturing companies and the response rate was 39% with 239 respondents replying to the questionnaire.

**Results / Analysis**

**Demographic Profile of Respondents**

Demographic profile of all respondents is as per Table 4.1.

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1 year</td>
<td>38</td>
<td>16.4</td>
</tr>
<tr>
<td>1-5 years</td>
<td>64</td>
<td>27.1</td>
</tr>
<tr>
<td>6-10 years</td>
<td>48</td>
<td>20.3</td>
</tr>
<tr>
<td>11-15 years</td>
<td>31</td>
<td>13.1</td>
</tr>
<tr>
<td>&gt;15 years</td>
<td>55</td>
<td>23.3</td>
</tr>
</tbody>
</table>

**Regression Analysis for Hypotheses**

**Relationship between Psychological Empowerment and Employee Performance**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>R²</th>
<th>Beta (β)</th>
<th>Std Error</th>
<th>t-value</th>
<th>Significance (F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological Empowerment</td>
<td>.652</td>
<td>.808</td>
<td>.028</td>
<td>20.775</td>
<td>.000</td>
</tr>
</tbody>
</table>

From the above table, the $\Delta R^2$ change for psychological empowerment was .652 which meant that the variability of employee performance increased by 65.2 percent with the addition of psychological empowerment.

**Relationship between Employees’ Tenure and Employee Performance**

The second hypothesis posited that employees’ tenure will have a positive significant effect on employee performance.
Table 4.3: The effects of regression analysis for the independent variables on employee performance

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>R²</th>
<th>Beta (β)</th>
<th>Std Error</th>
<th>t-value</th>
<th>Significance (F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ tenure</td>
<td>.077</td>
<td>.278</td>
<td>.023</td>
<td>4.394</td>
<td>.000</td>
</tr>
</tbody>
</table>

This research found full support for the above hypothesis where employees’ years of service was positively related with employee performance (β=.278, p=.000). This indicates that the longer the duration of the employees’ tenure, the higher was their job performance. One reason could be that longer tenured employees are more experienced and therefore able to perform better on the job.

**Psychological Empowerment Moderates the Relationship between Employees’ Tenure and Performance**

The effects of psychological empowerment as a moderating variable in the relationship between employees’ tenure and their performance as stated in the third hypothesis are presented in Table 4.3 below.

Table 4.3: Regression Results of the moderating effects of psychological empowerment in the relationship between the employees’ tenure and their performance.

<table>
<thead>
<tr>
<th>Model</th>
<th>β</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Square Change</th>
<th>F Change</th>
<th>Sig F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.093</td>
<td>.668</td>
<td>.665</td>
<td>.668</td>
<td>231.762</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>-.020</td>
<td>.669</td>
<td>.664</td>
<td>.000</td>
<td>0.244</td>
<td>.022</td>
</tr>
</tbody>
</table>

In Step 1, the two variables, employees’ years of service and psychological empowerment were entered. The R² was equal to .668 meaning that the independent variables explained 66.8 percent of the variances in employee performance.

In Step 2, with the inclusion of the moderating variable, R² increased very slightly from 66.8 percent to 66.9 percent with the change in R² at 0.1 percent but it was not significant (p=.622). This insignificant interaction shows that psychological empowerment does not moderate the relationship between employees’ years of service and their performance.

**Analysis and Conclusion**

The purpose of this research was to test the relationships between tenure, psychological empowerment and their performance among middle managers in the ceramic tile manufacturing industry. Psychological empowerment was also incorporated as the moderating variable to determine whether the relationship between employees’ tenure and their performance could be enhanced. Results obtained show that both, psychological empowerment and tenure are positively related to employee performance. However, when psychological empowerment was included as a moderator in the relationship between employees’ tenure and their performance, a negative and non-significant relationship was obtained. This shows that there is no relationship between employees’ tenure and their performance with the presence of psychological empowerment.
From the findings obtained for all the three hypotheses, it can be concluded that higher job performance is noted among employees with higher feelings of psychological empowerment. This is in line with Spreitzer’s (1995) findings that psychologically empowered employees are likely to be seen as effective because they were able to proactively execute their job responsibilities. Similarly, employees with a longer tenure at their respective organizations show better performance as they are more loyal and committed to their jobs due to their familiarity to their employers and work environment. However, when employees felt that they were psychologically empowered, tenure did not have any influence on their performance. One reason could be due to the fact that employees who have worked long enough at their respective organizations have already obtained the necessary skills, knowledge and experience to help them carry out their tasks effectively. Therefore, by experiencing psychological empowerment at work, did not help improve on their performance. For them, being psychologically empowered meant additional responsibility which not all employees are able to cope and this could affect their performance. Psychological empowerment can be considered as a burden to them due to their employers. Therefore, it is essential for employers not to add much pressure and create uncertainty to their employees who are already familiar with their jobs due to their experience.

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