

## RESEARCH ARTICLE

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# The Mediating Role of Psychological Empowerment amid Workforce Agility and Employee Performance among Information Technology Professionals

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## Abstract

**Objective:** To examine the mediating role of Psychological Empowerment (PE) amid Workforce Agility (WFA) and Employee Performance (EP) among the Information Technology (IT) professionals. **Method:** The present quantitative research examines the dual directions of variables considered for the present study and further, analyse the mediating effect of PE amid WFA and EP. The data were collected with 458 valid responses, sampling unit being employees of Information technology (IT) organisations located in southern India through convenience sampling method via e-mail survey. The data were collected during January 2023 - April 2023. The pilot testing is done with 72 respondents to remove indistinctness. Instrument is validated using EFA and CFA. **Findings:** WFA has direct impact on EP (H1), PE has direct impact on EP (H2), WFA has direct impact on PE (H3) and PE has a direct mediating effect between WFA and EP (H4). The PE is significant and directly related with respect to EP, PE is directly related with EP and PE is noteworthy and directly related to WFA. **Novelty:** The present study adopts novel approach to link Workforce Agility Vis-à-vis Psychological Empowerment in a solitary method.

**Keywords:** Workforce Agility; Psychological Empowerment; Information Technology; Employee Performance; HR practices

## 1 Introduction

The Workforce Agility (WFA) is the key to success in volatility, uncertainty, complexity, and ambiguous (VUCA) business environment, as it enables a business to be flexible and adaptive by restructuring resources and operational systems to meet client needs. The key factors that governs WFA and steps to be initiated to make agile workforce needs attention for further research<sup>(1)</sup>. In the current era of digital transformation, the IT sector has witnessed significant growth and development led to new software development models that can cater to the varying needs of clients and the pressure to innovate. The Agile software development model has emerged as a necessary tool

to satisfy new market demands of IT clients. Due to the agile workforce, firms can perform better, gain competitive advantage and higher performance in the market. Due to the dynamic business upsurge there is a need to create agile work force which will establish the coherent wave for HR Capital of next generation<sup>(2,3)</sup>, hence there is a need for research to understand the factors that influences the WFA of each sectors more specifically.

Employee Performance (EP) indicates the productivity and output which will ultimately affect the organizational effectiveness. While, the present research focuses on the adaptive performance referring to understanding and accepting changes in the work environment which is imperative due to dynamic business environment. The adaptive performance (AP) is crucial for employees to succeed in new or altered task demands. The continual research is needed to analyse the impact of employees' efficacy on sustainable adaptive performance in specific sectors<sup>(4)</sup>. Thus, the researchers have to pay their attention to carry out the study to determine the factors that influences the EP more specifically IT professionals.

Empowerment is a vital process through which individuals, organizations, and communities gain mastery over issues of concern to them. It is a multi-level construct which is inter-reliant with one another. Psychological Empowerment (PE) refers to empowerment at the individual level, integrates perceptions of personal mechanism, proactive attitude and quality of work life (QWL). The role of psychological empowerment that mediates the relationship amid organizational practices and workforce agility needs to be studied further<sup>(5)</sup>. Thus, despite WFA, EP and PE receiving interest from scholars, the study that integrates the said factors in a sole research applicable to a specific sector (IT) is very scarce. Further, studies on the role of critical factor such as PE (as a mediating role) amid WFA and AP are limited. Thus, current research attempts to examine the role of PE in relationship amid WFA and AP more specially among the Information Technology(IT) professionals.

## 2 Methodology

With extensive literature review and findings of previous research, structured questionnaire is designed. The data were collected with 458 valid responses, sampling unit being employees of Information technology (IT) organisations in southern India. The present quantitative research examines the dual directions among variables of the present study. First, the straight effect of WFA on PE is analysed. Next, the direct effect of PE on EP is examined. Advancing the analysis further, mediating role of PE amid WFA and EP is proven. The structure questionnaire has 4 sections (personal information, WFA, PE and EP). The Likert-Scale was validated with model fitness indexes using AMOS. The construct WFA scale has 14 item with 5 factors with reliability varying from 0.804 to 0.817. PE is measured with 4 factors having 10 item scale with reliability ranging between 0.819 to 0.837. To examine EP, 5 item scale with 2 factors is adopted with reliability varying from 0.793 to 0.807. The Composite Reliability of the scale were noted as 0.804, 0.821 and 0.801 respectively which are within acceptable range. Study adopted convenience sampling method and 458 valid responses were obtained via e-mail. The data collection was undertaken between January 2023 - April 2023, further pilot testing was undertaken considering 72 respondents to remove indistinctness in the instrument. The instrument reliability is 0.851, indicating capability to measure the intended objective. The instrument is designed and validated using EFA followed by CFA.

## 3 Results and Discussion

The present study analysed the data in three phases viz., First Exploratory Factor Analysis was performed as a dimension reduction technique and Secondly, the same was confirmed using Confirmatory factor analysis. Finally, Sobel test was carried out to check the mediating role of PE amid WFA and EP. the results are discussed in below section.

### 3.1 Workforce Agility (WFA)

Sample adequacy is ascertained using Kaiser-Meyer-Olkin (KMO) test which resulted in 0.874, to proceeded with further analysis. The EFA (Principal Component Analysis using varimax rotation method) explains 67.45% of cumulative variance. The CMIN/DF is 2.804 which is less than 3. The indices GFI = 0.968, AGFI = 0.948, NFI = 0.920, IFI = 0.947, CFI = 0.946 and TLI = 0.925 are nearer to one and RMSEA = .049 is less than 0.08 and hence, all the model fit indices are within acceptable range<sup>(6)</sup>. The values are indicating adequate model fit to measure the intended items of WFA. Based on the Eigenvalue (unity), 14 items and 5 factors were confirmed (Figure 1), which were grouped considering the relevance of items such as Proactive, Reactive, Tolerant, Collaboration, Job Clarity.

### 3.2 Employee Performance (EP)

KMO test resulted in 0.814, indicating sample adequacy. The EFA explains 69.52% of cumulative variance. The CMIN/DF is 2.561 which is less than 3. The indices GFI = 0.916, AGFI = 0.941, NFI = 0.920, IFI = 0.917, CFI = 0.926 and TLI = 0.913 are

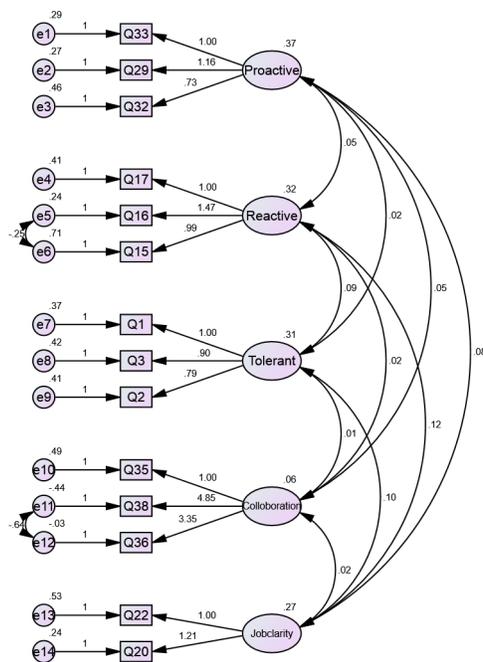


Fig 1. CFA- Workforce Agility

nearer to one and RMSEA = .069 is less than 0.08 and hence, all the model fit indices are within acceptable limit. The values are indicating adequate model fit to measure items of EP. Considering the Eigenvalue (unity), 2 factors with 6 items were endorsed (Figure 2), which are grouped based on the relevance of items such as work assertiveness and work performance.

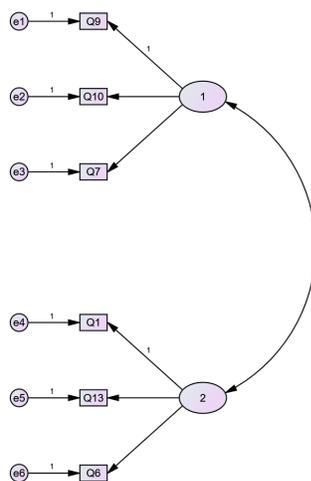


Fig 2. CFA- Employee Performance

### 3.3 Psychological Empowerment (PE)

The KMO test value is 0.874, which indicates the sample adequacy. The EFA explains 67.45% of cumulative variance. The CMIN/DF is 2.814 which is less than 3. The indices GFI = 0.978, AGFI = 0.958, NFI = 0.915, IFI = 0.949, CFI = 0.956 and TLI = 0.965 are nearer to one and RMSEA = .059 is less than 0.08 and hence, all the model fit indices are within acceptable limit. The values are indicating adequate model fitness to measure items of PE. Based on the Eigenvalue (unity), 14 items and 5 factors were confirmed (Figure 3), which were grouped considering the relevance of items such as Proactive, Reactive, Tolerant, Collaboration and Job Clarity.

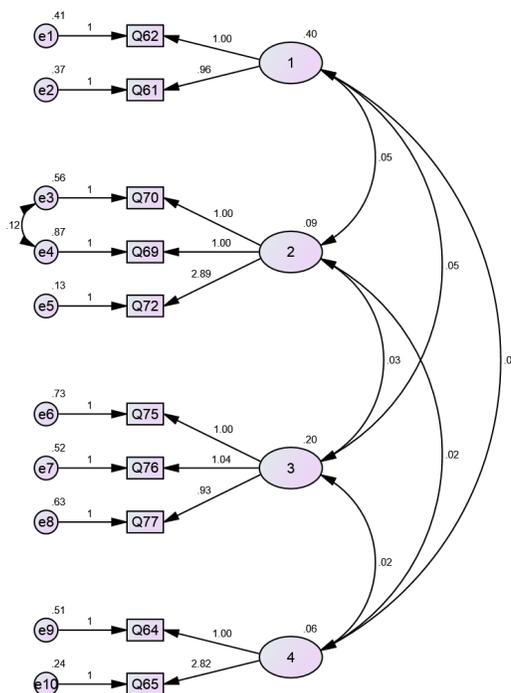


Fig 3. FA - Psychological Empowerment

### 3.4 Mediation analysis

The present study hypothesised that WFA has direct impact on EP (H<sub>1</sub>), PE has direct impact on EP (H<sub>2</sub>), WFA has direct impact on PE (H<sub>3</sub>) and PE has a direct mediating effect between WFA and EP (H<sub>4</sub>). The PE is significant and directly related with respect to EP ( $\beta = .819, p < .001$ ), PE is directly related with EP ( $\beta = .729, p < .001$ ) and PE is significantly related to WFA ( $\beta = .746, p < .001$ ).

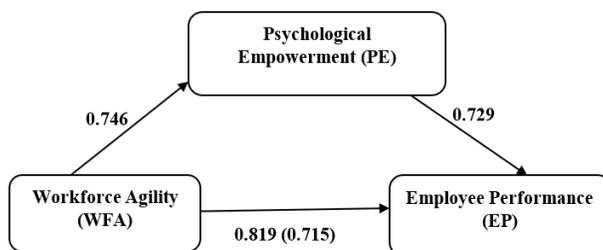


Fig 4. Mediating Role (PE) between WFA and EP

**Table 1.** Mediating Analysis Results

Mediation Stages	Unstandardized $\beta$	Standard Error	Standardized $\beta$ Co-efficient	T Value	Significance Level
Step A	0.864	0.058	0.819	9.869	0.000
Step B	0.851	0.078	0.729	6.987	0.000
Step C	0.653	0.065	0.746	7.013	0.000
Step D	0.813	0.070	0.715	8.987	0.000
Sobel Test: Results					
Type of Mediation.	Z-Score	Effects			Significance Level
Partial	3.19	Direct .613	Indirect .216	Total .829	0.000

\* Control variable (WFA), prediction variable (EP), Mediating variable (PE)

Sequential steps of mediation indicated that; the first 3 steps of the examination were fulfilled. It is reconnoitred that exclusion of mediating variable (GB) will result in reduction of  $\beta$  weight of the GB (Value dropped from 0.819 to 0.716). Thus, it can be inferred that GB acts as a partial mediator between WFA and EP. Further to this, Sobel test is driven to ratify the significance of the mediation influence of PE, which reveled ( $z= 3.01, p <.001$ ). Thus, confirming the mediation. Thus, results can be inferred as; WFA has a positive impact on EP ( $H_1$ ), PE has a direct impact on EP ( $H_2$ ), WFA has a direct influence on PE ( $H_3$ ) and PE directly mediates between WFA and EP( $H_4$ ). Based on this study, PE serves as a mediator. It can be claimed that the construction of EP is influenced by workforce agility that forms work engagement.

In today’s business landscape, organizations face a multitude of challenges created highly dynamic and unpredictable environments, where companies must display a significant level of agility to remain competitive and drive performance. Thus, in a tactical context, IT organizations need to design HR practices which enables to build psychologically empowered workforce who in turn exhibit agility leading to enhanced performance. Having a strong sense of psychological empowerment can help individuals effectively manage stressors within their organization contributing to restored organisational commitment and employer brand<sup>(7)</sup>. To successfully navigate through change, it’s important to take into account the psychological traits of agile employees. By prioritizing psychological empowerment and creating an environment that fosters agility, companies can better respond to changes in the market and maintain a competitive edge.

The outcome of the present research is endorsed with research outcome of<sup>(8)</sup> which summarizes that Proactive, Reactive, Tolerant, Collaboration and Job Clarity factors contributes the workforces to become more agile. Employee performance not only depends on individuals’ abilities but also on the opportunities offered by organisations. The present study empirically supports the outcome of<sup>(9)</sup> that psychological empowerment mediated relationships between innovative behaviour and agile communication. The results of the present research indicate that work assertiveness and work performance were the factors that influences the employee performance which is also noted by<sup>(10)</sup>. Work adaptability and intrinsic motivation influence job performance is endorsed by<sup>(11)</sup>. Our findings also tie with<sup>(12)</sup> to state that team autonomy and innovative behaviour, motivation, job satisfaction, work assertiveness and work performance have a significant effect on employee performance which is also noted by the previous research outcome<sup>(13)</sup>.

## 4 Conclusion

Agility is also believed to enable companies to respond promptly to customer needs, as well as effectively manage market changes to minimize operational uncertainty and enhance competitive advantage. Sequential steps of mediation indicated that; the first 3 stages of the exploration were fulfilled. It is reconnoitred that exclusion of mediating variable (GB) will result in reduction of  $\beta$  weight of the GB (Value dropped from 0.819 to 0.716). Thus, it can be inferred that GB acts as a partial mediator between WFA and EP. Further to this, Sobel test is driven to ratify the significance of the PE mediation, which reveled ( $z= 3.01, p <.001$ ). Thus, confirming the mediation. Thus, results can be inferred as; WFA has a positive impact on EP ( $H_1$ ), PE has a direct impact on EP ( $H_2$ ), WFA has a direct influence on PE ( $H_3$ ) and PE directly mediates between WFA and EP ( $H_4$ ).

The present research suggests that companies that exhibit greater agility are better equipped to manage rapid changes and interdependent relationships, leading to improved business outcomes and faster value creation for stakeholders. Having a strong sense of psychological empowerment can help individuals effectively manage stressors within their organization. To successfully navigate through change, it’s important to take into account the psychological traits of agile employees. The level of psychological empowerment that an individual feel is a key factor in promoting workforce agility, and adopting supportive organizational

practices can enhance this trait. By prioritizing psychological empowerment and creating an environment that fosters agility, companies can better respond to changes in the market and maintain a competitive edge. Future researchers may consider these dimensions to further explore the employee performance construct ensuing a multifaceted method, combining demographic and qualitative data.

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