

*Governance and Management Review (GMR)*

*Vol.4, No. 1, Jan-June 2019*

# **INFLUENCE OF TRANSFORMATIONAL LEADERSHIP ON PROACTIVE WORK BEHAVIOR: THE MEDIATING ROLE OF PSYCHOLOGICAL EMPOWERMENT**

**Ali Javed**

Department of Management,  
School of Business and Economics (SBE),  
University of Management & Technology (UMT)  
alijaved266@hotmail.com

**Dr. Atif Hassan**

Associate Professor, Chairperson Department of Management,  
School of Business and Economics (SBE),  
University of Management and Technology (UMT)

**Tooba Arshad**

Research Assistant, Department of Management,  
School of Business and Economics (SBE),  
University of Management and Technology (UMT)  
toobarshad93@gmail.com

## **ABSTRACT**

The basic purpose of the study is to examine the relationship between transformational leadership and proactive work behavior through the mediating role of psychological empowerment. The paper also attempt to provide logical and thorough understanding regarding how transformational leadership boost up the state of psychological empowerment and how in turns psychological empowerment influence the proactive behavior of employees.

Based on theoretical and empirically supported arguments and theories, this hypothesized study builds upon 16 hypothesis including main hypothesis, sub-hypothesis and mediation hypothesis. To test these hypotheses, data were collected from 278 followers working in the service sector of Lahore, Pakistan through the disproportionate quota sampling. Findings of the study supported the proposed hypothesis which can be used by the organizational leaders to enhance proactivity among their followers. This study will help in realizing Pakistani organizational leaders that the power distance approach or authoritarian approach they are following is not suitable for producing proactive employees, they need to give them a feel that they are empowered and empowerment is not something which a leader should announce, in fact they need to transform their followers in such a way that they psychologically consider themselves as empowered. The study also add value by using self-concept based theory of leadership and social exchange theory to support the relationship between transformational leadership and employees' proactive behavior thus provided a motivational mechanism of psychological empowerment that link up their relationship.

**Keywords:** transformational leadership, proactive work behavior, psychological empowerment, service sector

## **Introduction**

### **Background of the study**

Corporate world in this digital age has gone through heavy changes (Husseni & Elbeltagi, 2016; Schmit, Hartog & Belschak, 2016). In such a dynamic environment, proactive work behaviors are very essential for the organizations to survive, compete and succeed (Strauss, Griffin & Rafferty, 2009). Organizational leaders now delegate responsibilities downwards in hierarchy and thus need proactive employees who take self-initiated actions and perform beyond task requirements (Crant, 2000).

Proactive employees are change oriented active individuals who take self-initiated actions to mold their skills and working methods (Grant and Ashford, 2008). Organizations are now moving towards the decentralized workplace and leaders demands self-initiatives along with the given tasks to improve the organizational procedures (Beck, Cha, Knutson, & Kim, 2017).

Leadership is an important antecedent of employees' proactive behaviors (Crant, 2000; Strauss, Griffin & Rafferty, 2009). Over last three decades, transformational leadership has become the popular area in the field of research (DeChurch, Hiller, Murase, & Doty, 2011). The motivating, inspiring and encouraging characteristics of transformational leaders are more effectual in provoking proactive behaviors, as it creates the favorable environment for proactivity by energizing followers to perform beyond expectations and take self-initiated actions to convert the leader's vision into reality (Sharifirad, 2013).

The current study targets to investigate a motivational mechanism and addresses psychological empowerment as a possible mediator between transformational leadership and proactive work behavior. Psychological empowered employees believe they are self-determined, competent in abilities, feel their efforts as impactful and view their work as meaningful (Spreitzer, 1995; Conger & Kanungo, 1988; Thomas & Velthouse, 1990).

Although in this competitive era all the organizations are oriented towards proactivity, however leaders of service sector relatively requires more proactive employees as they have to keep in touch with the customers in order to provide better services. In Pakistan, service sector is the major driver of growth in economy as it contributes 53.3 % share in GDP, and 44 % in employed labor force (Ahmed & Ahsan, 2011). According to SEDC (2009) service sector of Pakistan has 5 priority sub sectors which are financial services, IT & communication services, construction & architectural services.

In Pakistan, behaving proactively is considered to be of high risk because majority of organizations have the culture of high power distance (Bashir, Abrar & Ghazanfar, 2012) where leaders train followers to respect the authority of leaders and passively follow it. In such a culture employees feel hesitation in taking self-initiated actions because they know they will be highly blame if their actions result into the failure (Parker & Wu, 2014). Thus employees do not feel themselves as psychologically empowered and thus they do not take proactive actions.

Another reason why leaders resist, ignore and discourage proactivity is because of confirmation biasness where leaders focus on only that information which is attracting their own perception and consciousness (Ashford, Sutcliffe, & Christianson, 2009). Furthermore, many organizational leaders deliberately discourage proactive behaviors because they want their employees to focus on achieving short term day to day objectives, they consider out of the box initiatives as negative because they believe it is too risky and also costly (Belschak & Hartog, 2010; Bolino, Valcea, & Harvey, 2010).

Many of Pakistani corporate leaders now do start realizing the importance of psychological empowered employees and for this purpose offering attractive compensation packages, bonuses and rewards which although can enhance commitment, wellbeing and satisfaction but cannot make employees empowered and proactive.

Transformational leadership over the last three decades has been extensively explored with different performance and personal outcomes i.e. commitment, turnover, satisfaction, engagement, flexibility and innovation etc., However surprisingly its relationship with proactive work behavior has not received researchers attention it deserves. Leadership researchers had used psychological empowerment as linking mechanism between transformational leadership and different work outcomes but among those studies none of them used proactive behavior as the outcome variable. Previous studies used the single/composite score of transformational leadership to prove its impact on proactive

behavior. A single/composite score might not provide a complete picture of the phenomenon.

Therefore to fulfill this gap, the present study used all 4 “I’s” dimensions of transformational leadership separately to prove its impact with proactive behavior and psychological empowerment.

Moreover, the previous studies on this phenomenon have been conducted only in the western culture i.e. Netherlands and Australia (e.g. Schmitt, Hartog & Belschak, 2016; Hartog & Belschak, 2012) so the same results cannot be applied on the eastern culture of Pakistan. Basically in Pakistani organizational culture uncertainty avoidance is high and employees are keen to achieve short term benefits rather than the long term (Salman, 2015) they are motivated by extrinsic rewards and compensations to perform extra role behaviors (Alkahtani, 2015). Taking all these factors in consideration, this study tried to investigate the role of transformational leadership in creating psychologically empowered proactive employees.

## Literature Review

### Transformational leadership

The basic theme of transformational leadership is the ability of leaders to motivate their followers to achieve more than what they initially intends to achieve (Krishnan, 2005; Givens, 2008). Transformational leaders change the whole organization by producing moral, behavioral, attitudinal change in their followers (Pearce et al., 2003; Sims and Manz, 1996; Henkers, Sonnentag & Unger, 2015). Bass (1985) indicated four major behaviors of transformational leaders referred to as 4 I’s: **I**dealized influence (II), **I**nspirational motivation (IM), **I**ntellectual stimulation (IS), and **I**ndividualized consideration (IC).

**Idealized Influence:** Transformational leaders behave in charismatic styles and serve as role models which not only inspire followers to associate with them but also gain trust and respect from followers (Liu, Siu & Shi, 2010; Nguyen et al., 2017; Wang & Sue oh, 2011).

**Inspirational Motivation:** Transformational leaders make emotional appeals to attract followers towards a fascinating future vision (dust, Rasick & Mawritz, 2014). They inspire and build confidence in them to achieve higher goals and for this purpose set high standards (Mullen, Kelloway & Teed 2017).

**Intellectual Stimulation:** Transformational leaders invite followers for challenging the status quo and encourage them to utilize novel ideas to solve the problems which will unhide their intellectual potential (Podsakoff et al., 1990; Dong et al., 2017; Wang & Howell, 2010).

**Individualized Consideration:** By mentoring, listening, giving feedback and treating each subordinate as special and unique, these leaders take care of their followers needs (Podsakoff et al., 1990, Kark et al., 2003).

### Psychological Empowerment

Arad & Lider, 1996 distinguished empowerment into two perspectives i) structural factors ii) psychological factors. This study refer the empowerment term to psychological perspective that reflect intrinsically motivated and active orientation of employees towards the work (Thomas & Velthouse, 1990; Kang, Lee & Kim, 2017). According to (Spreitzer, 1995) psychological empowerment is the enhancement of intrinsic motivation in individuals manifested in 4 cognitions relevant to work role: Meaning, Self-determination, Competence and Impact. (p. 1443)

**Meaning:** It's the path through which people feel energized about the task and they believe that the work is meaningful and in congruent with their own beliefs, values and behaviors (Spreitzer, Kizilos & Nason, 1997; Zhu et al. 2012; Lee & Nie, 2017).

**Competence:** Competence refers to the self-efficacy particular to the work, that one has the ability to successfully perform a task with confidence in his/her abilities (Spreitzer 1995; Avolio et al. 2004; Conger & Kanungo, 1988).

**Self-determination:** Self-determination is considered to be an individual's belief of having choice in regulating and initiating actions, having control over work, time, pace and effort (Deci, Connell, & Ryan, 1989; Aydogmus et al., 2017).

**Impact:** It refers to the employees' belief that they can make differences in the strategic outcomes and management of their organization (Spreitzer, Kizilos & Nason, 1997).

## **Proactive work behavior**

Proactive behavior is considered to be a self-initiated, future and change oriented behavior (Schmitt, Hartog & Belschak, 2016; Wu & Parker, 2017). It has been defined by Crant (2000) as taking initiative for the improvement in current situations or producing new ones, challenging status quo instead of passively adapting on-going conditions. It involves an active rather than reactive approach towards the work (Frese et al., 1996). This study used three dimensions of proactive work behavior "Personal initiatives" (Frese et al., 1996) "Taking charge" (Morrison & Phelps, 1999) and Voice (Van Dyne & LePine, 1998).

**Personal initiatives:** It's an active approach in which individual do things for betterment in advance, without being told by someone up (Warner, Fay & Sporer, 2017)

**Taking Charge:** Taking charge focuses more on the improvement of execution of work and bringing new procedures to improve faulty practices (Sharen, 2011).

**Voice:** It's a change oriented verbal communication in which an individual gave opinions, ideas and point of views to others with an aim to make a positive change (Van Dyne & LePine, 1998).

## **Theoretical contributions and hypothesis**

### **Transformational leadership and psychological empowerment**

Sosik & Cameron, 2010, Zhu et al. 2012; Bass, 1985, Braun et al., 2013 described that transformational leaders communicate the clear and meaningful vision which is so compelling that the followers start believing meaningfulness of organizations goals. Zhu et al, (2012) proved that transformational leadership positively influences the psychological empowerment in the context of US. Similarly, Afsar, Badir & Saeed (2014) in the innovative companies of china found a positive relationship between transformational leadership and psychological empowerment. Same results were found by Dust, Resick & Mawritz, (2013) in the northern United States. Based on the above arguments the study proposes:

*H1: Transformational leadership is positively related to Psychological empowerment.*

H1a: Idealized influence dimension of transformational leadership is positively related to psychological empowerment

H1b: Inspirational motivation dimension of transformational leadership is positively related to psychological empowerment

H1c: Intellectual stimulation dimension of transformational leadership is positively related to psychological empowerment

H1d: Individualized consideration dimension of transformational leadership is positively related to psychological empowerment

### **Psychological empowerment and proactive work behavior**

Researchers reported that cognitive motivational states of employees can influence proactive behaviors at workplace (Parker, Williams, & Turner, 2006). One cognitive motivational state is psychological empowerment. Empowered employees are identified with their jobs thus take initiatives to help organization work better (Arefin, Arif & Raquib, 2015). They personally attached to organization after considering it as meaningful (Shalley& Gilson, 2004).

Competence provides confidence to subordinates that they are capable enough to handle every situation (Arefin, Arif & Raquib, 2015). When employees feel they are autonomous in taking desired action for the betterment of organization, then they are more expected to involve in change oriented behaviors. Similarly when employees believe their actions can make significant positive impact on organizational outcomes, they will more willing in taking charge (Amabile et al., 1996; Hornung & Rousseau, 2007).

Previous researchers reported flexible role orientation, role breath self-efficacy (Hartog & Belschak, 2012), high performance work systems (Arefin,2015), reputation (Deluga, 1998), socialization (Morrison, 1993) leadership (Crant, 2000) and entrepreneurship (Becherer& Maurer, 1999) as the antecedents of proactive behaviors. Psychological empowerment as the predictor of proactive work behavior received very minimal attention. However, recently Arefin (2015) and Searle (2011) found significant positive relationship between psychological empowerment and proactive behavior.

Thus on the bases of above empirical and theoretical supported arguments, the study propose that

*H2: Psychological Empowerment is positively related to proactive work behavior.*

H2a: Meaning dimension of Psychological empowerment is positively related to proactive work behavior

H2b: Competence dimension of Psychological empowerment is positively related to proactive work behavior

H2c: Self-determination dimension of Psychological empowerment is positively related to proactive work behavior

H2d: Impact dimension of Psychological empowerment is positively related to proactive work behavior.

### **Transformational leadership and proactive work behavior**

Transformational leaders are proactive in crafting or improving work environment thus acts as role models for their followers (Brant, 2012; Hartog & Belschak, 2012; Crant, 2000). By providing inspirational motivation they inspire their followers to perform beyond expectations (Shamir et al., 1993; Brant, 2012, Sharifirad, 2013).

Schmitt, Hartog & Belschak (2016); Brant (2012) tested the influence of transformational leadership on two dimensions of proactive behavior and found positive relationship of transformational leadership with both personal initiatives and voice. Hartog & Belschak (2012) collected data through two types of respondents, supervisor and self, found the transformational leadership as the predictor of proactive behavior. Thus in line with the previous empirical and theoretical work, it is proposed that:

*H3: Transformational leadership is positively related to proactive work behavior.*

H3a: Idealized influence dimension of Transformational leadership is positively related to proactive work behavior

H3b: Inspirational motivation dimension of Transformational leadership is positively related to proactive work behavior

H3c: Intellectual stimulation dimension of Transformational leadership is positively related to proactive work behavior

H3d: Individualized consideration dimension of Transformational leadership is positively related to proactive work behavior

### **Psychological empowerment as linking mechanism**

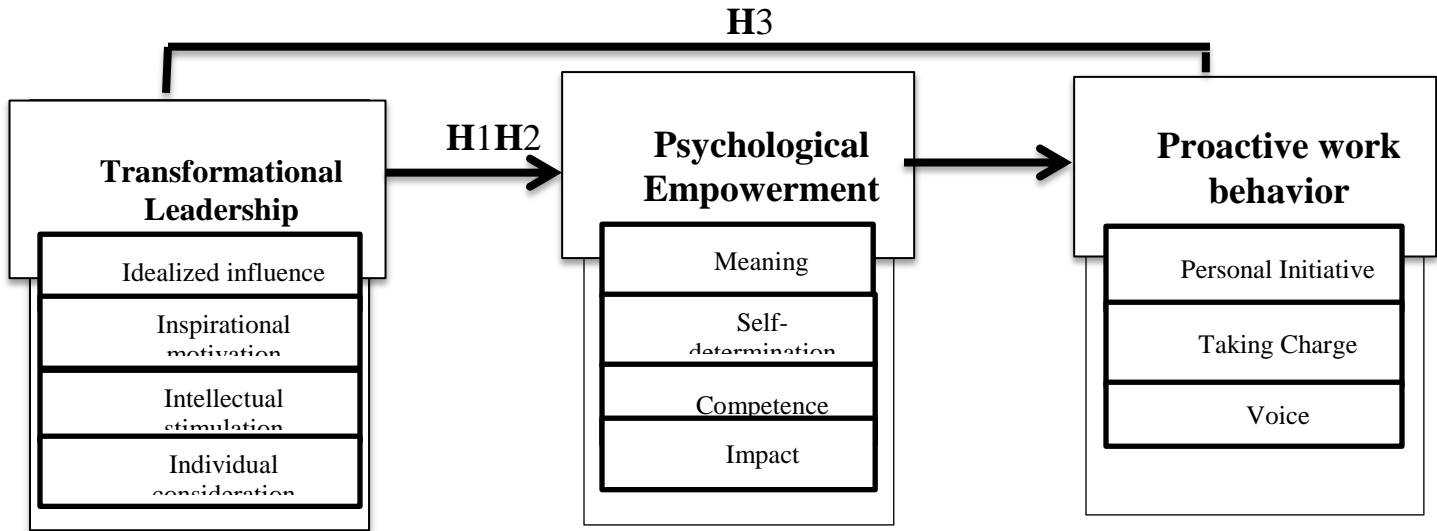
As per Bass (1999) leaders with transformational style through the mechanism of empowerment influences work related outcomes of employees. According to Joo and Lim (2013) psychological empowerment provides inclusive motivational mechanism to explain the relationship between transformational leadership and work behavior of employees. Thus the study proposes the hypothesis that

*H4: Psychological empowerment mediates the relationship between transformational leadership and proactive work behavior.*

Theoretical model depicting the whole phenomenon is constructed in figure 3.1 below

## Theoretical Framework

Figure 3.1: Theoretical framework



## Supporting Theories

Self-concept based theory (Shamir et al., 1993) social exchange theory (Homans, 1958) and Kanter's theory of empowerment (1997) has been used to examine the relationship between transformational leadership, psychological empowerment and proactive work behavior. Self-concept based theory explains the influence of charismatic leaders on the behaviors of followers by altering their self-concept i.e. self-efficacy. As per social exchange theory when employees perceive that their leader think about their progress, provided clarity about vision of organization and gave them opportunity to share novel ideas, then they work proactively to fulfill their leaders vision. As per Kanter's theory of empowerment when leaders provide their subordinates access to information, resources and opportunity to learn and grow, result into the growth of employees.

## Methodology

This quantitative study used survey design to collect the data. Data has been collected from the 278 employees of service industry of Lahore, Pakistan and only those employees were selected who have worked with their immediate supervisor for at least 6 months to ensure accurate responses. The reason for selecting service industry is: employees in service industry are generally frontline who face the customers' problems directly therefore, service industry requires proactive employees who can handle the customer demands and their issues proactively (Bharwani & Jauhari, 2013; Jong & Ruyter, 2004). Population has been divided into the 5 subsectors of service industry identified by SEDC (2009) and almost equally data has been collected from each subsector which are financial services, IT& communication services, construction & architectural services, transport services and health & medical services (See table 4.1 below). Quota sampling technique has been used to draw sample from the entire population. According to (Explorable, 2018) "Quota sampling is a non-probability sampling technique



## Governance and Management Review (GMR)

Vol.4, no.1, 2019

wherein the assembled sample has the same proportions of individuals as the entire population with respect to known characteristics, traits or focused phenomenon.” Table 4.2 below shows the detail of number and nature of companies selected from each subsector. Table 4.3 shows the response rates of each sub sector.

Table 4.1

*Quota sampling ratios of subsectors*

<b>Sub- Sectors</b>	<b>Sample drawn</b>	<b>Ratio of data collection</b>
1- Financial services	57	20.5 %
2- IT & communication services	55	19.8 %
3- Construction & architectural services	55	19.8 %
4- Transport services	55	19.8 %
5- Health & Medical services	56	20.1 %

Table 4.2

*Number and nature of selected companies*

<b>Sub sectors</b>	<b>Number of selected companies</b>	<b>Nature of Companies</b>
Financial services	8	6 banks & 2 insurance companies.
IT & communication services	4	2 telecom networks, 1 software house and 1 IT department of a university
Construction & architectural services	3	construction services companies
Transport services	4	3 courier services and 1 transport company for the bus services.
Health & Medical services	3	2 hospitals and 1 health & nutrition service department of a company.

Table 4.3

*Response rates*

<b>Sub sectors</b>	<b>Response rate</b>
1- Financial services	75.3%
2- IT & communication services	63.9%,
3- Construction & architectural services	80.8%
4- Transport services	73.0%

5- Health & Medical services	52.3%.
<b>Total response rate</b>	<b>67.4%.</b>

## Measures

**Transformational leadership:** 20 item scale of MLQ (Multifactor leadership Questionnaire) designed by Bass & Avolio (1997) has been used to measure the transformational leadership. The measurement scale then categorized into four dimensions. Idealized influence- consists 8 items while the inspirational motivation, intellectual stimulation and individualized consideration consisting of 4 items. Cronbach's alpha of this scale is  $\alpha = .889$

**Psychological empowerment:** 12 item scale of Spreitzer (1995) has been used to measure psychological empowerment which is classified into four dimensions (Meaning, Competence, Self-determination, and Impact) and each dimension having the 3 items. Cronbach's alpha of this scale is  $\alpha = .773$

**Proactive work behavior:** Proactive work behavior's three dimensions (personal initiatives, taking charge and voice) were measured using 23 items. Personal initiative was measured through 7 item scales of Frese et al., (1997. Morrison & Phelps (1999) 10 items scale was used to measure second dimension (Taking charge). 6 items scale of LePine, & Van Dyne, L. (1998) used to measure voice dimension. Cronbach's alpha of this scale is  $\alpha = .831$

## Results and discussions

### Results

Table 5.1

*Frequencies of Demographic Variables*

<b>Age</b>	<b>Frequency</b>
20-30 years	129
30-40 years	103
More than 40 years	46
<b>Gender</b>	
Male	206
Female	72
<b>Tenure under the current leader</b>	
6-8 months	62
8 months – 1.5 years	111
More than 1.5 years	105

Table 5.1 shows the frequencies of all the 3 demographic variables (Age, Gender and Tenure under the current leader). The age wise frequency of the sample showed that most of the respondents are young who are in between the age of 20-30 years and males respondents are more than the females that is fair enough in accordance with our society and organizational

environment. The third demographic of the sample provide more relevance in the way that those employees who spent more time with a leader can provide significant information about the role of the leader rather than those who worked for a lesser period of time.

Table 5.2 below presents the mean and standard deviation of variables and their dimensions

Table 5.2

*Descriptive Statistics of Variables and their dimensions*

<b>Variables</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Transformational leadership</b>	<b>3.43</b>	<b>.607</b>
Idealized Influence	3.39	.702
Inspirational Motivation	3.49	.700
Intellectual Stimulation	3.44	.764
Individualized Consideration	3.40	.776
<b>Psychological Empowerment</b>	<b>3.53</b>	<b>.511</b>
Meaning	3.66	.708
Competence	3.59	.701
Self-Determination	3.50	.725
Impact	3.39	.711
<b>Proactive Work Behavior</b>	<b>3.66</b>	<b>.432</b>
Personal Initiative	3.65	.573
Voice	3.68	.519
Taking Charge	3.66	.505

Table 5.3

*Correlation Analysis*

<b>Variables</b>	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1. Transformational Leadership</b>	1.00												
2. Idealized Influence	.787**												
3. Inspirational Motivation	.820**	.541**											
4. Intellectual Stimulation	.857**	.572**	.607**										
5. Individualized Consideration	.832**	.506**	.577**	.632**									
<b>6. Psychological Empowerment</b>	.213**	.201**	.185**	.176**	.145*								
7. Meaning	.261**	.173**	.246**	.244**	.199**	.680**							
8. Competence	.135*	.142*	.094	.108	.103	.755**	.382**						
9. Self-Determination	.124*	.201**	.092	.067	.056	.761**	.318**	.485**					
10. Impact	.093	.061	.100	.087	.061	.677**	.258**	.312**	.375**				
<b>11. Proactive Work Behavior</b>	.233**	.186**	.191**	.242**	.152*	.547**	.412**	.354**	.374**	.434**			
12. Personal Initiatives	.187**	.136*	.143*	.233**	.112	.468**	.396**	.382**	.203**	.368**	.828**		
13. Voice	.152*	.128*	.113	.146*	.114	.472**	.338**	.307**	.352**	.359**	.809**	.498**	
14. Taking Charge	.231**	.190**	.211**	.217**	.147*	.389**	.261**	.159**	.366**	.328**	.796**	.481**	.483**

Correlations between all the variables and their dimensions are presented in the table 5.3 above. All the four dimensions of transformational leadership (idealized influence, inspirational motivation, intellectual stimulation and individualized consideration) are statistically significant at .05 levels (\*\*). Psychological empowerment and its dimensions (meaning, competence, self determination and impact) are showing positive correlation at .01 and .05 level (\*, \*\*). Proactive work behavior along with its dimensions (personal initiatives, voice and taking charge) are statistically significant at .05 and .01 (\*\*, \*) level of significance.

**Regression Analysis:**

Before running regression normality test has been performed and found unstandardized residuals ranged from .050 to .829. Durbin Watson test has been performed to check autocorrelation and found values ranged from 1.513 to 1.768 and to check multicollinearity, VIF observed and found VIF value below 10. Thus all the assumptions of regression have been fulfilled. Results of the regression are presented in the table 5.4.

Table 5.4  
*Regression Analysis*

Hypotheses	Linkages in model	R <sup>2</sup>	β value	t value	Sig
<b>H1</b>	<b>TL</b> → <b>PSY-EM</b>	<b>.045</b>	<b>.180</b>	<b>3.62</b>	<b>.000</b>
H1(a)	<b>I</b> → PSY-EM	.040	.147	3.41	.001
H1 (b)	<b>IM</b> → PSY-EM	.034	.135	3.12	.002
H1 (c)	<b>IS</b> → PSY-EM	.031	.118	2.96	.003
H1 (d)	<b>IC</b> → PSY-EM	.021	.096	2.44	.015
<b>H2</b>	<b>PSY-EM</b> → <b>PWB</b>	<b>.299</b>	<b>.463</b>	<b>10.86</b>	<b>.000</b>
H2(a)	Meaning → PWB	.169	.251	7.50	.000
H2 (b)	Competence → PWB	.125	.218	6.28	.000
H2 (c)	<b>SD</b> → PWB	.140	.223	6.69	.000
H2 (d)	Impact → PWB	.188	.264	7.99	.000
<b>H3</b>	<b>TL</b> → <b>PWB</b>	<b>.055</b>	<b>.166</b>	<b>3.89</b>	<b>.000</b>
H3(a)	<b>I</b> → PWB	.034	.114	3.13	.002
H3 (b)	<b>IM</b> → PWB	.036	.118	3.22	.001
H3 (c)	<b>IS</b> → PWB	.058	.137	4.13	.000
H3 (d)	<b>IC</b> → PWB	.023	.085	2.56	.011

Results show that transformational leadership and its 4 dimensions positively influences psychological empowerment thus proving the hypothesis H1, H1 (a), H1 (b), H1 (c) and H1 (d). As far as the values of β is concerned, the impact of “idealized influence” is found to be highest on psychological empowerment whereas as that of “individualized consideration” is relatively lesser among all four dimensions on psychological empowerment.

Psychological empowerment is positively and significantly associated to proactive work behavior ( $\beta = .463$ ,  $p < .001$ ) and the 4 dimensions of psychological empowerment, Meaning ( $\beta = .251$ ,  $p < .001$ ), Competence ( $\beta = .218$ ,  $p < .001$ ), Self-Determination ( $\beta = .223$ ,  $p < .001$ ) and Impact ( $\beta = .264$ ,  $p < .001$ ) thus proving the hypothesis H2 (a), H2 (b), H2 (c) and H2 (d)

Transformational leadership is also found to be positively influencing proactive work behavior ( $\beta = .166$ ,  $p < .001$ ) and 4 dimensions i.e. Idealized influence ( $\beta = .114$ ,  $p < .005$ ) Inspirational motivation ( $\beta = .118$ ,  $p < .005$ ) Intellectual Stimulation ( $\beta = .137$ ,  $p < .005$ ) and individualized consideration ( $\beta = .085$ ,  $p < .05$ ) thus proving the hypothesis H3 (a), H3 (b), H3 (c) and H3 (d).

**Mediation Analysis:** To test mediation Hyes process of macro plug in has been used. Results have shown that the total effect of transformational leadership on proactive work behavior is .166. Out of which the direct effect of transformational leader on proactive work behavior without any mediator is .087 and the indirect effect of transformational leadership on proactive work behavior with the induction of mediator psychological empowerment is .079.

## **Discussion**

Results of the study betrayed that transformational leadership evokes the state of Psychological empowerment among the employees that is consistent with the results of the previous studies (Zhu et al., 2012; Avolio et al, 2004; Dust et al., 2013; Afsar, Badir& Saeed, 2014).

The impact of transformational leadership's four dimensions is positive except individualized consideration. One reason for this weak relation could be the difference of culture. Previous studies i.e. Zhu et al (2012) and Dust, Resick & Mawritz, (2013) are conducted in the western culture where employees are generally motivated by good organizational leadership whereas in Pakistan, employees do value compensations and rewards.

Furthermore as expected in the hypothesis, results showed that psychologically empowered employees are more oriented towards behaving proactively at workplace which is also consistent with the previous studies (Arefin, 2015; Searle, 2011). Moreover all the 4 dimension of psychological empowerment (Meaning, Competence, Self-Determination and Impact) are found positively impacting the proactive work behavior. Relatively the impact dimension is found to be more influential than the others which mean that followers show more proactive work behaviors when they feel that their efforts are impactful in the organization.

Further, the results provided enough evidence to claim that transformational leaders are more instrumental in making their followers behave proactively at the workplace, as the results are clearly showing the positive and significant relationship between them. These results are consistent with previous studies (Schmitt, Hartog & Belschak, 2016; Hartog & Belschak, 2012).

As far the mediation is concerned, findings have shown that psychological empowerment mediates the relationship between transformational leadership and proactive work behavior. So behaving proactively at the workplace requires that followers feel themselves psychologically empowered.

## **Implications and conclusion**

### **Implications**

This study provides useful implications for the organizations and the organizational leaders. Leaders need to understand that followers expect not only financial exchanges but also desire support and motivation from their leaders. Proactivity is highly demanded in today's world which cannot be achieved without realizing employees that they are psychologically empowered. Leaders who are short of time, should focus more on other three dimensions (II, IM and IS) rather to focus on individualized consideration which requires more time and effort. Moreover, organizations need to focus on the training of leaders as well. They need to organize managerial development programs in which they should train their leaders on the transformational leadership style. (Dvir et al., 2002) explained in their study that an effective leadership style can be learnt through training which helps the leaders to engage, support, motivate and encourage the followers.

### **Conclusion**

This study is an attempt to investigate the influence of transformational leadership on employees' proactive work behavior. The study used the mediation of psychological empowerment as the linking mechanism to explain the relationship between transformational leadership and proactive work behavior. Data of this empirical study was collected from the service sector of Lahore, Pakistan. Based on the theoretical and empirically supported arguments and theories, this hypothesized study builds upon 16 hypothesis including main hypothesis, sub hypothesis (those build upon dimensions of transformational leadership, psychological empowerment and proactive work behavior) and mediation (psychological empowerment) hypothesis. Results of this hypothesized study proved all the direct, indirect and sub hypothesis, as transformational leadership and its four dimensions (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration) positively influence psychological empowerment of the employees. Subsequently psychological empowerment showed a significant positive impact on the proactive behavior of employees. Thus study findings specify that by adopting transformational leadership style, leaders may indulge positivity in their employees in the form of enhanced psychological empowerment and in turn erect proactivity in the work behavior of employees. Based on the findings of the study, useful implications will be provided to the organizations and their leaders to enhance the psychological empowerment and ultimately proactive work behavior of the employees'.

### **Limitations and future research directions**

Data has been collected from the followers which might add some aspect of biasness. So collecting the data from the multisource can remove this biasness. Future researchers can collect the data on proactive work behaviors from both the followers and their supervisors or from the colleagues as well.

Different factors which might be treated as control variables such as education background, experience, personality type are the factors which must be considered. Future researchers should consider them and can use them as the control variables. Moreover the study also does not have any moderator. There exists lot of factors which might moderate this relationship. For example especially in Pakistani context compensation is a factor which might moderate this relationship, another factor could be followers identification with organization.

Future researchers may also perform comparative analysis by comparing the results of the 5 subsectors with one another which is missing in this study. Moreover, the study used only individual level proactive work behaviors. It would be highly significant if follow up researchers used other type of proactivity i.e. team level proactive behaviors or organizational level proactive behaviors in their studies. Lastly as this model used proactive work behaviors as the outcome variable, other researchers use other discretionary work behaviors in this model i.e. Innovative work behaviors, organization citizenship behavior.

## References

- [1] Ashford, S. J., Sutcliffe, K. M., Christianson, M. K. (2009). Speaking up and speaking out: The leadership dynamics of voice in organizations. In J. Greenberg & M. S. Edwards (Eds.), *Voice and silence in organizations* (pp.175-200). Retrieved from [https://scholar.google.com.pk/scholar?hl=en&as\\_sdt=0%2C5&q=Ashford%2C+Sutcliffe%2C+%26+Christianson%2C+2009&btnG=](https://scholar.google.com.pk/scholar?hl=en&as_sdt=0%2C5&q=Ashford%2C+Sutcliffe%2C+%26+Christianson%2C+2009&btnG=)
- [2] Afsar, B., Badir, Y. F., & Bin Saeed, B. (2014). Transformational leadership and innovative work behavior. *Industrial Management & Data Systems*, 114(8), 1270–1300. doi: <https://doi.org/10.1108/IMDS-05-2014-0152>
- [3] Ahmed, A., & Ahsan, H. (2011). *Contribution of services sector in the economy of Pakistan* (PIDE Working Paper No. 79). Retrieved from CORE website: <https://core.ac.uk/download/pdf/6503120.pdf>
- [4] Al-Husseini, S., & Elbeltagi, I. (2016). Transformational leadership and innovation: A comparison study between Iraq's public and private higher education. *Studies in Higher Education*, 41(1), 159–181. doi: <https://doi.org/10.1080/03075079.2014.927848>
- [5] Alkahtani, A. (2015). Organizational citizenship behavior (OCB) and rewards. *International Business Research*, 8(4), 210–222. doi: <http://dx.doi.org/10.5539/ibr.v8n4p210>
- [6] Amabile, T. M., Conti, R., Coon, H., Lazenby, J., & Herron, M. (1996). Assessing the work environment for creativity. *Academy of Management Journal*, 39(5), 1154-1184. doi: 10.2307/256995
- [7] Arefin, M. S., Arif, I., & Raquib, M. (2015). High-performance work systems and proactive behavior: The mediating role of psychological empowerment. *International Journal of Business and Management*, 10(3), 132–140. doi: <http://dx.doi.org/10.5539/ijbm.v10n3p132>
- [8] Avolio, B. J., Zhu, W., Koh, W., & Bhatia, P. (2004). Transformational leadership and organizational commitment: Mediating role of psychological empowerment and moderating role of structural distance. *Journal of Organizational Behavior*, 25(8), 951–968. doi: 10.1002/job.283
- [9] Aydogmus, C., Camgoz, S. M., Ergeneli, A., & Ekmekci, O. T. (2017). Perceptions of transformational leadership and job satisfaction: The roles of personality traits and psychological empowerment. *Journal of Management & Organization*, 1–27. doi:10.1017/jmo.2016.59
- [10] Bashir, M., Jianqiao, L., Abrar, M., & Ghazanfar, F. (2012). The organization's cultural values: A study of public sector universities in Pakistan. *African Journal of Business Management*, 6(10), 3686–3693. Doi: 10.5897/AJBM11.2677
- [11] Bass, B. M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.



- [12] Bass, B. M. (1999). On the taming of charisma: A reply to Janice Beyer. *Leadership Quarterly*, 10, 541–553.
- [13] Becherer, R. C., & Maurer, J. G. (1999). The proactive personality disposition and entrepreneurial behavior among small company presidents. *Journal of Small Business Management*, 37(1), 28–36.
- [14] Bass, B. M., & Avolio, B. J. (1997). *Full range of leadership: Manual for the Multi-factor Leadership Questionnaire*. Palo Alto, CA: Mind Garden.
- [15] Belschak, F., & Hartog, D. (2010). Being proactive at work—blessing or bane?. *The Psychologist*, 23(11), 886–889.
- [16] Bharwani, S., & Jauhari, V. (2013). An exploratory study of competencies required to co-create memorable customer experiences in the hospitality industry. *International Journal of Contemporary Hospitality Management*, 25(6), 823–843. doi: <https://doi.org/10.1108/IJCHM-05-2012-0065>
- [17] Bolino, M., Valcea, S., & Harvey, J. (2010). Employee, manage thyself: The potentially negative implications of expecting employees to behave proactively. *Journal of Occupational and Organizational Psychology*, 83(2), 325–345. doi: 10.1348/096317910X493134
- [18] Braun, S., Peus, C., Weisweiler, S., & Frey, D. (2013). Transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust. *The Leadership Quarterly*, 24(1), 270–283. doi: <https://doi.org/10.1016/j.leaqua.2012.11.006>
- [19] Cha, J., Kim, S. J., Beck, J., & Knutson, B. J. (2017). Predictors of career success among lodging revenue managers: Investigating roles of proactive work behaviors. *International Journal of Hospitality & Tourism Administration*, 18(4), 474–490. doi: <https://doi.org/10.1080/15256480.2017.1305307>
- [20] Conger, J. A., & Kanungo, R. N. (1988). The empowerment process: Integrating theory and practice. *Academy of Management Review*, 13(3), 471–482. doi: 10.5465/AMR.1988.4306983
- [21] Crant, J. M. (2000). Proactive behavior in organizations. *Journal of Management*, 26(3), 435–462. doi: <https://doi.org/10.1177/014920630002600304>
- [22] Deci, E. L., Connell, J. P., & Ryan, R. M. (1989). Self-determination in a work organization. *Journal of Applied Psychology*, 74, 580–590. doi: <http://dx.doi.org/10.1037/0021-9010.74.4.580>
- [23] Deluga, R. J. (1998). Leader-member exchange quality and effectiveness ratings: The role of subordinate-supervisor conscientiousness similarity. *Group and Organization Management*, 23(2), 189–216. doi: <https://doi.org/10.1177/1059601198232006>
- [24] Den Hartog, D. N., & Belschak, F. D. (2012). When does transformational leadership enhance employee proactive behavior? The role of autonomy and role breadth self-efficacy. *Journal of Applied Psychology*, 97(1), 194–202. doi:10.1037/a002490
- [25] Dong, Y., Bartol, K. M., Zhang, Z. X., & Li, C. (2017). Enhancing employee creativity via individual skill development and team knowledge sharing: Influences of dual-focused

transformational leadership. *Journal of Organizational Behavior*, 38(3), 439–458. doi: 10.1002/job.2134

- [26] Dust, S. B., Resick, C. J., & Mawritz, M. B. (2014). Transformational leadership, psychological empowerment, and the moderating role of mechanistic–organic contexts. *Journal of Organizational Behavior*, 35(3), 413–433. doi: 10.1002/job.1904
- [27] Dvir, T., Eden, D., Avolio, B. J., & Shamir, B. (2002). Impact of transformational leadership on follower development and performance: A field experiment. *Academy of Management Journal*, 45(4), 735–744. doi: 10.2307/3069307
- [28] Explorable.com (Sep 1, 2009). Quota sampling. Retrieved Nov 20, 2018 from Explorable.com: <https://explorable.com/quota-sampling>
- [29] Frese, M., Kring, W., Soose, A., & Zempel, J. (1996). Personal initiative at work: Differences between East and West Germany. *Academy of Management Journal*, 39(1), 37–63. doi: 10.2307/256630
- [30] Givens, R. J. (2008). Transformational leadership: The impact on organizational and personal outcomes. *Emerging Leadership Journeys*, 1(1), 4–24.
- [31] Grant, A. M., & Ashford, S. J. (2008). The dynamics of proactivity at work. *Research in Organizational Behavior*, 28, 3–34. doi: <https://doi.org/10.1016/j.riob.2008.04.002>
- [32] Henker, N., Sonnentag, S., & Unger, D. (2015). Transformational leadership and employee creativity: the mediating role of promotion focus and creative process engagement. *Journal of Business and Psychology*, 30(2), 235–247. doi: <https://doi.org/10.1007/s10869-014-9348-7>
- [33] Hiller, N. J., DeChurch, L. A., Murase, T., & Doty, D. (2011). Searching for outcomes of leadership: A 25-year review. *Journal of Management*, 37(4), 1137–1177. doi: <https://doi.org/10.1177/0149206310393520>
- [34] Homans, G. C. (1958). Social behavior as exchange. *American Journal of Sociology*, 63(6), 597–606.
- [35] Hornung, S., & Rousseau, D. M. (2007). Active on the job—proactive in change: How autonomy at work contributes to employee support for organizational change. *The Journal of Applied Behavioral Science*, 43(4), 401–426. doi: <https://doi.org/10.1177/0021886307307555>
- [36] Jong, A. D., & De Ruyter, K. (2004). Adaptive versus proactive behavior in service recovery: The role of self-managing teams. *Decision Sciences*, 35(3), 457–491. doi: 10.1111/j.0011-7315.2004.02513.x
- [37] Joo, B. K. B., & Lim, T. (2013). Transformational leadership and career satisfaction: The mediating role of psychological empowerment. *Journal of Leadership & Organizational Studies*, 20(3), 316–326. doi: <https://doi.org/10.1177/1548051813484359>
- [38] Kang, Y. J., Lee, J. Y., & Kim, H. W. (2017). A psychological empowerment approach to online knowledge sharing. *Computers in Human Behavior*, 74, 175–187. doi: <https://doi.org/10.1016/j.chb.2017.04.039>

- [39] Kanter R. M. (1977). Men and women of the corporation. New York: Basic Books
- [40] Kark, R., Shamir, B., & Chen, G. (2003). The two faces of transformational leadership: Empowerment and dependency. *Journal of Applied Psychology*, 88(2), 246–255. doi: <http://dx.doi.org/10.1037/0021-9010.88.2.246>
- [41] Krishnan, V. R. (2005). Transformational leadership and outcomes: Role of relationship duration. *Leadership & Organization Development Journal*, 26(6), 442–457. doi: <https://doi.org/10.1108/01437730510617654>
- [42] Lee, A. N., & Nie, Y. (2017). Teachers' perceptions of school leaders' empowering behaviors and psychological empowerment: Evidence from a Singapore sample. *Educational Management Administration & Leadership*, 45(2), 260–283. doi: <https://doi.org/10.1177/1741143215578448>
- [43] Liu, J., Siu, O. L., & Shi, K. (2010). Transformational leadership and employee well-being: The mediating role of trust in the leader and self-efficacy. *Applied Psychology*, 59(3), 454–479. doi: 10.1111/j.1464-0597.2009.00407.x
- [44] Morrison, E. W. (1993). Newcomer information seeking: Exploring types, modes, sources, and outcomes. *Academy of Management Journal*, 36(3), 557–589. doi: 10.2307/256592
- [45] Morrison, E. W., & Phelps, C. C. (1999). Taking charge at work: Extra role efforts to initiate workplace change. *Academy of Management Journal*, 42(4), 403–419. doi: 10.2307/257011
- [46] Mullen, J., Kelloway, E. K., & Teed, M. (2017). Employer safety obligations, transformational leadership and their interactive effects on employee safety performance. *Safety Science*, 91, 405–412. doi: <https://doi.org/10.1016/j.ssci.2016.09.007>
- [47] Nguyen, T. T., Mia, L., Winata, L., & Chong, V. K. (2017). Effect of transformational leadership style and management control system on managerial performance. *Journal of Business Research*, 70, 202-213. doi: <https://doi.org/10.1016/j.jbusres.2016.08.018>
- [48] Parker, S. K., & Wu, C. H. (2014). *Leading for proactivity: How leaders cultivate staff that make things happen*. Oxford University Press.
- [49] Parker, S. K., Williams, H. M., & Turner, N. (2006). Modeling the antecedents of proactive behavior at work. *Journal of applied psychology*, 91(3), 636–652. doi: <http://dx.doi.org/10.1037/0021-9010.91.3.636>
- [50] Pearce, C. L., Sims Jr, H. P., Cox, J. F., Ball, G., Schnell, E., Smith, K. A., & Trevino, L. (2003). Transactors, transformers and beyond: A multi-method development of a theoretical typology of leadership. *Journal of Management development*, 22(4), 273–307.
- [51] Podsakoff, P. M., MacKenzie, S. B., Moorman, R. H., & Fetter, R. (1990). Transformational leader behaviors and their effects on followers' trust in leader, satisfaction, and organizational citizenship behaviors. *The Leadership Quarterly*, 1(2), 107–142.
- [52] Salman, M. (2015). Hofstede dimensions of culture: A brief comparison of Pakistan and New Zealand. Available at SSRN: <https://ssrn.com/abstract=2702787>

- [53] Schmitt, A., Den Hartog, D. N., & Belschak, F. D. (2016). Transformational leadership and proactive work behavior: A moderated mediation model including work engagement and job strain. *Journal of Occupational and Organizational Psychology*, 89(3), 588–610. doi: 10.1111/joop.12143
- [54] Searle, T. P. (2011). *A multilevel examination of proactive work behaviors: Contextual and individual differences as antecedents* (Doctoral dissertation). Retrieved from <https://search.proquest.com/docview/864034893?pq-origsite=gscholar>
- [55] Shalley, C. E., & Gilson, L. L. (2004). What leaders need to know: A review of social and contextual factors that can foster or hinder creativity. *The Leadership Quarterly*, 15(1), 33–53. doi: <https://doi.org/10.1016/j.leaqua.2003.12.004>
- [56] Shamir, B., House, R. J., & Arthur, M. B. (1993). The motivational effects of charismatic leadership: A self-concept based theory. *Organization Science*, 4(4), 577–594. doi: <https://doi.org/10.1287/orsc.4.4.577>
- [57] Sharifirad, M. S. (2013). Transformational leadership, innovative work behavior, and employee well-being. *Global Business Perspectives*, 1(3), 198–225. doi: <https://doi.org/10.1007/s40196-013-0019-2>
- [58] Sims, H. P., & Manz, C. C. (1996). *Company of heroes: Unleashing the power of self-leadership*. New York, NY: Wiley.
- [59] Sosik, J. J., & Cameron, J. C. (2010). Character and authentic transformational leadership behavior: Expanding the ascetic self toward others. *Consulting Psychology Journal: Practice and Research*, 62(4), 251–269. doi: <http://dx.doi.org/10.1037/a0022104>
- [60] Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, measurement, and validation. *Academy of Management Journal*, 38(5), 1442–1465. doi: 10.2307/256865
- [61] Spreitzer, G. M., Kizilos, M. A., & Nason, S. W. (1997). A dimensional analysis of the relationship between psychological empowerment and effectiveness satisfaction, and strain. *Journal of Management*, 23(5), 679–704. doi: [https://doi.org/10.1016/S0149-2063\(97\)90021-0](https://doi.org/10.1016/S0149-2063(97)90021-0)
- [62] Strauss, K., Griffin, M. A., & Rafferty, A. E. (2009). Proactivity directed toward the team and organization: The role of leadership, commitment and role-breadth self-efficacy. *British Journal of Management*, 20(3), 279–291. doi: 10.1111/j.1467-8551.2008.00590.x
- [63] Thomas, K. W., & Velthouse, B. A. (1990). Cognitive elements of empowerment: An “interpretive” model of intrinsic task motivation. *Academy of Management Review*, 15(4), 666–681. doi: 10.5465/AMR.1990.4310926
- [64] Van Dyne, L., & LePine, J. A. (1998). Helping and voice extra-role behaviors: Evidence of construct and predictive validity. *Academy of Management Journal*, 41(1), 108–119. doi: 10.2307/256902
- [65] Wang, G., Oh, I. S., Courtright, S. H., & Colbert, A. E. (2011). Transformational leadership and performance across criteria and levels: A meta-analytic review of 25 years of

research. *Group & Organization Management*, 36(2), 223–270. doi:

<https://doi.org/10.1177/1059601111401017>

[66] Wang, X.-H., & Howell, J. M. (2010). Exploring the dual-level effects of transformational leadership on followers. *Journal of Applied Psychology*, 95(6), 1134–1144. doi: <http://dx.doi.org/10.1037/a0020754>

[67] Warner, G. J., Fay, D., & Spörer, N. (2017). Relations among personal initiative and the development of reading strategy knowledge and reading comprehension. *Frontline Learning Research*, 5(2), 1–23.

[68] Wu, C. H., & Parker, S. K. (2017). The role of leader support in facilitating proactive work behavior: A perspective from attachment theory. *Journal of Management*, 43(4), 1025–1049. doi: <https://doi.org/10.1177/0149206314544745>

[69] Zhu, W., Sosik, J. J., Riggio, R. E., & Yang, B. (2012). Relationships between transformational and active transactional leadership and followers' organizational identification: The role of psychological empowerment. *Journal of Behavioral and Applied Management*, 13(3), 186–212.