

UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIP BETWEEN
EMPLOYEE INVOLVEMENT,
PSYCHOLOGICAL
EMPOWERMENT, AND ATTITUDE
TOWARDS ORGANIZATIONAL
CHANGE IN MALAYSIAN
GOVERNMENT-LINKED
COMPANIES (GLCs)**

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ABSTRACT

This research examined how employees in Malaysian GLCs perceived employee involvement, as well as their attitude towards organizational change. In addition, the relationship between employee involvement, psychological empowerment, and attitude towards organizational change was also examined. A mediation model was derived to further test whether psychological empowerment mediated the relationship between employee involvement and attitude towards organizational change. A convenience sample of employees was attained from seven Malaysian GLCs located across the Klang Valley. These GLCs were involved in a diverse range of industries which includes banking, telecommunication, utility, construction, plantation and automotive. A survey questionnaire which consisted of a (1) demographic profile, (2) Power, Information Sharing, Performance-Based Rewards, and Training Scale (PISPT), (3) Psychological Empowerment (PE) Scale, and (4) Attitude towards Change (ATC) Scale, was used to collect data. With a usable sample size of 313, it was found through descriptive statistics that overall, the employees in Malaysian GLCs had a positive perception of employee involvement and also attitude towards organizational change. Through inferential statistics in the form of correlation, regression, and bootstrapping method, the empirical results provided strong support for the positive relationship between employee involvement, psychological empowerment, and attitude towards organizational change. The results also supported the mediating role of psychological empowerment in the relationship between employee involvement and attitude towards organizational change. It is suggested that future research further test the conceptual framework utilized in the current study by utilizing longitudinal data to analyze the variables over a period of time, specifically, before and after the implementation of a specific organizational change initiative. Furthermore, organizational researcher could perhaps obtain qualitative data as a means to provide a deeper insight on the phenomena. Lastly, future study could opt to study specific attitude towards organizational, as opposed to a general attitude towards organizational change which the current study has focused on. The current study contributes to not only the literature, but also to the improvement of policy and practices to drive performance in Malaysian GLCs. From a theoretical standpoint, this research has provided empirical support on the mediating role of psychological empowerment, specifically between the relationship of employee involvement and attitude towards organizational change. In terms of attitude theory, this study has provided support on the uni-dimensional model of attitude towards organizational change. Also, this study further extends the validity of Kanter's structural empowerment theory, as well as Lawler's employee involvement model in a non-western context.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Change is necessary if a company wants to stay relevant in an increasingly competitive business environment. Scholars have argued that organizational change is a necessity for the very survival and prosperity of an organization (Carter, Armenakis, Field & Mossholder, 2013). The changes in organization may take from the simplest form of change to the most complex form of change. These changes, however, simply do not happen in a vacuum. The heart of any organizational change, large or small, is the people in the organization. The change need to occur in the mind, behavior or even motivation of the people in the organization before the structural, process or transformational change can take place. As the country prepares to become a developed nations as envisioned in Vision 2020 changes in many forms are inevitable.

One of the strategic objective of Vision 2020 introduced by former Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad, called for the creation of a competitive economy that was backed by a modern and mature agriculture, industrial and service sector. Tan and Nasurdin (2010) argued that in order to bring Malaysian firms to a higher level of competitiveness, there was a dire need to change the underlying economic model, from a labor-intensive model to a knowledge-intensive model, in which the latter emphasized on high value-added activities. As further elaborated by the fifth Prime Minister of Malaysia, Tun Abdullah Haji Ahmad Badawi:

“Realising Vision 2020 will require us to push ourselves in ways we never imagined. We will need to dig deep into our reserves, we will need strength of the mind, body and spirit. We will need wisdom, courage and tenacity. We will need to have the clearest of vision and be focused on achieving the goals and on climbing the summit to success. We will need to extract maximum value, and achieve maximum performance, in all that we do. That is why I have always spoken about the need to achieve excellence, glory and distinction. That is why I have spoken on the need to build first-class mentality in the country, to optimize the use