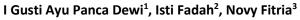
### Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504 Volume 07 Issue 10 October 2024 Article DOI: 10.47191/jefms/v7-i10-52, Impact Factor: 8.044 Page No: 6585-6591

### Mediation of Organizational Commitment: The Relationship Between Employee Empowerment and Employee Performance



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**ABSTRACT:** This study aims to analyze the effect of employee empowerment on employee productivity by considering the mediating role of organizational commitment. Employee empowerment is widely acknowledged as a crucial approach that enhances employee motivation, engagement, and performance. In addition, organizational commitment also contributes significantly to enhanced efficiency. This research was conducted at Fitness Plus Denpasar City using quantitative methods and involving 60 respondents through the census technique. Data was gathered through a survey and evaluated using the PLS technique. The results showed that employee empowerment has a notable and beneficial impact on the dedication and productivity of employees. However, organizational commitment has no significant effect on employee performance and does not act as a go-between when it comes to the correlation between empowering workers and their productivity. These results indicate that employee performance improvement occurs directly through employee empowerment without the mediating role of organizational commitment. This research provides important implications for organizational management to focus more on employee empowerment strategies to improve performance without relying too much on organizational commitment as a mediating factor. Future research is recommended to expand the scope of variables and use a longitudinal approach to dig deeper into the long-term effects of employee empowerment.

KEYWORDS: employee empowerment, employee performance, organizational commitment

#### I. INTRODUCTION

In the modern business world, employee empowerment has become one of the important strategies widely adopted by companies to improve organizational performance. This approach gives greater autonomy to employees in their decision-making and work responsibilities. Faced with challenges such as rapid technological development and the need to adapt to a dynamic business environment, employee empowerment is becoming increasingly relevant. A highly empowered workforce is more likely to take the initiative to solve problems in novel ways and make significant contributions to the accomplishment of organizational objectives (Sejfijaj et al., 2019).

In addition to providing autonomy, empowering employees also makes them feel like they have a significant impact on the organization's trajectory and prosperity. This not only motivates employees to take initiatives and seek innovative solutions, but also increases their sense of responsibility towards achieving organizational goals. Empowered employees have a greater passion for work and are more emotionally involved with the organization. Therefore, employee empowerment is recognized as one of the important strategies for improving employee performance.

In addition to providing autonomy, empowering employees also makes them feel like they play a significant part in deciding the organization's trajectory and level of success. This not only motivates employees to take initiatives and seek innovative solutions, but also increases their sense of responsibility towards achieving organizational goals. Empowered employees have a greater passion for work and are more emotionally involved with the organization. Therefore, empowering workers is acknowledged as a key tactic for enhancing productivity on the job.

Employee performance itself can be defined as the achievement obtained by individuals based on the tasks assigned to them (Astusti et al., 2018). Meanwhile, Siswanto et al. (2023) revealed that employee performance is the result of a complex interaction



of various factors, so it is important for organizations to understand these dynamics in order to achieve optimal results. Improved employee performance not only has an impact on individuals but also makes a positive contribution to the stability and sustainability of the company in achieving the goals set.

Research by Islam et al. (2021), Hapsari et al. (2021), Tebitendwa & Martyss (2022), Sejfijaj et al. (2020), and also Agustina et al. (2021), among others, discovered that empowering workers leads to better output from those workers. This contradicts the findings of Ashok (2019), who discovered that empowering workers greatly enhanced productivity.

In addition to employee empowerment, organizational commitment also plays an important role in improving employee performance. Organizational commitment is a state in which employees show loyalty and attachment to organizational goals and desire to remain part of the organization (Robbins & Judge, 2012). This commitment is not just passive loyalty but an active relationship that makes employees more involved in their work (Hendri, 2023). Improving performance is a direct result of personnel having strong emotional and psychological ties to the company. Enhancing employee performance calls for a holistic strategy that takes into account more than just dedication (Permadi et al., 2024). Highly committed employees not only support the organization's goals but also show a desire to keep contributing in the long run.

A number of other studies have found a correlation between employee empowerment and organizational commitment; for example, Limpanitgul et al. (2017), Khan & Siddiqui (2019), Humborstad (2021), Alkahtani et al. (2021), Frimpong et al. (2024), and Murry & Holmes (2022) drew similar conclusions.

Research by Awais & Ali (2021), Rembet et al. (2020), Jiatong et al. (2021), Azmi (2023), Hendri (2023), Uddin et al. (2018), and Yan et al. (2023) is just a few studies that have found a connection between organizational commitment and employee performance. This demonstrates that workers who are very invested in their jobs are more likely to deliver excellent results.

The fitness center industry faces a huge challenge to deliver quality services while ensuring that their employees, especially trainers and customer service staff, feel valued and motivated. However, in an effort to empower employees, Fitness Plus Denpasar management provides opportunities for staff to participate in daily operational decision-making, such as planning training programs or solving operational problems. However, some employees rejected these additional responsibilities, mainly because they felt the company had not optimally provided adequate training for the extra responsibilities. As a result, their performance declined due to dissatisfaction and resistance to this policy change.

There have been a lot of studies in advance related to employee empowerment and organizational commitment to employee performance but showcase a range of exploration findings. Referring to the phenomenon and differences in these results, this study aims to further explain the effect of employee empowerment on employee performance by paying attention to the mediating role of organizational commitment at Fitness Plus in Denpasar City.

#### **II. LITERATURE REVIEW**

#### **Social Exchange Theory**

The theory of social exchange explains that the relationship between individuals in organizations is based on the principles of mutually beneficial exchange. Blau (1964) explains that in the context of the empowerment of workers, employee empowerment is considered a form of investment given by the organization to employees, which employees are expected to return with improved performance and organizational commitment. This principle is based on the basic concept that employees feel encouraged to reciprocate empowerment with better performance because they feel valued and recognized by the organization. Homans (1958) adds that human behavior in organizations can be understood as part of a social exchange, where each individual acts determined by the computation of the benefits and costs they receive. Thus, empowered employees tend to respond with more contributions in the form of improved performance upon receipt of the trust and autonomy that the company offers. Cropanzano & Mitchell (2005) reinforce this view by pointing out that employee empowerment is a form of positive social exchange between employees and organizations, where both benefit from the relationship. The implementation of empowerment creates a mutually supportive relationship, as a result of which employee performance and loyalty to the organization.

#### **Employee Performance**

Mangkunegara (2013) claims that performance is the amount and quality of work that an employee accomplishes while fulfilling his job responsibilities. Meanwhile, Sedarmayanti (2011) maintains that the term performance can refer to the actions of an individual, a management process, or the entire organization, and that the outcomes of these actions must be quantifiable and observable in comparison to established benchmarks. Furthermore, according to Permadi et al. (2024), performance encompasses all the outcomes or accomplishments demonstrated by an individual in carrying out their duties over a specific time frame. These outcomes can include things like work completion, target attainment, goal attainment, or performance benchmarks that are jointly

established. The indicators of performance of employees in this research include work quality, quantity of labor, timeliness, work effectiveness, independence, and desire to develop.

#### **Organizational Commitment**

According to Moorhead & Griffin (2015), organizational commitment is a mindset that shows how much a person values and is connected to their organization. Meanwhile, Robbins & Judge (2015) define commitment as a situation where a person chooses to align themselves with the organization's objectives and aims in order to sustain their participation as an organization member. The indicators of organizational commitment in this study are three types of commitment: emotional, continuance, and normative.

#### **Employee Empowerment**

According to Hendri (2023), employee empowerment is a process in which workers are provided with the power, responsibility, and freedom to make decisions related to their job duties. According to Murry & Holmes (2022), employee empowerment constitutes a procedure in which employees are given the power, autonomy, and responsibility to make decisions that affect their work. This empowerment aims to raise staff motivation, job satisfaction, and performance and create improved morale and efficiency in the workplace. It aims to increase the sense of ownership and responsibility for work results. The signs that in this research, the empowerment of employees is decision-making authority, autonomy in work, recognition and appreciation, access to resources, training and development, and involvement in decision-making.

In light of the background, literature review and research results, the following hypothesis can be prepared:

- H1: Employee empowerment has a positive effect on employee performance
- H2: Employee empowerment has a positive effect on organizational commitment
- H3: Organizational commitment has a positive effect on employee performance
- H4: Organizational commitment mediates the effect of employee empowerment on employee performance.

#### **III. RESEARCH METHOD**

The empowerment of employees is the exogenous variable in this study, with organizational commitment serving its role as a moderator. Employee performance is the endogenous variable. This study used a quantitative approach, drawing from a pool of sixty participants drawn at random from the staff of Fitness Plus Denpasar City. All respondents were asked to fill out questionnaires, which allowed for the collection of data. The researchers in this study tested their hypothesis using path analysis. The Partial Least Square (PLS) method was employed to evaluate the data because it is applicable to all scales of data, has few assumptions, and does not require a large sample size. It can also be used to confirm theories (Solimun, 2008; Ghozali, 2009; Hair et al., 2006). To verify the study's findings with the help of SmartPLS 3.2.9. The outcomes of the analysis are evaluated once the data has been tested, taking into account both theoretical review and actual evidence. After that, you should think about what you've learned and offer some suggestions for future studies.

#### **IV. RESULTS AND DISCUSION**

#### Goodness of Fit Test Results (R<sup>2</sup>)

Organizational commitment (OC) and employee performance (EP) are the two concepts examined in this study. Lathan & Ghozali (2012) defined a strong model as having an R<sup>2</sup> value of 0.67, a moderate model as having an R<sup>2</sup> value of 0.33, and a weak model as having an R<sup>2</sup> value of 0.19. Look at Table 1 down below to see the R<sup>2</sup> value for the construct variable.

#### Table 1. R-Square (R<sup>2</sup>) Value

Construct	R Square	R Square Adjusted	
EP	0.672	0.661	
OC	0.309	0.297	

A high R-square value of 0.672 for worker performance indicates that the model of corporate commitment and employee empowerment is a powerful explanatory tool. Having an R-square score this high indicates that the model is a strong predictor. While organizational dedication is characterized by an R-square index value of 0.309, the model of the influence of compensation and competence is moderate.

#### Predictive Relevance Test Results (Q<sup>2</sup>)

The model's strength and weakness criteria, as measured by Lathan & Ghozali (2012), state the following regarding Q2: 0.35 indicates a strong model, 0.15 indicates a moderate model, and 0.02 indicates a weak model. The calculation yields a Q2 value of

0.436 for employee performance and 0.227 for organizational commitment, indicating a robust model. The Q2 values for these variable constructs are presented in Table 2 below.

Construct	SSO	SSE	Q <sup>2</sup> (=1-SSE/SSO)
EE	360.000	360.000	
EP	360.000	203.073	0.436
OC	180.000	139.184	0.227

#### Table 2. Q-Square Predictive Relevance (Q<sup>2</sup>) Value

#### **Direct Effect Test**

The next critical step is to determine if the variables are directly related to one another. If there are no mediating factors, this phase will help find out if one variable effects another. Below, in Table 3, you can see the test results.

Construct	Original Somalo (O)	Sample Mean (M)	Standard Deviation	T Statisti	cs P Values
	Original Sample (O)		(STDEV)	( O/STDEV )	P values
EE -> EP	0.643	0.621	0.135	4.747	0.000
EE -> OC	0.556	0.575	0.079	7.047	0.000
OC -> EP	0.264	0.295	0.146	1.811	0.071

#### **Table 3. Direct Effect Test Results**

The findings presented in Table 3 indicate that the variable of employee empowerment exerts a significant influence on organizational commitment, evidenced by a t statistic value of 7.047 and a p value of 0.000. The influence of employee empowerment on performance is substantial, evidenced by a t statistic value of 4.747 and a p value of 0.000. Nevertheless, the variable of organizational commitment indicates that the results exert no influence on employee performance, as evidenced by a t statistic value of 1.811 and a p value of 0.071.

#### Indirect Effect Test

After that, we check for indirect effects between construct variables. Specifically, this test aims to determine whether and how organizational commitment moderates the effect of employee empowerment on performance. According to Table 4, the dedication to the organization is not defined as a mediating variable because it in no way mitigated the impact of employee empowerment on employee performance. This conclusion is given by a significance value of more than five percent, a t statistic value of 1.572, and a p value of 0.117.

#### **Table 4. Indirect Effect Test Results**

Construct	Original Sample (O)	Sample Mean (M)	Standard	T Statistics	P Values
			Deviation (STDEV)	( O/STDEV )	i values
EE -> OC -> EP	0.147	0.170	0.093	1.572	0.117

Furthermore, to see the significance of the influence (hypothesized) by looking at the t-statistic significance level and parameter coefficient. The structural model of the results of this research could be presented in Figure 1 below.

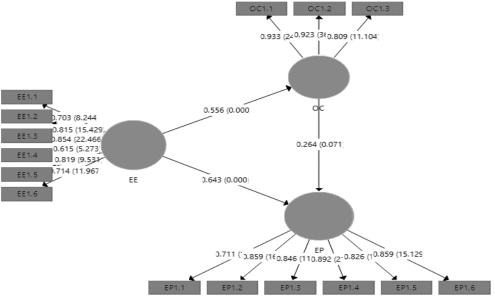


Figure 1. PLS Path Model

#### The Effect of Employee Empowerment on Employee Performance

The direct impact test results demonstrate that empowering employees greatly enhances their performance, with a t statistic value of 4.747 and a p value of 0.000. The findings from the studies conducted by Islam et al. (2021), Hapsari et al. (2021), Tebitendwa & Martyss (2022), Sejfijaj et al. (2020), and Agustina et al. (2021), after which it was determined that employee empowerment affects employee performance, are supported by the test results. Employee empowerment provides authority, responsibility, and trust in making work-related decisions, which can increase their motivation, creativity, and involvement in achieving organizational goals. In addition, empowerment makes employees feel more valued and have more control, thus encouraging improved performance.

#### The Effect of Employee Empowerment on Organizational Commitment

According to the findings of the direct effect test, the t statistic value is 7.047, and the p value is 0.000. The results show that the empowerment of employees has a significant positive effect on the commitment individuals have to their organizations. The results of the tests that were carried out indicate that the hypothesis that has been developed is acceptable and that it provides support for the findings that were carried out by Khan & Siddiqui (2019), Humborstad (2021), Alshammari (2021), Alkahtani et al. (2021), Frimpong et al. (2024), and Murry & Holmes (2022). These researchers came to the conclusion that there is an effect of employee empowerment on organizational commitment. Employees' commitment to the organization is correlated with the degree to which they are allowed more autonomy in their performance. Organizational initiatives in increasing employee engagement and empowerment will directly increase their level of commitment, which is important in supporting the sustainability and success of the organization.

#### Effect of Organizational Commitment on Employee Performance

With a t-statistic of 1.811 and a p-value of 0.071, the outcomes of the direct effect according to the results of the tests show that organizational commitment does not considerably boost worker productivity. The developed hypothesis is rejected according to the test results. Researchers Awais & Ali (2021), Rembet et al. (2020), Jiatong et al. (2021), Hendri (2023), Uddin et al. (2018), Yan et al. (2023), and also Permadi et al. (2024) all came to the same conclusion: a strong correlation between organizational dedication and performance. This means that even though employees have a high commitment to the organization, it does not directly impact their performance improvement. In addition, differences in organizational characteristics, industry type, or work culture may affect the relevance of organizational commitment in improving performance.

#### The Mediating Role of Organizational Commitment on the Effect of Employee Empowerment on Employee Performance

According to the findings of the investigation, the t statistic of 0.492 and 0.501, respectively, as well as the p values of 1,572 and 0.117, respectively, indicate that organizational commitment fails to play a role in mediating the pairing of employee empowerment and employee performance. Based on these findings, it may be concluded that the theory that has been formed could not be correct. To be more specific, according to results from the statistical analysis, the role of organizational commitment

is not considered to be one of mediation. In light of this, it can be concluded that although the empowerment of employees has a beneficial impact on performance, the commitment of the organization does not reinforce or bridge this influence. There is a direct correlation between employee empowerment and employee performance, and this correlation does not involve any consideration of organizational commitment. This suggests that employee loyalty is not a significant factor in the effectiveness of empowerment programs, even when people are highly committed to the organization.

#### V. CONCLUSIONS AND SUGGESTIONS

#### Conclusion

On the basis of the findings of the research as well as the findings of theoretical and empirical investigations, the following conclusion may be drawn: 1) There is a positive correlation between employee empowerment and employee performance; 2) Employee empowerment has a positive impact on organizational commitment; 3) Employee dedication to the company has failed to affect employee performance; and 4) Organizational commitment is not considered a mediator because it has not been able to influence the effect that employee empowerment has on employee performance that it has been able to influence.

#### Suggestion

For future researchers, it is recommended to expand the scope of research by involving more variables that might affect the relationship between employee empowerment, organizational commitment, and employee performance. It is suggested that future research can replicate this research model through a longitudinal method to give what is required deeper insight into the long-term consequences of employee empowerment on employee performance and commitment. Researchers can also explore the mediating or moderating role of other variables and develop other indicators.

#### **VI. ACKNOWLEDGMENT**

I would like to express my sincere gratitude to all those who have provided support in completing this article. Thanks to Jember University for the support of facilities and resources that allowed me to complete this research. I also appreciate the help and valuable input from colleagues for their constructive suggestions and feedback that helped enrich the content of this article. Hopefully, this small contribution can provide benefits for further research and development in this area.

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