

Psychological Empowerment in Nepalese Service Sector

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Abstract: Service sector industries are increasing nowadays which has led organizations seeking for more knowledgeable and empowered employees as the involvement of employees in providing services ensures organizational survival to large extent. Based on these, this study has used well-grounded theories to measure the real situation of psychological empowerment in the service sector. Menon's (2001) three component model of psychological empowerment consisting of goal internalization, perceived control and perceived competence with fifteen items has been used for measuring psychological empowerment. Four industries i.e. Health, Telecommunication, Airlines and Education under which 12 organizations from both public and private sectors have been selected for the study. Altogether 640 employees have been defined as samples and among the selected samples, 437 respondents have responded completely which are taken for the further analysis. Confirmatory factor analysis has been done to confirm the items taken into consideration using AMOS 21. Descriptive and inferential analysis has been done to achieve research objectives and to test the proposed research hypotheses. Employees of Nepalese service sector are found to be psychologically empowered confirming the presence of goal internalization, perceived control and perceived competence at significant level. This search could provide an insight for knowing the real situation of psychological empowerment of employees in service sector. As well this research can act as a reference to those who want to do further research in the field of psychological empowerment.

Key words: Goal internalization, Perceived control, Perceived competence, Psychological empowerment

Background

Over the past three decades, "empowerment" has attracted the interest of many organizational theorists

and management practitioners (Conger and Kanungo, 1988; Thomas and Velthouse, 1990; Wall et al., 2004; Spreitzer, 1995; Menon, 2001; Choong et al., 2011; Baird and Wang, 2010, Ghimire and Gautam, 2016; Gautam and Ghimire, 2017). It is a process of enhancing feelings of self-efficacy among organizational members (Lee and Koh, 2001) to take an independent autonomous decision on how to deal with a particular situation. Psychological empowerment is creating a stage in which motivational construct manifested in cognitions reflecting an employee's orientation to his or her work roles (Berman, 1995; Byham, 1992; Laschinger and Finegan, 2005, Gautam and Ghimire, 2017). Importance of empowerment in service organizations is even well addressed by many researchers (Lashley, 1995; Spreitzer et al., 1997; Conger and Kunango, 1988; Singh and Dixit, 2011; Jose and Mampilly, 2014; Khalili et al., 2016; Gautam and Ghimire, 2017; Bhandari, 2013) due to increase in the demand of the services day by day.

Increment in the demand of the services by the customers in comparison to the products has led to the prosperity of the service industry and this has created a radical shift in the contributions of service sector in the world GDP. In 2015, services' value added accounted for 14% of GDP in high income countries up from 69% in 1997. The increase in services' share of GDP is ever more permanent in low and middle income countries, where it jumped to 57% in 2015 from 48% in 1997 (Deloitte insights, 2018). Not only this, the contribution of developing economies to trade in services grew by

more than 10 percentage points between 2005 and 2017 as well as more than 70 percent of the employed labor work in the service sector in 2017 (Deloitte insights, 2018).

In this context, Nepalese economy is also following the some of the dynamics of world economy through constant increment of contribution of service sector in the gross domestic product (GDP) of Nepal. Service sector in Nepal, in 2018, has contributed 57.4 percent of her GDP (Economic survey, 2019/20). To capitalize the opportunities provided by the expansion of service sector, it is crucial to know the status of psychological empowerment and its components as employees' empowerment play a vital role in service development and dissemination.

Statement of the Problem

The world is in the midst of a radical shift accounted by sharp increments in the contribution of service sector in the world GDP. In respect to this, service sector industries are increasing all over the world and Nepal is not the exception. There are lots of opportunities for service organizations demanding for high level of competitive advantage (Berry and Lampo, 2004; Halawi et al., 2005) in order to create the long term sustainability of service organizations. Giving due attention to the quality of heterogeneity of services being provided as well as the quality of the heterogeneity of service providers responsible for creating the different services and their delivery, importance of psychological empowerment of those employees is crystal clear (Kruja and Oelfke, 2009; Wanjau et al., 2012; Pereira et al., 2016).

From the review of different researches in Nepalese context there seems dearth of researches in the field of psychological empowerment in service sector. Adhikari (2015); Bhandari (2013); Ghimire and Gautam (2016) and Gautam and Ghimire (2017) are the limited researches that have been carried out in the Nepalese context. This research has been carried out to add value to the works done by these researches and to find the

present status of psychological empowerment in service sector taking into consideration the different four industries. In this context researcher tries to find out the answer to the following question:

What is the status of psychological empowerment in Nepalese service industries?

Objectives of the study

Service delivery demands the active interaction of employees and customers and the quality of the service is heavily influenced by the behavior of employees as well as customers. Employees are considered to satisfy the employees through the delivery of the services developed and provided by them on behalf of the organization they are working for. For this reason, it becomes their responsibility to understand the expectations of the customers and behave accordingly. So why, it is necessary that they have to be empowered (Spreitzer, 1995; Thomas and Velthouse, 1990; Thomas and Tymon, 1994; Kankanhalli et al., 2005, 2011; Kim and Ok, 2010; Bhandari, 2013; Ghimire and Gautam, 2016; Gautam and Ghimire, 2017)

But the problem is that enough researches has not been done in the Nepalese context to explore the actual status of dimensions related to psychological empowerment as well as to find the relationship between those dimensions (Adhikari, 2015; Bhandari, 2013; Ghimire and Gautam, 2016; Gautam and Ghimrie, 2017, Pangen and Ghimire, 2016).

In this perspective, this research has tried to find the present status of psychological empowerment in service sectors related to different industries. Along with this, this research has tried to find relation between dimensions of psychological empowerment developed by Menon. This study will provide scopes for strengthening service organizations on the field of psychological empowerment for the managers, employees, future researchers, policy makers, investors, customers and other stakeholders to develop the appropriate strategies.

Research Hypotheses

Following hypotheses have been developed to attain the stated objectives.

H1: There is presence of goal internalization as a component of psychological empowerment in Nepalese service sector.

H2: There is presence of perceived control as a component of psychological empowerment in Nepalese service sector.

H3: There is presence of perceived competence as a component of psychological empowerment in Nepalese service sector.

Review of Literature

The concept of empowerment was first introduced in 1980s (Conger and Kanungo, 1988; Bennis and Nanus 1985) but in 1990s the concept received great interest among researchers, academicians and practitioners of organizational management (Thomas and Velthouse, 1990; Spreitzer, 1995). Organization and management focused scholars and researchers in the 1990s define empowerment of human resources as management strategies and actions like delegating power and decision making authority to lower ranks of the organization, sharing information with employees and providing access to enterprise resources for them (Bowen and Lawler, 1992; Spreitzer, 1995; Behroozi et al., 2012; Gilbert et al., 2010; Ghosh, 2013; Heller, 2003; Rahnavard, 2003).

Quinn and Spreitzer (1997), called this approach of the empowerment as the mechanic approach. But, from the 1990s onwards, organizational psychology experts have considered empowerment of human resources as a complex and multidimensional concept. Researchers have distinguished between the situational characteristics (the managerial measures) and employees' perceptions of these features (Thomas and Velthouse, 1990). Conger and Kanungo (1988) have proposed that management measures are the only set of conditions that can

empower employees, but this is not necessarily the case of empowering employees. Delegation of authority and decision-making powers by senior managers to lower level staff is not empowerment. Researchers after 1990 study the concept in terms of beliefs and emotions of employees (Quinn and Spreitzer, 1997; Thomas and Velthouse 1990; Ford and Fottler 1995). Menon (2001) acknowledged that empowerment is a multi-dimensional concept and has several different meanings for different people. Quinn and Spreitzer (1997) called this approach the organic approach.

Thomas and Velthouse (1990) recognized psychological empowerment as an inner motivation factor which reflects employees' active role in organization. Psychological empowerment enables employees to differentiate management methods and organizational factors (Shariati and Samani, 2013). In the same line, psychological empowerment has been defined by many other researchers and have tried to explore the relationship of psychological empowerment with other variables as Bektas and Sohrabifard, 2013; Chang and Liu, 2008; Fernandez and Moldogaziev, 2011; Feizi and Zolfaqari Moqadam, 2008; Ro and Chen, 2011; Spreitzer, 1995; Whetten and Cameron, 2002; Menon, 2001; Bhandari, 2013; Ghimire and Gautam, 2016; Gautam and Ghimire, 2017, Rafiee and Khorasgani, 2018; Ratnasari and Sudarma, 2019; Helmy et al, 2019; Karegar and Barimari 2019; Amirghodsi and Bonyadi, 2019; Khan et al., 2020; Azlan and Wahab, 2020; Aryani and Widodo, 2020).

Menon (2001) on the basis of the previous literature identified three dimensions of psychological empowerment as goal internalization, perceived competence and perceived control. And this has become the basis for the study of psychological empowerment under this study. Here, goal internalization address the variables meaning and trust, perceived competence address the variables competence and impact whereas perceived control address the variables autonomy. According to Bennis and Nanus (1985) critical

dimensions of empowerment include significance, competence, community and enjoyment. Feeling of significance, community and enjoyment reflect the appeal of ideas and goal internalization. Leaders formulate and articulate future goals that serve to energize and hence empower subordinates to the extent that these goals are internalized (Kanungo and Medonca, 1996; Bass, 1985; House, 1988; Burns, 1978; Menon, 2001). Empowered employees feel confident and can control their environment. Empowerment strategies such as increased participation, respect and feeling of ownership, access to information and strategies lead to a sense of perceived control (White, 1959; McClelland, 1961; Winter, 1973; De Charms, 1968; Deci, 1975; Kanter, 1983; Thomas and Velthouse, 1990; Spreitzer, 1995; Menon, 2001). Perceived competence is an employee's belief in his or her capability to perform task activities skillfully. It refers to the knowledge that the individual has the skill required to successfully perform the task in a specific area or for specific purposes. Without the sense of confidence in their abilities, employees will likely feel inadequate and less empowered. Self-efficacy, self-determination or choice, impact refers to employees' perception regarding competence and is well addressed by the literature (Bandura, 1977; Wood and Bandura, 1989; Bennis and Nanus, 1985; Conger and Kanungo, 1988; Pangenji and Ghimire, 2016; Bhandari, 2013; Gautam and Ghimire, 2017; Ghimire and Gautam, 2016, Ghimire, 2016, Yen et al., 2016; Karegar and Barimari, 2019; Khan et al., 2020)

Table 1: Previous study on psychological empowerment

Author (Year)	Objectives/ Findings
Kanter (1979)	Individual attitudes and behaviors were shaped primarily in response to their positions within an organization
Spreitzer (1995)	Develop and validate a multidimensional measure of psychological empowerment
Menon (2001)	Research adds clarity to empowerment research by explicitly defining empowerment as a cognitive state

Yukl and Becker (2012)	To be sustained, empowerment needs to be a part of the long-term strategy of the organization
Kahreh et al. (2011)	Analysis showed that employees' empowerment have highly positive impact on the competitive advantage for the organizations that are related to service sector
Inyang (2011)	The effective management of people in organizations is a driving force in the transformation process that enhances the achievement of a competitive advantage, which sets the enterprise ahead of others
Ambad (2012)	Self-determination and impact have positive relationship with the organizational commitment, whereas meaning and competence do not have significant positive relationship with the organizational commitment
Bhandari (2013)	Psychological empowerment is responsible for increasing competitive advantage
Adhikari (2015)	Psychological empowerment contribute positively towards the increase in employees' performance
Yen et al., (2016)	Psychological empowerment is recognized as an important antecedent of service orientation
Ghimire (2016)	Psychological empowerment have significant positive impact on the competitive advantage among teachers of University
Ghimire and Gautam (2016)	Psychological empowerment plays a vital role in increasing competitive advantage of service industries
Karegar and Barimari (2019)	Psychological empowerment could be increased by making University teachers more competent through knowledge sharing

Research Methodology

This research has followed the deductive approach to research and is quantitative in nature. Analytical and descriptive research design has been adopted for analyzing data. Primary data required for the study is collected through structured questionnaires and the sources are the employees of the targeted industries which are Education, Hospital, Telecommunication and Airlines. For the selection of the organizations under different industries, purposive, judgmental and convenient sampling method is used. Both public and private organizations are taken into consideration for the study i.e. six public and six private based on the number of organizations under each industry within

the Kathmandu valley only, so the results are to be generalized with due consideration.

Questionnaires are randomly distributed to the employees of the considered industries. Total 640 questionnaires are distributed among which 450 are returned but 437 are considered for analysis as some of the returned responses were not appropriate for analysis. In organizations under all industries except education industry sixty questionnaires are distributed but in education industry forty questionnaires are distributed as only about fifty employees are working in those organizations. Data used for this study is obtained through the instrument developed by Menon (2001) which is also used for the study done by Bhandari (2012, 2013), Ghimire (2016); Ghimire and Gautam (2016); Gautam and Ghimire (2017) and this instrument consists of three components as psychological empowerment, perceived control and perceived competence with five items to measure each i.e. 15 items in total. The reliability and the validity of the study findings are based on the reliability of the information obtained from the respondents using mentioned instrument.

Confirmatory factor analysis is done for effective analysis of the items. Reliability test is performed by using Chronbach's alpha coefficient for primary data. Various software such as Excel, SPSS 21 and Amos 21 are used for data entry and analysis. Different descriptive as well as inferential statistical tools are used for data analysis.

Analysis

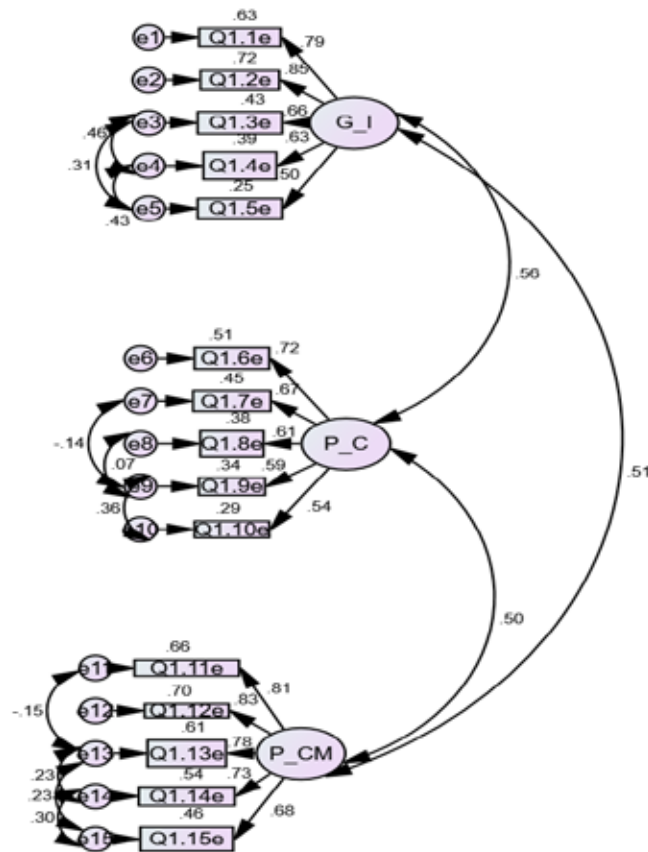
From the confirmatory factor analysis, three items among five for goal internalization, four items among five for perceived control and three items among five for perceived competence are confirmed. For all the three variables, p values are greater than 0.05 showing the fit of the model and all the criteria necessary for model fit i.e. Chi-square/DF, GFI, AGFI, NFI, CFI, RMR, RMSEA are met to fit the model and confirmed the items when done separately as well as when done combined.

For the factor goal internalization (GI), confirmed items are inspired by organizational goals (.72) with factor loading of .85; organizational achievements (.63) with factor loading of .79 and enthusiastic towards organizational objectives (.43) with factor loading of .66. For the factor perceived control (PC), confirmed items are I can influence the way the work is done in my department (.51) with factor loading of .72; I can influence the decisions taken (.45) with factor loading of .67; I have the authority to make decisions (.38) with factor loading of .61 and important responsibilities are part of my job (.29) with factor loading of .54. For the factor perceived competence (PCOM) confirmed items are I have the capabilities (.66) with factor loading of .81; I have the skills (.70) with factor loading of .83 and I can efficiently do my work (.54) with factor loading of .73. Results are shown with the help of table 1 and figure 1. Chronbach's alpha for the items of the concerned factors are more than 0.80.

Table 1: Confirmatory factor analysis for dimensions of psychological empowerment

Factors	Chis-square	DF	Probability level	Chisquare/DF	GFI	AGFI	NFI	CFI	RMR	RMSEA	Chronbach alpha after CFA
Goal internalization, Perceived control and perceived competence	286.991	77	0.261	3.73	0.995	.981	0.993	0.999	0.024	0.019	0.764

Fig. 1: Confirmatory factor analysis for dimensions of psychological empowerment



Correlation between the dimensions of psychological empowerment and psychological empowerment:

Table 2: Correlation between the dimensions of psychological empowerment and psychological empowerment

	GI	PC	PCOM	PE
GI	1	.408**	.394**	.785**
PC		1	.399*	.794**
PCOM			1	.743**
PE				1

** . Correlation is significant at the 0.01 level (2-tailed)

Status of psychological empowerment with goal internalization, perceived control and perceived competence:

Status of psychological empowerment with goal internalization, perceived control and perceived competence are discussed based on the organizations as well as industries. Mean is taken as the basis for discussion of the status and the mean value are shown in table 3 and table 4.

Table 3: Status of factors of psychological empowerment based on organizations

S. No.	Name of the organizations	Mean- Goal internalization	Mean- perceived control	Mean- Perceived Competence	Mean – Psychological empowerment
1	Ace College	3.82	3.98	4.52	4.11
2	Apex College	3.98	3.59	4.50	4.03
3	Bir Hospital	3.68	3.69	4.31	3.89
4	Buddha Air	4.40	3.85	4.42	4.22
5	Central Department of Management	3.65	3.39	4.28	3.77
6	Model Hospital	4.07	4.09	4.43	4.20
7	Nepal Airlines	4.24	3.52	4.53	4.09
8	Ncell	3.82	3.88	4.28	3.99
9	Nepal Medical College	3.91	3.94	4.49	4.11
10	Nepal Telecom	4.26	3.87	4.47	4.20
11	Shanker Dev Campus	4.22	4.12	4.52	4.28
12	Teaching Hospital	4.36	4.13	4.44	4.31
13	Total	4.07	3.84	4.44	4.11
14	Private organizations	4.05	3.89	4.45	4.13
15	Public organizations	4.08	3.78	4.43	4.10

Source: Survey

Table 4: Status of factors of psychological empowerment based on industries

S. No.	Name of the Industry	Mean- Goal internalization	Mean- perceived control	Mean- Perceived Competence	Mean – Psychological empowerment
1	Airlines	4.31	3.67	4.47	4.15
2	Education	3.91	3.74	4.45	4.04
3	Health	3.99	3.96	4.41	4.12
4	Telecommunication	4.14	3.89	4.44	4.16
5	Total	4.07	3.84	4.44	4.11

Source : Survey

Standard deviations of all the considered variables for all the organizations and industries are in between 0.30-0.98. This shows that the responses are not highly varied so the further discussions could be carried out based on these data.

Findings and Discussions

Goal internalization, one of the component of psychological empowerment is strongly explained

(.72) by the item, inspired by organizational goals followed by the item organizational achievement (.63) but the other item enthusiastic towards organizational objectives is weak (.43) in explaining the variable. Employees are inspired by the goals to be achieved and the achievements but are not enthusiastic towards their achievements. This shows that goals are not totally internalized by the employees. Employees are not ready to give their best for the achievements of the

objectives that are set by the organization. The reason may be the unaddressed gap between individual goals and organizational goals or loopholes present in the process and procedures to be followed while achieving the objectives. Lack of participation of the employees in the process of setting goals may be the reason for this or lack of confidence in the employees for taking the responsibility may be the another reason for this situation. This research also has confirmed the items of goal internalization as that been confirmed by the research of Bhandari (2013), Ghimire and Gautam (2016), Ghimire and Gautam (2017), Menon (2001) providing the sufficient ground for the acceptance of first alternative hypothesis.

Perceived control, another component of psychological empowerment is more explained by the item, I can influence the decisions taken (.51) followed by the item, I can influence the way the work is done (.45) in comparison to the items I have the authority to make decisions (.38) and important responsibilities are part of my job (.29). Employees can influence the decisions taken in their department and can influence the way works are done in organizations to some extent but they do not perceive that important responsibilities are part of their job as well as they do not perceive that they have the authority to make decisions. In comparison to the items of other components, items of perceived control seems to be weak in explaining the variable. This shows the weak perception of employees regarding the control they have in their work and their work environment. Influence in the decisions taken in the department shows some extent of employees' control in the department and the work but they are not perceiving the importance of the jobs that are assigned to them as well as they perceive that they do not have authority to make decisions. Reason may be that the organizations are not being capable in making the employees for realizing the importance of their job or there is a big gap between the policy makers and the employees who are implementing the decisions. Employees may

be expecting high positions without being responsible toward their job. These may be the reason that employees are not enthusiastic towards organizational objectives which may lead to sub-optimization i.e. seeking power through some type of formal or informal alliances which may hamper the organizational effectiveness in the long run. This research also has confirmed two items of perceived control as that been confirmed by the research of Bhandari (2013), Ghimire and Gautam (2016), Ghimire and Gautam (2017), Menon (2001). But two different items are also confirmed by this research whereas one item that has been confirmed in previous research is not confirmed by this research i.e. influence decision in department providing the sufficient ground for the acceptance of second alternative hypothesis.

Perceived competence, third dimension of psychological empowerment is heavily explained by the item, I have the skills (.70) with factor loading of .83, followed by the item I have the capabilities (.66) with factor loading of .81 but the item I can efficiently do my work seems to be weak (.54) with factor loading of .73 in explaining the related dimension. Employees perceive that they have the capability to do their work but are not that much sure in doing their work efficiently. This shows the lack of sincerity and confidence in employees towards their work. Results also so that employees are not sure about the fit between their skills and capabilities with the work to be done and goals to be achieved. Result is the in-efficiency suffering by organizations. Confirmation of the items of perceived competence has provided the sufficient ground for the acceptance of third alternative hypothesis as that of Menon (2001) although one item confirmed by this research differ from that of Menon.

Table 2, shows that status of goal internalization seems to be quiet good in all organizations as all the values are greater than 3.5 supporting the results of Ghimire (2012), Bhandari (2013), Gautam and Ghimire (2017), Ghimire and Gautam (2016). Public organizations show nearly equal mean value in comparison to private organizations unlike results of the research done by Kaur

and Lomash (2015). By interpreting these values it can be said that employees of all the organizations taken into consideration internalize the organizational goals while doing their works. Meaning that dissemination and sharing of goals is good in private organizations as well as public organizations. Table 3 shows that status of goal internalization is high in Airlines in comparison to other sectors and the employees of education sector feels it as low. This may have happened due to structural complexity or the gap between the policy makers and the implementers in the sector of education.

In the case of perceived control (table 2), private organizations show greater mean value in comparison to public organizations contrasting the result of Kaur and Lomash (2015) as they have argued that self-determination which resembles autonomy or control is found to be high in public organization. Higher perceived control in private organizations may be due to the less gap between the employees and the policy makers as well as the structural hierarchy. Generally in public organizations the hierarchy is quiet complex as well as the structural complexity is high in public organizations. Spatial distance may be the reason for this which may also be responsible for creating red-tapism in public organizations. In comparison to that of Menon (2001) and Gautam and Ghimire (2017), one more item which is 'important responsibilities' are part of my job' is also confirmed but shows very less impact. From table 3 higher mean values of perceived control in health sector and telecommunication sector shows the presence of higher degree of control by employees in technical sector. Strict rules and regulations along with the sensitiveness of the job may be the reason for this.

In the case of perceived competence (table 2), mean values are greater than 3.5 showing the presence of perceived competence in the employees of service sector supporting the findings of Kaur and Lomash (2015) as they have argued that public and private sector employees do not differ in impact and competence. But this finding has contrasted the findings of Gautam and

Ghimire (2017) as they have argued that the competence in private organizations is high in comparison to that of public. Although being a very important and sensitive sector, it seems that health sector has to carry out different programs in order to develop their employees competently which will also help to attract and retain the talented one. This could be implemented in other sectors too.

Implications and way forward

Organizations have to focus on increasing employees' participation in decision making so that employees engage sincerely towards the achievement of the organizational goals. Employees' participation may boost their confidence level to take responsibility by contributing more towards organizational interests. Weak perception of employees regarding the control they have in their work and work environment could be handled by organizing different programs such as trainings, refreshing programs, brainstorming along with development of discussion panels. This would help them to realize the importance of themselves within the organizations and their responsibility of fulfilling their duty so that sub-optimization may not occur in the workplace. Besides these, organizations have to make the right fit between employees' skills and capabilities with the work to be done and the goals to be achieved. Approach of right job for right person has to be honestly followed by the organizations. Regular appraisal without biasness may help to boost the sincerity and confidence level of employees.

Besides the practical implications, more researches are to be carried out in the future seeking various diverse relationship between the dimensions of psychological empowerment to add value in the field of psychological empowerment. As well the relationship of psychological empowerment with other variables could be explored out. Constructs developed by other researchers may be used as well other industries and sectors could be taken into consideration for adding value in the part of practical implication as well as literature.

Conclusion

From this analysis it is concluded that employees of Nepalese service sector are psychologically empowered confirming the findings of Adhikari (2015) despite of their perception that they have less controlling power over their job and the working environment. Services have the unique characteristics of intangibility, heterogeneity, perishability and inseparability which demands the unique service each time the service is delivered to them. To fulfill this demand employees have to internalize the goals and for the achievement of the goals they should have autonomy to make the decisions at the spot by being confident with the feeling of self-efficacy (Gronoos, 1992; Looy et.al, 2003; Spreitzer 1995; Zeithmal et al., 2006). Confirming the notions provided by these researchers employees of Nepalese service sector have internalized the goals but do not show much enthusiasm for the achievement of the goal which can create problems for the organizations in the long run. To address this problem service organizations should comply the individual goals with organizational goals and increase the participation of employees at the time of taking decisions or developing policies. As suggested by Hack man and Oldham, 1975; Gist, 1987; Hon and Rensvold, 2006; Natrajan et al., 2017 task feedback to be related to competence and control, service organizations have to provide timely feedback to the employees to increase their level of perceived competence and control. To sum up, this study provide scopes for strengthening service organizations by adding value to literature and assessing the actual status of service organizations on the field of psychological empowerment for the managers, employees, future researchers, policy makers, investors, customers and other stakeholders to develop the appropriate strategies.

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