



FACULTEIT ECONOMIE EN BEDRIJFSKUNDE
VAKGROEP MANAGEMENT EN ORGANISATIE

**EMPOWERMENT AND CONTROL DYNAMICS IN SERVICE CONTEXTS:
CONCEPTUAL EXPLORATION AND EMPIRICAL VALIDATION OF THE IMPACT ON
FRONTLINE EMPLOYEE AFFECT AND PERFORMANCE**

Koen Dewettinck

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Faculty of Economics and Business Administration
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Advisor:
Prof dr Dirk Buyens

Advisor

Prof dr Dirk Buyens

Department of Management and Organisation, FEB, Ghent University

Advisory Committee

Prof dr Marc Buelens

Department of Management and Organisation, FEB, Ghent University

Prof dr Paul Gemmel

Department of Management Information, Operations Management and Technology Policy, FEB,
Ghent University

Examination Committee

Prof dr R. Pameleire (President)

Ghent University

Prof dr M. Buelens

Ghent University

Prof dr D. Buyens

Ghent University

Prof dr P. Gemmel

Ghent University

Prof dr E. Omeij (Secretary)

Ghent University

Prof dr L. Sels

K.U. Leuven

Prof dr J. Singh

Case Western Reserve University, Cleveland (Ohio), U.S.

Prof dr H. Van den Broeck

Ghent University

Prof dr R. Van Dierdonck

Ghent University

Reading Committee

Prof dr M. Buelens

Prof dr P. Gemmel

Prof dr L. Sels

Prof dr J. Singh

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SAMENVATTING

Introductie en doelstellingen van het onderzoek

Het leidt geen twijfel dat front line medewerkers van cruciaal belang zijn voor dienstverlenende organisaties. Omdat zij in direct contact komen met klanten, hebben hun attitudes en gedrag een directe invloed op de kwaliteitsperceptie van klanten. Het managen van de individuele prestaties van front line medewerkers wordt daarom algemeen beschouwd als een cruciaal element van een succesvolle bedrijfsvoering voor dienstverlenende organisaties. Academische inzichten betreffende prestatieniveaus van service medewerkers en de mogelijke antecedenten ervan staan, verrassend genoeg, echter nog in de kinderschoenen.

Verschillende onderzoeksstromingen hebben substantieel bijgedragen tot een beter inzicht betreffende de relatie tussen persoonlijkheidskenmerken en kenmerken van de werkomgeving enerzijds en prestatieniveaus van medewerkers anderzijds. Toch zijn de meeste bestaande modellen slechts in staat om marginale verschillen in prestatieniveaus te verklaren. Dit komt omdat vrijwel alle conceptueel en empirisch werk focust op de invloed van één of twee kernvariabelen op prestaties.

In deze studie sluiten we aan bij twee onderzoekstradities die interessante perspectieven bieden in het beter begrijpen en verklaren van prestaties van medewerkers: de empowerment literatuur en de literatuur met betrekking tot management controle.

Organisatiewetenschappers onderscheiden twee belangrijke perspectieven met betrekking tot empowerment: de structurele en de psychologische visie. De structurele visie benadrukt management praktijken die leiden tot empowerment. Vooral de mate waarin beslissingsbevoegdheid wordt gedelegeerd naar lagere niveaus binnen de organisatie heeft hierbij veel aandacht gekregen. In deze structurele benadering gaat men ervan uit dat medewerkers meer gemotiveerd (of empowered) zijn naargelang de vereiste wijzigingen op

het organisatie-structureel niveau worden doorgevoerd. De tweede benadering neemt de mate van ervaren empowerment op het individuele niveau als uitgangspunt en gaat in tegen de structurele benadering die empowerment ziet als een topdown gebeuren. In deze psychologisch georiënteerde benadering wordt empowerment gedefinieerd als een vorm van intrinsieke motivatie. Meer empowerde of intrinsiek gemotiveerde medewerkers zijn medewerkers die hun job zinvol vinden, het gevoel hebben dat ze die bekwaam kunnen uitoefenen, zelf initiatief kunnen nemen en hierdoor veranderingen in hun onmiddellijke werkomgeving bewerkstelligd zien.

Er bestaat al heel wat empirisch onderzoek dat de invloed van empowerment op de tevredenheid, betrokkenheid en prestaties van medewerkers heeft bestudeerd. Toch kent dit onderzoeksveld een aantal belangrijke beperkingen. Uit empirisch onderzoek blijkt bijvoorbeeld dat de empowerment theorie in belangrijke mate de tevredenheid en betrokkenheid van medewerkers verklaart, maar slechts in zeer beperkte mate prestatieniveaus. Daarnaast zijn er ook zeer weinig studies die de relatie tussen structureel en psychologisch empowerment hebben onderzocht. Als eerste belangrijk objectief heeft deze studie daarom de intentie om aan deze beperkingen tegemoet te komen.

Meer bepaald is het onze betrachting om de structurele en psychologische benadering aan elkaar te linken. Verder is het ook onze betrachting om te verklaren waarom intrinsieke motivatie slechts een beperkte invloed op prestatieniveaus blijkt te hebben.

Een tweede belangrijke onderzoeksstroming waarop deze studie verder bouwt is de literatuur met betrekking tot management controle. Twee controle mechanismen waaraan veel aandacht is besteed in front line omgevingen zijn resultaat- en gedragscontrole of sturing. Gedragssturing wordt hierbij gedefinieerd als de mate waarin gedrag (procedures en methodes die door medewerkers worden gehanteerd in het bereiken van bepaalde resultaten) worden opgevolgd, geëvalueerd en bijgestuurd. Resultaatsturing betreft de mate waarin prestatieobjectieven worden vooropgesteld, opgevolgd en geëvalueerd. Een aanzienlijke hoeveelheid onderzoek heeft aandacht besteed aan de gevolgen van

gedragssturing op de werkplek. Hieruit blijkt dat meer gedragssturing leidt tot hogere niveaus van motivatie en job tevredenheid. De relatie met prestatieniveaus is echter minder duidelijk. Hoewel de link tussen deze laatste twee al herhaaldelijk empirisch is onderzocht, spreken de resultaten uit verschillende onderzoeken elkaar tegen. Terwijl sommige onderzoeken wijzen op een positieve relatie, wijzen andere onderzoeken op geen of een negatieve relatie tussen gedragssturing en prestaties.

Verschillende onderzoekers hebben aanbevelingen gedaan om de controle – prestatie relatie beter te begrijpen. In deze studie houden we rekening met twee van die suggesties. Vooreerst hebben sommigen geargumenteed dat het noodzakelijk is om het nomologisch net dat het controle concept omvat uit te breiden en te verbreden. Andere onderzoekers hebben meer specifiek aanbevolen om op zoek te gaan naar tussenliggende variabelen. Dergelijk onderzoek kan ons een beter inzicht verschaffen in het onderliggende mechanisme waardoor formele controle een invloed heeft op belangrijke jobgerelateerde afhankelijke variabelen.

Op basis van deze aanbevelingen is een tweede belangrijk objectief van deze studie om de rol van een aantal alternatieve mediërende variabelen te exploreren. Hierdoor hopen we beter te kunnen verklaren waarom en hoe formele controle mechanismen een invloed uitoefenen op job gerelateerde afhankelijke variabelen.

Ten slotte hebben verschillende organisatiewetenschappers gesteld dat empowerment in praktijk niet de gewenste resultaten oplevert, net omdat managers weigerachtig zouden zijn om controle op te geven. Managers zouden zich wel realiseren dat het belangrijk is om gemotiveerde medewerkers te hebben, en dat het delegeren van beslissingsbevoegdheid en het geven van voldoende autonomie in de job daartoe belangrijke elementen zijn. Toch zouden ze er zich moeilijk kunnen van weerhouden om controlerend op te treden, waardoor de ervaren autonomie bij medewerkers zou worden gefnuikt. Hoewel deze redenering intuïtief aannemelijk lijkt, is er geen onderzoek beschikbaar dat dit dilemma binnen de werkplek expliciet heeft onderzocht.

Een laatste belangrijk objectief van deze studie is daarom het exploreren van de wisselwerking tussen empowerment en controle op de werkplek.

In een poging een antwoord te bieden op bovenstaande onderzoeksvragen en doelstellingen, werden een aantal studies uitgevoerd die hebben geresulteerd in vier artikels. Elk van deze artikels wordt hieronder beknopt beschreven en de belangrijkste resultaten voorgesteld.

Artikel 1: De effecten van psychologisch empowerment op de werkplek: een theoretisch en empirisch overzicht

De vooropgestelde bijdrage van dit artikel is een duidelijk beeld te scheppen over de huidige stand van zaken van het wetenschappelijk onderzoek met betrekking tot de gevolgen van empowerment op de werkplek. Hiertoe verzamelden we theoretische argumenten en resultaten van empirisch onderzoek. Data van vijf invloedrijke empirische studies is gebruikt om de invloed van de vier empowerment dimensies op de tevredenheid, betrokkenheid en prestatieniveaus van medewerkers na te gaan. De beschikbare data werd geheranalyseerd door middel van hiërarchische regressie analyse. De studie toont aan dat empowerment leidt tot een hogere tevredenheid en betrokkenheid van medewerkers, maar niet noodzakelijk tot betere prestaties. In die zin bevestigen deze resultaten het scepticisme dat recentelijk is gerezen bij academici en praktijkmensen over de bruikbaarheid van het empowerment concept. Een consistent resultaat over de verschillende studies heen is dat verschillen in empowerment slechts in beperkte mate (ongeveer 6 %) prestatieverschillen verklaren. Verder wordt ook aangetoond dat er duidelijke verschillen zijn tussen de vier empowerment dimensies naargelang hun unieke impact op prestaties. Op basis van deze resultaten worden een aantal suggesties gedaan voor verder onderzoek, voornamelijk met de bedoeling om een beter inzicht te verwerven in de relatie tussen empowerment en prestaties. Voornamelijk het tweede artikel bouwt verder op de suggesties die hier worden vermeld.

Artikel 2: Prestaties, creativiteit en empowerment dynamieken voor front linie medewerkers in service bedrijven

Dit artikel omvat een meer gedetailleerde studie van het intrinsieke motivatie of empowerment mechanisme. Er wordt een conceptueel model voorgesteld waarin structureel empowerment wordt gekoppeld aan de prestaties van medewerkers. Hierbij wordt empowerment op het niveau van de medewerker gemodelleerd als mediërende variabele. De belangrijkste bijdrage van dit artikel is dat empowerment wordt voorgesteld als een doelgeoriënteerd proces. Dit impliceert dat medewerkers verschillend gemotiveerd kunnen zijn voor verschillende doelstellingen die door de organisatie worden vooropgesteld. Zo kunnen service medewerkers al dan niet sterk gemotiveerd zijn voor het bereiken van economisch georiënteerde doelstellingen (streven naar een hogere productiviteit en kostenbewustzijn) en/of service georiënteerde doelstellingen (nastreven van een maximale klantentevredenheid). Het model stelt ook voorop dat de invloed van empowerment op prestatieniveaus wordt beïnvloed door leiderschapskenmerken (transactioneel en transformationeel leiderschap).

Het voorgestelde conceptuele model werd empirisch getoetst op basis van een steekproef van 138 front linie medewerkers uit een ziekenhuis in de Verenigde Staten. De resultaten ondersteunen de idee dat empowerment een doelgeoriënteerd proces is. Meer bepaald toont deze studie aan dat structureel empowerment in functie van een bepaalde doelstelling (bv. hogere klantentevredenheid realiseren) er inderdaad toe leidt dat medewerkers meer gemotiveerd zijn tot het bereiken van die doelstelling en als gevolg daarvan ook een hogere bijdrage tot de realisatie van die doelstelling (betere prestaties) leveren. Die specifieke motivatie voor het bereiken van een bepaalde doelstelling heeft echter geen invloed op de bijdrage van de medewerker in het realiseren van andere doelstellingen (bijvoorbeeld meer productief zijn). Uit deze bevinding kunnen we afleiden dat het conceptualiseren van empowerment als een doelgericht proces inderdaad nuttig kan zijn in het verder verduidelijken van hoe een hogere motivatie tot betere prestaties leidt. Hierbij dient de doelgeoriënteerdheid van zowel de intenties van de organisatie, het gedrag van de

medewerkers als de prestatieaspecten die we wensen te verklaren in rekening te worden genomen. De studie toont ook aan dat empowerment een grotere invloed heeft op prestaties in een werkcontext met een sterk transactioneel, en niet transformationeel leiderschap. Samenvattend kunnen we stellen dat deze inzichten op zijn minst verduidelijken waarom algemene motivatie niet noodzakelijk tot betere prestaties leidt en in welke situaties de link wel duidelijker aanwezig is.

Artikel 3: Jobuitdaging opnieuw bekeken: conceptualisatie, antecedenten en gevolgen van ervaren uitdaging en overuitdaging in de job.

Het derde artikel bouwt voornamelijk verder op inzichten verworven uit de literatuur met betrekking tot management controle. Meer specifiek wordt een model voorgesteld waarin de invloed van gedrag- en resultaatsturing op belangrijke werkgerelateerde afhankelijke variabelen wordt verklaard door de invloed op de ervaren uitdaging en overuitdaging in de job. Op basis van theoretische inzichten voorspellen we dat gedrag- en resultaatsturing een verschillende invloed hebben op de ervaren uitdaging en overuitdaging, welke op zich verondersteld worden een verschillende invloed te hebben op jobtevredenheid, betrokkenheid, bedrijfstrouw en prestatieniveaus. Het model werd empirische getoetst op basis van de input van 511 front linie medewerkers en hun leidinggevenden uit twee dienstverlenende organisaties. De resultaten tonen aan dat resultaatsturing positief gerelateerd is met ervaren uitdaging en overuitdaging in de job. Tegenovergesteld daaraan wordt aangetoond dat gedragssturing negatief gerelateerd is aan uitdaging en overuitdaging. Naargelang medewerkers hun job als meer uitdagend zien, zijn ze ook meer tevreden, betrokken en trouw. Naargelang de job meer als overuitdagend wordt beschouwd, vermindert de tevredenheid, betrokkenheid en de intentie om voor het bedrijf te blijven werken. De mate van ervaren uitdaging en overuitdaging blijkt echter niet rechtstreeks gerelateerd te zijn aan prestatieniveaus van medewerkers (zoals beoordeeld door de leidinggevenden).

Artikel 4: De invloed van gedragssturing op de moraal en prestaties van service medewerkers: de mediërende rol van job autonomie en de leeroriëntatie in de werkomgeving

Dit vierde artikel onderzoekt de wisselwerking tussen het motivatie en controle mechanisme in de werkomgeving. We richten onze aandacht specifiek op gedragssturing omdat verschillende onderzoekers hebben geargumenteed dat het vasthouden van managers aan gedragssturing een belangrijke reden is waarom empowerment in de praktijk niet zou werken. Argyris (1998), Simons (1995) en Mills en Ungson (2004) zijn het er inderdaad over eens dat het succesvol empoweren van medewerkers, zonder daarbij de controle te verliezen, een belangrijke uitdaging is in het verhogen van prestaties van medewerkers. Het fundamentele probleem, volgens bovenstaande auteurs, is dat empowerment de bedoeling heeft om medewerkers meer beslissingsbevoegdheid en vrijheid in handelen te geven, terwijl gedragssturing daar net tegenin zou gaan.

We stellen een conceptueel model voor dat zich voornamelijk baseert op inzichten uit Self-Determination Theory (Deci & Ryan, 1985; 2000). Meer bepaald proberen we de invloed van gedragssturing op de tevredenheid, betrokkenheid, trouw en prestaties van medewerkers te verklaren door middel van de invloed van gedragssturing op enerzijds autonomie in de job en anderzijds de leeroriëntatie binnen de werkomgeving. Dit model werd empirisch getest op basis van de input van 1184 front linie medewerkers en hun leidinggevenden. De resultaten tonen aan dat de leeroriëntatie binnen de werkomgeving nuttiger is dan de ervaren job autonomie in het verklaren van de impact van gedragssturing. Naarmate medewerkers meer gedragssturing ervaren, percipiëren zij hun werkomgeving ook sterker als leergeoriënteerd. Anderzijds blijkt echter dat de mate van gedragssturing geen enkele invloed heeft om de mate van ervaren autonomie in de job. Op basis van deze bevinding betwisten we daarom de algemeen aanvaarde veronderstelling dat gedragssturing een negatieve invloed op job autonomie zou hebben en daarom minder geschikt zou zijn in een empowerde werkcontext. Verder toont deze studie aan dat medewerkers meer tevreden en betrokken zijn, en ook beter presteren naargelang ze hun werkomgeving als meer

leergeoriënteerd percipiëren. Onze studie toont ten slotte ook aan dat de afhankelijke variabelen ook rechtstreeks worden beïnvloed door persoonlijkheidskenmerken van de medewerker. Meer specifiek blijkt dat front linie medewerkers met een sterke intern georiënteerde locus van controle meer tevreden en betrokken zijn en ook beter presteren. Medewerkers met een sterke persoonlijke leeroriëntatie blijken enerzijds wel sterker betrokken te zijn bij de organisatie, maar een minder sterke intentie te hebben om voor dezelfde organisatie te blijven werken.

Theoretische bijdragen

De bovenstaande studies en de inzichten die we daaruit hebben verkregen dragen op verschillende manieren bij tot de empowerment en management controle literatuur.

In eerste instantie draagt onze studie op twee manieren bij tot de verdere uitbouw van de empowerment theorie. Een eerste bijdrage is dat we de twee belangrijkste empowerment benaderingen (de structurele en de psychologische visie) zowel conceptueel als empirisch aan elkaar hebben gekoppeld. Zoals vooropgesteld toont onze studie aan dat structureel empowerment een positieve invloed heeft op empowerment op het niveau van de individuele medewerker en daardoor ook positief bijdraagt tot verhoogde individuele prestaties. Onze studie toont echter ook aan dat structureel empowerment zich niet ondubbelzinnig vertaalt in empowerment op het niveau van de medewerker. De lekkage tussen empowerment op het structureel en het medewerkers niveau wordt aan de hand van verschillende theorieën verklaard. Op die manier openen we een aantal pistes voor verder onderzoek. Een tweede bijdrage van dit onderzoek is dat we verschillende mogelijke verklaringen geven voor de zwakke relatie tussen empowerment en prestaties. Een eerste verklaring is de doelgeoriënteerdheid van het empowerment proces. Dit houdt in dat empowerment in functie van het realiseren van een bepaalde doelstelling inderdaad leidt tot betere prestaties voor die doelstelling, maar zich niet noodzakelijk vertaalt naar betere prestaties op andere vlakken of in functie van andere doelstellingen of objectieven die door de organisatie worden vooropgesteld. Deze bevinding suggereert dat empowerment niet

noodzakelijk tot algemene verhoogde prestaties leidt, en dat het nuttig is om de doelgeoriënteerdheid van zowel de intenties van de organisatie, het gedrag van de medewerkers als de prestatieaspecten die we wensen te verklaren in rekening te nemen.

Een tweede verklaring is dat de impact van empowerment op prestaties wordt beïnvloed door de leiderschapstijl die in de werkcontext wordt gehanteerd. Deze bevinding noopt onderzoekers om leiderschapsgedrag in rekening te nemen bij het nagaan van de invloed van empowerment op prestaties van medewerkers. We hebben geen weet van (andere) studies die de interactie tussen empowerment en leiderschap expliciet hebben onderzocht.

Dit onderzoek draagt ook in belangrijke mate bij tot de literatuur met betrekking tot management controle. Meer bepaald identificeerden we verschillende mediërende variabelen die een verklaring bieden omtrent de impact van gedrag- en resultaatsturing op de tevredenheid, betrokkenheid, trouw en prestaties van medewerkers. In onze derde studie toonden we aan dat de invloed van resultaatsturing op de tevredenheid, betrokkenheid en trouw van medewerkers volledig kan worden verklaard door de invloed op de ervaren uitdaging en overuitdaging in de job. In onze vierde studie toonden we aan dat de positieve invloed van gedragssturing op de tevredenheid, betrokkenheid en prestaties van medewerkers volledig is toe te schrijven aan het feit dat gedragssturing leidt tot een sterke leeroriëntatie binnen de werkomgeving. Hierdoor heeft deze studie ondubbelzinnig bijgedragen tot een verdere uitbreiding van het nomologisch net rond het controle concept en een beter inzicht opgeleverd omtrent de onderliggende mechanismen die de rol en impact van formele sturingsmechanismen in de werkcontext verklaren.

Ten slotte verschaft onze studie ook een eerste inzicht in de wisselwerking tussen empowerment en controle in de werkomgeving. In tegenstelling tot wat algemeen wordt aangenomen, tonen onze resultaten aan dat gedragssturing geen invloed heeft op de ervaren autonomie in de job. Onze studie suggereert dat zowel empowerment als gedragssturing waardevol kunnen zijn in het uitbouwen van een optimale werkomgeving. Van theoretisch groter belang echter, toont onze studie aan dat de positieve effecten van empowerment

praktijken voornamelijk zijn te verklaren door een motiverende, intensifiërende dynamiek, terwijl de positieve impact van gedragssturing voornamelijk wijst op een competentieontwikkelingsdynamiek. De resultaten van onze veldstudie ondersteunen ook de relevantie van Self-Determination Theory in het verklaren van organisatiegedrag. Meer bepaald hebben we duidelijk kunnen aantonen dat meer gedragssturing tot een verhoogde moraal en prestaties leidt, doordat het medewerkers in staat stelt om hun fundamentele competentieontwikkelingsbehoefte te bevredigen.

Implicaties voor de praktijk

Deze studie heeft ook een aantal inzichten opgeleverd die nuttig zijn voor de praktijk. Vooreerst toont onze studie duidelijk aan dat empowerment een belangrijke rol kan spelen in het optimaliseren van de werkcontext van de front line medewerker. Organisaties kunnen de tevredenheid, betrokkenheid en trouw van hun medewerkers bevorderen door het gevoel van zinvolheid, competentie (vertrouwen in eigen kunnen), autonomie en impact te verhogen. Hoewel het effect niet zo sterk is, leiden dergelijke acties ook tot betere prestaties. Het empowerment concept biedt in die zin een betrouwbaar en nuttig kader aan om de motivatie van medewerkers te verhogen en de werkcontext te optimaliseren.

Onze bevinding dat empowerment een doelgeoriënteerd proces is, heeft ook belangrijke implicaties wanneer het er op aan komt om prestaties van medewerkers te verhogen. Managers hebben duidelijk een rol te vervullen in het kanaliseren van de inspanningen van medewerkers in functie van het bereiken van doelstellingen die de organisatie voorop stelt. Indien de organisatie verhoogde productiviteit, bij wijze van voorbeeld, voorop stelt, dienen leidinggevenden ervoor te zorgen dat medewerkers het persoonlijk belangrijk vinden om productiever te werken (zinvolheid). Daarnaast is het echter ook noodzakelijk dat medewerkers het gevoel hebben dat ze voldoende kennis en vaardigheden bezitten om de productiviteit te verhogen. Ook moet de medewerker de mogelijkheid krijgen om autonoom beslissingen te nemen en acties op te zetten die de productiviteit kunnen verhogen. Ten slotte dienen leidinggevenden er ook voor te zorgen dat de medewerkers voldoende

feedback krijgen over het effect van hun handelen, waardoor bij de medewerker het gevoel ontstaat dat zijn of haar individuele acties inderdaad een effect op de algemene productiviteit hebben. Indien bijvoorbeeld ook maximale klanttevredenheid als een belangrijk objectief wordt gezien, dient een gelijkaardige inspanning te worden geleverd in functie van dit specifiek objectief.

Met betrekking tot de rol van management controle, suggereert onze studie dat een uitgebalanceerd sturingsmechanisme een belangrijk kenmerk vormt van een optimale werkomgeving. Hierbij dienen managers zowel aandacht te besteden aan te behalen resultaten als aan de manier waarop medewerkers die resultaten trachten te realiseren. Een dergelijk uitgebalanceerd sturingsmechanisme zorgt er voor dat medewerkers zich voelen uitgedaagd (omwille van de resultaatsturing), terwijl de kans op overuitdaging wordt beperkt en de leeroriëntatie binnen de werkomgeving wordt bevorderd (omwille van de gedragssturing). Uit ons onderzoek blijkt dat een dergelijke mix van controle duidelijk positieve effecten heeft op job tevredenheid, betrokkenheid, bedrijfstrouw én prestatieniveaus van medewerkers.

Ten slotte duidt onze studie op het belang van autonomie in het creëren van een “high performing” werkomgeving. Wanneer jobs zodanig worden uitgebouwd dat het nemen van persoonlijk initiatief wordt aangemoedigd, ervaren medewerkers meer uitdaging en minder overuitdaging, waardoor deze zich in het algemeen beter in hun vel voelen en ook beter presteren. Het creëren van meer autonomie mag echter geen reden zijn voor managers om zich te onttrekken aan enige vorm van begeleiding in de manier waarop medewerkers hun job uitoefenen (gedragssturing). Integendeel, indien medewerkers niet worden begeleid en bijgestuurd in de manier waarop ze hun taken volbrengen, stijgt de kans dat ze hun job als overuitdaging ervaren en krijgt de medewerker weinig input in functie van verdere persoonlijke (competentie-) ontwikkeling. Dé uitdaging voor de manager is dus het creëren van een werkomgeving waarin medewerkers zowel voldoende autonomie ervaren als dat ze ondersteund worden in het verhogen van hun vakkundigheid en bekwaamheid. Wanneer aan deze voorwaarden wordt voldaan, zijn medewerkers meer tevreden, betrokken en trouw aan hun organisatie, terwijl hun prestatieniveau stijgt.

SUMMARY

Introduction and research objectives

No one doubts that frontline employees are a crucial asset of service companies. Because of the direct contact with customers, frontline employee attitude and behavior have a substantial impact on customers' perception of service quality. Despite agreement on the importance of frontline employee performance for organizational success, academic understanding of frontline employee performance and its antecedents is still in its infancy.

Distinct streams of research have made substantial contributions to expand our understanding of how individual and work context characteristics relate to employee performance levels. However, because most conceptual and empirical work focuses on one or two core characteristics of individuals and/or work contexts, most models only marginally explain performance differences.

In this study, we connect to two research traditions that have opened some promising perspectives in explaining frontline employee performance levels. The first relates to empowerment dynamics in the workplace; the second to management control dynamics.

Organizational researchers have distinguished between two major perspectives on **empowerment**: the structural and the psychological. Originally, the structural view focused on empowering management practices, including the delegation of decision making from higher to lower organizational levels. In this structural view, the rationale is that employees will behave in an empowered way by making the necessary changes at the structural level. In contrast, rather than approaching empowerment as something managers do to their people, the psychological perspective focuses on perceptual dimensions of empowerment. In this view, empowerment is defined as increased intrinsic task motivation, reflected in employees' sense of meaningfulness, competence, self-determination and impact.

Though empirical support has begun to accumulate regarding the relationship of employee empowerment to important work-related outcome variables, the empowerment literature also has its limitations. First, as our first paper makes clear, empirical evidence on empowerment effects indicates that there is a strong relationship with employee job satisfaction and organizational commitment, but that the relationship between empowerment and performance levels is, at best, exceptionally modest. Another limitation is that we know little about the relationship between structural and psychological empowerment because studies that link the macro and micro perspective do almost not exist.

A first major objective of this research was to address these limitations, by exploring the relationship between structural and psychological empowerment, and by trying to understand the counterintuitive finding that intrinsic motivation only has a modest impact on performance levels.

The second research stream we connect with is the **management control** literature. Two control mechanisms that have received major attention in frontline contexts are behavioral and outcome control. Behavioral control concerns the monitoring, evaluation and controlling of behavior (methods and procedures) enacted by employees in achieving performance outcomes. Outcome control, in contrast, is exercised when performance standards are set, monitored, and the results evaluated, without specifying the process through which the results should be obtained. Much of these research efforts have investigated the impact of behavior-based management control systems. Generally, this stream of research found that behavioral control strategies lead to higher levels of motivation and job satisfaction. The relationship with performance levels is however less clear. An increasing body of knowledge has been accumulated in recent years, but there are several variations and inconsistencies in the research findings. While some studies found a positive relationship, others found that behavioral control and performance are not or negatively related.

Several scholars have made suggestions that aim to expand our understanding of the control – performance relationship. In this research, we attempt to address two of those. First, it has been suggested that an important step in further development of this research field is to expand and broaden the conceptual structure surrounding the control concept. Second, the suggestion has been made to include and explore the role of additional intervening variables, to obtain a better understanding of the primary mechanism through which formal control influences job consequences.

In an attempt to contribute to this research field, another major objective of this research is to explore the role of alternative intervening variables that may help in explaining the impact of formal control on work related job outcomes.

Several authors proposed that empowerment practices do not have the expected results because managers are reluctant to give up control. Thus, on the one hand, managers realize that providing employees with more job autonomy is important to improve employee motivation. On the other hand, because managers have a tendency to keep exercising control, they may again curb autonomy levels and employee motivation. To our knowledge, no studies have explicitly investigated this dilemma in the workplace.

A final important objective of this research is therefore to explore the interplay between empowerment and control dynamics.

In an attempt to provide some clarity into these issues, we conducted a series of studies that resulted in four papers. In the next section, each of these papers is briefly described and key results are presented.

Paper 1: Psychological empowerment in the workplace: reviewing the empowerment effects on critical work outcomes.

The aimed contribution of this paper is to provide a clear picture on the current status of research assessing the empowerment effects. Thereto, theory and empirical findings on the effects of empowerment in the workplace are reviewed. Data from five influential empowerment studies is used to empirically assess the effects of the four empowerment dimensions on affective and behavioral employee responses. Data is reanalyzed using hierarchical regression analysis. Confirming growing skepticism among practitioners and academics, this study indicates that empowerment practices result in more satisfied and committed, but not necessarily better performing employees. A consistent result among the studies is that psychological empowerment is explaining about six percent of the variance in performance levels. Furthermore, it is shown that there is a differential unique impact of the distinct empowerment dimensions on employee performance. In explaining these results, we suggest some avenues for further research that may be fruitful in gaining a better understanding on empowerment effects in the workplace and how to strengthen the empowerment – performance relationship. These suggestions form the foundation of the conceptual work that resulted in the three other papers that we present below.

Paper 2: Performance, creativity and empowerment dynamics for front line employees in service organizations

This paper focuses on the motivational mechanism and proposes a conceptual model that links empowerment at the structural level with FLE performance through the mediating role of employee empowerment levels. Bearing on Self-Determination Theory (Deci & Ryan, 1985), the main contribution of this paper is that it extends current thinking on employee empowerment in that the empowerment process is conceptualized as a goal-oriented process. Transferred to service contexts, this implies that FLE's may be differentially empowered towards different goals such as providing economic efficiency by being more productive versus providing high quality service by taking necessary action to deliver high customer satisfaction. Furthermore, we hypothesized that the impact of empowerment on performance levels is influenced by leadership characteristics (transactional and transformational leadership).

The proposed conceptual model was empirically tested using a sample of 138 FLE's in a U.S. Midwest hospital. One of the more robust findings of this study is that we found empirical evidence indicating that the process of empowerment is goal-specific. We found that organizational attempts to empower employees towards a specific goal may lead to empowerment behaviors and performance for that goal, but in general will not carry over to other organizational goals or missions. This finding suggests that future research should take into account the goal specificity of organizational intentions, individual behaviors and outcomes in assessing the impact of empowerment practices on employee performance levels. We also found that the empowerment – performance relationship is strengthened in work contexts with strong transactional leadership, but not transformational leadership. Together, these findings provide some useful insights that may guide future endeavors to explain the weak empowerment –performance relationship.

Paper 3: The job challenge construct revisited: conceptualization, antecedents, and consequences of experienced challenge and overchallenge in the job

In the third paper, our aim was to contribute to the literature stream on management control. We did so by exploring the mediating role of experienced job challenge and overchallenge in linking outcome and behavioral control to important work related outcomes. We hypothesized that outcome and behavioral control would have differential effects on experienced job challenge and experienced job overchallenge, which in turn were hypothesized to have differential effects on employee affective responses and performance levels. These propositions were tested in a sample of 511 FLE – supervisor dyads in two service companies. The results indicate that outcome control is positively related to experienced challenge and experienced overchallenge, while behavioral control is negatively related to both these variables. Further, experienced challenge showed to be consistently positively related to employee affective and behavioral responses, while overchallenge showed to be consistently negatively related to these same outcome

variables. We found however no direct relationship between experienced challenge levels and performance outcomes.

Paper 4: The influence of behavioral control on service employee affect and effectiveness: the intermediate role of job autonomy and contextual learning orientation

The fourth paper investigates the interplay between the motivational mechanism and the control mechanism in the workplace. We focus on behavioral control because several scholars have argued that management's reluctance to give up control is one of the main reasons why, in practice, empowerment initiatives are not having the positive results that are hoped for. Indeed, Argyris (1998), Simons (1995) and Mills and Ungson (2003) agreed in arguing that empowering people without losing control is a fundamental challenge to improve employee performance levels. The main argument is that more discretion and autonomy for employees to make work-related decisions, which is assumed to be fostered by empowering practices, is again curbed by management's tendency to keep exercising control on employee behavior.

Bearing on self-determination theory (Deci & Ryan, 1985; 2000) we conceptually explore the role of experienced autonomy and contextual learning orientation in linking behavioral control to employee affect and effectiveness. This conceptual model is empirically tested in a sample of 1184 FLE –supervisor dyads in four service companies. The empirical results indicate that the contextual learning orientation-construct is more useful than the autonomy-construct in linking behavioral control to employee affective and behavioral responses. We found that behavioral control has a very strong impact on employee's perception of the degree to which they find their working environment learning oriented. In contrast however, our study indicates that behavioral control has no impact on experienced autonomy in the job. This finding challenges the commonly accepted proposition that behavioral control is counterproductive in empowered work contexts because it would curb experienced job autonomy. Giving support to our proposition based on self-determination

theory, we found that the more people find their work context to be learning oriented, the more satisfied, more committed and better performing (as rated by their supervisor) they are. This study also showed that employee dispositions have a considerable impact on employee affect and behavior. More specifically, we found that frontline employees with a stronger internal locus of control are more satisfied, committed and better performers. Employees with a strong personal learning orientation tend to be more committed to their company, though they have a weaker intention to stay working for the company.

Theoretical contributions

Together, our findings contribute to the existing literature on empowerment and management control in several ways.

First, we made two significant contributions to empowerment theory. A first contribution is that we, both conceptually and empirically, linked the structural and employee perspective on empowerment. We found that empowerment at the employee level mediates the relationship between structural empowerment and employee performance outcomes. We also found that structural empowerment does not unequivocally translate into psychological empowerment felt by employee within their specific working role. We proposed several theoretical explanations for this leakage between structural and employee empowerment that open some avenues for further investigation. A second contribution is that we clarified why past research showed a very modest relationship between empowerment and performance levels. A first explanation is that empowerment is a goal-directed process. This implies that organizational attempts to empower employees for a specific goal may lead to empowered behavior and improved performance for that goal, but in general will not carry over to other organizational goals or missions. This suggests that the “power” in empowerment is not available for all ends and that it is useful to take the goal specificity of organizational intentions, individual behavior and outcomes into account in assessing the impact of empowerment practices on employee performance levels. A second explanation is that transactional leadership moderates the empowerment performance relationship. At

least, this indicates that leadership behavior should be taken into account when properly assessing the empowerment effects in the workplace. We are not aware of any (other) studies that explicitly modeled this interaction effect.

Second, we contribute to management control theory by identifying several alternative mediating variables that link outcome and behavioral control to important work related outcome variables. First, our third study shows that experienced challenge and overchallenge in the job fully mediates the relationship between outcome control and employee job satisfaction, affective commitment and company loyalty. Our fourth study shows that contextual learning orientation fully mediates the relationship between behavioral control and employee job satisfaction, affective commitment and performance levels as rated by the supervisor. Together, these findings clearly expand the conceptual structure surrounding the management control concept and compellingly illustrate the usefulness of these constructs in explaining the impact of outcome and behavioral control in the workplace.

Finally, our research provides a first insight into the interplay between empowerment and control dynamics in the service workplace. Contrary to common wisdom, our findings indicate that the amount of behavioral control as such does not influence autonomy levels. Instead, our research indicates that both empowerment and behavioral control are valuable in optimizing the work context. Theoretically more important however, our findings indicate that the beneficial effects of empowerment practices reflect a motivational, energizing dynamic, while the beneficial role of behavioral control reflects a competence-development dynamic. As such, our study provides field-research evidence that supports Self-Determination Theory (Deci & Ryan, 1985, 2000). More specifically, behavioral control positively impacts on employee morale and performance because it enables employees to fulfill their basic need of competence-development in the workplace.

Managerial implications

Our research also has some noteworthy implications for practitioners. First, our study confirms that empowerment practices lead to beneficial effects in the workplace. By enhancing employees' sense of meaningfulness, competence, autonomy and impact, organizations clearly benefit from more satisfied, committed and loyal employees. Furthermore, general empowerment still improves, though modestly, employee performance levels. Thus, the empowerment concept provides a useful framework to guide and monitor management's efforts to enhance employee motivation and to optimize front line employees' work context.

Our finding that empowerment is a goal directed process has additional implications that are especially relevant when it comes to empowering employees to improve performance. Managers clearly have a role to play in channeling employee efforts to reach certain organizational objectives. They should ensure that each of the empowerment dimensions is present for each of the (performance related) objectives that are put forward in the organization. For example, if cost efficiency is an important organizational objective, managers should attempt to enhance employees sense of efficiency meaningfulness (the extent to which employees see cost efficiency as an important personal goal), efficiency competence (the extent to which employees feel confident in their skills and abilities to contribute to higher cost efficiency), efficiency autonomy (the extent to which employees feel freedom in taking actions that may improve cost efficiency) and efficiency impact (the extent to which employees perceive that their efforts make a difference in terms of overall cost efficiency).

Concerning the role of management control in optimizing the work context, our study indicates that much is to be gained by applying a balanced mix of both outcome and behavioral control. When managers do so, front line employees feel challenged (because of the steering on outcomes), while chances to get overchallenged are curbed and learning orientation is fostered (because of steering on behavior). Such a balanced mix of control

clearly improves employee job satisfaction, affective commitment and company loyalty. Furthermore, performance levels will also improve.

Finally, our study confirms the pivotal role of job autonomy in creating a high performing work context. When jobs are designed so that personal initiative is fostered, employees feel more challenged and less overchallenged, improving employee morale. Furthermore, employees perform better when they experience more autonomy. Creating more autonomy does however not imply that managers should withdraw from behavioral control. On the contrary, when employees experience no monitoring, guidance and feedback on procedures and behavior they enact to accomplish certain objectives, it is more likely that employees will feel overchallenged. Furthermore, they may get little input to further their personal development. Thus, the challenge for managers is to create a work context in which employees experience substantial autonomy while at the same time getting support and input to further their proficiency and skills. When these requirements are met, employees are more satisfied, committed and loyal to the company, while individual performance improves.

ACADEMIC ACHIEVEMENTS DURING ICM DOCTORAL FELLOWSHIP

Presentations at conferences

- 2004
August Annual Meeting of the Academy of Management, New Orleans, U.S.
Paper accepted as part of the 'HRM across national borders' symposium:
'Explaining differences in Belgian HR practices: Legislative or cultural
determinants?'
- 2003
August American Marketing Association's Summer Educators Conference,
Chicago, Illinois, U.S.
Paper accepted: 'Performance, Creativity and Empowerment Dynamics for
Front Line Employees in Service Organizations'.
Judged as 'Best Paper' in the 'Services Connections'- Track
- May 11th European Congress on Work and Organizational Psychology
(EAWOP), Lisboa, Portugal.
Paper accepted: 'The Missing Link: Understanding Why Past Research
Shows a Weak Relationship between Employee Empowerment and
Performance'.
- May 32th EMAC Conference, Glasgow, U.K.
Paper accepted: 'The Missing Link: Understanding Why Past Research
Shows a Weak Relationship between Employee Empowerment and
Performance'.

Publications

| Year | Code | Publication |
|-------------|-------------|--|
| 2004 | (c) | Buyens, D., Dany, F., Dewettinck, K., & Quinodon, B (2004) <i>Belgium-France: Does a language/cultural perspective explain differences in HR practices?</i> In: Brewster, Mayrhofer and Morley (Eds.) (2004) <i>Human Resource Management in Europe: Evidence of convergence?</i> London: Butterworth-Heinemann. |
| 2003 | (c) | Dewettinck, K. & Buyens, D. (2003) <i>Role stress among frontline employees.</i> In: Van Looy, B., Gemmel, P. and Van Dierdonck, R. (Eds.) (2003) <i>Services Management: An Integrated Approach</i> (2nd ed.). London: Prentice Hall Financial Times. |
| 2003 | (c) | Van Looy, B., Dewettinck, K., Buyens, D. & Vandebossche, T. (2003) <i>The role of human resource practices in service organizations.</i> In: Van Looy, B., Gemmel, P. and Van Dierdonck, R. (Eds.) (2003) <i>Services Management: An Integrated Approach</i> (2nd ed.). London: Prentice Hall Financial Times. |
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| 2002 | (b) | Dewettinck, K. & Buyens, D. (2002) Tewelkstellingsimplicaties van downsizingstrategieën en heroriëntatiepraktijken: een empirische exploratie, <i>Tijdschrift voor Arbeidsvraagstukken</i> , 18 (1): 6-20. |

- 2002 (c) Dewettinck, K. (2002) Afslankingsstrategieën en implicaties naar duurzame tewerkstelling? [Downsizing strategies and employment implications?] In : Hermans, R. (Ed.) Vademecum voor Personeelsbeleid, Antwerpen : AR Media.
- 2001 (a) Buyens, D., Wouters, K. & Dewettinck, K. (2001) Future challenges for human resource development professionals in Europe. HRD in learning oriented organizations: an empirical study in Belgian organizations, *Journal of European Industrial Training*, 25 (9), 442-453.
Recognized with a ‘Highly Commended Award’, Emerald Literati Club.
- 2001 (c) Dewettinck, K. & Buyens, D. (2001) *Employment implications of downsizing strategies. An empirical study on external and internal reorientation practices in Belgian-based companies*, Paper published in the proceedings of the New Dimensions in HRM Conference, pp. 76-92, Nicosia, Cyprus, November 8-9.

Legend Publication list

- (a) Articles and chapters in international journals, edited works, published proceedings, ... with peer review.
- (b) Articles and chapters in national journals, edited works, published proceedings, ... with peer review.
- (c) Articles and chapters in professional journals, edited works, published proceedings, ... without peer review.

CHAPTER 1

INTRODUCTION

The majority of economists agree today that services make an important contribution to economic development. Service industries are currently the largest contributors to employment and gross domestic product (GDP) in most countries. Furthermore, services presently amount to an average of 70 percent of GDP and over two-thirds of all employment in developed market economies (Desmet, Van Looy & Van Dierdonck, 2003). Not surprisingly, service management has emerged as an important topic in current managerial practice and research. In this field, special interest has been devoted to the role of front line employees (FLE's). Their significance as an important quality determining factor of the service delivery process and in extension for organizational effectiveness is uncontested by managers and researchers alike (Edvardsson, Larsson & Setterlind, 1997; Hartline & Ferrel, 1996; Larkin & Larkin, 1996; Lovelock, 1995; Maister, 1997; Norman, 1988; Rucci, Kirn & Quinn, 1998; Schneider and Bowen, 1995; Singh, 1998). One of the reasons is that, because of the inseparability of production and consumption, personal interaction between the customer and FLE's is at the heart of many services (Czepiel, Solomon, Surprenant & Gutman, 1985). Further, because of the intangibility of services (Bateson, 1977; Shostack, 1977a; 1977b) customers rely upon FLE's behavior as partial evidence in forming their perceptions of service (how it happens) and attitudes about service (how good it is) (Schneider & Bowen, 1985).

Service management researchers focused initially very heavily on FLE's contribution to service quality (and how to improve it). The view that providing excellent service is not the sole expectation one may have towards FLE's role in the organization, finds however more acceptance. Indeed, with increased competition in the service industry, an ever augmenting need to balance between service quality at the one hand and cost efficiency at the other hand emerges. Today, little appears to have changed since Bateson's (1985) analysis of the frontline job as a "three-cornered fight," in which the customer (demanding attention and service quality) and the organization (demanding efficiency and productivity) are at the two

ends and the FLE is "caught-in-the-middle." This apparent tension of satisfying management and customers and of meeting productivity and quality goals emerges as a consistent theme that underlies the study of FLE's in the service management literature (Singh, 2000).

Because of its significance, several scholars have emphasized the need for systematic studies of FLE performance, giving attention to both quantity or productivity and quality aspects (Renn & Fedor, 2001; Singh, 2000). Because such studies are rare, insights and theories on how to improve distinct FLE performance aspects are still in their infancy. Though a simple recipe to improve FLE performance will probably never arise and may even not be desired, a better understanding of FLE performance drivers surely is. Such insights may be helpful to organizations and managers who, on a daily basis, have to deal with the complex and challenging task of satisfying customers with ever increasing demands in terms of quality and cost of services they want to be provided with.

The common characteristic of the four articles that are presented further is that they deal with FLE performance as focal outcome variable and that the level of analysis is the individual. More specifically, each of the papers, in its own distinctive way, aims to provide theoretically well-grounded and empirically rigorously tested insights on motivational and control mechanisms in the workplace and their impact on FLE affect (i.e. satisfaction, commitment), behavioral intentions (intention to stay working for the company) and performance levels. They are however different in that they, to some extent, use distinct constructs, theoretical frameworks and samples for empirical testing. The first paper differs from the three other ones in that it provides a theoretical review and empirical reanalysis based on existing studies that investigated the impact of psychological empowerment in the workplace. The findings and the suggestions that are made in this earlier paper form the foundation and starting point of subsequent conceptual and empirical work that is presented in the three other papers.

Before turning to the articles, this introduction provides a brief overview and discussion of the current state of the academic literature on the three focal elements that are investigated in this series of studies: employee empowerment, formal control mechanisms and FLE performance levels. To conclude this introductory chapter, each of the four studies are briefly summarized and key results are presented.

The second part of this document presents the four papers that are formatted and structured in a strict academic way. Finally, this document concludes with a broader discussion of theoretical and managerial implications, based on insights derived from this series of studies.

1.1. Employee empowerment, formal control mechanisms and employee performance: brief history, current academic insights and issues to build on...

1.1.1. The motivational mechanism: employee empowerment as focal construct

Employee empowerment has become a trend over the last decade, approaching the status of a movement or a fad, depending on one's perspective (Abrahamson, 1996). At its core the concept of empowerment involves increased individual motivation at work through the delegation of authority to the lowest level in an organization where a competent decision can be made (Conger & Kanungo, 1988; Thomas & Velthouse, 1990). Thus, the empowerment concept has roots in such substantive issues as intrinsic motivation, job design, participative decision making, social learning theory, and self-management (Liden & Tewksbury, 1995).

Liden & Arad (1996) noted that within the literature on empowerment there has developed both a macro perspective that focuses on organizational structures and policies, and a micro perspective that focuses on empowerment as intrinsic motivation. Originally, the structural view focused on empowering management practices, including the delegation of decision

making from higher to lower organizational levels (cf. Heller, 1998; Heller et al., 1998) and increasing access to information and resources for individuals at the lower levels (Bowen & Lawler, 1992, 1995; Rothstein, 1995). As such, central to the notion of structural empowerment is that it entails the delegation of decision-making prerogatives to employees, along with the discretion to act on one's own (Mills & Ungson, 2003). In this structural view, the rationale is that employees will behave in an empowered way by making the necessary changes at the structural level. More specifically, employees would feel more personal control over how to perform the job; would be more aware of the business and the strategic context in which the job is performed; and would be more accountable for performance outcomes (Bowen & Lawler, 1995). These cognitive-affective responses have later been relabeled as psychological empowerment (Conger & Kanungo, 1988).

Thanks to the work of Conger and Kanungo (1988) and Thomas and Velthouse (1990), important steps have been taken towards clarification of this psychological approach to empowerment, resulting in a growing consensus on its conceptualization. Further, because of the development of a sound and validated measurement instrument (Spreitzer, 1995, 1996), researchers have been enabled to empirically test theoretical propositions on the empowerment effects in the workplace.

Rather than approaching empowerment as “something managers do to their people” (Quinn & Spreitzer, 1997: 41), the psychological perspective focuses on perceptual or psychological dimensions of empowerment (Liden et al., 2000). Extensive efforts in the organizational theory domain have been devoted towards the clarification of these psychological empowerment dimensions. Thomas and Velthouse (1990) defined psychological empowerment as increased intrinsic task motivation, i.e. generic conditions by an individual, pertaining directly to the task, that produce motivation and satisfaction. Building on the work of Conger and Kanungo (1988), these authors distinguished between four empowerment dimensions, which reflect four distinct cognitions relating to an employee's orientation to his or her work. These four empowerment dimensions are

meaningfulness (i.e. the value of a work goal or purpose, judged in relation to an employee's own ideals and standards); competence (i.e. an employee's belief in his or her capability to perform task activities skillfully); self-determination (i.e. perception of autonomy in the initiation and continuation of work behaviors and processes) and finally, impact (i.e. the degree to which an employee perceives being able to influence strategic, administrative, or operating outcomes at work). Together, these four cognitions reflect an active, rather than a passive orientation to a work role. The four dimensions are argued to combine additively to create an overall construct of psychological empowerment. In other words, the lack of any single dimension will deflate, though not completely eliminate, the overall degree of felt empowerment (Spreitzer, 1995).

Empirical support has begun to accumulate regarding the relationship of employee empowerment to important work-related outcomes* (Liden, Wayne, & Sparrowe, 2000; Seibert, Silver & Randolph, 2004; Sparrowe, 1994; Spreitzer, 1995; Spreitzer, Kizilos, & Nason, 1997). However, reanalysis of empirical evidence from five influential empowerment papers (see first paper) indicates that the relationship between empowerment and employee affective responses (i.e., satisfaction and commitment) is strong and significant, but that the relationship between empowerment and performance levels is, at best, exceptionally modest. A consistent result among the studies is that psychological empowerment is only explaining about six percent of the variance in performance.

Another limitation of the empowerment literature is that studies that link the macro and micro perspective on empowerment do almost not exist. One exception is Seibert et al.'s (2004) recent study in which empowerment climate (the structural, macro perspective) is linked to psychological empowerment (the psychological, micro perspective). They found that empowerment manifested at the individual level mediates the relationship between empowerment climate and individual job performance. The authors conclude however that

* For a more elaborate discussion of theoretical arguments and empirical evidence on the relationship between psychological empowerment and important work-related outcomes: see paper 1 (Chapter 2).

more research is definitely needed to develop a fine-grained understanding on the interplay between empowerment at the structural and the individual level.

Because of these issues, more scholarly attention is necessary to better understand the empowerment dynamic in organizations and transform this management fashion into a scientifically informed learning process capable of producing effective management techniques (Abrahamson, 1996; Seibert et al., 2004). One fruitful avenue in this respect is the (possibly conflicting) interplay between empowering employees and at the same time exercising adequate control. Argyris (1998), Simons (1995) and Mills and Ungson (2003) agreed in arguing that empowering people without losing control is a fundamental challenge in trying to improve employee performance levels. The proposed fundamental problem is that more discretion and autonomy for employees to make work-related decisions, which is assumed to be fostered by empowering practices, is again curbed by management's tendency to keep exercising control on employee behavior and outcomes. However, to our knowledge, there are no sound theoretical arguments or empirical support for this claim.

To address this issue, a major objective of this research project is to explore the formal control mechanism in the workplace, its implications on FLE affect and performance levels, and the proposed interplay with the motivational mechanism.

1.1.2. Management control in frontline contexts: outcome and behavioral control as focal constructs.

Control involves “a regulatory process by which the elements of a system are made more predictable through the establishment of standards in the pursuit of some desired objective or state” (Leifer & Mills, 1996: 117). Thus, the logic of control mechanisms is that, through their proper establishment, the attainment of desirable goals becomes more predictable (Das & Teng, 1998). Control mechanisms are therefore appropriate to reconcile the potential loss of control inherent in empowerment practices. At the same time however, it has been

argued that managements' tendency to remain in control is exactly the reason why empowerment is not working in practice (Argyris, 1998).

Several control mechanisms have been identified. Originally, Ouchi (1979) described three fundamentally different mechanisms through which organizations can seek to cope with the problem of evaluation and control: markets, bureaucracies and clans. Illustrating his framework in a parts supply division, Ouchi (1979) showed that markets deal with the control problem through their ability to precisely measure and reward individual contribution. Bureaucracies rely instead upon a mixture of close evaluation with socialized acceptance of common objectives. Finally, clans rely upon a relatively complete socialization process which effectively eliminates goal incongruence between individuals (Ouchi, 1979).

More recently, Jaworski (1988) provided a more comprehensive framework, applied to frontline contexts, in which formal and informal control mechanisms were explicitly distinguished. Formal control mechanisms are written, management-initiated mechanisms that influence the probability that employees or groups will behave in ways that support the stated objectives. Informal control mechanisms, in contrast, are unwritten, typically worker-initiated mechanisms that influence the behavior of individuals or groups (Jaworski, 1988; Hopwood, 1974).

Two control mechanisms we will focus on are behavioral and outcome control (see e.g. Anderson & Oliver, 1987; Eisenhardt, 1985; Krafft, 1999; Oliver & Anderson, 1994, 1995). Behavioral control refers to mechanisms through which management attempts to influence the means to achieve desired ends. Typically, behavioral control concerns monitoring, evaluation and controlling of behavior (methods and procedures) enacted by employees in achieving performance outcomes. In the case of complete behavioral control, management holds the employee responsible for following the prescribed process but does not hold the individual responsible for the outcome. Output control, in contrast, is exercised when performance standards are set, monitored, and the results evaluated, without specifying the

process through which the results should be obtained. Thus, in the case of complete outcome control, the firm does not need to know the causal mechanism to steer the worker back on course because responsibility for cause-effect knowledge has been delegated to the worker.

We limit our scope to formal control mechanisms because of three reasons. First, we are mainly interested in control mechanisms initiated by the management of the organization. Secondly, there is a substantive research tradition on formal control mechanisms in sales contexts (e.g. Agarwal & Ramaswami, 1993; Anderson, 1996; Anderson & Oliver, 1987; Baldauf, Cravens & Grant, 2002; Baldauf, Cravens & Piercy, 2001; Challagalla & Shervani, 1996; Cravens, Ingram, Laforge & Young, 1993; Oliver & Anderson, 1994, 1995; Piercy, Cravens & Morgan, 1999). Because both sales and service employees operate at the frontline, insights from the sales context provide a valid starting point to expand our knowledge on management control towards frontline service employees. Thirdly and most importantly, it has been argued that formal control mechanisms, especially behavioral control, are the most problematic in empowerment contexts, because they may be less effective in relatively unpredictable conditions, where employees are expected to take initiative in non-routine, if not novel, tasks (Daft, 1995; Mills & Ungson, 2003). However, we notice that formal control mechanisms are nevertheless very widely used in practice, even when empowerment practices are put in place.

Insights from management control in sales contexts

As mentioned before, scholars from the sales area have devoted major emphases to management control issues (Baldauf et al., 2002). Initially, focus has been on the appropriateness of outcome and behavioral control depending on characteristics of the sales context. Less attention was given to identifying the underlying processes that explain the consequences of control mechanisms on salespeople affect and behavior. As Anderson & Oliver (1987) put it: “Rather than asking whether behavior or outcome control is preferable, we should ask under what circumstances each system functions well (Anderson & Oliver, 1987: 87). More recent studies however shifted focus to the consequences of sales control

strategies at the individual employee level (e.g. Agarwal & Ramaswami, 1993; Babakus, et al., 1996). Much of these research efforts have investigated the impact of behavior-based management control systems (Babakus et al., 1996; Baldauf et al., 2002; Cravens et al., 1993; Oliver & Anderson, 1994; Piercy et al., 2001). Generally, this stream of research found that behavioral control strategies lead to higher levels of motivation and job satisfaction. It is proposed that the reason of this may be that behavioral control provides the manager with the opportunity for coaching, counseling, and making adjustments to work allocations, to reduce the emergence of job anxiety and burnout. Empirical evidence that supports this proposition is however lacking.

Furthermore, studies on the antecedent role of behavioral control on employee performance levels, have surfaced some unexpected and ambiguous findings (Challagalla & Shervani, 1996). For example, Oliver and Anderson (1994) reported a weak negative relationship between behavioral control and performance, while Cravens et al. (1993) found a positive relationship. Challagalla and Shervani (1996) and Baldauf (2002) found no clear relationship. Thus, though an increasing body of knowledge has been accumulated in recent years, there are several variations and inconsistencies in the research results.

Several scholars have made suggestions that aim to expand our understanding of the control performance relationship. Oliver & Anderson (1994) suggested that an important step in further development of this research field is to expand and broaden the conceptual structure surrounding the control concept. Challagalla and Shervanti (1996) and Baldauf et al. (2002) echoed this quest for more research.

One of their suggestions is to include and explore more intervening variables, to obtain a better understanding of the primary mechanism through which behavioral control influences job consequences. Another objective of this series of studies was to address this call. More specifically, throughout our studies, the role of four possible intervening variables is conceptually and empirically explored: these are job autonomy, contextual learning orientation and experienced challenge and overchallenge in the job.

1.1.3. Frontline employee performance as focal outcome variable

Individual job performance has been of interest to organizational researchers for a long time. Initial interest focused on employee performance measurement and the accuracy and possible biases of performance evaluations. Between 1950 and 1980, most research was concerned with improving the instruments used in making performance ratings. Hundreds of studies have been executed on the advantages and disadvantages of different types of rating scales, of rating versus ranking, and of ways of eliciting ratings that would provide the most objective measures of performance (for an overview see e.g. Arvey & Murphy, 1998 and Ilgen et al., 1993). The outcome of these research efforts was however disappointing as it became clear that not so much the characteristics of the scales themselves, but characteristics of the raters and the rating context appeared to be more important in explaining rating accuracy (Wexley & Latham, 1981; Pulakos, 1986).

In the early 1980's, Landy and Farr (1980) and Feldman (1981) redirected performance appraisal research from issues related to the development of psychometrically sound rating scales to those involving the cognitive processes of raters. Since that time, principles from social cognition and cognitive psychology have been translated to the specific conditions of formal appraisal systems in work-oriented organizations (Ilgen, Barnes-Farrell & McKellin, 1993). This appraisal process perspective made clear that rating errors, especially halo assessed by covariation among performance dimensions, does not necessarily bias rating accuracy (Murphy & Balzer, 1989; Smither & Reilly, 1987) and that rater expectations on ratings implies that the purposes under which ratings are obtained have a strong influence on the ratings themselves (Fahr & Werbel, 1986; Zedeck & Cascio, 1982). Overall, reviews on these two research streams on performance appraisal (e.g. Arvey & Murhpy, 1998; Ilgen et al., 1993) have concluded that, despite the vast amount of research that has been conducted, little contribution has been made to the practice of performance appraisal.

Because of this preoccupation with performance appraisal accuracy as the primary criterion of interest, little advancement has been made in developing specific models that assess the

impact of individual and work-contextual elements that influence employee performance levels. Though, major theoretical advancement has been made in experimental studies. Such studies have the advantage not being troubled by the difficulties in operationalizing and measuring performance levels as in field studies. Research based on goal theory (e.g. Locke & Latham, 1990) and control theory (e.g. Klein, 1989) has contributed substantially in gaining a better insight in fundamental processes that explain individual performance levels. However, experimental studies often have the disadvantage of limited external generalizability of the research findings. As a result, substantive theoretical advancements have not been directly translated in much progress in field research explaining employee performance levels. In the early eighties, Blumberg and Pringle (1982) noted that existing theory failed to provide strong and consistent prediction of individual job performance. Their observation that most empirical research consists of searching for a simple relationship between job performance and one or two selected variables and that there has been little attempts to synthesize the research or to investigate the relationship among these diverse variables, still holds to a certain degree today. The most frequently investigated antecedents (since the nineties) of individual performance, including the authors and journals in which they appeared are mentioned in Table 1.1.

Most of the mentioned reviews and meta-analyses focused on the impact of one or two single variables on job performance. A common finding of this broad array of studies is that most of the investigated performance antecedents have a significant but modest impact on performance levels.

Consequently, addressing Blumberg and Pringle's (1982) call to integrate different streams of research and different constructs in explaining performance levels, our aim is to explore both the motivational and the control mechanism in the workplace while at the same time taking personality variables into consideration.

Table 1.1: Influential studies on antecedents of individual job performance

| Performance antecedent | Authors | Year | Source |
|------------------------------------|-----------------------------------|----------------------|--|
| Empowerment | Seibert, Silver & Randolph | 2004 | Academy of Management Journal |
| | Liden, Wayne, & Sparrowe | 2000 | Journal of Applied Psychology |
| | Spreitzer, Kizilos, & Nason | 1997 | Journal of Management |
| | Spreitzer | 1996 | Academy of Management Journal |
| Formal control | Baldauf, Cravens & Grant | 2002 | International Business Review |
| | Challagalla & Shervani, | 1996 | Journal of Marketing |
| | Oliver & Anderson, | 1994 | Journal of Marketing |
| | Agarwal & Ramaswami, | 1993 | Journal of the Academy of Marketing science |
| Employee affect | Cravens, Ingram, Laforge & Young | 1993 | Journal of Marketing |
| | Schleicher, Greguras & Watt | 2004 | Journal of Applied Psychology |
| | Fisher | 2003 | Journal of Organizational Behavior |
| | Judge, Thoresen, Bono & Patton | 2001 | Psychological Bulletin* |
| Leadership characteristics | Fitzpatrick | 1993 | Personnel Psychology |
| | Judge, Piccolo & Ilies, | 2004 | Journal of Applied Psychology* |
| Personality characteristics | Gernster & Day | 1997 | Journal of Applied Psychology* |
| | Salgado | 2003 | Journal of Occupational and Organizational Psychology* |
| | Tett, Steel & Beauregard | 2003 | Journal of Organizational Behavior |
| | Witt | 2002 | Journal of Management |
| | Judge & Bono | 2001 | Journal of Applied Psychology* |
| | Tett, Jackson, Rothstein & Reddon | 1994 | Personnel Psychology* |
| | Ones, Mount, Barrick & Hunter | 1994 | Personnel Psychology* |
| | Barrick & Mount | 1991 | Personnel Psychology* |
| Stress / strain | Tett, Jackson & Rothstein | 1991 | Personnel Psychology* |
| | Cropanzano, Rupp & Byrne | 2003 | Journal of Applied Psychology |
| | Fried, Slowik, Shperling et al. | 2003 | Human Relations |
| | Beehr, Jex, Stacy & Murray | 2000 | Journal of Organizational Behavior |
| | Brotheridge | 1999 | Personnel Psychology* |
| | Klein & Verbeke | 1999 | Journal of Applied Psychology |
| | Schaubroeck & Fink | 1998 | Journal of Organizational Behavior |
| Babin & Boles | 1996 | Journal of Retailing | |

* review or meta-analytical studies are indicated with an asterix

A challenging issue in employee performance research is how to operationalize individual job performance. Several authors have argued that overly general conceptualizations of performance may be an important explanation for inconsistent research findings and little advancement of this research domain as a whole (e.g. Campbell, 1990; Jex, 1998). Because all components are not relevant for all jobs, Campbell (1990) emphasized the importance to specify performance components for a particular job. In our series of studies, we have addressed this call by operationalizing FLE performance as a multidimensional construct (effectiveness and creativity), at the same time considering the specificity of the frontline job by distinguishing between economically oriented (quantity) and service oriented (quality) goals. Recently, several studies on frontline employee performance have used a similar approach (e.g. Singh, 2000; Renn & Fedor, 2001; Van Dyne, Jehn & Cummings, 2002).

1.2. Brief description and key results of the four studies

1.2.1. Paper 1: Psychological empowerment in the workplace: reviewing the empowerment effects on critical work outcomes

The aimed contribution of this paper is to provide a clear picture on the current status of research assessing the empowerment effects. Thereto, theory and empirical findings on the effects of empowerment in the workplace are reviewed. Data from five influential empowerment studies is used to empirically assess the effects of the four empowerment dimensions on affective and behavioral employee responses. Data is reanalyzed using hierarchical regression analysis. Confirming growing skepticism among practitioners and academics, this study indicates that empowerment practices result in more satisfied and committed, but not necessarily better performing employees. A consistent result among the studies is that psychological empowerment is explaining about six percent of the variance in performance levels. Furthermore, it is shown that there is a differential unique impact of the distinct empowerment dimensions on employee performance. In explaining these

results, we suggest some avenues for further research that may be fruitful in gaining a better understanding on empowerment effects in the workplace and how to strengthen the empowerment performance relationship. These suggestions form the foundation for the conceptual work that resulted in the three other papers we present below.

1.2.2. Paper 2: Performance, creativity and empowerment dynamics for front line employees in service organizations

This paper focuses on the motivational mechanism and proposes a conceptual model that links empowerment at the structural level with FLE performance through the mediating role of employee empowerment levels. Bearing on Self-Determination Theory (Deci & Ryan, 1985), the main contribution of this paper is that it extends current thinking on employee empowerment in that the empowerment process is conceptualized as a goal-oriented process. Transferred to service contexts, this implies that FLE's may be differentially empowered towards different goals, such as providing economic efficiency by being more productive versus providing high quality service by taking necessary action to deliver high customer satisfaction. Such an approach enables us to propose some initial answers to theoretically interesting questions like, "Why do FLE's fail to evidence empowerment despite empowering work conditions?" and "Why do FLE's evidence empowerment in some aspects of their work (e.g., internal tasks) and not in others (e.g., customer-related tasks)?"

The proposed conceptual model was empirically tested using a sample of 138 FLE's in a U.S. Midwest hospital. One of the more robust findings of this study is that we found empirical evidence indicating that the process of empowerment is goal-specific. We found that organizational attempts to empower employees towards a specific goal may lead to empowerment behaviors and performance for that goal, but in general will not carry over to other organizational goals or missions. This finding suggests that future research should take into account the goal specificity of organizational intentions, individual behaviors and

outcomes in assessing the impact of empowerment practices on employee performance levels.

1.2.3. Paper 3: The job challenge construct revisited: conceptualization, antecedents, and consequences of experienced challenge and overchallenge in the job

In the third paper, we extended our exploration of the consequences of formal control mechanisms in the workplace. In this paper, we hypothesized that outcome and behavioral control would have differential effects on experienced job challenge and experienced job overchallenge, which in turn were hypothesized to have differential effects on employee affective responses and performance levels. These propositions were tested in a sample of 511 FLE supervisor dyads in two service companies. The results indicate that outcome control is positively related to experienced challenge and experienced overchallenge, while behavioral control is negatively related to both these variables. Further, experienced challenge showed to be consistently positively related to employee affective and behavioral responses, while overchallenge showed to be consistently negatively related to these same outcome variables. We found however no direct relationship between experienced challenge levels and performance outcomes.

1.2.4. Paper 4: The influence of behavioral control on service employee affect and effectiveness: the intermediate role of job autonomy and contextual learning orientation

The fourth paper investigates the interplay between the motivational mechanism and the control mechanism in the workplace. We focus on behavioral control because several scholars have argued that management's reluctance to give up control is one of the main reasons why, in practice, empowerment initiatives are not having the positive results that are hoped for. Indeed, Argyris (1998), Simons (1995) and Mills and Ungson (2003) agreed in arguing that empowering people without losing control is a fundamental challenge in trying to improve employee performance levels. The main argument is that more discretion

and autonomy for employees to make work-related decisions, which is assumed to be fostered by empowering practices, is again curbed by management's tendency to keep exercising control on employee behavior.

Bearing on self-determination theory (Deci & Ryan, 1985, 2000) we conceptually explore the role of experienced autonomy and contextual learning orientation in linking behavioral control to employee affect and effectiveness. This conceptual model is empirically tested in a sample of 1184 FLE supervisor dyads in four service companies. The empirical results indicate that the contextual learning orientation-construct is more useful than the autonomy-construct in linking behavioral control to employee affective and behavioral responses. We found that behavioral control has a very strong impact on employee's perception of the degree to which they find their working environment learning oriented. In contrast however, our study indicates that behavioral control has no impact on experienced autonomy in the job. This finding challenges the commonly accepted proposition that behavioral control is counterproductive in empowered work contexts because it would curb experienced job autonomy. Giving support to our proposition based on self-determination theory, we found that the more people find their work context to be learning oriented, the more satisfied, more committed and better performing (as rated by their supervisor) they are. This study also showed that employee dispositions have a considerable impact on employee affect and behavior. More specifically, we found that frontline employees with a stronger internal locus of control are more satisfied, committed and better performers. Employees with a strong personal learning orientation tend to be more committed to their company, though they have a weaker intention to stay working for the company.

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Chapter 2

PAPER 1

**PSYCHOLOGICAL EMPOWERMENT IN THE WORKPLACE:
REVIEWING THE EMPOWERMENT EFFECTS ON CRITICAL WORK OUTCOMES**

Koen Dewettinck ¹

Jagdip Singh ²

Dirk Buyens ³

Working paper

Ghent University, Faculty of Economics and Business Administration and
Vlerick Leuven Gent Management School

¹ Ghent University, Faculty of Economics and Business Administration & Vlerick Leuven Gent Management School

² Weatherhead School of Management, Case Western Reserve University, Cleveland, Ohio

³ Ghent University, Faculty of Economics and Business Administration & Vlerick Leuven Gent Management School

SUMMARY

This paper reviews theory and empirical findings on the effects of empowerment in the workplace. Data from existing studies is used to assess the effects of the four empowerment dimensions on affective and behavioral employee responses. Data is reanalyzed using hierarchical regression analysis. Confirming growing skepticism among practitioners and academics, this study indicates that empowerment practices result in more satisfied and committed, but not necessarily better performing employees. Furthermore, it is shown that there is a differential impact of the distinct empowerment dimensions on employee performance levels. Theoretical and practical implications are discussed.

KEY WORDS: Employee Empowerment; Employee Performance

2.1. Introduction

For theory and practice alike, the promise of empowerment has been satisfied, committed and highly performing employees. Over a decade ago, Conger and Kanungo (1988, p. 471) noted that, “the practice of empowering subordinates is a *principal* component of managerial and organizational effectiveness” (added emphasis). Building on insights derived from research on human motivation (e.g. Brief & Nord, 1990; Deci et al., 1989; Hackman & Oldham, 1980; Herzberg, et al., 1959; Maslow, 1954), several scholars echoed Conger and Kanungo’s proposition (e.g. Forrester, 2000; Liden et al., 2000; Spreitzer, 1995; 1996; Thomas & Velthouse, 1990).

Nowadays, despite some decades of academic and practitioner attention on the empowerment construct, the received wisdom on the empowerment effects in the workplace is skepticism. Many leading service companies have dropped empowerment from their list of preferred management practices. While some abandoned the idea completely, others stacked the empowerment approach into a broader and more balanced array of people management strategies to foster employee and organizational effectiveness.

Accordingly, from an academic point of view, efforts to better understand the relationship between empowerment and employee and organizational effectiveness have resulted in mixed and inconsistent findings. As will be shown later, several authors found positive relationships between empowerment cognitions and effectiveness at the level of the individual employee. However, turning to the organizational level of analysis, the relations seem less clear. Staw and Epstein (2000) for example, in assessing the effects of popular management techniques on firm performance, found that focusing on empowerment did have a significant effect on firm reputation but not on firm performance.

Given these observations, the objective of this paper is to review empirical evidence on the empowerment effects. After having clarified what is meant with the notion of empowerment, we will review theoretical arguments about empowerment effects in the

workplace. Then, we will contrast these theoretical arguments with results from our reanalysis of empirical evidence on the empowerment effects.

By doing so, we contribute in several ways to the current status of knowledge on empowerment in the workplace. First, we provide a review of theoretical arguments on the effects of empowerment on important employee work outcomes such as job satisfaction, organizational commitment and employee performance levels. Second, theoretical claims concerning the effects of empowerment in the workplace are empirically reviewed. In times when efforts to better understand the relationship between empowerment and employee effectiveness have resulted in mixed and inconsistent findings, such a review may provide some much needed clarity. In this respect, this research's contribution is that it provides a clear picture on the current status of research assessing the empowerment effects. Third, in explaining our results, we suggest some avenues for further research that may be fruitful in gaining a better understanding on empowerment effects in the workplace and how to strengthen the empowerment – performance relationship. Finally, we propose some practical considerations about how to deal with empowerment in the workplace. These may be especially helpful for people managers who adhere to the empowerment principles.

2.1.1. Choosing among perspectives: A psychological view on empowerment

Organizational researchers have distinguished between two major perspectives on empowerment: the structural and the psychological approach. Originally, the structural view focused on empowering management practices, including the delegation of decision making from higher to lower organizational levels (cf. Heller, 1998; Heller et al., 1998) and increasing access to information and resources for individuals at the lower levels (Bowen & Lawler, 1992, 1995; Rothstein, 1995). As such, central to the notion of structural empowerment is that it entails the delegation of decision-making prerogatives to employees, along with the discretion to act on one's own (Mills & Ungson, 2003). In this structural view, the rationale is that employees will behave in an empowered way by making the necessary changes at the structural level. More specifically, employees would feel more personal control over how to perform the job; would be more aware of the business and the strategic context in which the job is

performed; and would be more accountable for performance outcomes (Bowen & Lawler, 1995). These cognitive-affective responses have later been relabeled as psychological empowerment (Conger & Kanungo, 1988).

In this review, we focus on this psychological perspective on empowerment for several reasons. First, thanks to the work of Conger and Kanungo (1988) and Thomas and Velthouse (1990), important steps have been taken towards clarification of this psychological approach to empowerment, resulting in a growing consensus on its conceptualization. Second, because of the development of a sound and validated measurement instrument (Spreitzer, 1995; 1996), the psychological perspective is for our purposes the most useful perspective because it enables us to systematically review both the theoretical and empirical evidence on the effects of empowerment in the workplace.

Rather than approaching empowerment as “something managers do to their people” (Quinn & Spreitzer, 1997, p. 41), the psychological perspective focuses on perceptual or psychological dimensions of empowerment (Liden et al., 2000). Extensive efforts in the organizational theory domain have been devoted towards the clarification of these psychological empowerment dimensions. Thomas and Velthouse (1990) defined psychological empowerment as increased intrinsic task motivation, i.e. generic conditions by an individual, pertaining directly to the task, that produce motivation and satisfaction. Building on the work of Conger and Kanungo (1988), these authors distinguished between four empowerment dimensions, which reflect four distinct cognitions relating to an employee’s orientation to his or her work.

The first empowerment cognition is meaningfulness. It concerns the value of a work goal or purpose, judged in relation to an employee’s own ideals and standards (Thomas & Velthouse, 1990; Spreitzer, 1995, 1996). It refers to congruence between requirements of a work role and employee’s beliefs, values, and behaviors (Brief & Nord, 1980; Spreitzer, 1995). The second empowerment cognition is competence. It is an employee’s belief in his or her capability to perform task activities skillfully when he or she tries (Thomas & Velthouse, 1990). Bandura’s (1997) self-efficacy concept

reflects this competence dimension. Self-determination, the third empowerment cognition, involves causal responsibility for a person's actions. It is the employee's perception on the autonomy in the initiation and continuation of work behaviors and processes (Bell & Staw, 1980; Deci, Connel & Ryan, 1989). Finally, impact is the fourth empowerment cognition. It reflects the degree to which an employee can influence strategic, administrative, or operating outcomes at work (Ashforth, 1989). As pointed out by Lee and Koh (2001), the general notion of impact has been studied under various labels, including learned helplessness (Overmeier & Seligman, 1967) and locus of control (Rotter, 1966). Impact is the converse of learned helplessness (Martinko & Gardner, 1982), however, it differs from locus of control. Internal locus of control is a general personality characteristic, while the impact cognition endures with the work context (Spreitzer, 1995).

2.2. Method

Next to a review of theoretical arguments about the effects of empowerment in the workplace, this study also has the objective to provide a review of empirical evidence. This empirical review has two main purposes. First, we want to develop an integrative view on empirical evidence concerning the relationship between employee empowerment and important work outcomes such as employee performance levels, job satisfaction and organizational commitment. Secondly, building on the multidimensionality of the psychological empowerment construct, we want to extract clear empirical evidence on the unique contribution of the empowerment dimensions on employee performance levels. The following methodology has been used to accomplish both these research purposes.

2.2.1. Sample

Major psychological and managerial oriented journals were scanned on articles containing empirical evidence on the relationship between the empowerment dimensions and important work outcomes such as job satisfaction, organizational commitment, effectiveness and performance. For comparative reasons, we searched for articles that used Spreitzer's (1995) measurement scale of psychological empowerment. We did so because Spreitzer's empowerment scale builds on Conger and Kanungo's (1988) and Thomas and Velthouse's (1990) conceptual work that found wide acceptance in the organizational theory domain. We executed a search in the Social Science Citation Index for articles that referred to the before mentioned article. This resulted in 96 hits. Each of these articles were reviewed to check if (a) empirical evidence on the relationship between empowerment and the work outcomes mentioned before were presented and (b) the correlation matrix -including the four empowerment dimensions- was presented in order to allow us to reanalyze the data. In total, four articles (covering 5 research samples) were found that could be used to assess the relationship between the psychological empowerment dimensions and important work outcomes. Two of the found studies used partly the same sample (Spreitzer, 1995 and Spreitzer, Kizilos and Nason, 1997).

2.2.2. Analysis

To develop an integrative view on empirical evidence on the power of the empowerment construct in explaining the variance in employee performance, job satisfaction and organizational commitment, we used regression analysis. The correlation matrices presented in the articles were used as input in SPSS 11.0. This allowed us to reanalyze the data using one single statistical technique. The four empowerment dimensions were simultaneously brought into the regression equation as independent variables. Employee performance, job satisfaction and organizational commitment respectively were inserted as dependent variables. For each of these outcome variables, R^2 was calculated, measuring the explained variance in the outcome variable by the four empowerment dimensions (See table 2.1). Secondly, we aimed to extract clear empirical evidence on the unique contribution of the empowerment

dimensions on employee performance. Therefore, we computed the incremental variance of each empowerment dimension in the performance outcome beyond that explained by the other three dimensions in a hierarchical regression analysis. R^2 Change is used as an indicator of this unique contribution.

2.3. Results

2.3.1. Are more empowered employees more satisfied with their jobs?

Of the four empowerment dimensions, the strongest theoretical argument for a positive relationship to work satisfaction has been made for meaningfulness (Liden et al., 2000). Already in the late fifties, it has been stressed that the degree to which an individual finds work personally meaningful is an important precondition of work satisfaction (Herzberg et al., 1959). Hackman and Oldham (1980) echoed this proposition by introducing job meaningfulness as a critical precursor to work satisfaction. Individuals who perceive their jobs to be significant and worthwhile feel higher levels of work satisfaction than those who perceive their jobs as having little value. In contrast, low levels of meaning have been linked to apathy at work and, hence, lower levels of work satisfaction (Thomas & Velthouse, 1990). Further theoretical arguments draw on Locke's (1976) notion of personal value fulfillment. From this perspective, work satisfaction results from the perception that one's work fulfills or allows the fulfillment of one's desired work values. Such value fulfillment is consistent with the meaning dimension of empowerment (Spreitzer et al., 1997).

Arguments have also been made for positive relations between the other empowerment dimensions and work satisfaction. Looking at the impact dimension, individuals should derive a sense of job satisfaction when they feel that they have been directly involved in outcomes that affect the organization. Similarly, the more individuals are involved in decision-making, the more satisfied they should be with the work itself (Niehoff et al., 1990). Furthermore, a sense of control or self-determination over one's work is satisfying because any accomplishments can be attributed more to oneself than to other individuals. Similarly, others found task autonomy (Brown and Peterson, 1993) and

decision-making latitude (Westman, 1992) to be related to increased job satisfaction. Finally, research on self-efficacy indicates that individuals who possess confidence in being able to succeed are happier with their work than those who fear that they may fail. Being fearful of failure may lead the individual to experience feelings of helplessness (Martinko & Gardner, 1982), and, as a result, such individuals will be less satisfied with the work than people who are confident in their levels of competence. Thus, there is strong theoretical evidence for a positive relationship between empowerment (comprising the four cognitions of meaningfulness, competence, self-determination and impact) and job satisfaction.

Table 2.1. Explained variance of work outcomes by psychological empowerment

| Authors | Sample | N | Contribution empowerment (R^2) to: | | |
|-------------------------------------|--|-----|---|---------|--------|
| | | | Perf. ^a | Satisf. | OC |
| Spreitzer, 1995 | Mid-level employees industrial organization | 393 | .07*** | --- | --- |
| Spreitzer, Kizilos & Nason, 1997 | Mid-level employees industrial organization | 393 | .06*** | .14*** | --- |
| Spreitzer, Kizilos & Nason, 1997 | Lower-level employees insurance company | 128 | --- | .40*** | --- |
| Kraimer, Seibert & Liden, 1999 | Nursing staff community hospital | 160 | --- | --- | .30*** |
| Liden, Wayne & Sparrowe, 2000 | Lowel-level employees service organization | 337 | .06*** | .42*** | .40*** |

Notes: a. Perf. = Employee Performance / Satisf. = Job Satisfaction / OC = Organizational Commitment.

***<.001

--- = relationship not investigated in this study

Turning to empirical evidence, our review included two studies (with three samples in total) that investigated the relationship between psychological empowerment and employee satisfaction. The results that are presented in Table 2.1 confirm that there is a significant relationship between level of psychological empowerment and job satisfaction. The relationship seems especially strong for lower-level employees, where empowerment explains about 40 percent of the variance in job satisfaction (Spreitzer et

al., 1997; Liden et al., 2000). In a sample of mid-level employees, R^2 was substantially smaller (14 percent), but still significant (Spreitzer et al., 1997).

2.3.2. Are more empowered employees more committed to their organization?

Organizational commitment refers to an individual's attachment, loyalty, and identification with the organization (Meyer & Allen, 1984). Kanter (1983) argued that having a sense of meaning in the job results in high commitment and concentration of energy. Several other authors (Campion & Lord, 1982; Hollenbeck & Klein, 1987; Mento, Cartledge & Locke, 1980; Taylor et al., 1984) also contended that meaningfulness has a positive impact on goal commitment.

However, sound theoretical arguments for this relationship are rare. Liden et al. (2000) argued that empowerment may contribute to a sense of commitment to the organization through a process of reciprocation. Individuals tend to appreciate organizations that provide opportunities for decision latitude, challenge, and responsibility, as well as for the feelings of meaning, impact, self-determination and mastery that result from these conditions. They are likely to reciprocate by being more committed to the organization (Eisenberger, Fasolo & Davis-La Mastro, 1990; Kraimer et al., 1999). Thus, the concept of reciprocation provides a theoretical explanation why empowerment should result in increased identification, attachment, and loyalty to the organization.

Table 2.1 reports on two studies that assessed the empowerment – commitment relationship. Providing support for the theoretical argumentation mentioned above, the two studies showed that empowerment explains a considerable percentage of the variance in commitment. In a sample of 160 nursing staff in a community hospital, empowerment explained about 30 percent of the variance in commitment (Kraimer et al., 1999). R^2 was even higher (40 percent) in a sample of 337 lower-level employees in a large U.S. service organization (Liden et al., 2000).

2.3.3. Do more empowered employees perform better?

A major promise of empowerment theory is that empowered individuals should perform better than those who are relatively less empowered (Thomas & Velthouse, 1990). In this section, we focus extensively on theoretical arguments on this relationship, before turning to empirical evidence.

Spreitzer (1995) argues that empowered employees are likely to be seen as effective because they proactively execute their job responsibilities. This is because they see themselves as competent and able to influence their jobs and work environments in meaningful ways. Liden et al. (2000) propose that individuals who feel that their jobs are meaningful, and who impact on others within and outside the organization by completing their job responsibilities, are motivated to perform well.

According to findings by Deci and Ryan (1987) self-determination results in learning, interest in activity and resilience in the face of adversity. When self-determination is not present, individuals feel helpless because they are not allowed to take work-related actions that they deem appropriate (Greenberger, Strasser, Cummings & Dunham, 1986). In a comprehensive meta-analysis summarizing the relationship of perceived control (including participation and autonomy) with a range of outcomes, Spector (1986) found strong evidence of positive associations with job performance. Both cognitive and motivational explanations link self-determination with effectiveness. From a cognitive perspective, employees generally have more complete knowledge and information about their work than their bosses and are, thus, in a better position to plan and schedule work, and to identify and resolve obstacles to achieving job performance (Cooke, 1994). Employees come to understand which behaviors and task strategies are most effective and how performance might be improved (Lawler, 1992). Thus, job performance can be enhanced when employees are given autonomy over how their work is to be accomplished (Locke & Schweiger, 1979; Miller & Monge, 1986). Using a framework of intrinsic motivation, Thomas & Tymon (1994) found that employees who had a choice regarding how to do their own work were found to be higher performers than those with little work autonomy (Thomas & Tymon, 1994). Similarly, individuals

who had more control over work-related decisions were found to be rated higher on job performance by their superiors than those with less control over their work (Liden et al., 1993).

Though the impact dimension of empowerment has received less attention in the literature than the other dimensions, theory suggests that it should be positively related to performance. If individuals believe that they can have an impact on the system in which they are embedded, that they can influence organizational outcomes, then they will be seen as more effective (Ashforth, 1989). In contrast, individuals who do not believe that they can make a difference, will be less likely to try as hard in their work, and hence will often be seen as less effective. And finally, focusing on the impact dimension, Ashforth (1989) found it to be associated with an absence of withdrawal from difficult situations and high performance.

Perhaps the most salient of all empowerment dimensions is competence. The personal sense of self-worth and confidence in one's job competence should translate into higher levels of performance in comparison to less empowered individuals. Gecas (1989) found that feeling competent in the job results in effort and persistence in challenging situations. Further, Ozer and Bandura (1990) found a positive relationship between feelings of competence, coping and high goal expectations. Locke et al. (1984) and Liden et al. (2000) argued for a direct relationship between competence and high performance.

Thus, from a theoretical perspective, the impact of empowerment on employee performance seems very plausible. Our empirical review however shows that psychological empowerment significantly, but only marginally explains differences in employee performance levels. Our results indicate that empowerment consistently explains about 6 percent in the variance of employee performance, both in a sample of lower-level employees in a service organization and in a sample of mid-level employees in an industrial organization.

In sum, this reanalysis confirms the significant relationship between empowerment, performance and other work outcome variables. However, while the relationship between empowerment and employee affective responses (i.e. work satisfaction and organizational commitment) is considerable, the relationship between psychological empowerment and employee performance levels is, at best, very modest. The consistent results among the studies show that the four empowerment dimensions, i.e. meaningfulness, competence, self-determination and impact, simultaneously only explain about six percent of the variance in performance.

2.3.4. Assessing the effect of the distinct empowerment cognitions on employee performance

Spreitzer (1995), in explaining empowerment and its importance as a motivational construct, stated that the four empowerment cognitions (i.e. meaning, competence, self-determination, and impact) reflect an active, rather than a passive orientation to a work role. The four dimensions are therefore argued to combine additively to create an overall construct of psychological empowerment, and are considered to impact simultaneously but independently on performance. Building on this proposition, most researchers refrained from analyzing the impact of the distinct empowerment dimensions on performance (one exception is Spreitzer, Kizilos & Nason's 1997 study). Because of the low explained variance in this re-analysis however, the question raises whether it is indeed true that the four empowerment cognitions individually impact on employee performance levels.

To check this proposition, we extracted empirical evidence on the unique explanatory power of each of the empowerment dimensions on employee performance. As mentioned in the methods-section, we computed the incremental variance of each empowerment dimension in the performance outcome beyond that explained by the other three dimensions in a hierarchical regression analysis. R^2 change is used as an indicator of this unique contribution.

Table 2.2. Unique explained variance of job performance by empowerment dimensions

| Authors | Sample | N | Contribution empowerment dimensions to Performance ΔR^2 ^b | | | |
|----------------------------|---|-----|--|--------|----------|------------------|
| | | | Mean. ^a | Comp. | Selfdet. | Impact |
| Spreitzer | Mid-level employees industrial organization | 393 | n.s. | .03*** | n.s. | .03*** |
| Spreitzer, Kizilos & Nason | Mid-level employees industrial organization | 393 | n.s. | .02** | n.s. | .02* |
| Liden, Wayne & Sparrowe | Lowel-level employees service organization | 337 | n.s. | .02** | n.s. | .01 [†] |

Notes: a. Mean. = Meaning / Comp. = Competence / Selfdet. = Self-determination.

b. The change in R^2 indicates the incremental explained variance in the performance outcome beyond that explained by the other three dimensions in a hierarchical regression analysis.

* $p < .05$; ** $p < .01$; *** $p < .001$; [†] $p = .051$

The results are presented in Table 2.2. It is shown that there is a differential impact of the four empowerment dimensions on performance. The unique contribution of the competence and impact dimensions on performance are consistently shown to be significant, though very modest. The explained variance in performance ranges from 1 percent to 3 percent. Furthermore, Table 2.2 shows that the self-determination and meaning dimensions do not significantly explain any variance in performance at all. Most striking is the finding that the self-determination dimension shows to be unable to explain performance, given that the self-determination dimension is considered to be the key dimension of empowerment in much of the practitioner literature on empowerment (Byham, 1988; Macher, 1988) and earlier academic work on empowerment (Burke, 1986; Neilsen, 1986). Prior empirical research also found the self-determination dimension to have the strongest loading on a second order empowerment factor (Spreitzer, 1995).

2.4. Discussion

In this paper, we reviewed theoretical and empirical studies on the impact of psychological empowerment on critical work outcome variables. We believe however

that it is important to be fully aware of the limitations of this research before making sense of this research's findings and before depicting theoretical and managerial implications.

First, while our theoretical review integrated insights from motivation literature that spanned about four decades, our review of empirical evidence only took the results of five empirical studies, all executed around the late nineties, into consideration. Furthermore, all of these studies used Spreitzer's measurement scale of psychological empowerment. Though this results in more comparable data and provides some valuable insights, it also limits the generalizability of our findings. Spreitzer's empowerment scale builds further on Conger and Kanungo (1988) and Thomas and Velthouse's (1990) conceptualization of psychological empowerment as some form of intrinsic motivation. Though this may currently be the dominant approach in organizational research, other conceptualizations (see e.g. Menon, 2001; Zimmerman, 1990) and measurement scales (see e.g. Menon, 1999; Zimmerman, 1992) have been developed which were not reviewed in this research.

Secondly, the studies we used for reanalyzing the empowerment effects use a single-source survey approach in assessing the impact of empowerment on employee affective responses. Consequently, a major weakness of the studies that we reviewed, and thus for our study is that the results may be susceptible to common method variance. This may explain why empowerment shows to have strong effects on employee affective responses (assessed through the same questionnaire) and only a very modest effect on performance levels (assessed through supervisor ratings).

Thirdly, we refer to our review approach as a quasi meta-analysis. While meta-analytic approaches explicitly deal with study artifacts and their impact on study outcomes (Hunter & Schmidt, 1990), this was not our main focus. Consequently, we did not aggregate correlations across studies, nor did we correct for any sampling error or correlation biases. Instead, we re-analyzed the data of empirical studies, using one single statistical technique, to distill a common pattern of findings.

Despite these limitations, this review provides clear evidence, both theoretically and empirically, that there is a consistent and strong relationship between empowerment cognitions and employees' job satisfaction and organizational commitment. Our results indicate that the more employees feel empowered, the happier they are with their job and the more committed to their organization. In contrast however, the relationship between psychological empowerment and employee performance levels showed, surprisingly, to be significant but extremely modest. Surprisingly, because of the substantial theoretical arguments arguing for a positive relationship between the two. Thus, clear and compelling evidence in support of the direct, positive and significant effects of employee empowerment on performance is lacking.

Why does past research show such weak empowerment-performance links? What can be suggested as ways to explain or enhance this finding? Before turning to the managerial implications, below we develop three potential ideas for discussion and consideration by future researchers.

First, it may be that a focus on the psychological perspective on empowerment is too narrow. As Forrester (2000) argues: "...Organizations are not well served by the current predominance of the psychological approach, which narrows and oversimplifies the motivations involved". (Forrester, 2000, p. 69). By directly linking psychological empowerment to performance outcomes, one ignores the potential mediating role of employee behaviors. This idea reflects the common sense notion that feelings of empowerment among employees only can lead to certain performance outcomes if these feelings are translated into the appropriate behaviors. Thus, an important question is whether employee psychological empowerment indeed unequivocally transfers into empowered behavior, which in turn impacts on performance levels. Future studies could focus on this behavioral dimension of empowerment, which could be fruitful to further unravel the relationship between employee affects and its impact on performance outcomes.

Second, the existing body of knowledge on empowerment neither emphasizes the underlying goals nor views empowerment as a specific goal directed activity, assuming

that the “power” in empowerment is universal, available for all ends. In contrast, employee performance ratings are generally framed within organization-wide efforts towards strategically determined goals. This discrepancy could be another reason why the relationship between ‘general’ feelings of empowerment and goal-related performance outcomes blurs. Thus, conceptualizing empowerment as a goal-directed process, assuming that employees feel (and behave) empowered to realize a specific goal X (e.g. highest customer satisfaction), but not necessarily goal Y (e.g. maximal productivity) seems another potentially interesting path to further explain the empowerment performance relationship.

Third, empowerment is a psychological process that takes shape within the work context. Taking a social-cognitive perspective (Bandura, 1997), it seems therefore important to simultaneously consider structural or contextual, cognitive and behavioral aspects of empowerment. Applying such an interactionist lens could help in gaining a more profound understanding on how the empowerment process unfolds. Furthermore, taking such a perspective may help in clarifying the finding that the four empowerment cognitions (meaningfulness, competence, self-determination and impact) differentially impact on employee behaviors and the resulting performance outcomes. Focusing on the interdependencies among those four empowerment cognitions could be a valuable starting point for such research efforts.

Next to the theoretical implications, this research and its findings may be of importance to practitioners dealing with empowerment in the workplace. This study clearly demonstrates that empowered employees are clearly and consistently happier with their job and more committed to the organization they are working for. Thus, empowerment is clearly a valuable path to follow when these affective employee outcomes need to be improved. Though this research does not add to our understanding on how employees can become more empowered, other studies (Bowen & Lawler, 1992, 1995) suggest that the distribution of authority, information, knowledge and rewards towards the lower organizational levels is an important precondition. Spreitzer (1996) found that so-called high-involvement systems provide a work environment in which individuals can assume a more active, rather than a passive, role in an organization. Such a work climate,

characterized by little role ambiguity, strong sociopolitical support, access to information, and participative management, is found to be associated with the emergence of empowered employees.

While some have argued that empowerment is a critical ingredient of organizational effectiveness (Conger & Kanungo, 1988), this research reveals that more recent empirical evidence on this relationship shows a more challenging picture. Nevertheless, some interesting clues are provided to managers who want to improve performance levels in their departments or companies. In our review, the competence and impact dimensions showed to be more important direct drivers of employee performance than the meaningfulness and self-determination dimension. This is not to say however that feelings of employee meaningfulness and self-determination can be ignored in attempts to boost performance levels. More research is however needed to gain a better understanding on how the four empowerment cognitions differentially influence each other and how this integrative process of empowerment influences employee affect and behaviors. Therefore, in this section, we will focus on practices to enhance feelings of employee competence and impact.

First, as Albert Bandura already contested about a quarter of a century ago (Bandura, 1977), it is again shown that employees who believe in their capability to perform task activities skillfully are also better performers. Because 'belief in capability' is however not the same as 'capability' as such, managers should simultaneously pursue two avenues: facilitation of employee competence development and the creation of a 'self-confident' work force. Employee self-confidence may enhance by giving employees the chance to grow; by providing them with feedback on their way of performing and their performance results; and by creating a work environment where people can take risks and learn.

The second empowerment dimensions that consistently showed to relate to performance is the impact dimension, reflecting the degree to which an employee can influence strategic, administrative, or operating outcomes at work. Again, we see two possible avenues for managers to improve performance. First, it may be that employees are not

involved in decision making, resulting in a low impact perception. In this case, managers may improve employee performance levels by involving employees more in decision making on the strategic, administrative or operational level. Setting up quality circles or other means through which employees can participate in decision making are concrete implementations of this high-involvement management model. The other possibility is that employees are involved in decision making or do have an impact on their environment, but that they are not aware of it because they are not exposed to it. Especially when employees are involved in intermediate steps within the process of producing a good or service, such a risk exists. In this case, managers may enhance employees' perceptions of impact, by informing them better on the implications of their work for others. This can be done through mouth-to-mouth communication or through the installment of more formal feedback mechanisms.

Though these practical considerations may help in designing a work environment where empowered employees give the best of themselves, we already proposed to see empowerment as a complex process in which employee cognitions, behaviors and the work environment interact on each other to give shape to the empowerment phenomenon. In such a context, straightforward and easy solutions to boost employee performance are always 'tricky'. In this sense, our results cohere with growing recognition in the practitioner community that empowerments' promise is at best a possibility that requires careful implementation and at worst a perfidious allusion that can undermine organizational effectiveness (Quinn & Spreitzer, 1997). Still, we believe empowerment remains a potent idea (Forrester, 2000), for which the promise is worthy of pursuit.

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CHAPTER 3

PAPER 2

**Performance, Creativity and Empowerment Dynamics for Front Line Employees
in Service Organizations**

Koen Dewettinck*

Jagdip Singh

Melissa Cardon³

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³ Weatherhead School of Management, Case Western Reserve University, Cleveland, Ohio, U.S.

* The authors contributed equally to the development of this paper.

SUMMARY

The paper develops the premise that a distinction between work practices that facilitate front line employees (FLEs) to be empowered in their role design—referred to as *structural empowerment*, and FLEs' sense of empowerment as evident in their role behavior—referred to as *employee empowerment*, is critical to understanding the nature and consequences of FLE empowerment in service organizations. Using self-determination theory, we construe empowerment as a goal-oriented process whereby empowering workplace conditions motivate FLEs to feel empowered under the regulation of specific goals, here economic efficiency and service quality. Further, acknowledging the important role of leader behavior in the empowerment process, we examine the moderating impact of leadership styles to suppress or amplify the link between employee empowerment and performance outcomes. Using a sample of 138 FLE's, we find that empowering work conditions relate systematically to FLE employee empowerment when both are consistent in goal orientation but have marginal effect when they are not, and that when goal orientation is explicitly considered, FLE employee empowerment has a significant effect on performance outcomes. We also find that empowerment effects amplify with transactional leadership suggesting a substitution effect of transactional leadership for empowerment.

KEY WORDS: Front line employee; Empowerment; Employee Performance; Leadership

3.1. Introduction

Academic and managerial interest in understanding empowerment processes has waxed and waned over the years, depicting times of convergence and divergence (Craimer 1996; Pfeffer and Veiga 1999). In the late eighties, with the crisis of confidence in bureaucratic organizational structures and increasing support for delegation as a survival necessity, academic and managerial interest in empowerment converged with important advances in theory and empirical work (Kanter 1977; Spreitzer 1995; Thomas and Velthouse 1990). However, by the late nineties, divergence between academic and managerial interest was apparent. Pfeffer and Veiga (1999) captured this chasm best by noting, “even as research results pile up, trends in actual management practice... are moving in a direction exactly opposite to what this growing body of evidence prescribes.” This chasm is especially problematic in service organizations where heterogeneity and intangibility require decision making locus to reside in the front lines, and in turbulent and continuous change environments where an empowered front line employee can greatly facilitate organizational learning and adaptation to market environments (Schneider and Bowen 1995; Zeithaml 2000).

Although several insightful diagnoses of this divergence exist (Pfeffer and Veiga 1999; Quinn and Spreitzer 1997), three root issues appear to be germane to such insights. First, the definition and meaning of the “empowerment” concept itself has eluded consensus and clarity. Quinn and Spreitzer (1997), summarize this vexing issue by noting that:

“Empowerment is a complex concept. It tends to mean different things to different people... we find two contrasting perspectives that come into play when people think of empowerment... [one perspective] starts from the top and... believes that empowerment is about delegating decision making... [while the second perspective] starts at the bottom... to model empowered employee behavior ...that encourages risk taking, growth and change.” (Quinn & Spreitzer, 1997, pp. 37-38)

By drawing the contrast between top-down empowering conditions and bottom-up empowered employee behaviors, Quinn and Spreitzer highlight the notion that

empowering conditions are not sufficient, and perhaps not always necessary, for producing empowered employee behaviors. Despite this insight, this fundamental distinction is often obfuscated in academic and practitioner studies of empowerment (however, see Laschinger et al. 2004; Mills and Ungson 2003).

Second, clear and compelling evidence linking empowerment to performance and creativity has failed to emerge in the literature. While no meta-analyses of this relationship exist to our knowledge, in a recent empirical review, Dewettinck, Singh and Buyens (2003) found that while the “relationship between empowerment and employee affective responses (i.e., satisfaction and commitment) is strong and significant, the relationship between empowerment and performance is, at best, exceptionally modest. The consistent results among the studies show that empowerment is only explaining about six percent of the variance in performance.” While in academic parlance, such explanation levels may be characterized as “statistically significant,” practitioners are less enthused and view this evidence as substantively marginal (Pfeffer and Veiga 1999). Despite these marginal results, few studies have tended to adopt a contingency perspective to isolate organizational control and leadership factors that likely enhance (or suppress) the relationship between empowered FLE behaviors and key performance outcomes. As such, basic questions such as, “under what conditions do empowered behaviors yield incremental payoffs for critical performance outcomes?” remain unaddressed.

Third, the empowerment literature neither emphasizes the underlying goals nor views empowerment as a specific goal directed activity, implying that the “power” in empowerment is universal—available for all ends. The frontlines of modern service organizations rarely support such simplistic conceptualizations, as employees may be differentially empowered towards different goals such as providing economic efficiency by being more productive *versus* providing high quality service by taking necessary action to deliver high customer satisfaction. As such, differences in the empowerment process due to distinct and disparate goals are likely to be ignored. This gap hinders inquiry of managerially relevant and theoretically interesting questions like, “Why do front line employees fail to evidence empowerment despite empowering work

conditions?” and “Why do employees evidence empowerment in some aspects of their work (e.g., internal tasks) and not in others (e.g., customer-related tasks)?”

This study aims to take an initial step to address the preceding issues. Specifically, the study (1) conceptualizes empowering work conditions and empowered FLE behaviors as distinct concepts within a goal theory based approach, (2) develops a goal regulation mechanism for linking empowering work conditions to performance and creativity that is mediated by FLE empowerment behaviors, and (3) examines the moderating influence of transactional and transformational leadership styles to suppress or amplify performance, creativity and empowered FLE behavior linkages. Specifically, in responding to Quinn and Spreitzer’s observation, this study includes a “top down” perspective embodied in the concept of empowering conditions, as well as a “bottom up” view captured in the concept of empowered FLE behaviors that are necessarily interrelated. Moreover, as a departure from most previous research, we draw from self-determination theory (Deci 1976; Deci 1975; Deci and Ryan 1985) to posit that empowerment processes are experienced around specific organizational goals. For example, in a service organization, FLEs may be motivated towards distinct and disparate goals of economic and service performance by goal-relevant empowering task characteristics. By including this goal specificity in task characteristics and empowered FLE behaviors, we aim to clarify the heretofore mixed evidence about the influence of empowerment on performance and creativity. Finally, by proposing a theoretically grounded model of the empowerment process that includes the moderating effect of leadership styles, this study takes a step in providing a nomological net that brings together often disparate ideas about top down empowering work design efforts of management, motivated frontline employees’ efforts to execute empowered behaviors, and critical job performance and creativity outcomes within a goal regulation framework.

While we do not presume that the proposed model is the definitive approach for understanding empowerment processes, we aim to demonstrate that the model is useful for theory building, holds the potential to yield insights for managerial practice and is open to empirical testing and refinement. Using data from 138 front line employees in a

service organization, we provide an empirical test of the proposed model, and identify areas that need further development. We begin our discussion with the foundations of the proposed model.

3.1.1. Performance, creativity and FLE empowerment dynamics: a conceptual framework

Figure 3.1 displays the conceptual framework guiding this study. Four aspects of this framework are noteworthy. First, building upon Kanter (1977), Spreitzer (1996), Lashley (2000), Forrester (2000), Mills and Ungson (2003) and Laschinger, Finegan, Shamian and Wilk (2004), we draw a conceptual and empirical distinction between *empowering conditions* or structural empowerment—including job design factors such as autonomy, feedback and variety—and the *empowered state* of frontline employees or employee empowerment—including frontline employees' sense of self determination, intrinsic motivation and self efficacy as evident in their behaviors. By so doing, we open the relationship between structural and employee empowerment to empirical inquiry. Second, drawing from self-determination theory, structural and employee empowerment are conceptualized as goal directed activities (Deci and Ryan 1985; Ryan and Deci 2000). Specifically, two goals germane to service organizations—an internal focused goal of economic productivity and efficiency, and an external-focused goal of service quality and customer satisfaction—are considered. By allowing for multiple goals, the proposed model balances pragmatic relevance (i.e., by considering the goals that service organizations have to manage simultaneously) and theoretical clarity (i.e., by separately modeling the goal specific and cross-over effects). Third, two goal-specific performance outcomes are modeled — in-role and creativity performance — to afford a more fine grained analysis of the empowerment-performance relationship. Fourth, we include the transformational and transactional leadership styles of supervisors and model their contingent effect on the relationship between employee empowerment and FLE performance. We discuss each of these aspects in turn.

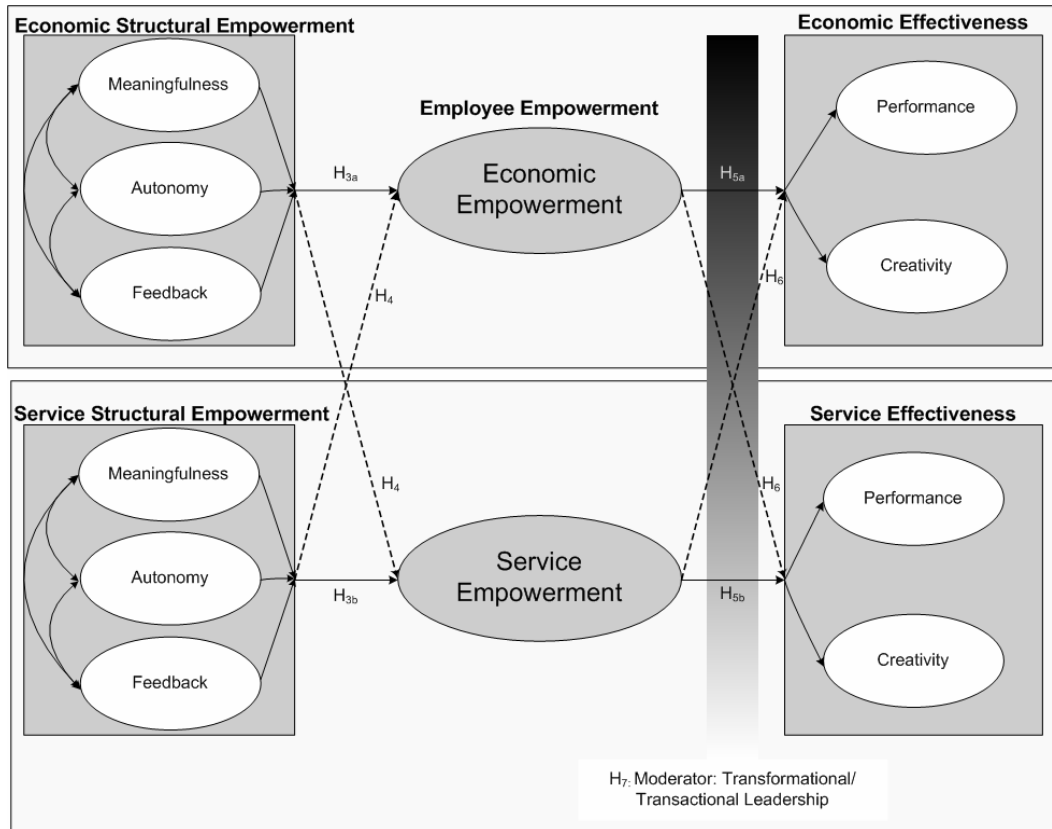


Figure 3.1. A Conceptual Framework for Understanding Performance, Creativity and Empowerment Dynamics

3.1.1.1. Structural and employee empowerment: definitional issues

Although the concept of “empowerment” appears deceptively simple (i.e., *em-power* — to give power to) and has a long history with its roots in Lewin’s action research, McGregor’s Theory X and Theory Y, Lawler’s “high involvement” practices and Block’s positive political skills, its conceptualization has eluded clarity and precision. As Mills and Ungson (2003) note scholars and practitioners alike draw diverse meanings from the term “empowerment” that range from organizational practices of delegation and participation, to individual employees’ ability to exert control over their surroundings through self-determination and self-development. In the various reviews of the empowerment literature, researchers have not developed a consensus definition of empowerment; rather, their efforts have focused on clarifying the distinctions among different conceptualizations of empowerment (Bowen and Lawler 1992; Forrester 2000; Quinn and Spreitzer 1997).

Specifically, important lines of distinction separate (a) organizational- and individual-level definitions of empowerment (e.g., an empowered organization or employee), and (b) environmental and state definitions of empowerment corresponding to differences in external, empowering conditions and internal, empowered states.⁴ For instance, interest has focused on factors that promote or thwart the empowerment of firms to mobilize scarce resources and achieve market success (Hardy and Leiba-O'Sullivan 1998). By contrast, other empowerment researchers have focused on how individuals in organizations facilitate or gain empowerment (Conger and Kanungo 1988). Thus, Forrester (2000, pp. 68-69) notes that empowerment conceptualizations have vacillated between designing environmental conditions that favor a “transfer of power” from those up in the organizational hierarchy to those who are in lower down, and capturing the “inner workings” or states of individuals who were to be empowered (Lashley 2000; Quinn and Spreitzer 1997). More importantly, emerging research in the field appears to cohere with Forrester’s view that a convergence on a single definition of empowerment is unlikely, perhaps even counter-productive, and that useful insights can be obtained by maintaining distinctions between empowering structures (or environments) and empowered employees (or states thereof) (Mills and Ungson 2003; Spreitzer et al. 1999). While utilizing the employee-level consistent with the frontline focus of our study, we retain and build on the environment-state distinction to develop our model and hypotheses.⁵

Following Kanter (1979), structural empowerment refers to employees’ perceptions of actual task or work conditions that hold the potential to be empowering or enabling (c.f. Blau and Alba 1982; Conger and Kanungo 1988, p. 474). In a similar vein, Mills and Ungson (2003, p. 144) define structural empowerment as work structures and practices that entail the “delegation of decision making prerogatives to employees, along with the discretion to [make decisions].” For frontline employees, such rules or practices

⁴There are also “process” definitions of empowerment that embrace the mechanisms that foster, maintain and enhance empowerment at both the organizational and individual level. We recognize such definitions but view them as frameworks for understanding empowerment processes not necessarily for conceptualizing empowerment. The notions of “environments” and “states” do not deny the existence or importance of empowerment processes. Instead, these notions identify specific aspects of these processes that are amenable to precise conceptualization.

⁵ Hereafter, we use the terms “structural” and “environments” of empowerment interchangeably. Likewise, the terms “employee” and “states” of empowerment are used equivalently. Together, they correspond to the distinction between empowering conditions and empowered states respectively.

involve design characteristics of their jobs. Hackman and Oldham (1975; 1980) defined five core job design dimensions with motivating potential including skill variety, task identity, task significance, autonomy and feedback. In Hackman and Oldham's formulation, the first three task characteristics – skill variety, task identity, and task significance – pertain to task meaningfulness while autonomy involves the discretion or latitude allowed to individuals on a job, and feedback is knowledge of results made available to employees (Hackman and Lawler 1971; Hackman and Oldham 1975; Turner and Lawrence 1965). Research utilizing the job characteristics model (JCM) and related meta-analysis in marketing and management have provided general support for the notion that jobs designed structurally to conform to JCM theory result in enriching jobs that enhance individuals' motivation and effectiveness (Behson et al. 2000; Berlinger et al. 1988; Fried and Ferris 1987). Because job conditions are considered empowering when they purportedly enhance the employee's motivation, the job characteristics model has features of structural empowerment.

In contrast, employee empowerment is a state experienced by employees that is characterized by enhanced levels of activation and intrinsic motivation as they execute their roles (Conger and Kanungo 1988; Thomas and Velthouse 1990). For instance, Forrester (2000, p. 69) notes that employees attain an *empowered* state when their belief systems about their own power are positively altered, self-efficacy is enhanced, and intrinsic motivation is activated. Likewise, building on Conger and Kanungo (1988) and Thomas and Velthouse (1990), Spreitzer (1995) observed that empowered employees have an active, rather than passive, orientation toward their work roles and this orientation is manifested in four cognitions including meaning, competence, self-determination and impact. Consistent with the notions of role taking, role engagement and role crafting (Ilgen and Hollenbeck 1991; Kahn 1990; Wrzesniewski and Dutton 2001), these conceptualizations accept the view that different individuals in similar jobs may experience different levels of intrinsic motivation and, hence, may be differentially empowered.

Of the various definitions of employee empowerment in the literature, we build on the work by Spreitzer (1995; 1996) because of its systematic development and empirical

validation. Spreitzer posited that the four dimensions of meaning, competence, self-determination, and impact combine into an overall construct of an employee's psychological empowerment indicating a motivated employee who is directed toward achievement of desired goals. Meaning is the value an employee places on the relevant work goal, and individuals find their jobs meaningful if the goals of the job fit their own ideals (Brief and Nord 1990). Competence, or self-efficacy, is one's capability to perform specific work activities with skill (Gist and Mitchell 1992) in order to achieve the goals of the job. When employees feel competent to achieve their work goals, they are able to exhibit the desired behaviors for the fulfillment of those goals. Self-determination refers to employees' ability to make choices about how they will achieve their specific work goals. It reflects an individual's choice in initiating and regulating their actions (Deci and Ryan 1985), and their autonomy over their work behavior and processes such as making decisions about work methods, pace, and effort (Bell and Staw 1989; Spector 1986). Impact is also important, and refers to an employee's ability to make a difference to strategic, administrative or operating outcomes in the workplace (Ashforth 1989).

Although it appears logical that structural empowerment and employee empowerment should be nearly perfectly correlated, theoretical and empirical reasons exist to suggest that this relationship will involve leakages that will undermine the observed association, often significantly. Three reasons contribute to this leakage. First, the lack of fit between prevalent empowering conditions and various control and command practices may undermine the empowered states of frontline employees (Kanter 1979; Randolph 2000; Simons 1985). For instance, while the management may actively delegate more authority and decision making to the frontlines, it may fail to adjust its reward practices that allow for reasonable mistakes and failures, thereby stifling creativity. Likewise, Mills and Ungson (2003, p. 143) observe that structural empowerment "represents an agency problem for the organization" as it has to effectively resolve the potential loss of control inherent in empowerment practices. Simons (1985, p. 80) notes that addressing this lack of fit is a "fundamental problem" facing senior managers today as they confront the issue of protecting "their companies from control failures when empowered employees are encouraged to redefine how they go about doing their jobs." As

empirical evidence of this problem, Babakus and colleagues (2003) found that, for a sample of frontline bank employees, the shared variation between empowering conditions and rewards for solving customer problems was less than 36%. When employees encounter such inconsistencies, they are likely to view the espoused empowering conditions as management rhetoric that lacks seriousness. Consequently, the expected influence of empowering conditions on frontline employees is leaked away (Forrester 2000).

Second, empowerment leakage also occurs because of the tenuous link between extrinsic and intrinsic motivation (Ryan and Deci 2000). Structural empowerment is expected to activate, maintain and enhance the intrinsic motivation resulting in empowered employees. Although some researchers contend that extrinsic and intrinsic motivation are incommensurate by definition because of their divergent focus on instrumental and internal rewards respectively, several frameworks and theories have been proposed to specify when and how extrinsic factors will foster or undermine intrinsic motivation. One such promising framework is self determination theory (SDT)—specifically its focus on the regulatory function of extrinsic motivation through a process of internalization and integration (Deci and Ryan 1985; Ryan and Deci 2000). In accord with SDT, if individuals perceive that their behaviors are externally regulated (rather than self-regulated), extrinsic factors are unlikely to be internalized and integrated resulting in reduced intrinsic motivation. For instance, in a meta-analysis of the link between extrinsic rewards and intrinsic motivation, Deci, Koestner and Ryan (1999) found consistent, stable and compelling evidence that tangible rewards invariably and significantly reduce intrinsic motivation, especially when the tasks are interesting and varied. As such, the nature of control and reward systems chosen may undermine the FLE's self-regulation of extrinsic motivation factors. Argyris (1998, p. 103) emphasizes this paradox by observing that, “offering employees the “right” rewards creates dependency rather than empowerment.” Likewise, Forrester (2000) and others have identified other conditions that undercut the individual's self-regulation. Noting that “one-size-fit-all” empowering practices are likely misguided, Forrester (2000, p. 69) makes the point that not all employees are equally ready to handle or necessarily want greater delegation and autonomy.

Finally, empowerment leakage also occurs because empowering conditions only define rules and practices that govern jobs. They don't define roles that individuals acquire, craft and adapt to their needs and goals (Ilgen and Hollenbeck 1991). In accord with role theory, role occupants are not passive and mechanistic in their approach to jobs. Rather, as noted by Wrzesniewski and Dutton (2001), employees actively shape, mold and redefine their roles. Because the notion of empowered employees is aligned with roles not rules, role theory would suggest that structural and employee empowerment are inter-related but distinct concepts. Evidence of variability in perceived roles among employees who are responsible for similar jobs is available from the empirical literature on role dynamics and psychological engagement at work (Kahn 1990; Singh 2000). Based on the preceding discussion, we posit that:

H₁: Structural and employee empowerment are inter-related but distinct constructs that will evidence convergent and discriminant validity.

3.1.1.2. The empowerment process: a goal theory approach

Emerging work on self-determination theory (SDT) draws attention to the significance of the *content* of goals in human regulatory processes, and tries to understand why individuals seek, maintain and persist in certain goal-directed behaviors and not others (Ryan and Deci 2000). Given that people are motivated to engage in behaviors for goal attainment (Carver and Scheier 1998), an understanding of the content of goals, and how people self-regulate their behavior to achieve goals is essential to understanding human motivation at work. This becomes especially important when individuals face multiple competing goals within their work context.

The potential for competing task goals is especially emergent in the so-called boundary spanning or frontline roles where employees interact with customers, clients or outside agents. Classic discussions of this role focus on the tension between internal efficiency goals that serve economic interests and the external service goals that serve customer interests (Anderson et al. 1997; Singh 2000). Economic efficiency concerns require employees to observe cost control and optimize the use of resources to maximize financial return. For example, in a hospital setting, achievement of economic goals

requires individual employees to contain costs and maintain a high level of productivity by providing efficient patient care, while simultaneously saving unit resources so that unit productivity is enhanced. In contrast, hospital service goals require individual employees to provide high quality patient care, attend to patient needs and problems, cooperate with other frontline healthcare workers, and cope with ambiguities inherent in delivering patient care. Although, in the long run, focus on economic and service goals may be strongly co-aligned, in the short run focus on one goal (e.g., economic) may interfere in pursuing the other goal (e.g., service). Similar dynamics exist in other service industries including hotels, airlines, and banks, where managing the tension between delivering high quality and efficient services remains critical to survival in a competitive environment (Anderson et al. 1997). Drawing on this tension, we posit that empowering conditions (structural empowerment) in the workplace will not be universal; rather, they will be directed towards a specific goal – economic or service. Because employees' perceptions of empowering conditions are relevant, the *intended* goals of structural empowerment are of less significance. What does matter is how these goals are perceived by those who are most likely to be affected by empowering conditions. Likewise, we further posit that empowered behaviors exhibited by employees will also be goal-directed, in that employees may feel differentially empowered to cut costs within their units than they do to alter the level of patient care or service they provide. Consequently, we posit:

H_{2a}: Economic and service oriented facets of structural empowerment are distinct constructs that will achieve convergent and discriminant validity.

H_{2b}: Economic and service oriented facets of employee empowerment are distinct constructs that will achieve convergent and discriminant validity.

While distinct, we hypothesize that structural and employee empowerment will be systematically related to reflect goal specific effects only. That is, economic (service) oriented structural empowerment is posited to relate positively to economic (service) oriented employee empowerment with nonsignificant cross-over effects (e.g., economic → service). This follows from the notion that workplace empowerment is a goal-

directed process in which organizational goals become internalized into individual goals through various processes including identification, commitment, trust and attraction-selection-attrition ((Deci and Ryan 2000; Ryan and Deci 2000). For example, healthcare workers may find service (but not economic) meaning in their jobs if providing high quality patient care fits with their professional goals for their organizational role. Thus, as goal regulating mechanisms, these empowerment processes are likely to be goal specific. That is, it is unlikely that economic oriented empowering conditions will trigger activation of employee empowerment for the fulfillment of service goals. As such:

- H_{3a}: Economic-oriented structural factors of empowerment will be positively related to economic facet of employee empowerment.
- H_{3b}: Service-oriented structural factors of empowerment will be positively related to service facet of employee empowerment.

- H₄: Crossover effects from structural to employee empowerment will be nonsignificant (e.g., economic-oriented (service-oriented) structural factors of empowerment will be unrelated to service (economic) facets of employee empowerment).

3.1.1.3. Consequences of empowerment: mechanisms of goal direction and regulation

In accord with SDT, empowered employees are likely to exhibit enhanced performance outcomes because such employees are intrinsically motivated and, consequently, benefit from lessened conflict and greater access to personal resources (Ryan and Deci 2000). Moreover, empowered employees are more effective in goal regulation such that they can deploy more personal energy and resources to perform with persistence and vigor for goal attainment (Atkinson and Birch 1978; Vroom 1960). Empirically, the competence, impact, meaningfulness and self-determination dimensions of employee empowerment have been shown to be related to individual performance (Spreitzer 1995). For instance, as workers beliefs in their own competence increases, they demonstrate greater effort and persistence in achieving difficult goals (Bandura 1977;

Bandura 1986; Gecas 1989) and higher performance (see Gist and Mitchell 1992 for a review). Likewise, when individuals believe that they can have an impact on organizational outcomes, they are found to work harder to affect their work environment and be more effective at their jobs (Ashforth 1990). As empowered employees are intrinsically motivated, and find meaning in their jobs, there is evidence that they work towards their goals with greater effort and energy (Liden et al. 2000; Spreitzer 1995). Finally, self determination fills a fundamental need for employees such that employees with higher levels of self-determination in their roles are found to be more successful in task accomplishment and produce higher levels of performance (Greenberger and Strasser 1986; Spector 1986).

Moreover, prior work shows that employee empowerment leads to innovative behaviors yielding higher levels of creativity in the workplace (Spreitzer 1995). Several researchers have concluded that creativity is fostered when individuals and teams have relatively high autonomy in the day-to-day conduct of the work and a sense of ownership and control over their own work and their own ideas (Amabile et al. 1996; Bailyn 1985; King and West 1985; West 1986). Studies of creativity have revealed that individuals produce more creative work when they perceive themselves to have choice in how to go about accomplishing the tasks that they are given (e.g. Amabile and Gitomer 1984).

Although the theoretical propositions for the positive influence of employee empowerment on performance and creativity of employees have received empirical support, the magnitude of this influence is often weak and unremarkable. Reanalyses of data stemming from the five most influential studies that empirically assessed the empowerment effects indicate that the relationship between psychological empowerment and employee performance levels is modest at best (Dewettinck et al. 2003). These results show that the four empowerment dimensions, i.e. meaningfulness, competence, self-determination and impact, together explain about six percent of the variance in employee performance ratings. Consequently, the researchers concluded that “clear and compelling evidence in support of direct, positive and significant effects of employee empowerment on performance is lacking” (Dewettinck et al. 2003).

One possible reason for these unremarkable findings is that most past studies pay little attention to the specific goals that underlie either the employees' state of empowerment or the performance outcomes. Thus, for instance, it is not surprising that if employees are empowered to pursue service (but not economic) goals, their performance and creativity on economic oriented goals would likely be unperturbed. What would be surprising is if a particular employee's performance and creativity on service oriented goals was also unremarkable. Because past studies have not utilized a goal theory approach for understanding employee empowerment processes, the link between employee empowerment and performance outcomes has not been examined fully. Based on the preceding discussion, we posit goal specific linkages and nonsignificant cross-over effects as follows:

H_{5a}: Employees' perceptions of economic-oriented empowerment will be positively related to performance and creativity that is directed toward economic goals.

H_{5b}: Employees' perceptions of service-oriented empowerment will be positively related to performance and creativity that is directed toward service goals.

H₆: Crossover effects from economic-oriented (service-oriented) employee empowerment to service-oriented (economic-oriented) performance and creativity will be non-significant.

3.1.1.4. Moderating effects of transactional and transformational leadership

The linkages between goal-directed empowerment and performance outcomes are not inert to the role of leaders within the work context. Note that the empowerment-performance linkage represents a cognition-behavior link where an employee has cognitions of empowerment and these cognitions influence behavioral outcomes including performance and creativity. We draw from the literature on leadership orientations to propose that supervisor styles will moderate the relationship between employees' empowerment cognitions and their performance outcomes (Bass 1985; Harter and Bass 1988; Waldman et al. 1990). While transactional leaders are thought to motivate subordinates by setting clear expectations, identifying clear goals, and

establishing meaningful rewards, transformational leaders are posited to motivate followers by evoking valued organizational goals and encouraging followers to fulfill self-actualizing individual needs and desires through organizational work (Bass 1985).

Consequently, for transformational leadership, we expect a synergistic effect—that is, when frontline employees perceive that their supervisor has transformation-oriented leadership, the linkage between their work related cognitions and behaviors will be enhanced. The logic for this moderating effect stems from the work climate created by transformational leaders. When transformational leadership is implemented, employees feel trust, admiration, loyalty, and respect towards that leader, as well as a shared sense of vision, which leads employees to believe in the organization, adopt its values and goals, and “willingly expend exceptional effort in executing their perceived role” (Campbell 2000, p. 54). To the extent situational conditions can either support or constrain the cognition-behavior link for employees (Howell et al. 1986), a climate of commitment and trust is likely to encourage employees to translate their cognitions into behaviors that serve organizational goals as well.

In regard to transactional leadership, the literature supports both a negative and a positive moderating effect. On one hand, transactional leadership could mitigate the positive effect of empowerment cognitions on performance and creativity because it amplifies the inherent contradictions in the workplace for intrinsic and extrinsic motivation. FLEs who evidence empowerment cognitions are likely to feel competent to do their tasks because of intrinsic motivation; however, the structure and task orientation of transactional leaders is likely to thwart individuals’ feelings of self-efficacy due to the extrinsic control on individual motivation. That is, while empowerment promotes individual employees’ discretion in problem-solving, organizing, and leading (Campbell 2000), attempts by leaders to control those efforts may detract from employee performance and creativity (Labianca et al. 2000). In this way, transactional leadership acts as a neutralizer of the relationship between employee empowerment and performance (Howell et al. 1986). On the other hand, a positive moderating effect is also plausible due to a contrast effect. In structured and controlled work environments characterized by transactional leadership, opportunities for FLEs to

act in an empowered manner may be generally reduced because such an environment curbs exploration and experimentation (Bass 1985). However, when FLEs *do* have opportunities to engage in empowered work tasks, these opportunities are likely to be more influential due to their rarity. Thus, when leadership behavior is more task-oriented, the intrinsically motivating elements of work may be more dominant in affecting outcomes, since this motivation is not provided by leadership (Howell et al. 1986). Possibly the more a leader's behavior becomes transactional, the more power there may be in empowerment experienced by workers, since their appreciation of those empowering task opportunities would be greater. Thus:

H_{7a}: Transactional leadership orientation will moderate the relationship between employees' perceptions of empowerment and their performance and creativity.

H_{7b}: Transformational leadership orientation will moderate the relationship between employees' perceptions of empowerment and their performance and creativity.

3.2. Method

3.2.1. Research design and setting

To empirically examine the proposed empowerment dynamics, the choice of a hospital setting offers several advantages including (a) highly service oriented work with significant face-to-face customer contact involving substantial intangibility, heterogeneity and unpredictability, (b) focus on both medical quality (e.g., in service delivery) and cost containment/productivity (e.g., in producing economic return) dictated by current regulatory and market conditions, and (c) implementation of several empowerment initiatives by the hospital to foster front line motivation and effectiveness. As such, we utilized frontline health care professionals involved in direct patient care at all outpatient clinics of a major hospital in a large urban community located in the Midwest. The choice of a specific hospital setting was driven by: (1) accessibility to the hospital site and willingness of the management to allow front line employees to be surveyed, (2) inclusion of multiple outpatient units within the hospital to capture variability in key constructs, and (3) ability to sample a sufficient number of

employees involved in direct patient contact in an unit. We recognize that our choice of a single organization within a specific industry limits the generalizability of our findings. At the same time, these choices offer control on extraneous across-firm and across-industry factors that might influence the hypothesized mechanisms thereby enhancing the internal validity of our study. This trade-off between internal and external validity appears reasonable for the initial stage of testing the posited theoretical mechanisms.

3.2.2. Sampling procedures

In all, 441 health care professionals with direct patient contact in 23 units were selected for inclusion in the study. Each potential respondent was mailed a questionnaire packet that included: (1) a letter describing the purpose of the study, (2) a survey instrument, (3) a return postage-paid envelope, and (4) a lottery-card based incentive. Respondents were assured anonymity so that they would be comfortable in providing candid responses. To maintain anonymity, respondents mailed their lottery cards separately from the completed survey. To obtain reasonable response rate, two rounds of follow up surveys were sent to all unit employees.

Overall, a total of 164 responses were received, which represent a response rate of 37.2%. Of these, 21 employee responses were not usable, yielding an effective response rate of 32.4 %. Response rates of this magnitude are common in comparative samples. To test for the potential of nonresponse bias, we compared the responses of “early” (first phase) and “late” respondents (second and third phase) using procedures suggested by Armstrong and Overton (1977). No significant differences were found in the mean values of “early” and “late” respondents for the key constructs of study (F ranges from .00; $p > .95$ to 3.01; $p > .09$). Table 3.1 displays the demographic profile of the responding sample. About 85 % of respondents were female. As is usual in most healthcare positions, respondents are primarily responsible for nursing and caring tasks, with over 50% having a college degree, and 70% less than 46 year-old. About 28 % of the respondents have more than 16 years of experience in this hospital. This profile was consistent with the hospital’s data on its outpatient employees.

3.2.3. Measures

Wherever possible, we adapted available scales for key constructs and refined their wording for relevance to target respondents using pilot interviews and “think-aloud” exercises. Appendix A provides the items utilized for each construct, and Table 4.2 (see results section) provides the basic statistics and inter-correlations. We discuss the measures below.

Table 3.1. Sample characteristics

| Demographic characteristic | Categories | Percentage |
|------------------------------------|-----------------------|------------|
| Gender | Female | 14,9 |
| | Male | 85,1 |
| Age | < 25 years | 07,8 |
| | 25 – 35 years | 36,9 |
| | 36-45 years | 26,2 |
| | 46 – 55 years | 22,0 |
| | 56 – 65 years | 05,7 |
| | > 65 years | 01,4 |
| Education | High school / GED | 00,7 |
| | Technical certificate | 09,3 |
| | Associate’s degree | 39,3 |
| | Some college | 08,6 |
| | College degree | 28,6 |
| | Graduate school | 13,6 |
| Years employed in current hospital | < 2 years | 10,6 |
| | 2 – 5 years | 34,8 |
| | 6 – 10 years | 13,5 |
| | 11 – 15 years | 13,5 |
| | 16 – 20 years | 07,8 |
| | > 20 years | 19,9 |
| Years employed in any hospital | < 2 years | 07,1 |
| | 2 – 5 years | 23,4 |
| | 6 – 10 years | 19,9 |
| | 11 – 15 years | 15,6 |
| | 16 – 20 years | 11,3 |
| | > 20 years | 22,7 |
| Income | < \$ 10,000 | 06,6 |
| | \$ 10,000 - \$ 29,999 | 21,9 |
| | \$30,000 - \$49,999 | 51,1 |
| | \$50,000 - \$69,999 | 18,2 |
| | \$70,000 - \$89,999 | 00,5 |
| | \$90,000 or more | 00,7 |

Structural Empowerment. We adapted the construct items from Hackman and Oldham’s (1980) job characteristics theory (JCT). Three aspects of task conditions specified as per JCT—task meaningfulness, autonomy, and feedback—were measured

using items adapted from their original scale. Note that in accord with JCT, task meaningfulness was specified as a formative combination of skill variety, task identity and task significance, each of which measured separately. However, consistent with our notion of multiple organizational goals, parallel items were developed for economic- and service-orientation for each JCT dimension. In all, we utilized 3 items for each goal and JCT factor⁶. Responses were obtained on a 5-point Likert scale with endpoints as “strongly disagree” and “strongly agree” and with higher numbers indicating stronger agreement. The Cronbach’s alpha reliabilities for the five economic-oriented JCT aspects were 0.84, 0.90, 0.93, 0.75 and 0.93 respectively, and those for the five service-oriented JCT aspects were 0.90, 0.72, 0.90, 0.78 and 0.88 respectively. We provide additional evidence for the convergent and discriminant validity in the results section below.

Employee Empowerment. This construct was measured with scale items adapted from the four dimensions identified by Spreitzer (1995) including meaning, competence, self-determination, and impact. In accord with Spreitzer’s work, these four dimensions were conceptualized to measure a higher order construct of employee empowerment. However, Spreitzer’s items were reworded for relevance to the study context, and parallel items developed for the service- and economic-oriented goals. In all, we utilized 26 items for measuring employee empowerment with 14 items measuring service-oriented dimensions and 12 measuring economic-oriented dimensions of employee empowerment. All responses were obtained on a 5-point Likert scale with endpoints as “strongly disagree” and “strongly agree” with higher numbers indicating stronger agreement. The alpha reliabilities for the meaning, competence, self-determination, and impact dimensions for economic-oriented empowerment were 0.88, 0.79, 0.84, and 0.79 respectively, and for service-oriented empowerment were 0.90, 0.87, 0.86 and 0.92 respectively. Evidence for the convergent and discriminant validity of employee empowerment dimensions for the disparate goal orientations is provided below.

⁶ Note that there are five JCT factors in all (meaningfulness accounts for three). During scale refinement, one item each was dropped from the economic autonomy, service autonomy and service feedback dimensions.

Performance and Creativity. Self-report measures on a 7-point Likert scale that ranged from “lowest 20%” to “top 5%” were utilized to obtain data on performance and creativity of hospital employees on both economic and service dimensions. Although supervisor and other ratings of employee performance have been utilized in past research, we resorted to self-report ratings for several reasons. First, medical privacy laws prohibit release of employee data without the specific and written permission of each hospital employee. Also, doing so would have required employees to reveal their identity thereby potentially undermining the quality of data. Second, in a series of studies, Schneider and his colleagues (Schneider et al. 1996) have demonstrated that while supervisor ratings correlate poorly, self-report ratings of frontline service workers correlate well with customer ratings of service delivered. In addition, studies have shown that supervisor ratings of customer contact employees may be biased due to citizenship performance factors (Podsakoff et al. 2000). While customer evaluations would have been preferred, it was not practical to obtain these. In the health care setting, multiple service employees are involved in a patient experience (e.g., registration, front desk, scheduling, examining and counseling). Consequently, patient satisfaction data cannot be practically matched to an individual employee. Third, for self-report data, both the reported mean values and correlations may be systematically biased due to self-presentation bias. However, because we utilize multiple outcomes and explore their differential relationships such that economic empowerment factors influence economic outcomes but not service outcomes, the common method bias is likely to uniformly inflate correlations thereby obscuring discriminant and differential validity evidence. Thus, if our study results support discriminant/differential validity of different empowerment dimensions and factors, such evidence should be regarded as compelling given the enhanced hurdle rate due to self-report method bias.⁷ Nevertheless, we include specific procedures for controlling common method bias as noted below.

Specifically, *economic performance* involved two items that captured how well an employee performed on (1) controlling costs of care, and (2) saving money and resources. *Service performance* involved three items that assessed performance on (1)

⁷ Nevertheless, we recognize the threat to the validity of our findings due to common method bias and address this concern in the method analysis section that follows.

reducing medical errors, (2) delivering high quality care, and (3) addressing patient concerns. *Economic creativity* was measured by five items that assessed employee's outcomes in terms of providing new ideas that generate revenue, using innovative methods to enhance productivity, using new methods lower unit costs and to do the job with fewer resources and using new ways to complete work more efficiently. Likewise, *service creativity* was measured with three items that asked respondents to report on the following aspects (1) implementing new ideas to make a patient's stay comfortable, (2) providing new ways to satisfy the needs of each individual patient (3) implementing new ideas to increase interaction with patients or their families. The reliabilities for the performance and creativity dimensions were 0.95 and 0.96 for the economic-oriented scales, and 0.91 and 0.96 for the service-oriented scales respectively.

Leadership. We adapted the leadership items used by Bycio, Hackett, and Allen (1995) based on the original conceptualization of transactional and transformational leadership by (Bass 1985). Eight items that assessed supervisors' ability to motivate individuals beyond their immediate task requirements measured transformational leadership, while transactional leadership was measured with six items that assessed how well supervisors motivated individuals to achieve specific task related goals. The alpha reliabilities for the transformational and transactional leadership dimensions were 0.95 and 0.87 respectively.

3.2.4. Method of analysis

To test hypotheses, three separate but inter-related analyses were conducted as follows: (a) first-order and second-order confirmatory factor analysis to examine the convergent and discriminant validity of structural and employee empowerment dimensions aligned along disparate goal orientations (H_1 and H_2), (b) structural model analysis to test the mediating effects of employee empowerment on the relationship between structural empowerment and outcomes (H_3 to H_6), (c) moderated model analysis to examine the moderating role of leadership variables on the relationship between employee empowerment and outcomes (H_7). Although we discuss the unique aspects of each analysis below, we note that all analyses were performed using Structural Equations Modeling (SEM) approaches with EQS and AMOS software (Arbuckle and Wothke

1999; Bentler 1995). The approach has the usual advantages of offering a systematic basis for evaluating the “fit” of the hypothesized model to data based on a χ^2 statistic, incremental fit indices (e.g. nonnormed-fit-index (NNFI), comparative-fit-index (CFI), and other indicators of absolute fit including Root Mean Square Error of Approximation (RMSEA) (MacCallum and Austin 2000; Marsh et al. 1996). Also, it provides control over measurement error that can constitute over 50% of the observed variance and often introduces substantial bias in estimated effects and hypotheses testing (Ping 2002). Moreover, it provides systematic approaches for testing the psychometric properties of constructs (e.g., convergent and discriminant validity) and mediation effects in complex models (i.e., $X \rightarrow Y \rightarrow Z$ chains). These approaches are based on the possibility of “restricted” and “nested” models. Finally, the SEM approach can be used to provide a rigorous test for moderation effects. As is typical of SEM models, this test is based on controlling for measurement error in both the main and interaction terms. Comparative regression based approaches do not provide such advantages. Below, we discuss the unique aspects of each of the three SEM analyses employed.

For testing H_1 and H_2 , we utilized confirmatory factor analysis (CFA) procedures (see Figure 3.2). Because these hypotheses involved testing for discriminant validity both due to goal-orientations as well as structural and employee aspects of empowerment, we preferred an analysis that allowed these hypotheses to be tested simultaneously. Specifically, as per Spreitzer (1996), the employee empowerment items were loaded on four first order dimensions, and a second-order construct of employee empowerment was specified to account for the covariation among the first order factors. However, for structural empowerment, the job characteristics theory does not conceptualize a second-order construct that underlies the JCT dimensions of task meaningfulness, autonomy and feedback. Consequently, as depicted in Figure 3.2, each JCT dimension was specified as a separate factor.⁸ In accordance with goal theory, the structural and employee empowerment factors were specified separately for the economic and service-oriented goals. The evidence of convergent validity was based on the presence of a significant and substantial factor loading for each item on its hypothesized factor. Discriminant validity was assessed by (a) testing if the correlations among each pair of

⁸ As is recommended by JCT, task meaningfulness was constituted as formative combination of task significance, variety and identity and specified as: (task significance + task variety + task identity)/3.

factors is statistically different from unity, and (b) applying the Fornell and Larcker (1981) test that variance extracted for each factor exceeds the variance it shares with other factors. Readers will note that simultaneously including all structural and employee empowerment factors within a single analysis provides a stringent test of convergent and discriminant validity.

For testing H₃ to H₆, a structural model was estimated as depicted in Figure 3.1. Specifically, the hypothesized relationships among constructs were estimated using SEM procedures. Moreover, because the proposed hypotheses imply a mediating role for employee empowerment, the mediation effects were examined in accord with Baron and Kenny (1986). Initially, we estimated a “direct” model, where the employee empowerment constructs were eliminated and direct effects estimated. These direct effects were then compared with the corresponding coefficients from a model that included the mediating variables. A full mediation was indicated if the (a) “direct” effects model produced a significant effect on a given outcome, (b) the corresponding direct effect was reduced to insignificance after including the mediating variable and (c) the mediator has a significant effect on the focal outcome. Mediation was not indicated when the direct effect remains virtually unchanged in step (b). Finally, partial mediation was indicated when the direct effect in step (b) is reduced but does not become non significant. Additionally, given study sample size and a complex model involving interrelationships among 12 distinct constructs, we were concerned about the power of statistical tests at the customary level of significance (.05). Consequently, we utilize a .10 level of significance for statistical testing.

For testing the moderation effects implied by H₇, we adopted procedures from Cohen, Cohen, West and Aiken (2003) and the two-step version of Ping’s (1998) single indicant estimation method (2SI) for latent continuous variables. Specifically, the 2SI-SEM estimation involved: (1) estimation of the parameters in a linear-terms-only SEM model using two composite indicators for each latent construct, and (2) introducing single indicators for the interaction latent variables by estimating the loading and error variances for the interaction indicators using the following equations:

$$\lambda_{x:z} = (\lambda_{x1} + \lambda_{x2}) (\lambda_{z1} + \lambda_{z2}),$$

$$\theta_{\text{ex}:z} = (\lambda_{x1} + \lambda_{x2})^2 \text{Var}(X)(\theta_{\text{ez1}} + \theta_{\text{ez2}}) + (\lambda_{z1} + \lambda_{z2})^2 \text{Var}(Z)(\theta_{\text{ex1}} + \theta_{\text{ex2}}) + (\theta_{\text{ex1}} + \theta_{\text{ex2}})(\theta_{\text{ez1}} + \theta_{\text{ez2}})$$

where λ_{x1} , λ_{x2} are loadings of the two composite indicators for latent construct X, λ_{z1} , λ_{z2} are loadings of the two composite indicators for latent construct Z, $\text{Var}(X)$ and $\text{Var}(Z)$ represent the estimated variance of latent construct X and Z, θ_{ex1} , and θ_{ex2} are estimated variance of error terms of the two composite indicators for latent construct X; and θ_{ez1} , and θ_{ez2} are estimated variance of error terms of the two composite indicators for latent construct Z.

3.2.5. Controlling common method variance

To empirically test and control the potential biasing effects of common method, we drew upon the procedures outlined by Podsakoff, MacKenzie, Lee and Pofsakoff (2003). Specifically, we explicitly estimated a common method factor such that each manifest item was hypothesized to have a loading on this method factor in addition to a loading on its theoretic construct. To provide a more reasonable representation of this common method, we followed Lindell and Whitney's (2001) recommendation for including other constructs in the model that share the same common method (because they were included in the survey) but may not be included in the proposed model. The included constructs pertained to training methods used at the hospital site. Moreover, Lindell and Whitney note that the common method is best represented by the observed correlation among two or more constructs that are expected to be theoretically uncorrelated. This ensures that substantive covariation among constructs is not artificially partialled out as common method. To implement this recommendation, all common method loadings were constrained to be equal. The common method was included for all structural analysis including the moderating effects. By explicitly estimating a common method factor, the variance due to common method is partialled out of the estimated theoretic constructs and thereby from the estimated structural relationships in our model.

3.3. Results

3.3.1. Validity Assessment of Structural and Employee Empowerment

Table 3.2 provides the parameters estimated by a confirmatory factor analysis procedure for the model depicted in Figure 3.2. The overall model fit statistics provided at the bottom of Table 3.2 indicate that the simultaneous analysis produced a chi-square of 1059 ($df = 743$, $p < .01$) suggesting that the proposed model does not fully account for the observed correlations among construct indicators. However, the chi-square test is known to be biased toward rejection. Alternative indicators of fit, including incremental (e.g., NFI, CFI), absolute (e.g., SRMR, RMSEA), and parsimony fit indices (e.g., NNFI) provide more reliable information about model fit. Based on the estimated fit statistics, the incremental fit indices exceed 0.90 (NFI = .91; CFI = .97), and absolute indicators suggest that the residuals are less than .10 with small variability (SRMR = .08; RMSEA = .06). This indicates robust support for the proposed model. In addition, the parsimony fit indicator, NNFI, equals .97 suggesting that the proposed model strikes a good balance between complexity and fit. The consistency among the different fit indicators suggests that the hypothesized model is an acceptable and meaningful representation of the empowerment indicators.

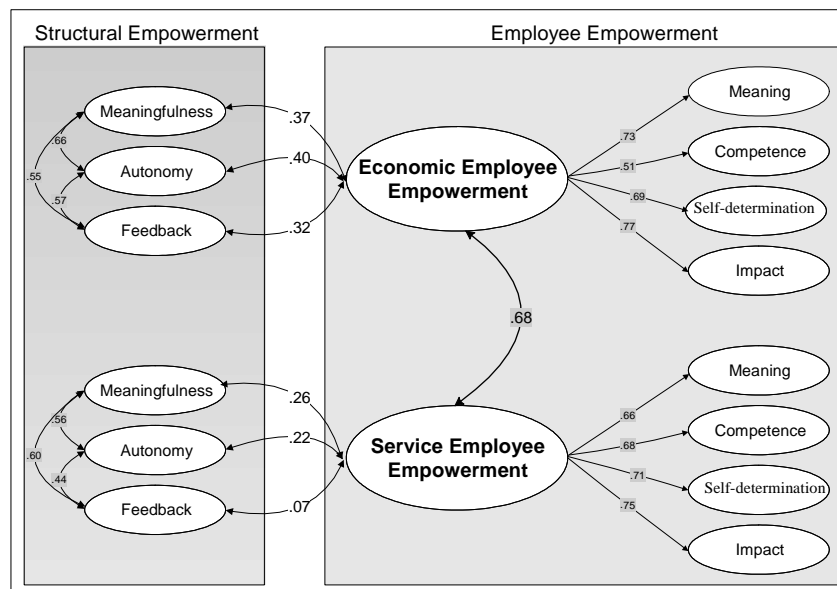


Figure 3.2. Confirmatory Factor Analysis assessing Validity of Structural and Employee Empowerment Constructs

The estimated parameters in Table 3.2 provide information in support of the validity of empowerment constructs. *First*, note that the first order loadings for the employee empowerment constructs of meaning, competence, self-determination and impact are all statistically significant and substantively large (values ≥ 0.85 ; $p < .01$), indicating that the individual measures capture a meaningful portion of the variance attributable to their hypothesized construct. *Second*, the first order loadings for the structural empowerment constructs of meaningfulness, autonomy, and feedback indicate a similar pattern of statistically significant and substantively large factor loadings (values ≥ 0.76 ; $p < .01$). *Third*, this robust pattern of large and significant first-order loadings is obtained consistently for the economic and service goal-oriented empowerment measures.

Table 3.2. Estimated Parameters from the Confirmatory Factor Analysis of Empowerment Constructs

| Item/Construct (Economic-Oriented) | 1 st Order Loading ^a | 2 nd Order Loading ^a | Reliability | Variance Extracted | Item/Construct (Service-Oriented) | 1 st Order Loading ^a | 2 nd Order Loading ^a | Reliability | Variance Extracted |
|---------------------------------------|---|---|-------------|-----------------------|--------------------------------------|---|---|-------------|-----------------------|
| Structural Empowerment | | | | | Structural Empowerment | | | | |
| Economic Task Meaningfulness | | | 0.96 | 0.90 | Service Task Meaningfulness | | | 0.93 | 0.81 |
| ETM 1 | 0.99 | | | | STM 1 | 1.00 ^b | | | |
| ETM 2 | 1.00 ^b | | | | STM 2 | 0.95 | | | |
| ETM 3 | 1.03 | | | | STM 3 | 1.02 | | | |
| Economic Autonomy | | | 0.67 | 0.51 | Service Autonomy | | | 0.73 | 0.57 |
| EA 1 | 0.87 | | | | SA 1 | 0.76 | | | |
| EA 2 | 1.00 ^b | | | | SA 2 | 1.00 ^b | | | |
| Economic Feedback | | | 0.94 | 0.83 | Service Feedback | | | 0.92 | 0.85 |
| EF 1 | 1.02 | | | | SF 1 | 0.87 | | | |
| EF 2 | 1.10 | | | | SF 2 | 1.00 ^b | | | |
| EF 3 | 1.00 ^b | | | | | | | | |
| Employee Empowerment | | | | | Employee Empowerment | | | | |
| Economic Meaning | | 0.73 | 0.90 | 0.75 | Service Meaning | | 0.66 | 0.94 | 0.80 |
| EM 1 | 0.92 | | | | SM 1 | 1.00 | | | |
| EM 2 | 1.00 ^b | | | | SM 2 | 1.00 ^b | | | |
| EM 3 | 0.86 | | | | SM 3 | 1.13 | | | |
| Economic Competence | | 0.51 | 0.90 | 0.69 | SM 4 | 1.12 | | | |
| EC 1 | 1.10 | | | | Service Competence | | 0.68 | 0.93 | 0.81 |
| EC 2 | 0.96 | | | | SC 1 | 1.17 | | | |
| EC 3 | 1.00 ^b | | | | SC 2 | 1.00 ^b | | | |
| EC 4 | 1.05 | | | | SC 3 | 1.23 | | | |
| Economic Self-determination | | 0.69 | 0.89 | 0.72 | Service Self-determination | | 0.71 | 0.91 | 0.72 |
| ESD 1 | 1.00 ^b | | | | SSD 1 | 0.94 | | | |
| ESD 2 | 0.95 | | | | SSD 2 | 1.00 ^b | | | |
| ESD 3 | 0.86 | | | | SSD 3 | 0.92 | | | |
| Economic Impact | | 0.77 | 0.86 | 0.76 | SSD 4 | 0.99 | | | |
| EI 1 | 0.85 | | | | Service Impact | | 0.75 | 0.95 | 0.86 |
| EI 2 | 1.00 ^b | | | | SI 1 | 1.01 | | | |
| | | | | | SI 2 | 1.00 ^b | | | |
| | | | | | SI 3 | 0.96 | | | |

^aThe estimates are unstandardized coefficients (all significant at $p < .01$) from a maximum likelihood solution using EQS. The results are based on a second order factor analysis model estimated simultaneously with both economic and service structural and employee empowerment items included.

^bThese loadings were constrained to unity for purposes of scaling the latent constructs.

Fit-statistics for estimated model (maximum likelihood solution): $\chi^2=1233.52$, $df = 743$ ($p < 0.001$), $NFI = 0.77$, $NNFI = 0.88$, $CFI = 0.89$, $SRMR = 0.08$, and $RMSEA = 0.07$ (90% CI = 0.06 to 0.08).
Fit-statistics for estimated model (elliptical reweighted least squares solution): $\chi^2=1059.33$, $df = 743$ ($p < 0.001$), $NFI = 0.91$, $NNFI = 0.97$, $CFI = 0.97$, $SRMR = 0.08$, and $RMSEA = 0.06$ (90% CI = 0.05 to 0.06).

Fourth, the second-order loadings for the employee empowerment construct are also substantively large and statistically significant (values ≥ 0.51 ; $p < .01$) suggesting that each first-order dimension of employee empowerment contributes significantly and

meaningfully to the second-order construct in accord with the hypothesized model. *Fifth*, this pattern of second-order loadings for employee empowerment is also robust and consistent across the economic- and service-oriented empowerment. Taken together, this evidence provides support for the convergent validity of empowerment constructs.

Table 3.2 also provides evidence for discriminant validity of structural and employee empowerment, as well as for the underlying goal orientation. *First*, for each latent construct included in the simultaneous analysis, the variance extracted exceeds both the average and maximal variance shared with any other construct(s)⁹. For instance, the structural construct of economic task meaningfulness extracts a variance of .90 from its own indicators, and has an average variance shared of .24 with all other constructs. The maximal variance shared by this construct is .43 (with economic-autonomy) that is significantly lower than its variance extracted. As such, the Fornell and Larcker's (1981) criterion for discriminant validity is satisfied by each latent construct. *Second*, the estimated correlations within structural (employee) empowerment factors are larger than cross-correlation between structural and employee empowerment constructs. The within correlation between economic and service employee empowerment construct is .68, while the average within correlation for the economic and service-oriented constructs of structural empowerment is 0.51. By contrast, the cross correlations between structural and employee empowerment constructs range from .07 to .40, with an average of .22. Because within correlations exceed between correlations by a factor of 2, discrimination between structural and employee empowerment is supported. *Third*, for structural empowerment constructs, discrimination is achieved between economic and service oriented constructs. That is, the average within correlation for the economic and service-oriented structural empowerment constructs is .59 and .55 respectively. By contrast, the average correlation between economic and service-oriented structural empowerment constructs was .50, which is smaller than the average within-correlations. *Fourth*, consistent with this, the variance extracted by each structural empowerment factor exceeds .50, and is greater than the variance it shares

⁹ For the sake of clarity, the variance shared is displayed in Figure 3.2. To compute variance shared, we simply squared the corresponding estimated correlation. The average variance shared was computed by averaging the shared variance for each construct (not shown).

with any other structural empowerment construct (range .12 to .44). *Fifth*, the second-order constructs of economic- and service-oriented employee empowerment extract significant variance from their respective first order factors ($\geq .64$), which exceeds the variance shared between these constructs ($= .47$). *Sixth*, none of the estimated correlations between constructs of employee empowerment (equals .68), or of structural empowerment (range .44 to .66) approach unity indicating that less than 50% of the variance shared across any two constructs. Taken together, the preceding evidence provides support for the validity of empowerment constructs as per H1 and H2.

3.3.2. Empowerment process and consequences

Next, we tested hypotheses H3 through H6 in a simultaneous path analytical model. The results are summarized in Table 3.3. In terms of overall fit, it reveals the following fit statistics: $\chi^2 = 1111.99$, $df = 715$ ($p < .001$), NNFI = 0.90, NFI = 0.80, CFI = 0.91, SRMR = 0.07, and RMSEA = 0.07 (90% CI = 0.06 to 0.07). On statistical grounds, the hypothesized model appears to inadequately account for the systematic variation and covariation in the data. However, the relative fit indicators exceed .90, and the absolute indicators of fit suggest that the residuals are small ($< .10$) and tightly distributed (cf. 90% CI of RMSEA = .06.07). Consistent with this, the parsimony fit indicator, NNFI, exceeds .95 indicating that the posited model has adequate over-identifying restrictions for parsimony, and provides a reasonable fit to the data.

In terms of empowerment's consequences, economic-oriented employee empowerment has a positive and significant impact on economic-oriented employee performance ($B = .48$, $p < .01$) and creativity ($B = .40$, $p < .01$). Likewise, service-oriented employee empowerment has a positive and significant affect on service-oriented performance ($B = .37$, $p < .001$) and creativity ($B = .42$, $p < .001$). This provides strong support for H5a and H5b. To test H6, we examined the change in model chi-square by including cross-over effects. With one exception, none of the cross-over effects achieved significance (χ^2 change ranges from .03 to .43, $p > .10$). The exception pertains to the effect of economic-oriented employee empowerment on service-oriented creativity, which is negative and significant ($B = -.37$, $p < .05$). This partly supports H6.

Table 3.3. Estimated Parameters and Fit Statistics for the Performance, Creativity and Empowerment Relationships

| Independent Variable ^a | Economic-Oriented | | | | | | Service-Oriented | | | | | |
|-----------------------------------|-----------------------------|---------|-----------------------------|---------|-----------------------------|---------|-----------------------------|---------|-----------------------------|---------|-----------------------------|---------|
| | Employee Empowerment | | Performance | | Creativity | | Employee Empowerment | | Performance | | Creativity | |
| | B (SE) ^b | t-value | B (SE) ^b | t-value | B (SE) ^b | t-value | B (SE) ^b | t-value | B (SE) ^b | t-value | B (SE) ^b | t-value |
| Structural Empowerment | | | | | | | | | | | | |
| Economic (ESE) | | | | | | | | | | | | |
| Task Meaningfulness | .01 (.08) | 0.13 | .04 (.08) | | .13 (.07) | | .04 (.10) | | --- | --- | --- | --- |
| Autonomy | .27 (.12) | 2.25* | .10 (.11) | | .11 (.09) | | -.10 (.15) | | --- | --- | --- | --- |
| Feedback | .02 (.07) | 0.29 | .06 (.08) | | .03 (.07) | | .05 (.10) | | --- | --- | --- | --- |
| Service (SSE) | | | | | | | | | | | | |
| Task Meaningfulness | -.01 (.09) | | --- | --- | --- | | .18 (.11) | 1.64 | -.08 (.09) | | .18 (.07) | 2.57** |
| Autonomy | -.03 (.10) | | --- | --- | --- | | .01 (.11) | 0.09 | -.01 (.09) | | -.02 (.09) | |
| Feedback | -.07 (.07) | | --- | --- | --- | | -.11 (.08) | -1.38 | -.03 (.07) | | .04 (.07) | |
| Employee Empowerment | | | | | | | | | | | | |
| Economic (EEE) | --- | --- | .48 (.16) | 3.00** | .40 (.16) | 2.50** | --- | --- | .08 (.20) | | -.37 (.18) | -2.06* |
| Service (SEE) | --- | --- | -.05 (.14) | | -.08 (.14) | | --- | --- | .37 (.11) | 3.36*** | .42 (.12) | 3.50*** |
| | <i>R² = 0.14</i> | | <i>R² = 0.09</i> | | <i>R² = 0.06</i> | | <i>R² = 0.03</i> | | <i>R² = 0.10</i> | | <i>R² = 0.09</i> | |

^aEach independent and dependent variable is estimated based on two or three composite indicators specified in the measurement model.
^bThe estimates are unstandardized path coefficients and fit statistics generated from a maximum likelihood solution using AMOS.
*** = p ≤ .001 (critical t-value one-tailed = 3.16)
** = p ≤ .01 (critical t-value one-tailed = 2.36)
* = p ≤ .05 (critical t-value one-tailed = 1.66)

Numbers in Italic represent the change in χ^2 (p-value) resulting from adding this main effect to the structural model.
-- = relationship not hypothesized / specified
Fit-statistics (maximum likelihood solution): $\chi^2=1111.99$, $df=715$ ($p < 0.001$), $NFI=0.80$, $NNFI=0.90$, $CFI=0.91$, $SRMR=0.07$, and $RMSEA=0.07$ (90% CI = 0.06 to 0.07).

Two additional tests were performed to examine the mediation effect of employee empowerment in the proposed model. First, the direct effects of structural empowerment on employee performance and creativity were tested by including each direct path and examining the significance of the change in model chi-square. Regardless of the goal orientation, none of the direct paths produced a significant change in model chi-square (χ^2 change ranges from .01 to 1.15, $p > .10$), with one exception. This exception involves the direct effect of service-oriented task meaningfulness on service creativity, which is positive and significant ($B = .18$, $p < .01$). Second, in accord with Baron and Kenny (1986), we directly tested for the mediation effect by examining the change in model chi-square by omitting the paths involving the mediator. Regardless of the goal orientation, omitting employee empowerment produced significant deterioration in model fit (χ^2 change ranges from 4.43 to 41.8, $p < .001$).

3.3.3. Moderating Effects of Leadership Constructs

Table 3.4 summarizes the results obtained by simultaneously including the main effects for transactional and transformational leadership constructs, and their interactions with

service- and economic-oriented employee empowerment. The overall fit statistics for this estimated model were as follows: $\chi^2 = 1380.52$, $df = 843$ ($p < .000$), NNFI = 0.87, NFI = 0.76, CFI = 0.89, SRMR = 0.14, and RMSEA = 0.07 (90% CI = 0.06 to 0.08).

Table 3.4. Estimated Parameters and Fit Statistics for the Moderating Role of Leadership in Empowerment Relationships

| Independent Variable | Dependent Variable | | | | | | | |
|----------------------------|----------------------|----------------|---------------------|---------------|---------------------|----------------|--------------------|---------------|
| | Economic Performance | | Economic Creativity | | Service Performance | | Service Creativity | |
| | B (S.E.) | t-value | B (S.E.) | t-value | B (S.E.) | t-value | B (S.E.) | t-value |
| Econ. Empowerment (EE) | .20 (.19) | 1.05 | .29 (.17) | 1.71 | --- | --- | -.33 (.21) | -1.57 |
| Service Empowerment (SE) | --- | --- | --- | --- | .47 (.14) | 3.36*** | .39 (.15) | 2.60** |
| Transact. Leadership (TR) | -.55 (.20) | -2.75** | -.11 (.17) | -0.65 | -.08 (.14) | -0.57 | -.08 (.18) | -0.44 |
| Transform. Leadership (TF) | -.74 (.26) | -2.85** | -.28 (.22) | 1.27 | -.15 (.19) | -0.79 | -.16 (.24) | -0.67 |
| EE * TR | .25 (.11) | 2.27* | .25 (.09) | 2.78** | --- | --- | --- | --- |
| EE * TF | .07 (.06) | 1.17 | .03 (.05) | 0.60 | --- | --- | --- | --- |
| SE * TR | --- | --- | --- | --- | .29 (.09) | 3.22** | .12 (.10) | 1.20 |
| SE * TF | --- | --- | --- | --- | .05 (.04) | 1.25 | .00 (.04) | 0.00 |
| | $R^2 = .25$ | | $R^2 = .10$ | | $R^2 = .09$ | | $R^2 = .07$ | |

*** = $p \leq .001$ (critical t-value one-tailed = 3.14 / two-tailed = 3.34)
 ** = $p \leq .01$ (critical t-value one-tailed = 2.34 / two-tailed = 2.60)
 * = $p \leq .05$ (critical t-value one-tailed = 1.65 / two-tailed = 1.97)
 Significance levels of main effects based on one-tailed t-test; significance level of interaction effects based on two-tailed t-test
 --- = relationship not hypothesized / specified

Note in Table 3.4 that transactional and transformational leadership have a negative and significant effect on economic performance (respectively $B = .55$, $p < .01$ and $B = -.74$, $p < .01$). None of the interaction effects involving transformational leadership achieve significance ($B = .03$ to $.07$, $p > .10$). As such, H7b is not supported. However, three of the four hypothesized interaction effects of transactional leadership achieve significance. Specifically, transactional leadership interaction has a positive and significant effect on economic performance ($B = .25$, $p < .05$), economic creativity ($B = .25$, $p < .01$) and service performance ($B = .29$, $p < .01$). These results provide strong support for H7a. Because transactional leadership moderates several hypothesized relationships, we plot these effects to facilitate interpretation (see Figure 3.4). Although we discuss the pattern of results in detail below, note that the results in Figure 3.4 support our proposition of enhancing, rather than synergistic, effects of leadership. That is, when the leadership is more task-oriented (transactional), the motivating elements of

work become dominant and the relationships between empowerment and performance and creativity are enhanced.

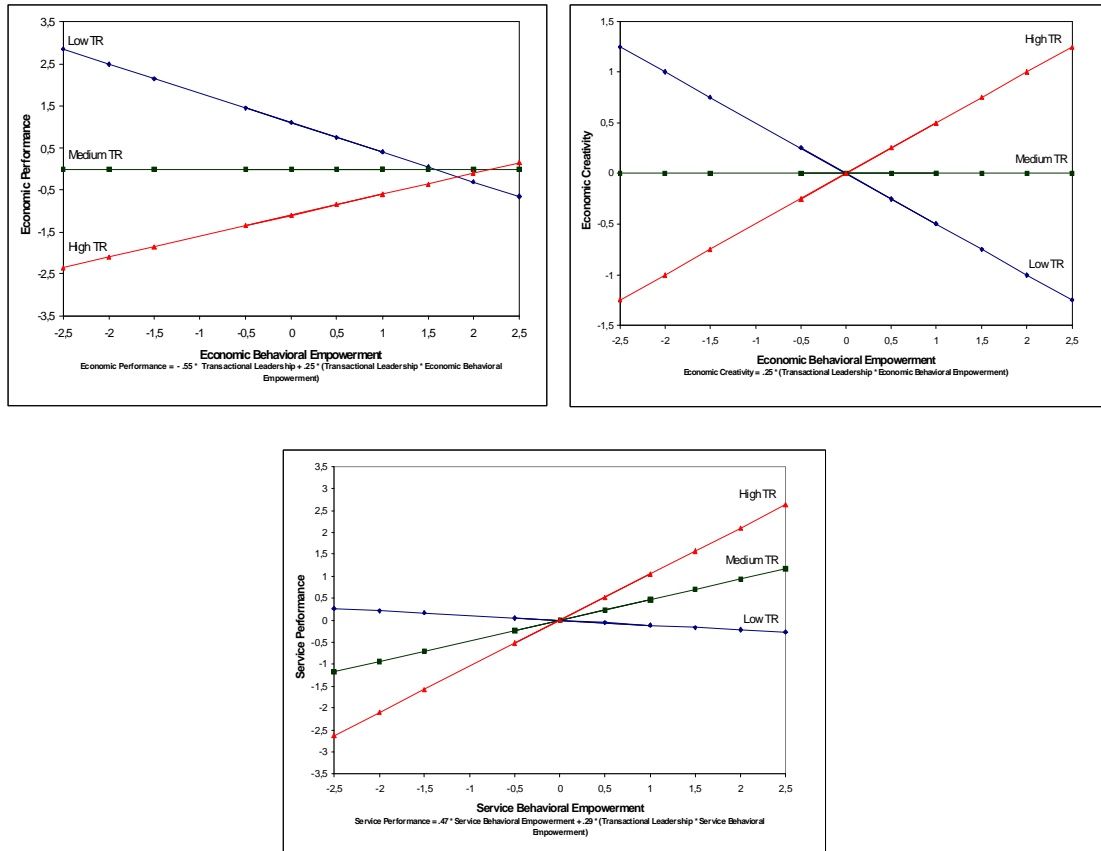


Figure 3.4. Moderating effect of transactional leadership on the empowerment consequences

3.4. Discussion

This study sought to make three contributions to the literature on empowerment: a) to address definitional confusion by drawing theoretical and empirical distinction between structural empowerment, or the rules the organization establishes for workers, and employee empowerment, or the roles employees assume within the organization; b) to apply a goal regulation framework whereby the link between structural empowerment, employee empowerment, and the resulting performance is theorized to be goal-specific

rather than universal; and c) to explore the moderating influence of leadership style on the empowerment to performance link. Our results suggest that addressing such definitional issues, goal-specificity, and potential moderators of empowerment marks an important advancement in this literature.

3.4.1. Theoretical implications

First, our results suggest that there is indeed a distinction between the rules and roles of empowerment, or between structural and employee empowerment. Although empowerment provided within the formal rules, policies, or procedures of the organization is important (Conger and Kanungo 1988), it does not immediately translate into psychological empowerment felt by employees within their specific work roles. Although this distinction has been made in the literature, most notably by Quinn and Spreitzer (1997), empirical examination of it has been lacking (although see Seibert et al. 2004 for a recent notable exception). Additional research that explores the specific leakage between structural and employee empowerment may be insightful, such as a longitudinal process study whereby employees are asked to report their varying perceptions of empowerment, as well as contributors and detractors from it over time.

Moreover, alternative operationalizations of structural empowerment could also be explored and integrated. For example, Seibert, Silver, and Randolph (2004) propose a work-unit level construct of “empowerment climate,” operationalized to include information sharing, autonomy through boundaries, and team accountability. Although there are several conceptual similarities between Seibert’s study and our own, in that both seek to incorporate empowerment from contextual factors and psychological empowerment as precursors of empowered performance, they differ in their unit of analysis, ours focused on individuals, while Seibert’s is focused on team-based empowerment. This distinction begs some interesting questions for additional study: For a work climate to empower individuals, does the perception of how empowering it is have to be shared by workers? That is, can a work context be empowering to some individuals and not to others? The basis of the distinction between structural and employee empowerment from Quinn and Spreitzer’s work (1997) suggests the answer is

yes. The very same work environment can lead to differential levels of psychological empowerment, based on individuals' own intrinsic motivation and self-actualization goals, suggesting that shared perceptions of such a "climate" are not necessary.

Secondly, and perhaps one of the more robust findings of our research, is that the process of empowerment is goal-specific. Organizational attempts to empower workers towards a specific goal may lead to empowerment behaviors and performance for that goal, but in general will not carry over to other organizational initiatives or missions. The one exception we found to this was a carryover from economic employee empowerment to service-oriented creativity. This negative cross-over effect seems to indicate that employees who are more intrinsically motivated towards economic goals are less prone to think about and to using new methods to improve service performance, possibly because of the unknown cost-implications of implementing such new service improving methods. Overall, our findings suggest that future research on empowerment should model the goal-specific organizational intentions and individual behaviors, as well as outcomes. This is particularly important in environments in which multiple organizational goals exist. While this is common in many service-based organizations with ongoing dual economic and service goals, such as medicine, hospitality, or banking, empirical examination in other contexts is needed. It would be especially interesting to examine potential goal-specificity in contexts in which other competing goals are prevalent, such as academia where the competing goals of effective teaching and high impact research are often in conflict; or sales contexts, in which commerciality and technical expertise may be conflicting goals.

Our study also contributes to the empowerment literature by supporting one possible explanation for the historically weak and conflicting results concerning the empowerment - performance relationship. Previous research that considers only general notions of empowerment and effectiveness consistently shows that empowerment explains about 6% of the variance in employee effectiveness. In contrast, by distinguishing between economic and service oriented empowerment and performance in our study, and by explicitly considering the moderating impact of leadership behavior, our model explained 7% of the variance in service creativity, 10% of the

variance in economic creativity, 25% of economic performance variance and 9% of service performance variance. This demonstrates that conceptualizing empowerment as a goal-directed process, influenced by leadership behavior, clearly enables us to explain more variance in employee performance and creativity outcomes, and more importantly, to more accurately model the process of empowerment in organizations.

Our third contribution is the incorporation of leadership as a moderator of empowerment. While leadership has been recognized in the literature as important in a general sense (Bass 1985), most of the research in this area has not considered the influence of leadership on employee empowerment. Our results suggest that leadership behaviors play an important yet unexpected role in empowerment dynamics, where the empowerment effects on performance were more potent under transactional and not transformational leadership. This suggests that leader behavior designed to be empowering (transformational) may actually thwart, or at best, add little to the psychological empowerment of workers. This finding could reflect a substitution effect in which the intrinsically motivating elements of work become more dominant in influencing outcomes when this motivation is not provided by leadership. However, further research is needed that focuses on the joint effects of empowering practices and leadership behavior under various organizational and environmental conditions to test this possibility more rigorously.

3.4.2. Study limitations

As with all studies, ours has several limitations. First, as already noted, this study is subject to possible common method bias. Given the nature of our findings, it is less likely that this is a problem because common method variance tends to obfuscate differential relationships, and we have found such relationships. Secondly, generalizability is of concern since our results are based on one organization within one industry. However, a recent study done within a high technology firm (Seibert et al. 2004) demonstrates similar findings concerning the structural-employee empowerment distinction, suggesting our results may generalize to other firms and industries. However, additional studies are needed to sample from diverse organizational contexts

with potentially greater variance on structural empowerment, employee empowerment, and leadership. More importantly, research within organizations with varying goals is necessary in order to replicate our result concerning the goal-specificity of the empowerment process. Third, the cross sectional nature of our study restricts us from clearly pinpointing the temporally causal relationships within the process of empowerment, as well as from providing practical guidance on how organizations may prevent leakages from occurring from the structural empowerment the organization establishes through rules and procedures to the role-based empowerment experienced and perceived by employees. As mentioned above, we encourage additional study in other contexts, with other goals, and those focused upon longitudinal examination of where empowerment leakages occur.

3.4.3. Managerial implications

This research also has some noteworthy implications for practitioners. First, we confirm that empowerment still is a valuable path to pursue improvement in FLE's effectiveness and creativity. The degree to which employees feel that they have a meaningful job, are competent in their skills, have freedom in initiating actions and experience, and that their behavior makes a difference, are crucial elements that influence consequent employee performance. Managers may enhance these aspects of employee empowerment by providing a work context in which employees can perform meaningful tasks, have considerable freedom in the way they perform their jobs, and get sufficient amounts of feedback on how well they are performing.

However, given our findings of goal-specific empowerment dynamics, managers should be aware that each of these empowerment elements should be present for each of the objectives or goals that are put forward in the organization. In this sense, balancing between economic and service related objectives is not only crucial at the organizational strategy level, but also at the frontline itself. Managers clearly have a role to play in channeling employee efforts towards certain organizational objectives. For example, if the improvement of service quality is of primary importance, managers should emphasize the importance of FLE's behaviors in satisfying customers (providing meaning to service related activities) and offer FLE's the opportunity to put their own

ideas on how to improve customer satisfaction into practice. However, those contexts where service related objectives are not balanced with economic oriented objectives are very rare. This implies that a supplementary channeling effort towards economic oriented goals may be needed. To enhance levels of economic oriented employee empowerment, our findings indicate that it is not only necessary to foster feelings of economic oriented meaningfulness and autonomy, but also to provide sufficient feedback on the economic impact of employee behavior. Finally, our findings on the interactive effects of empowerment and leadership behavior indicate that the payoffs from empowerment practices and leadership factors may have ceiling, and not synergistic effects. Though more research is needed on this subject, one managerial implication that can be drawn is that transactional leadership practices do not mitigate the positive effects of employee empowerment on performance and creativity. From a practical perspective, this implies that in those contexts where FLE's are supervised in a more transactional rather than transformational way, empowerment is especially worth of pursuit as it will clearly foster FLE's performance and creativity levels.

3.5. Conclusion

Overall, our study provides theory and evidence to resolve controversy and inconsistency surrounding empowerment research in past studies, and directions for future research to harness the empowerment potential in frontline employees of service organizations. Our results suggest that self-determination theory, role theory and goal theory provide valuable frameworks to better understand organizational empowerment dynamics. In accordance with self-determination theory and role theory, we found that structural empowerment is only effective in influencing employee performance through the mediating role of employee schemas and their level of felt empowerment. As role theory would argue, it is when rules (empowering conditions) are crafted by the employee into empowered roles (employee empowerment) that the effects of empowerment become apparent, and are manifested in the improved performance and creativity of empowered employees. Further, these relationships are goal-specific in that empowerment towards one goal does not lead to empowered behavior or

performance of a different goal. We encourage additional research to corroborate and extend these findings.

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Appendix A: Measurement items

Structural empowerment*

| | |
|-------------------------------|--|
| Economic task variety | <p>In your unit, jobs and tasks are designed to allow most employees to...</p> <ul style="list-style-type: none"> - Use a variety of skills in order to enhance unit productivity - Use their abilities in a variety of ways to implement cost cutting measures - Use different skills to directly enhance unit revenue |
| Economic task significance | <p>In your unit, jobs and tasks are designed to allow most employees to...</p> <ul style="list-style-type: none"> - Influence overall hospital effectiveness by their impact on the unit's financial performance - Contribute to overall hospital performance by controlling unit costs - Impact overall hospital productivity by enhancing unit efficiency |
| Economic task identity | <p>In your unit, jobs and tasks are designed to allow most employees to...</p> <ul style="list-style-type: none"> - Initiate and carry out plans to increase unit revenue - Take up and complete tasks that enhance productivity at work. - Complete initiatives to do tasks that lower unit costs |
| Economic task autonomy | <p>In your unit, jobs and tasks are designed to allow most employees to...</p> <ul style="list-style-type: none"> - Modify the way to do tasks so that it is done more efficiently - Deviate from standard practices in order to enhance unit productivity |
| Economic task feedback | <p>In your unit, jobs and tasks are designed to allow most employees to...</p> <ul style="list-style-type: none"> - Obtain information about the unit's financial performance - Assess how good they are at providing care at lower costs - To know how much they contribute to unit financial performance |
| Service task variety | <p>In your unit, jobs and tasks are designed to allow most employees to...</p> <ul style="list-style-type: none"> - Use a variety of skills in order to provide the best quality of patient care - Use different methods to solve patients' problems or complaints - To apply different skills to provide excellent care |

continued

Appendix A continued

| | |
|------------------------------|--|
| Service task significance | In your unit, jobs and tasks are designed to allow most employees to... - Influence overall hospital effectiveness through the quality of service provided in the unit - Contribute to overall hospital performance through their impact on patient satisfaction - Impact overall hospital image by taking care of patient complaints on the unit |
| Service task identity | In your unit, jobs and tasks are designed to allow most employees to... - Start and complete projects that improve the quality of care - Work with the same patient through his or her entire length of stay - Complete initiatives to solve service related problems |
| Service task autonomy | In your unit, jobs and tasks are designed to allow most employees to... - Have the freedom to alter how much time they spend with patients - Deviate from standard practices to satisfactorily handle patient complaints |
| Service task feedback | In your unit, jobs and tasks are designed to allow most employees to... - To know how good they individually are at providing quality of care - Assess how they individually contribute to the unit's patient satisfaction ratings |

Employee empowerment

| | |
|----------------------------|--|
| Economic Meaningfulness | In performing my daily tasks and responsibilities... - Increasing my unit's financial performance is important to me - My activities and efforts towards increasing unit productivity are meaningful to me - It is important for me to control my unit's costs |
| Economic competence | In performing my daily tasks and responsibilities... - I can execute my work-related tasks without unnecessary costs to the unit. - I can accomplish my work responsibilities in an efficient manner - I have mastered the skills to complete my tasks within the resources provided. - I can handle job demands in a way that enhances my unit's financial performance. |

continued

Appendix A continued

| | |
|----------------|---|
| Economic | In performing my daily tasks and responsibilities... |
| Autonomy | <ul style="list-style-type: none"> - I can determine how I do my job so that it reduces my unit's operating costs - I can decide on my own how to complete work tasks for enhancing my unit's financial performance - I can be flexible in handling my work tasks to improve my unit's overall efficiency |
| Economic | In performing my daily tasks and responsibilities... |
| Impact | <ul style="list-style-type: none"> - I am able to save substantial costs for my unit by the way I perform my tasks - I make a significant impact on my unit's financial performance |
| Service | In performing my daily tasks and responsibilities... |
| Meaningfulness | <ul style="list-style-type: none"> - It is important for me to spend quality time with my patients and their families - Solving patients' problems is personally important for me - I find meaning in my interaction with patients and their families - Taking care of sick people is personally meaningful to me |
| Service | In performing my daily tasks and responsibilities... |
| competence | <ul style="list-style-type: none"> - I am confident about my ability to provide the best quality of care to my patients - I have mastered the skills to solve patient problems encountered on our unit - I have the ability to deliver a high level of patient satisfaction |
| Service | In performing my daily tasks and responsibilities... |
| Autonomy | <ul style="list-style-type: none"> - I can determine how I do my job to provide the best possible quality of care. - I can pretty much decide on my own how I interact with patients and their families in order to satisfy their needs - I enjoy considerable independence in how I deal with patient complaints and problems - I can be flexible in handling my tasks so that it enhances the unit's overall patient satisfaction ratings |

continued

Appendix A continued

| | |
|----------------|--|
| Service Impact | In performing my daily tasks and responsibilities... <ul style="list-style-type: none">- I significantly influence the quality of care provided to patients on our unit- I make a difference in our unit's efforts to enhance patient satisfaction.- I significantly impact the experience of the patients during their stay in our unit |
|----------------|--|

Leadership characteristics

| | |
|--------------------------|---|
| Transactional leadership | <ul style="list-style-type: none">- As long as unit financial performance is within budget, your supervisor does not bother with changing work practices- As long as unit patient satisfaction levels are within acceptable range, your supervisor does not bother with changing work practices- As long as the old ways work, your supervisor is satisfied with your productivity- As long as the old ways work, your supervisor is satisfied with the quality of care you provide- It is all right if you take initiatives to enhance unit revenue, but your supervisor does not encourage you to do so- It is all right if you take initiatives to enhance patient satisfaction, but your supervisor does not encourage you to do |
|--------------------------|---|

| | |
|-----------------------------|--|
| Transformational leadership | <ul style="list-style-type: none">- Your supervisor makes everyone enthusiastic about enhancing unit financial performance- Your supervisor makes everyone enthusiastic about providing superior quality of medical care- You can count on your supervisor to express appreciation when you do your job efficiently- You can count on your supervisor to express appreciation when you do a good job of providing quality care- Your supervisor enables you to think of new ways to cut unit costs- Your supervisor enables you to think of new ways to enhance the quality of care- Your manager assures you that you can enhance unit productivity through your efforts- Your supervisor assures you that you can enhance unit patient satisfaction levels through your efforts |
|-----------------------------|--|

continued

Appendix A continued

| Employee performance⁺ | |
|---|---|
| Economic Performance | Relative to your co-workers, rate your performance over the last 12 months on <ul style="list-style-type: none"> - Controlling cost of care - Saving money and resources |
| Economic Creativity | Relative to your co-workers, rate your performance over the last 12 months on <ul style="list-style-type: none"> - Providing new ideas to generate revenue for the unit - Using innovative methods to enhance unit productivity - Using new methods to lower unit costs through your work activities - Using new methods to do your job with fewer resources - Using new ways to be able to complete work tasks more efficiently |
| Service Performance | Relative to your co-workers, rate your performance over the last 12 months on <ul style="list-style-type: none"> - Providing high levels of patient satisfaction - Working to enhance patient loyalty - Building trust with patients |
| Service Creativity | Relative to your co-workers, rate your performance over the last 12 months on <ul style="list-style-type: none"> - Implementing new ideas to make a patient's stay comfortable - Providing new ways to satisfy the needs of each individual patient - Implementing new ideas to increase interaction with patients or their families |

* = All Items, except the employee performance items, were rated on a 5-point Likert scale, ranging from 'totally disagree' to 'totally agree'.

⁺ = All employee performance items were rated on a 7-point scale with the following scale anchors: 'Bottom 20 %', 'Bottom 30 %', 'Middle 50 %', 'Upper 30 %', 'Upper 20 %', 'Upper 10 %', 'Top 5 %'.

Chapter 4

Paper 3

**The Job Challenge Construct Revisited: Conceptualization, Antecedents, and
Consequences of Experienced Challenge and Overchallenge in the Job.**

Koen Dewettinck^{*1}

Dirk Buyens¹

Under review in Journal of Organizational Behavior

¹ Faculty of Economics and Business Administration, Ghent University and Vlerick Leuven Gent Management School, Belgium

Correspondence to: Koen Dewettinck, Vlerick Leuven Gent Management School, Reep 1, B-9000 Ghent, Belgium. Tel.: +32.9.210.97.40; Fax: +32.9.210.97.57; Email: koen.dewettinck@vlerick.be

SUMMARY

In this study, we propose a conceptual model on individual and job-contextual antecedents, and affective and behavioral employee consequences of experienced job challenge and overchallenge. Based on a sample of 511 frontline employee – supervisor dyads, we found that autonomy in the job and outcome control are positively related to experienced job challenge and that internal locus of control, autonomy and behavioral control are negatively related to overchallenge. While challenge shows to have a consistent positive impact on employee affect and behavioral intentions, overchallenge has a consistent negative impact on the same outcome variables. Challenge and overchallenge did however not relate to effectiveness levels as rated by the supervisor. Theoretical and managerial implications are discussed.

KEYWORDS: Front line employee; Job challenge; Stress; Management control; Employee performance

4.1. Introduction

About three decades ago, organizational scientists (e.g. Hackman & Oldham, 1976) and psychologists (e.g. Bandura, 1977) became convinced that providing people with an intellectually challenging job has beneficial effects in the workplace. Since then, theories on human agency, employee motivation and high performance work systems have been suggesting that challenging employees improves employee motivation, satisfaction and functional behavior. Bearing on goal setting theory (e.g. Lee, Locke & Latham, 1989), Locke and Latham (1990) identified job challenge as starting point and foundation of their High Performance Cycle. Central is the idea that employees or managers who experience more job challenge will perform better, will be more satisfied with their job and more committed to their organization (Locke & Latham, 1990, p. 253).

Other streams of research also emphasized the beneficial role of experiencing challenge for individuals. According to social cognitive theory (Bandura, 1986), challenge is a precondition to develop self-efficacy (Ozer & Bandura, 1990), which concerns people's belief in their capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over given events (Bandura, 1989). The management development literature transferred this idea to the organizational context. In this tradition, challenge is considered to be an important precursor of individual and organizational learning (e.g. Cunningham & Iles, 2002; McCall et al., 1988; Ruderman et al., 1990), which has shown to have a positive impact on employee affective and behavioral responses (McCauley, 1986).

Thus, from a theoretical point of view, challenge seems a promising concept to further our understanding of human behavior in organizations. Based on the claims provided above, managing challenge in organizations could play a beneficial role in optimizing the work context in which people have to perform. Surprisingly however, there remains a lot of unclarity on the concept of experienced challenge and its potential role in understanding organizational behavior. We see four main reasons for this. First, from a conceptual point of view, the definition and meaning of the "challenge" concept itself

has eluded consensus and clarity. Four main research streams have focused attention on experienced challenge but conceptualized it differently. In the goal-theoretic approach, challenge has been directly linked to the specificity and difficulty of goals (Locke & Latham, 1990). In contrast, Bandura (1986) applied a much broader scope and defined challenge in terms of taxing situations. The management development literature (e.g. McCall et al., 1988; McCauly, 1986) conceptualized challenge in terms of developmental job experiences, operationalized as situations that force managers to solve problems and make choices in dynamic situations under conditions of risk and uncertainty. Finally, in the stress literature (e.g. Karasek, 1979; Janssen, 2001; Schaufeli & Bakker, 2004), job challenge is reflected in job demands, a multifaceted construct consisting of quantitative and qualitative role obligations. Quantitative role demands refer to the degree to which employees are required to work fast and hard and have much work to do in a short time, or permanently have a great deal of work to do. Qualitative job demands refer to having to deal with role ambiguity and/or with conflicting roles (Janssen, 2001).

Second, researchers seem to agree that there is an optimal degree of challenge. According to activation theory, there will be inverted U-shaped relationships between job demands and both job performance and job satisfaction (Gardner, 1986; Gardner & Cummings, 1988; Scott, 1966). That is, an increase in experienced challenge is assumed to be beneficial for job performance and job satisfaction to, but not beyond, a certain level. After attainment of that optimum level of job challenge, job performance and job satisfaction should start to decline. Lazarus (1991) and Perrewe & Zellars (1999) showed that this shift reflects the way an individual emotionally responds to a task (i.e. as part of a work role), which depends on whether a task is being appraised as challenging or threatening. Thus, challenge and overchallenge are conceptualized as more of the same, with the difference lying in the way the individual responds to the challenge. Such a conceptualization may be appropriate at the level of a specific task, but we doubt its usefulness for explaining the role of experienced challenge at the job level. This may explain why the potentially useful challenge concept and the role it could play in explaining organizational behavior has not been fully explored and exploited yet. Third, from a methodological point of view, most insights on the effects

of challenge stem from experimental studies in the goal theoretic approach. Because of the focus on challenge in terms of goal characteristics, much remains unknown on the correlates of a holistic job challenge construct in organizational settings. Finally, all studies we are aware of have treated challenge as an extraneous variable that impacts on employee affect and behavior. As a result, little is known about individual and job-contextual factors that may influence employee's experience of job challenge and overchallenge.

This study aims to take an initial step to address the preceding issues. Specifically, we conceptualize experienced challenge and experienced overchallenge in the job as related but distinct constructs. Further, we develop a model in which individual and job-contextual factors; experienced challenge and overchallenge; and employee affect and behavior are linked. Finally, we provide an empirical test of the proposed model, using 511 employee-supervisor dyads from two service organizations. We aim to demonstrate that this model, which is open to empirical testing and refinement is useful for theory building and holds the potential to yield insights for managerial practice.

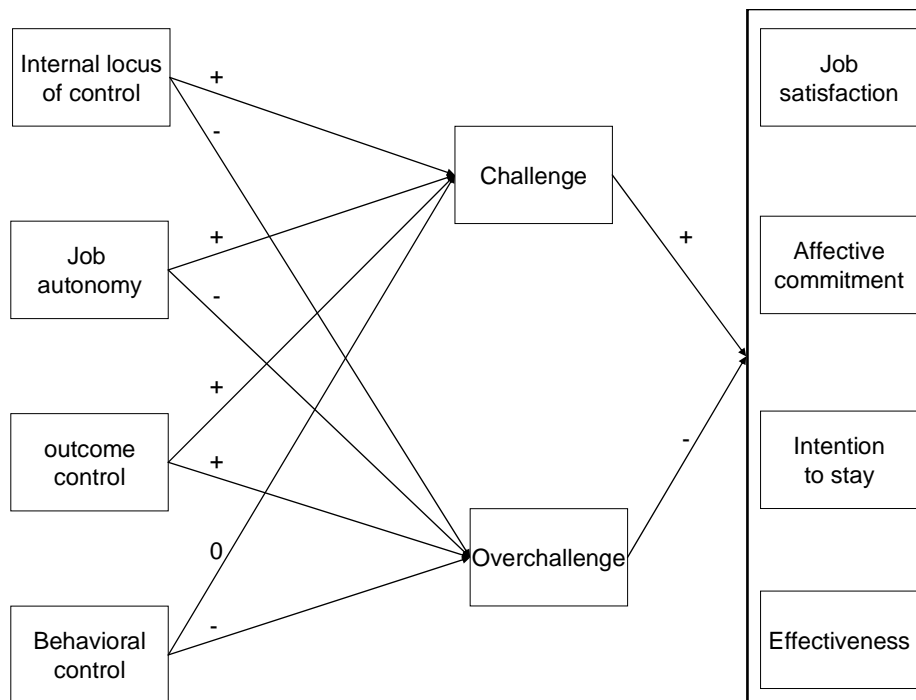


Figure 4.1. Conceptual model and hypothesized relationships

Before elaborating on each of the proposed hypotheses, Figure 4.1 shows the conceptual model, providing a global overview of the variables that are taken into account and their hypothesized relationships.

4.1.1 Experienced challenge and overchallenge in the job: conceptual clarification

In the job characteristics model, Hackman and Oldham linked the amount of experienced challenge to “the degree to which a job requires a variety of different activities in carrying out the work, which involve the use of a number of different skills and talents of the person” (Hackman & Oldham, 1976, p. 257). More recently, Evans & Kersh (2004) linked the amount of skill variety in the job to their concept of an expansive working environment, in which employees are encouraged to deploy their skills. In their interpretive approach, Evans & Kersh (2004) found that employees described such an expansive environment as being “challenging”. Thus, several and distinct research streams suggest that skill variety or the provision of intellectual stimulation in the job is an important element of the job challenge construct. However, the intellectual side of challenge alone seems to be insufficient to capture the breadth and meaning of challenge in contemporary working life. Companies are increasingly confronted with an economic environment characterized by fears competition, rapidly changing market demands, increasing shareholders and customer expectations, efficiency optimization, innovation demands, etc. In such a working context, people have to give the best to stay in shape in their professional life. Chances arise that people become overstimulated or lack sufficient resources to cope with increasing job demands. Consequently, the resource based view of challenge becomes more predominant. From this perspective, challenge refers to the amount of resources people have to use in fulfilling their working role. In the stress literature (e.g. Karasek, 1979; Demerouti et al., 2001), attention has been given to this resource-based perspective on challenge. In this tradition, challenge has been linked to job demands, which, according to Schaufeli and Bakker (2004) require sustained effort. Thus, some researchers have conceptualized job challenge mainly in terms of used abilities and skills, while others have focused on used resources, effort.

Also, activation theory suggests that challenge may trigger two distinct cognitive mechanisms, depending on the degree of challenge and the resulting experienced level of activation of the job performer (Gardner, 1986; Gardner & Cummings, 1988). Challenge leads to a level of activation that allows the central nervous system to function more efficiently, resulting in enhanced cerebral and behavioral performance and positive affect. Overchallenge, on the other hand, decreases activation levels, resulting in decreased cerebral and behavioral performance and affect.

In sum, when conceptualizing challenge at the level of the job, the degree of experienced challenge should refer to both the use of resources (Schaufeli and Bakker, 2004) and the use of capabilities (Evans & Kersh, 2004; Oldham & Hackman, 1980). Further, bearing on activation theory, our definitions should reflect the distinction between positive and negative dimensions of challenge, reflecting whether employees evaluate the expectations towards their working role as realistic (activating) or unrealistic (threatening). Consequently, we define our key constructs as following:

Experienced challenge in the job reflects employees' perceptions on how much abilities and resources they have to use in fulfilling their working role.

Experienced overchallenge in the job reflects employees' perceptions on the degree to which the fulfillment of their working role requires more abilities and resources than can be expected.

4.1.2. Individual and job-contextual antecedents of experienced challenge and overchallenge in the job

As mentioned in the introduction, little is known on the correlates of experienced challenge levels. To address this caveat, in what follows, we propose a conceptual model to explore some individual and job-contextual antecedents.

4.1.2.1. Locus of control

As mentioned before, the experience of challenge and overchallenge in the job relate to the perceived amount of abilities and resources individuals have to use in fulfilling their working role and the feasibility of it. Control theory (Klein, 1989) suggests that such appraisals reflect whether the individual feels personal control over the situation or not. There is ample research that has shown that this feeling of personal control is influenced by individuals' propensity to locate causality for outcomes either in oneself or in the external environment (e.g. Judge & Larsen, 2001). This individual propensity, which is relatively stable over time, has been labeled locus of control (Rotter, 1966). Individuals who view themselves as having the ability to affect reinforcing events are labeled "internals", whereas those persons who see reinforcing events as resulting from luck, chance, or others are labeled "externals".

As locus of control is concerned with confidence in being able to control outcomes (Judge & Larsen, 2001), one would expect that this propensity will have a direct effect on experienced challenge and overchallenge. That is, irrespective of the situation individual employees are confronted with, internals will be inclined to view their job as more challenging and less overchallenging. Consequently, we propose the following hypotheses:

Hypothesis 1a: Internal locus of control is positively related to experienced challenge in the job.

Hypothesis 1b: Internal locus of control is negatively related to experienced overchallenge in the job.

4.1.2.2. Job autonomy

A large amount of research has consistently shown that characteristics of the job significantly influence employee motivation (Oldham & Hackman, 1980) or the degree to which the employee has an "active orientation towards the working role" (Thomas & Velthouse, 1990). One particular job characteristic that seems especially noteworthy when considering the impact on experienced challenge levels is autonomy.

Autonomy, equivalently referred to as “self-direction” or “self-management”, is the extent to which an individual or group of individuals has the freedom, independence, and direction to determine what actions are required and how best to execute them (Hackman & Oldham, 1976; Henderson & Lee, 1992). To the extent that a job has high autonomy, job outcomes depend increasingly on the individual’s own efforts, initiatives, and decisions, rather than on the adequacy of instructions from the boss or on a manual of job procedures. Furthermore, considering autonomy as a basic human need, it is also a motivational characteristic of work (e.g. Deci & Ryan, 2000). Employees who perceive themselves as choosing to perform an activity, as opposed to being directed to do so, are intrinsically motivated and accept more personal responsibility for the consequences of their work (e.g. Hackman & Oldham, 1975). Consequently, we expect that employees who experience more autonomy will evaluate their job as being more challenging.

Autonomy in the job has also been directly linked to ‘perceived control’, which concerns the amount of control that an employee believes to have in the work environment, to make it less threatening or more rewarding (Ganster & Fusilier, 1989). A great deal of evidence from animal and human research indicates that the presence or absence of control has profound effects on health and well-being (e.g. Averill, 1973; Greenberger et al., 1989; Miller, 1977; Thompson, 1981). Much of the research in organizational psychology has stemmed from Karasek's (1979) job demands-job control model. This model proposes that the effects of job demands on employee well-being are influenced by job decision latitude (the degree to which employees have the potential to control their work). The model predicts that job decision latitude attenuates any negative effects of job demands on employee well-being. Early studies, using large heterogeneous samples, showed moderate support for Karasek's model (e.g. Karasek, 1979; Karasek, Baker, Marxer, Ahlbom, & Theorell, 1981). More recent investigations using Karasek's measure of job decision latitude and other measures of work control have demonstrated that high levels of control are directly related to a range of positive health and work-related outcomes; for example, decreased anxiety and depression (e.g. Mullarkey, Jackson, Wall, Wilson, & Grey-Taylor, 1997) and psychosomatic health complaints (e.g. Carayon, 1993). These findings suggest that employees who experience

more autonomy will evaluate their job as being less overchallenging. To summarize this discussion, we propose the following hypotheses:

Hypothesis 2a: Autonomy is positively related to experienced challenge in the job.

Hypothesis 2b: Autonomy is negatively related to experienced overchallenge in the job.

4.1.2.3. Outcome and behavioral control

A second set of job-contextual factors that may substantially influence challenge levels are control mechanisms, often being part of performance management systems. Anthony, Dearden & Vancil (1972) defined management control systems as “the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization’s objectives” (Anthony et al, 1972, p. 5). Because management control systems have the purpose to intensify employee effort (Tannenbaum, 1968) they may be important in explaining experienced challenge levels.

A variety of typologies have been devised to differentiate control mechanisms (e.g. Ouchi, 1979, 1980; Reeves & Woodward, 1970; Tannenbaum, 1968). Two control mechanisms we will focus on are behavioral and outcome control (see e.g. Anderson & Oliver, 1987; Eisenhardt, 1985; Krafft, 1999; Oliver & Anderson, 1994, 1995). We limit our scope to formal control mechanisms because these are more or less directly initiated by the management of the organization, for example as part of a performance management cycle. Within a bureaucratic framework, formal behavior control regulated the actions employees exhibit on the job. More generally, it structures the transformation process of work. As an alternative to using behavior control, managers can control outcomes. Outcome control differs from behavioral control in that supervisors do not translate intentions into operating procedures but instead set targets for employees to pursue (Hill & Hoskisson, 1987). This form of control provides employees discretion in the means they use to achieve desired ends, thus decentralizing

control. It does not allow them to choose goals, only the methods used to pursue established targets.

We propose that outcome and behavioral control will have a differential impact on experienced challenge levels. More specifically, we expect that employees who experience more outcome control will evaluate their job as being more challenging as setting work-related goals will affect the expectancies and valences that are associated with those goals (Locke & Latham, 1990). More precisely, Earley et al. (1990) Bandura and Cervone (1983; 1986) found that people used discrepancies between goals and outcome feedback as the basis for such cognitive self-evaluations as judgments about self-efficacy and satisfaction. These self-evaluations, in turn, influenced individual's effort and, thereby, performance. Thus, the self-reactive impact of outcome control seems to depend on an evaluation of performance outcomes relative to a goal. This self-assessment provides people with a basis for adjusting levels of effort. However, outcome control bears the risk of setting performance objectives which employees may find unrealistic or too hard to accomplish. This means that higher outcome control could also lead to higher levels of perceived overchallenge. Thus, we propose the following hypotheses:

Hypothesis 3a: Outcome control is positively related to experienced challenge in the job.

Hypothesis 3b: Outcome control is positively related to experienced overchallenge in the job.

Although outcome feedback can identify the need to adjust action, it often does not provide specific information concerning how to adjust – information on the direction of behavior (Earley et al., 1990). Behavioral control, on the other hand, provides the employee with insights on how the work should be done and which procedures should be followed. Thus, behavioral control lacks the motivating character of the goal setting mechanisms, but it provides employees with guidance, insights and support in how the work should be done. As a result, we propose that it is less likely that the expected work

outcomes will be viewed as being unrealistic or too hard to accomplish when more behavioral control is present. Consequently, we propose the following hypotheses:

Hypothesis 4a: Behavioral control is not related to experienced challenge in the job.

Hypothesis 4b: Behavioral control is negatively related to experienced overchallenge in the job.

4.1.3. Affective and behavioral responses of experienced challenge and overchallenge.

In this research, we consider two affective responses: job satisfaction and affective commitment to the organization. Job satisfaction is a fairly stable evaluative judgment about how well one's job compares to needs, wants or expectations (Fisher, 2003). As measured in this research, it includes, next to a judgment of the job as a whole, facets such as satisfaction with supervision and company support and guidelines. Affective organizational commitment is one of the three widely accepted commitment components proposed by Allen and Meyer (1990). They define affective commitment as an attitudinal process whereby people come to think about their relationship with the organization in terms of value and goal congruency. The most often cited definition of affective or attitudinal organizational commitment (Riketta, 2002) is 'the relative strength of an individual's identification with and involvement in a particular organization (Mowday, Steers & Porter, 1979, p. 226). We also consider the impact of challenge levels on behavioral intentions and behavioral outcomes: intention to stay and employee effectiveness. Intention to stay is the intention employees have to stay working for the organization they currently work for. Effectiveness, in this study, is the supervisor rating of individual employees' contribution to the realization of work unit goals and objectives.

In line with activation theory, we expect that experienced challenge and experienced overchallenge will have opposite effects on employees' affect and behavior. There is

consistent evidence (see e.g. Lazarus, 1991; Perrewe & Zellars, 1999) that shows that how an individual approaches and emotionally responds to a task (i.e. as part of a work role) depends on whether a task is being appraised as challenging versus threatening. Specifically, negative emotions that accompany threat appraisals, such as anxiety or fear, require regulation to keep them from interfering with problem-focused forms of coping and to preserve a tolerable internal state. Within the service work context, this possible threatening nature of ‘over-challenging’ goals may stem from the enhanced perceived likelihood of receiving negative feedback when goals are not attained. When feeling challenged however, individuals generate fewer negative emotions that require attention and will therefore be in a position to engage in problem-focused coping efficiently. Several studies consistently showed that perceived vulnerability and risk perception and discernment not only influence employee affect, but also directly influence behavior (Aspinwall & Taylor, 1997; Ozer and Bandura, 1990). Consequently, we propose the following hypotheses on the impact of experienced challenge levels on employee affect and behavior:

Hypothesis 5a: Experienced challenge in the job will be positively related to employee satisfaction, affective commitment, intention to stay and effectiveness.

Hypothesis 5b: Experienced overchallenge will be negatively related to employee satisfaction, affective commitment, intention to stay and effectiveness.

4.2. Organizational context

Sample

The sample consisted of frontline employees and their supervisors working for two large service firms in Belgium. The first is a stock market quoted temporary staffing company, operating in a highly competitive and dynamic market. The company employs about thousand consultants working in a widespread net of branches all over the country. These consultants work as brokers between companies that are searching for temporary workers and individuals that seek a temporary job. The second company, employing about 600 people, is a health insurance company that acts as an interface

between government, medical and social service providers and individuals that need medical or social care. A major activity the frontline employees are involved in, is informing people on the support they can get (from the company itself and from the Belgian social security system) and to help with the administrative procedures that accompany requests for such support. Similar to the staffing company, employees work in a highly decentralized net of local offices. The two companies are similar in that they are both service providers. They are however different in that the first is operating in a dynamic and very competitive industry, while the second operates in a more stable, regulated industry.

Time

Data for the reported study was collected in both companies at about the same time, early 2004.

4.3. Method

4.3.1. Sample and data collection

Web-based survey questionnaires were administered during normal working hours to frontline service employees and their supervisors in a temporary staffing organization and a health insurance company. The employee survey focused on job and work context experiences. The supervisors were requested to rate the performance of each of their employees. Frontline employees and supervisors were asked, before filling out their web-based questionnaire, to agree upon a fictive work unit and individual employee code. With these two codes, we were able to match cases at the individual level, without compromising confidentiality. To foster collaboration, one week prior to sending out our request to fill out the survey, respondents received a motivating mail from their CEO or HR-director. Respondents were given two weeks to respond. After that time, a reminding mail was sent, again by top management of the companies. In the temporary staffing organization, 302 out of 374 frontline employees (response rate 81%) and 33 out of 47 supervisors (response rate = 70 %) filled out the questionnaire. In the health

insurance company, 397 out of 491 frontline employees (response rate = 81 %) and 37 out of 65 supervisors (response rate 57 %) filled out the questionnaire. In total, we succeeded in matching 521 cases (227 cases in the temporary staffing organization and 294 in the health insurance company). After deletion of cases with missing values and multivariate outliers, 511 cases remained for analysis.

A majority of the employee sample is female (79 %) with an average age of 31 years. 25 % has a high school diploma, 53 % a bachelor and 22 % a master degree. Average seniority is about six years. Also the supervisor sample is mainly female (71 %). Supervisors have an average age of 41 years old. 10 % has a secondary educational degree, 49 % a bachelor and 41 % a master degree. Average seniority is around 11 years and supervisors have on average 5 years experience in a supervisory function. The average span of control (ratio #employees / #supervisors) is 7,7.

4.3.2. Measures

Appendix 1 shows all items used to measure the constructs mentioned above.

Experienced autonomy in the job was measured by 2 items (e.g. “My job permits me to decide on my own how to go about doing the work”) from Hackman & Oldham’s (1980) job description survey. Items were rated on a 5-point Likert scale, ranging from ‘totally disagree’ to ‘totally agree’. Reliability of this scale (Cronbach’s alpha) in this sample was .77.

Internal locus of control was measured by 5 items (e.g. “I have noticed that there is a direct connection between how hard I work and my performance) adapted from Rotter (1971). Items were rated on a 5-point Likert scale, ranging from ‘totally disagree’ to ‘totally agree’. Two items that originally relate to an external locus of control (e.g. “Sometimes I have the feeling that I have little to do with my performance”) were reverse scored and integrated in the internal locus of control scale. Reliability for the scale (Cronbach’s alpha) in this sample was .71.

Outcome control was measured by three items (e.g. “Specific performance goals are established for my job”) from Jaworski and MacInnis’ (1989) outcome control scale.

Items were rated on a 5-point frequency scale, ranging from ‘never’ to ‘always’. Reliability for the scale (Cronbach’s alpha) in this sample was .73.

Behavioral control was measured by four items (e.g. “I receive feedback on *how* I accomplish my performance goals”) from Jaworski and MacInnis’ (1989) behavioral control scale. Items were rated on a 5-point frequency scale, ranging from ‘never’ to ‘always’. Reliability for the scale (Cronbach’s alpha) in this sample was .85.

Experienced job challenge was measured by an own developed scale, consisting out of five items. Two items reflecting the use of capabilities in the job (e.g. “My job requires me to do many things at work, using a variety of skills and talents”) were taken from Hackman and Oldham’s (1980) job description survey. Three other items, reflecting the use of resources when executing the job (e.g. “Dealing with the responsibilities in my job requires a lot of effort and persistence”) were developed and fine-tuned based on think aloud exercises with frontline service employees. Extra items were developed because a pilot test in a sample of 306 frontline employees in a hospital had shown that the reliability of an earlier version of the scale was insufficient. Items were rated on a 5-point Likert scale, ranging from ‘totally disagree’ to ‘totally agree’. Reliability for the scale (Cronbach’s alpha) in this sample was .82.

Experienced job overchallenge was also measured by an own developed scale, consisting out of two items. Consistent with our conceptualization of the experienced overchallenge construct, we used two items that reflect employees’ perception of having role expectations that seem unattainable to them (e.g. “A lot of tasks I have to do are simply not attainable”). Items were rated on a 5-point Likert scale, ranging from ‘totally disagree’ to ‘totally agree’. Reliability for the scale (Cronbach’s alpha) in this sample was .79.

Job satisfaction was measured by four items from Churchil, Ford & Walker (1974) and Hartline & Ferrell (1993). These items (e.g. “Indicate how satisfied you are with your co-workers”) tapped into different aspects of employee satisfaction. Items were rated on a 5-point scale, ranging from ‘totally dissatisfied’ to ‘totally satisfied’. Reliability for the scale (Cronbach’s alpha) in this sample was .76.

Organizational commitment was measured by five items (e.g. “I talk up this organization to my friends as a great organization to work for”) from the Organizational Commitment Questionnaire (Mowday, Steers & Porter, 1979). These items reflect the

affective component of organizational commitment. Items were rated on a 5-point Likert scale, ranging from 'totally disagree' to 'totally agree'. Reliability for the scale (Cronbach's alpha) in this sample was .90.

Intention to stay was measured by five items (e.g. "What's the chance that you will be working for this company in one year?") adapted from Bluedorn (1982). Items were rated on a 5-point Likert scale, ranging from 'Very small' to 'Almost sure'. Reliability for the scale (Cronbach's alpha) in this sample was .92.

Supervisor rated effectiveness was measured by four items adapted from Singh (2000). Supervisors were asked to compare performance aspects of their employees and to rate individual performance over the last six months on an asymmetric 7-point scale ranging from 'Not good at all' to 'top performer'. For economic performance, supervisors were asked to rate cost consciousness and productivity. For service performance, supervisors were asked to rate customer focus and contribution to customer satisfaction and loyalty. Items were combined into one overall effectiveness scale. Reliability (Cronbach's alpha) of this scale is .84 in this sample.

4.3.3. Analysis

Measurement properties were tested in a two-stage procedure. First, exploratory and confirmatory factor analysis was executed in SPSS and AMOS (maximum likelihood estimation) for each construct in the model. After deletion of items that did not properly load on the conceptualized constructs, an integrated measurement model that included all the constructs was tested using Structural Equation Modeling (SEM). All items were directly modeled to load on their respective constructs. We used a unidimensional measurement model because this is more useful for the interpretation of latent constructs as it allows for a more precise test of the convergent and discriminant validity of the indicators (Kline, 1998). All constructs were allowed to correlate with each other. For each latent construct included in the simultaneous analysis, the standardized factor loadings (see Table 4.2) and the variance extracted and shared variance with any other construct (see Table 4.3) were computed. This enabled us to test Kline's (1998) criterion for convergent validity and Fornell and Larcker's (1981) criterion for discriminant validity.

The hypotheses were simultaneously tested in a structural model, using maximum likelihood estimation in AMOS (Arbuckle & Wothke, 1999). This approach has several advantages. First, it provides a systematic basis for evaluating the ‘fit’ of the hypothesized model to data based on a χ^2 -statistic, incremental fit indices (e.g. nonnormed-fit-index, comparative fit index) and other indicators of absolute fit including Root Mean Square Error of Approximation (MacCallum & Austin, 2000). Second, it provides control over measurement error that can constitute over 50 percent of the observed variance and often introduces substantial bias in estimated effects and hypothesis testing (Ping, 2001). Third, it provides systematic approaches for testing the psychometric properties of constructs (e.g. convergent and discriminant validity). For parsimony reasons and to optimize the stability of the indicators, in our structural model, we (randomly) aggregated single items so that each latent construct loaded on two composite indicators.

Although we used supervisor ratings for one of the outcome variables, employee effectiveness, the validity of our structural model may still be biased by common-method variance. Drawing upon Lindell & Whitney (2001) and Podsakoff, MacKenzie, Lee & Podsakoff (2003), we estimated a common method factor to control for this variance. Specifically, we included a common method factor such that each manifest item was hypothesized to have a common loading on this method factor in addition to a loading on its theoretic construct. Further, we constrained the method factor loadings to be equal. By estimating this common method factor, the variance due to common method is partialled out of the estimated theoretic constructs and thereby from the estimated structural relationships in our model.

4.4. Results

4.4.1. Validity assessment of the experienced challenge and experienced overchallenge construct

Table 4.1 reports the mean scores, standard deviations, reliability and correlations between the key constructs in our model. Table 4.2 provides the estimates of the item loadings on each of the constructs, the Cronbach alpha reliability and the shared variance of each of the constructs, based on this measurement model.

Table 4.1. Means, standard deviations and correlations among constructs^a.

| Variable | M | SD | Iloc | Aut | Outc | Beha | Chal | Ocha | Sat | Com | Stay | Effec |
|----------|------|------|------------------|------|------|------|------|------|-----|-----|------|-------|
| Iloc | 3.60 | .61 | .71 ^b | | | | | | | | | |
| Aut | 3.62 | .81 | .22 ^c | .77 | | | | | | | | |
| Outc | 3.81 | .75 | .26 | .04 | .73 | | | | | | | |
| Beha | 3.25 | .82 | .25 | .08 | .65 | .85 | | | | | | |
| Chal | 3.86 | .73 | .23 | .37 | .24 | .15 | .82 | | | | | |
| Ocha | 2.11 | .82 | -.24 | -.14 | .02 | -.08 | .20 | .79 | | | | |
| Sat | 3.77 | .64 | .43 | .33 | .33 | .45 | .23 | -.24 | .78 | | | |
| Com | 3.86 | .69 | .36 | .30 | .25 | .30 | .34 | -.11 | .65 | .90 | | |
| Stay | 4.25 | .88 | .10 | .15 | .09 | .09 | .40 | -.01 | .25 | .27 | .92 | |
| Effec | 4.54 | 1.00 | .17 | .20 | .08 | .12 | .11 | -.08 | .15 | .15 | .10 | .84 |

^a = $N = 511$. Construct mean and standard deviation based on average mean and standard deviation of observed items' raw score per construct

^b = Entries on the diagonal are Cronbach's alphas.

^c = Correlations $> .09$, $p < .05$; correlations $> .11$, $p < .01$; correlations $> .15$, $p < .001$

Iloc = internal locus of control / Aut = job autonomy / Outc = outcome control / Beha. = behavioral control / Chal. = experienced job challenge / Ocha = experienced job overchallenge / sat = job satisfaction / Com = affective commitment / Stay = intention to stay / Effec = employee effectiveness

With only a few marginal exceptions, standardized factor loadings were always higher than 0.50, providing evidence for convergent validity (Kline, 1998). Table 4.3 shows that the average variance explained by each construct was generally larger than the squared latent correlations between dimensions in this sample. Two pairs of variables for which the average variance explained was smaller than the squared latent correlations are outcome and behavioral control; and job satisfaction and affective

commitment. However, the squared latent correlations between these pairs of variables are respectively .63 and .54, suggesting that no bivariate multicollinearity exists between those scales (Kline, 1998). Overall, this provides evidence for the discriminant validity of our scales (Fornell & Larcker, 1981).

Table 4.2. Construct reliability and standardized item loadings

| Construct | 1 st order loading ^a | Reliability ^b | Construct | 1 st order loading ^a | Reliability ^b |
|----------------------|--|--------------------------|----------------------|--|--------------------------|
| Int. locus | | .71 | Overchallenge | | .79 |
| Iloc1 | 0.61 | | Ojch1 | 0.83 | |
| N[eloc2] | 0.51 | | Ojch2 | 0.78 | |
| Iloc3 | 0.49 | | Satisfaction | | .78 |
| Iloc4 | 0.68 | | Js1 | 0.57 | |
| N[eloc2] | 0.53 | | Js2 | 0.62 | |
| Autonomy | | .77 | Js3 | 0.81 | |
| Auton1 | 0.80 | | Js4 | 0.80 | |
| Auton2 | 0.79 | | Commitment | | .90 |
| Outc. control | | .73 | Oc1 | 0.81 | |
| Oc1 | 0.67 | | Oc2 | 0.89 | |
| Oc2 | 0.81 | | Oc3 | 0.81 | |
| Oc3 | 0.59 | | Oc4 | 0.79 | |
| Beh. control | | .85 | Oc5 | 0.69 | |
| Bc1 | 0.81 | | Int. to stay | | .92 |
| Bc2 | 0.89 | | Its1 | 0.81 | |
| Bc3 | 0.63 | | Its2 | 0.91 | |
| Bc4 | 0.74 | | Its3 | 0.97 | |
| Challenge | | .82 | Its4 | 0.86 | |
| Jchal1 | 0.65 | | Its5 | 0.72 | |
| Jchal2 | 0.59 | | Effectiveness | | .84 |
| Jchal3 | 0.84 | | Eper1 | 0.50 | |
| Jchal4 | 0.59 | | Eperf2 | 0.57 | |
| Jchal5 | 0.85 | | Sperf1 | 0.95 | |
| | | | Sperf2 | 0.95 | |

^a = standardized regression weights from latent constructs to observed variables, based on SEM measurement model

^b = Cronbach's alpha reliability

Table 4.3. Average Variances Explained^a and Squared correlations^b among constructs

| | Iloc | Aut | Outc | Beha | Chal | Ocha | Sat | Com | Stay | Effec |
|-------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Iloc | <i>.32</i> | | | | | | | | | |
| Aut | .09 | <i>.63</i> | | | | | | | | |
| Outc | .13 | .00 | <i>.48</i> | | | | | | | |
| Beha | .13 | .01 | .63 | <i>.60</i> | | | | | | |
| Chal | .09 | .22 | .09 | .04 | <i>.51</i> | | | | | |
| Ocha | .11 | .03 | .00 | .01 | .04 | <i>.65</i> | | | | |
| Sat | .34 | .13 | .18 | .24 | .06 | .09 | <i>.50</i> | | | |
| Com | .21 | .12 | .10 | .11 | .17 | .02 | .54 | <i>.64</i> | | |
| Stay | .01 | .03 | .02 | .01 | .20 | .00 | .06 | .07 | <i>.73</i> | |
| Effec | .02 | .04 | .01 | .01 | .01 | .00 | .02 | .02 | .01 | <i>.59</i> |

^a = Entries on the diagonal (in Italics) are average variances explained, which are the averages of the standardized regression weights from a construct to its observed variables, based on the SEM-measurement model estimates

^b = Squared multiple correlations among constructs

4.4.2. Individual and job-contextual antecedents of experienced challenge levels

The hypotheses were tested in a simultaneous path analytical model. The results are summarized in Table 4.4. In terms of overall fit, it reveals the following fit statistics: $\chi^2 = 290,71$, $df = 144$, $p < .001$, $GFI = .95$, $NFI = .95$, $NNFI = .97$, $CFI = .98$, $SRMR = .04$, $RMSEA = .05$ (90% CI = .04 to .05). On statistical grounds, the hypothesized model appears to inadequately account for the systematic variation and covariation in the data. However, the relative fit indicators exceed .95 and the absolute fit indicators suggest that the residuals are small ($< .05$) and tightly distributed (cf. 90 % confidence interval of $RMSEA = .04$ to .05). Consistent with this, the parsimony fit indicator, $NNFI$, exceeds .95, indicating that the model has adequate over-identifying restrictions for parsimony, and provides a reasonable fit to the data.

Table 4.4. Estimated parameters and fit statistics for the structural model

| Independent variable | Dependent variable | | | | | |
|---------------------------|---------------------|------------------------------|----------------------|----------------------|---------------------|---------------------|
| | Challenge | Overchallenge | Satisfaction | Commitment | Stay ^a | Effectiveness |
| | B (S.E.) | B (S.E.) | B (S.E.) | B (S.E.) | B (S.E.) | B (S.E.) |
| Internal locus of control | .05 (.07) | -.61 (.10)*** | --- | --- | --- | --- |
| Autonomy | .33 (.05)*** | -.20 (.06)*** | --- | --- | --- | .19 (.06)*** |
| Outcome control | .40 (.13)*** | .27 (.15)⁺ | --- | --- | --- | --- |
| Behavioral control | -.20 (.10)* | -.28 (.12)** | .21 (.04)*** | .18 (.05)*** | --- | .13 (.05)* |
| Challenge | --- | --- | .17 (.04)*** | .35 (.06)*** | .47 (.06)*** | .02 (.06) |
| Overchallenge | --- | --- | -.37 (.04)*** | -.31 (.05)*** | -.17 (.06)** | -.07 (.06) |
| | $R^2 = .21$ | $R^2 = .34$ | $R^2 = .46$ | $R^2 = .24$ | $R^2 = .15$ | $R^2 = .08$ |

*** = $p < .001$ ** = $p < .01$ * = $p < .05$ ⁺ = $p < .07$

--- = relationship not hypothesized / specified

^a = intention to stay

A latent common-method factor was included that loaded on all the observed variables (except for the performance items, rated by the supervisor). All method loadings were constrained to be equal. The estimated weight of the method factor was $B = .25$ ($SE = .02$), $p < .001$.

Fit-indices: $\chi^2 = 290.71$, $df = 144$, $p < .001$, $GFI = .95$, $NFI = .95$, $NNFI = .97$, $CFI = .98$, $SRMR = .04$, $RMSEA = .05$ (90% CI = .04 to .05)

The regression weights show that internal locus of control has no significant influence on experienced challenge but a very strong negative influence ($B = -.61$, $p < .001$) on experienced overchallenge. Thus, our analysis provides support for Hypothesis 1b, but not for Hypothesis 1a. Hypotheses 2a and 2b are supported. As hypothesized, autonomy has a significant positive influence on experienced challenge ($B = .33$, $p < .001$) and a significant negative influence on experienced overchallenge ($B = -.20$, $p < .001$). Hypotheses 3a is supported. Outcome control has a positive influence on experienced challenge ($B = .40$, $p < .001$). Our analysis provides also marginal support to Hypothesis 3b. The regression weight is $B = .27$, but is not significant at the .05 level ($p < .07$). Hypothesis 4a is not supported. We expected that behavioral control would not be related with experienced challenge in the job. Our analysis indicates however that behavioral control is negatively related to experienced challenge ($B = -.20$, $p < .05$). Hypothesis 4b on the other hand is supported. Behavioral control has a negative influence on experienced overchallenge ($B = -.28$, $p < .01$).

4.4.3. Affective and behavioral consequences of experienced challenge levels

Table 4.4 also summarizes the effects of experienced challenge levels on employee affect and behavior. The results show that experienced challenge has a positive impact on employee satisfaction ($B=.17$, $p<.001$), a strong positive effect on affective commitment ($B=.35$, $p<.001$) and an even stronger impact on intention to stay ($B=.47$, $p<.001$). Experienced challenge has however no significant impact on employee effectiveness as rated by the supervisor. In line with our expectations, experienced overchallenge shows to have a strong negative influence on employee satisfaction ($B=-.37$, $p<.001$); affective commitment ($B=-.31$, $p<.001$) and intention to stay ($B=-.17$, $p<.01$). Again however, we found no impact of overchallenge on effectiveness levels. Thus, Hypotheses 6a and 6b are partially supported.

As hypothesized, experienced challenge and overchallenge show to have opposite effects on employee affect (job satisfaction and affective commitment) and behavioral intentions (intention to stay). Experienced challenge has a consistent positive effect, while experienced overchallenge has a consistent negative effect. We find however no support for a direct relationship between experienced challenge levels and employee effectiveness. The modification indices of our structural model did suggest four additional paths that significantly improved the overall fit of the model. First, direct relationships from autonomy and behavioral control to effectiveness were suggested. The model shows a direct positive influence from autonomy ($B=.19$, $p<.001$) and behavioral control ($B=.13$, $p<.05$) on employee effectiveness. The two other additional paths reflect a positive influence of behavioral control on employee affective responses. Both the positive effect on job satisfaction ($B=.21$) and on affective commitment ($B=.18$) show to be highly significant ($p<.001$).

4.5. Discussion

Though distinct streams of research (goal theory, stress theory, management development theory and human agency theory) have pointed to the potential beneficial role of experiencing challenge in the job, surprisingly little research has taken a focused interest in this matter. To take some initial steps to address this issue, this study had

three main objectives: first, to conceptualize job challenge, explicitly recognizing the distinction between experienced challenge and overchallenge; second, to develop a conceptual model in which experienced challenge and experienced overchallenge are linked to individual and job-contextual antecedents on the one hand and employee affective and behavioral outcomes on the other hand; and third, to provide an empirical test of the proposed model.

4.5.1. Theoretical implications

Relating to the first issue, our results suggest that it is worthwhile to consider and conceptualize experienced challenge and experienced overchallenge in the job as related but distinct constructs. Departing from the role the challenge concept has been given in previous models on human agency, goal-related behavior and management development, we conceptualized experienced job challenge reflecting both the use of capabilities and resources in the job. Both these elements showed to significantly and substantially load on a unidimensional experienced job challenge construct. Previous research seems to suggest that challenge and overchallenge relate to each other in some kind of “more of the same”-relationship, implying that people may be challenged until a certain point where the challenge becomes threatening (see e.g. Lazarus, 1991; Perrewe & Zellars, 1999). This implies a positive correlation between challenge and overchallenge. Our results however indicate that challenge and overchallenge are more different than commonly assumed. The squared correlation between these two latent constructs in our measurement model was only .02. Furthermore, the hypothesized differential impact of job characteristics (autonomy) and management control systems (outcome and behavioral control) on experienced challenge and experienced overchallenge was confirmed in our empirical test. Our results indicate that experiencing challenge in the job is fostered by providing autonomy in job execution and by controlling on outcomes. Behavioral control on the other hand has a modest inhibiting effect. A possible explanation for the negative relationship between behavioral control and challenge may be that behavioral control fosters predictability in the job, which in turn may temper experienced challenge levels. The results also

indicate that locus of control does not influence the amount of challenge employees experience in doing their job.

Focusing on the antecedents of experienced overchallenge, a totally different picture emerged. Outcome control slightly fosters the experience of overchallenge in the job, while providing autonomy in the job and controlling on behavior have strong inhibiting effects. We also found that employees with an internal locus of control are clearly less likely to experience overchallenge than employees with an external locus of control do. This finding indicates that personal factors have a more profound impact on experienced overchallenge than they have on experienced challenge. Personal factors also show to be more important than job-contextual factors in explaining experienced overchallenge. This finding suggests that personal coping strategies may be an important set of variables in explaining experienced overchallenge. Previous research has indeed indicated that individual factors are important in explaining the shift from taxing a situation as being challenging or overchallenging (e.g. Klein, 1989). However, stretching conventional wisdom, our study indicates that, next to personal dispositions, job-contextual elements clearly influence the degree to which employees perceive their job as being overchallenging.

Our findings have some noteworthy implications for stress-related research because they suggest that organizational factors may be more important in explaining the stress and coping process than commonly assumed. While contemporary stress research is very much involved in investigating mental processes that lead up to coping processes (e.g. Perrewe & Zellars, 1999), Schaubroeck (1999) argued that much is to be gained by research focusing on organizational or structural determinants of stress. While a vast amount of stress research has considered the role of job autonomy or job decision latitude (e.g. Karasek, 1979; Schaufeli & Bakker, 2004), our study suggests that further investigation of outcome and behavioral control dynamics in organizations may be useful to expand our understanding of contextual determinants of work-related stress.

Though we found no impact of experienced challenge levels on supervisor rated employee effectiveness, our results indicate that experienced challenge has consistent

positive effects on employee affect and behavioral intentions. In contrast, experienced overchallenge showed to have consistent negative effects on the same outcome variables. In our model, 46% of the variance in job satisfaction, 24 % of the variance in affective commitment and 15 % of the variance in intention to stay were explained. Because of the highly significant and strong effects of experienced challenge and overchallenge in explaining these outcome variables, this study suggests that deepening our understanding on these constructs, how they emerge and how they impact on employee affect and behavior may be fruitful. In depicting some avenues for further research, two suggestions seem especially noteworthy. First, looking at the precursors of experienced challenge levels, our model explained about 20 % of the variance in experienced challenge and about 35 % of the variance in experienced overchallenge, indicating that still a lot is not understood on why and how people evaluate their job as being challenging or overchallenging. Investigating the impact of job contextual elements such as work arrangements, workload and leadership characteristics on the one hand and looking deeper into the influence of personal coping strategies on the other hand seem to be useful avenues to pursue in this respect. Looking at the consequences of experienced challenge levels, it is striking that employee effectiveness (as rated by the supervisor) was not impacted at all, while employee affect and behavioral intentions clearly were. One possible explanation is that we did not capture some important variables that link experienced challenge levels with behavioral outcomes. Strain may be a useful variable in this respect. Another explanation may be that the challenge level – performance relationship is moderated by variables that were not taken into account in our model. Further research is warranted to explore these issues.

4.5.2. Study limitations

Although our study has a number of strengths, it also has its limitations. First, improvement in measurement of key constructs is needed, particularly for overchallenge. As Fornell and Larcker (1981) note, when the number of indicators is less than four, the measurement properties of a given model could be problematic. However, although we used only two indicators for overchallenge, Cronbach alpha is satisfactory (.79) and no convergent and discriminant validity issues emerged. Second,

common-method variance may have biased the validity of the structural relationships. Therefore, we modeled a latent common-method factor that was constrained to equally load on all observed variables in the model. By doing so, we attempted to partial out the variance due to common method from the estimated structural relationships. Furthermore, we used a second data-source to capture individual employee effectiveness levels. Third, cross-sectional research designs do not allow to empirically test causal relationships. Therefore, future studies could use longitudinal designs to provide a more rigorous test of the proposed causal relationships. Finally, data for our empirical test were provided by (mainly female) frontline service employees and supervisors from two service companies. Consequently, more research with other samples and in other work contexts is needed to check the generalizability of our findings.

4.5.3. Managerial implications

This study also has some noteworthy implications for practitioners. First, our findings suggest that managing challenge in organizational settings is worth the effort because of the substantial impact on important work related outcome variables. Our findings reveal that creating a work context in which challenge is fostered and overchallenge curbed, has substantial beneficial effects on employee job satisfaction, organizational commitment and intention to stay. Increasing autonomy in the job and setting, monitoring and feeding back on expected outcomes seems a valid strategy to increase challenge levels. Furthermore, our results confirm a direct and positive job autonomy - job performance relationship. Our study results also showed that steering on outcomes holds the risk of overchallenging people, which has deleterious effects on employee satisfaction, commitment and intention to stay. This risk can however be diminished by providing employees with sufficient autonomy and freedom in organizing their work and by giving more attention, guidance and support in the way employees pursue work-related objectives. Behavioral control also showed to have a direct positive effect on employee satisfaction, commitment and effectiveness levels as rated by the supervisor. Thus, steering on outcomes, combined with providing sufficient autonomy in the job and support and guidance in the way people try to attain their work-related objectives

seems most warranted in an attempt to balance on the thin line between challenging and overchallenging people.

4.6. Conclusion

In conclusion, this study revisited the job challenge construct, making the conceptual distinction between experienced challenge and overchallenge in the job. Our conceptual exploration and empirical validation of a partial nomological net surrounding these constructs, suggests that both individual dispositions such as locus of control and job-contextual characteristics such as job autonomy, outcome and behavioral control are important in understanding experienced challenge levels. Because of the substantial impact on important work-related outcome variables, experienced job challenge and overchallenge seem useful constructs in deepening our understanding on how individual and job-contextual characteristics relate to employee affective and behavioral responses. Therefore, these findings offer interesting avenues for further research as well as useful implications for organizational practice.

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 Appendix A: Measurement items

 Individual characteristics

- Internal locus of control
- I have noticed that there is a direct connection between how hard I work and my performance
 - My performances are the result of my own efforts; luck has little or nothing to do with it
 - Promotions are earned through hard work and persistence
 - Getting promoted is really a matter of being a little luckier than the next person*
 - Sometimes I have the feeling that I have little to do with my performance*

 Job context

- Job autonomy
- My job allows me to decide on my own how to complete my work
 - In my job there is a lot of opportunity to decide freely and independently how to do my work
- Outcome control
- Specific performance goals are established for my job
 - My immediate boss monitors the extent to which I attain my performance goals
 - If my performance goals were not met, I would be required to explain why
- Behavioral control
- My immediate boss monitors the extent to which I follow established procedures
 - My immediate boss evaluates the procedures I use to accomplish a given task
 - My immediate boss modifies my procedures when desired results are not obtained
 - I receive feedback on *how* I accomplish my performance goals

Continued

Appendix A continued

Challenge levels

| | |
|-------------------------------|---|
| Experienced job challenge | <ul style="list-style-type: none"> - In my job, I do a lot of different activities that require me to use a variety of skills and talents - My job is relatively simple and monotone* - I have a challenging job - To deal with the responsibilities in my job asks for a lot of effort and persistence - In my job I am confronted with a lot of challenges |
| Experienced job overchallenge | <ul style="list-style-type: none"> - A lot of tasks I have to do are simply not attainable - Things I have to realize in my job are impossible to attain, even for the best possible employee |

Affective outcomes

| | |
|----------------------|--|
| Job satisfaction | <p>Mention how satisfied you are with...</p> <ul style="list-style-type: none"> -your job in general - your supervisor - the guidelines of the company - the support you get from the company |
| Affective commitment | <ul style="list-style-type: none"> - I talk up this organization to my friends as a great organization to work for - I am proud to tell others that I am part of this organization - This organization really inspires the very best in my in the way of job performance - I am extremely glad that I chose this organization to work for - I really care about the fate of this organization |

Continued

Appendix A continued

Behavioral outcomes

| | |
|--------------------------------|---|
| Intention to stay | What's the chance that you will be working for this company in ... - three months - six months - one year - two years - five years |
| Supervisor rated effectiveness | Relative to co-workers in your unit, rate the performance of this employee over the last six months on ... - cost consciousness - productivity - customer orientation - providing high levels of patient satisfaction and loyalty |

* = reversed scored item

CHAPTER 5

PAPER 4

**THE INFLUENCE OF BEHAVIORAL CONTROL ON FRONTLINE EMPLOYEE AFFECT AND
PERFORMANCE: THE INTERMEDIATE ROLE OF JOB AUTONOMY AND CONTEXTUAL
LEARNING ORIENTATION**

Koen Dewettinck^{*1}

Dirk Buyens¹

Under review in Journal of Marketing

¹ Ghent University, Faculty of Economics and Business Administration and Vlerick Leuven Gent Management School

^{*} Correspondence to: Koen Dewettinck, Vlerick Leuven Gent Management School, Reep 1, B-9000 Ghent, Belgium. Email: koen.dewettinck@vlerick.be

SUMMARY

In this study, we propose and empirically test a conceptual model in which job autonomy and contextual learning orientation mediate the relationship between behavioral control and frontline employee outcome variables. Based on a sample of 1184 frontline employee – supervisor dyads, we found that contextual learning orientation mediates the relationship between behavioral control and frontline employee job satisfaction, affective commitment and effectiveness levels. We also found that job autonomy has a substantial impact on the same outcome variables, but that behavioral control is not related to job autonomy. Theoretical and managerial implications are discussed.

KEYWORDS: Front line employee; Behavioral control; Autonomy; Learning orientation

5.1. Introduction

The design of management control systems has been of interest to researchers and practitioners for some time (e.g. Agarwal & Ramaswami, 1993; Anderson & Oliver, 1987; Babakus et al., 1996; Baldauf, Cravens & Grant, 2002; Challagalla & Shervani, 1996; Eisenhardt, 1985; Jaworski, 1988; Krafft, 1999; Oliver & Anderson, 1994; Ouchi, 1979). This interest stems from the belief that control systems are important in the alignment of organizational objectives and individual employee behavior, and thus for organizational success. Because of the pivotal role of frontline employee behavior in service- and sales contexts, scholars in the marketing area have devoted major emphases to control dynamics (e.g. Agarwal & Ramaswami, 1993; Anderson & Oliver, 1987, Baldauf, Cravens & Piercy, 2001; Oliver & Anderson, 1994). A fundamental issue in this research area is the identification of the underlying processes that explain the consequences of management control on employee affect and behavior.

Management control refers to the process by which an organization influences its subunits and members to behave in ways that lead to the attainment of organizational objectives (Arrow, 1974; Flamholtz, Das, & Tsui, 1985; Ouchi, 1977). One typically distinguishes between formal and informal control mechanisms (e.g. Jaworski, 1988). Formal control mechanisms can be described as written, management-initiated mechanisms designed to influence the probability that employees will behave in ways that support the stated organizational or work-unit objectives. Informal controls are unwritten, typically worker-initiated mechanisms designed to influence the behavior of personnel (Merchant, 1985). Two specific forms of formal control that have been of central interest in frontline contexts are behavioral and outcome control (Anderson & Oliver, 1987; Challagalla & Shervani, 1996; Jaworksi, 1988; Oliver & Anderson, 1994). Behavioral control refers to the mechanisms through which management attempts to influence the means to achieve desired ends, with a focus on behavior and/or activities rather than on the end results. Typically, behavioral control concerns monitoring, evaluation and controlling of behavior (methods and procedures) enacted by employees

in achieving performance outcomes. Outcome control involves setting and monitoring of performance standards and evaluating the results, without specifying the process through which the results should be obtained (Anderson & Oliver, 1987; Jaworski, 1988). In this study, we focus on the impact of behavioral control in frontline service contexts. We do so because of several reasons.

First, there is an emerging body of research examining the effects of behavioral control strategies in the workplace (Babakus, et al., 1996; Baldauf et al., 2002; Cravens et al., 1993; Jaworski, Stathakopoulos & Krishnan, 1993; Lusch & Jaworski, 1991; Oliver & Anderson, 1994; Piercy, Cravens & Lane, 2001). While those studies' findings agree in that behavioral control is generally positively related to employee job satisfaction and organizational commitment, these studies have surfaced some unexpected and ambiguous findings regarding the impact of behavioral control on employee performance levels (Baldauf, et al., 2002; Challagalla & Shervani, 1996). For example, Oliver & Anderson (1994) reported a weak negative relationship between behavioral control and performance outcomes. In contrast, Cravens et al. (1993) found a positive relationship. Still other studies (Baldauf et al.; 2002; Challagalla & Shervani, 1996) found no clear relationship. Thus, though an increasing body of knowledge has been accumulated in recent years, there are several variations and inconsistencies in the research results.

A second reason why the relationship between behavioral control and individual work-related outcomes deserves more attention is that skepticism has arisen about the appropriateness of behavioral control mechanisms to deal with the challenges companies are nowadays confronted with. Several scholars have argued that behavioral control may be less effective in relatively unpredictable conditions, where employees are expected to take initiative in non-routine, if not novel, tasks (Daft, 1995; Mills & Ungson, 2003). This idea fits into the empowerment approach, which has gained considerable attention from academics in recent years (e.g. Conger & Kanungo, 1988; Seibert, Silver & Randolph, 2004; Spreitzer, 1995; 1996; Thomas & Velthouse, 1990). Central to the notion of empowerment is that it entails the delegation of decision-making prerogatives to employees, along with the discretion to act on one's own (Mills & Ungson, 2003).

Argyris (1998), Simons (1985), Randolph (2000) and Mills and Ungson (2003) argued however that empowerment is in practice often not working because of the fundamental empowerment – control dilemma. More discretion and job autonomy, which is assumed to be fostered by empowering practices, would again be curbed by management's tendency to keep exercising control on employee behavior. However, we notice that formal control mechanisms such as behavioral control are still very widely used in practice, even when empowering practices are put in place.

The aim of this study is to provide some more insights on the two above mentioned issues: our limited understanding of the impact of behavioral control in the workplace and the possible conflicting interplay with autonomy-enhancing empowering practices.

Related to the first issue, several scholars made suggestions that aim to expand our understanding of the impact of behavioral control in frontline contexts. Oliver & Anderson (1994) suggested that an important step in further development of this research field is to expand and broaden the conceptual structure surrounding the control concept. Challagalla and Shervanti (1996) and Baldauf et al. (2002) echoed this quest. One of their suggestions is to include and explore more intervening variables, to obtain a better understanding of the primary mechanism through which behavioral control influences job consequences. Related to the second issue, more research is needed that investigates the empowerment – control dilemma in the workplace. We propose that studying the impact of behavioral control on experienced job autonomy, a core construct in the empowerment literature, is a useful starting point.

Bearing these suggestions in mind, the aim of this study is to explore the role of two alternative intervening variables in the behavioral control – performance relationship: job autonomy and a contextual learning orientation. We propose a conceptual model in which formal controls are linked to individual work-related outcomes through these mediating constructs. Both job autonomy and contextual learning orientation are rooted in self-determination theory (Deci & Ryan, 1985) and are often referred to in explaining the control – performance relationship (e.g. Anderson & Oliver, 1987; Child, 1973; Hitt, Hoskisson & Ireland, 1990; Inkson, Pugh & Hickson, 1970; Ramaswami, Srinivasan &

Gorton, 1997). However, we are not aware of any studies that explicitly considered these constructs in modeling the impact of control on job consequences. Secondly, we address Oliver & Anderson's (1994) call to expand the conceptual structure surrounding the control concept by explicitly considering individual frontline employee characteristics and by conceptualizing the influence on employee affective responses (i.e. job satisfaction and organizational commitment), behavioral intentions (intention to stay working for the company) and actual performance levels. This opens up possibilities of alternative dependent variables that may contribute to organizational effectiveness. Finally, we provide an empirical test of the proposed model through a cross-sectional, multiple source research design, using 1184 frontline employee - supervisor dyads from four service organizations. We aim to demonstrate that this model, which is open to empirical testing and refinement, is useful for theory building and holds the potential to yield insights for managerial practice.

Before elaborating on each of the proposed hypotheses, Figure 5.1 shows the conceptual model. It provides a global overview of the variables that are taken into account along with the hypothesized relationships.

5.1.1. Impact of behavioral control on job autonomy

Autonomy, equivalently referred to as “self-direction” or “self-management”, is the extent to which an individual or group of individuals has the freedom, independence, and direction to determine what actions are required and how best to execute them (Hackman & Oldham, 1976; Henderson & Lee, 1992). Because structural empowerment entails the delegation of decision-making prerogatives to employees, along with the discretion to act on one's own (Mills & Ungson, 2003), job autonomy is a key construct in the structural empowerment literature (e.g. Bowen & Lawler, 1992; 1995). Autonomy is also core in the psychological empowerment literature, as self-determination is one of the four main empowerment cognitions identified by Conger & Kanungo (1988) and Thomas & Velthouse (1990).

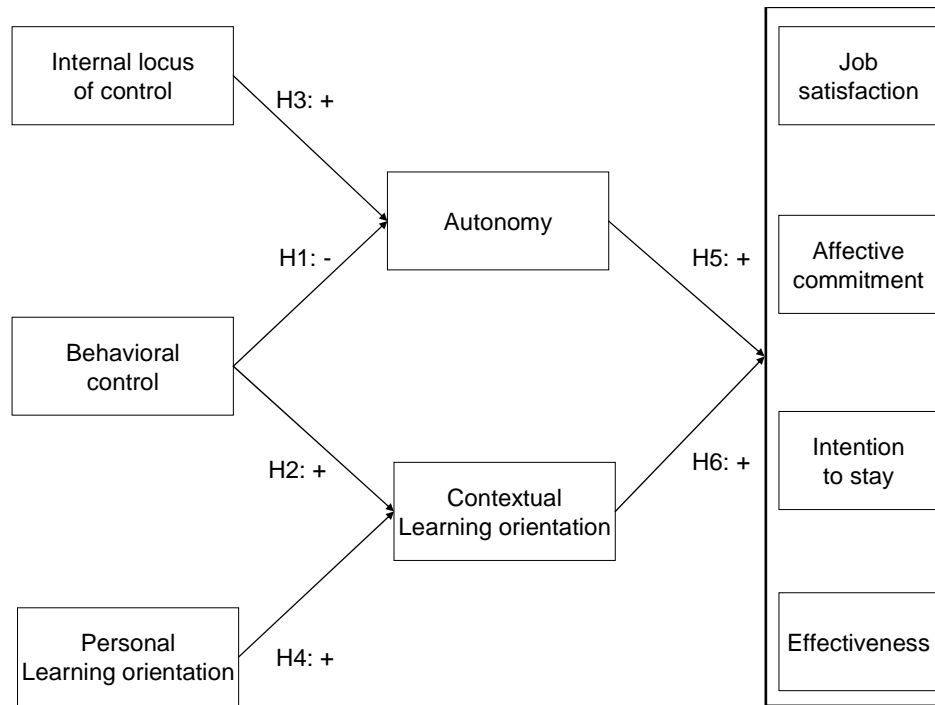


Figure 5.1. Conceptual model and hypothesized relationships

Because behavioral control has been defined as the extent to which managers monitor, direct, evaluate and reward employee activities in the workplace, the definitions of autonomy and behavioral control itself suggest that they are negatively related. Not surprisingly, several scholars have argued that behavioral control curbs experienced autonomy. Some have proposed that this effect stems from the ‘paternalistic’ character of behavioral control (Child, 1973; Hitt et al., 1990; Inkson, et al., 1970). Others proposed that it is more likely that behavior is prescribed and routinized in working procedures when behavioral control strategies are put in place (Ramaswami et al., 1997). This may explain why employees, who have to take these procedures into account, experience less autonomy. Empirical support for these claims is however, as far as we know, not available. Consequently, enabling us to empirically test the behavioral control – autonomy relationship, we propose the following hypothesis:

Hypothesis 1: Behavioral control is negatively related to experienced autonomy in the job.

5.1.2. Impact of behavioral control on contextual learning orientation

Contextual learning orientation reflects the degree to which the work context is perceived by the employee as being learning oriented, or supporting employee development (Ames & Archer, 1988; Button, Mathieu & Zajac, 1996; Sujan, Weitz & Kumar, 1994). As suggested by Anderson & Oliver (1987) and Oliver & Anderson (1994), Cognitive Evaluation Theory (Deci & Ryan, 1985) provides a theoretical framework to investigate the relationship between behavioral control and a contextual learning orientation. Cognitive Evaluation theory proposes that control mechanisms may foster a contextual learning orientation when the control system provides information (feedback) to the individual that is relevant to improve performance and competence. Because behavioral control requires the manager to monitor, evaluate and direct employee behavior, it is more likely that guidelines can be provided on how to change behavior so that improved levels of performance can be achieved and feelings of competence enhanced. In this sense, behavioral control seems naturally suited to foster competence development. Several researchers have indeed proposed that the beneficial effects of behavioral control in the workplace may stem from the fact that it provides the manager with the opportunity for coaching, counseling, and making adjustments to work allocations (Babakus et al., 1996; Baldauf et al., 2002; Cravens et al., 1993; Oliver & Anderson, 1994; Piercy et al., 2001). Based on these arguments, we propose the following hypothesis:

Hypothesis 2: Behavioral control is positively related to a contextual learning orientation.

5.1.3. Controlling for individual characteristics: internal locus of control and personal learning orientation

Both the amount of experienced autonomy and the degree to which the working environment is perceived as learning oriented could be influenced by employee

dispositions. Consequently, the previously proposed hypotheses should be tested while controlling for such individual characteristics. Two specific personality traits that seem especially relevant in this context are locus of control and personal learning orientation.

Autonomy in the job has been directly linked to ‘perceived control’, which concerns the amount of control an employee believes to have in the work environment (Ganster & Fusilier, 1989). There is however ample research that has shown that this feeling of personal control is also influenced by individual’s propensity to locate causality for outcomes either in oneself or in the external environment (e.g. Judge & Larsen, 2001). This individual propensity has been labeled locus of control (Rotter, 1966). Individuals who view themselves as having the ability to affect reinforcing events are labeled “internals”, whereas those persons who see reinforcing events as resulting from luck, chance, or others are labeled “externals”. We propose a direct relationship between internal locus of control and the degree of experienced autonomy in the job. That is, irrespective of the work situation, employees who locate causality for outcomes more in one self would also be more inclined to perceive their job as providing more discretion and autonomy. This proposition results in the following hypothesis.

Hypothesis 3: Internal locus of control is positively related to experienced autonomy in the job.

Dweck and her colleagues (Dweck, 1989; Dweck & Legget, 1988; Heyman & Dweck, 1992) have proposed that the goals pursued by individuals create the framework for their interpretations and reactions to events or outcomes. They have identified two classes or types of goals: performance goals and learning goals. As we conceptualized contextual learning orientation as mediating variable between control mechanisms and employee outcomes, we focus here on personal learning orientation. Button, Mathieu and Zajac (1996) have demonstrated that dispositional and situational goal orientations are positively correlated but distinct constructs. Consequently, assessing the impact of control mechanisms on the contextual learning orientation or the degree to which the working context is perceived to support employee development, without considering the

dispositional orientation of the employee seems not warranted. Consequently, we integrate individual learning orientation in our conceptual model and propose the following hypothesis:

Hypothesis 4: Personal learning orientation is positively related to a contextual learning orientation.

5.1.4. The impact of job autonomy on employee affect and behavior

In our model, job autonomy is conceptualized to impact on employee affective and behavioral responses. Several streams of research suggest such relationships. Niehoff et al. (1990) found that the more individuals are involved in decision-making, the more satisfied they should be with the work itself. Brown & Peterson (1993) found that task autonomy is related to increased job satisfaction and Westman (1992) found a similar relationship between decision-making latitude and satisfaction. The main theoretical argument for this is that a sense of control over one's work is satisfying because any accomplishments can be attributed more to oneself than to other individuals. Sound theoretical arguments for a positive relationship between job autonomy on the one hand and organizational commitment and intention to stay on the other hand are rare. Some have however argued that autonomy may contribute to a sense of commitment and loyalty to the organization through a process of reciprocation (Eisenberger, Fasolo & Davis-La Mastro, 1990; Kraimer, Seibert & Liden, 1999; Liden, Wayne & Sparrowe, 2000). Individuals tend to appreciate organizations that provide opportunities for decision latitude, challenge, and responsibility. They are likely to reciprocate by being more committed and loyal to the organization. Thus, the concept of reciprocation provides a theoretical explanation why autonomy should result in increased organizational commitment and intention to stay.

In a comprehensive meta-analysis summarizing the relationship of perceived control (including participation and autonomy) with a range of outcomes, Spector (1986) found strong evidence of positive associations with job performance. Both cognitive and

motivational explanations link autonomy with effectiveness. From a cognitive perspective, employees generally have more complete knowledge and information about their work than their bosses and are, thus, in a better position to plan and schedule work, and to identify and resolve obstacles to achieving job performance (Cooke, 1994). Employees come to understand which behaviors and task strategies are most effective and how performance might be improved (Lawler, 1992). Thus, job performance can be enhanced when employees are given autonomy over how their work is to be accomplished (Locke & Schweiger, 1979; Miller & Monge, 1986). Using a framework of intrinsic motivation, Thomas & Tymon (1994) found that employees who had a choice regarding how to do their own work were found to be higher performers than those with little work autonomy (Thomas & Tymon, 1994). Similarly, individuals who had more control over work-related decisions were found to be rated higher on job performance by their superiors than those with less control over their work (Liden et al., 1993). Summarizing this discussion on affective and behavioral consequences of experienced job autonomy, we propose the following hypothesis:

Hypothesis 5: Experienced job autonomy is positively related to job satisfaction, affective commitment, intention to stay and employee effectiveness.

5.1.5. The impact of contextual learning orientation on employee affect and behavior

It has also been amply documented that a contextual learning orientation has overall beneficial effects in the workplace. Both self-determination theory and goal orientation theory have argued that contexts in which employee learning is emphasized elicit employee enjoyment, positive affectivity and optimism (Butler, 1987; Deci & Ryan, 1985; Dweck, 1986, Dweck & Leggett, 1988; Van Dijk & Kluger, 2001), which should lead to increased employee satisfaction, affective commitment and intention to stay. Furthermore, there is initial evidence that performance outcomes are fostered in learning oriented experimental (Taberner & Wood, 1999; Wood and Bandura, 1989) and workplace settings (see e.g. Button et al., 1996; Sujana, et al., 1994) because it fosters

mastery-oriented response patterns (Rawsthorne & Elliot, 1999; Steele-Johnson, et al., 2000). When a work context fosters employee learning, employees will be more committed to challenging goals and will maintain effective striving under difficult conditions. Furthermore, employees in a learning oriented work context will be less reluctant to explore new behavior because they are striving to increase their level of competence in a given activity and are less hampered by the possible negative effects of failure (VandeWalle et al., 2001), such as receiving negative feedback from supervisors or customers. This line of research provides initial evidence that a contextual learning orientation is likely to lead to positive performance outcomes. Consequently, we propose the following hypothesis:

Hypothesis 6: Contextual learning orientation is positively related to employee satisfaction, commitment, intention to stay and employee effectiveness.

5.2. Method

5.2.1. Sample and data collection

Web-based and paper and pencil survey questionnaires were administered during normal working hours to frontline service employees and their supervisors in four service organizations: a bank, a temporary staffing organization, a hospital and a health insurance company. Service employees and supervisors at the bank and the hospital filled out the paper and pencil version of the survey. Service employees and supervisors at the staffing organization and health insurance company filled out the web-based version of the survey. The employee survey focused on job and work context experiences. Supervisors were requested to rate the performance of their employees. Each supervisor had to evaluate several performance indicators per employee working under his or her supervision. On average, supervisors had to rate 6.7 employees, which is the average span of control in this sample. Frontline employees and supervisors were asked, before filling out their questionnaire, to agree upon a fictive work unit and individual employee code. With these two codes, we were able to match cases at the individual level, without

compromising confidentiality. To foster collaboration, one week prior to sending out our request to fill out the survey, respondents received a motivating mail from their CEO or HR-director. Respondents were given two weeks to respond. After that time, a reminding mail was sent, again by top management of the companies. For those who filled out the paper and pencil version of the survey, a package was sent by mail to the respondents, containing a motivating letter from the CEO, the survey and a pre-paid envelope to mail the survey after completion to the researchers.

In total, 2439 employee surveys and 365 supervisor surveys were sent out. 1748 employee surveys and 255 supervisor surveys were filled out and returned to the researchers. This results in a total response rate of 71.7 % for the employee sample and 69.9 % for the supervisor sample. After deletion of cases with missing values and multivariate outliers, 1184 employee-supervisor dyads remained for analysis. Response rates and socio-demographics for the four employee and supervisor sub-samples are presented in Table 5.1 and 5.2.

A majority of the total employee sample is female (71.3 %) with an average age between 31 and 35 years. 0.3 % has a primary school diploma, 24.4 % has a high school diploma, 57.2 % a bachelor and 18 % a master degree. Average seniority is seven years. In the total supervisor sample, 45.2 % is female. Supervisors have an average age of 41 years old. 15.7 % has a secondary educational degree, 51.6 % a bachelor and 32.7 % a master degree. Average seniority is around 13 years and supervisors have on average 10 years experience in a supervisory function.

5.2.2. Measures

Appendix 1 shows all items used to measure the constructs mentioned above.

Internal locus of control was measured by 5 items (e.g. “I have noticed that there is a direct connection between how hard I work and my performance) adapted from Rotter (1971). Items were rated on a 5-point Likert scale, ranging from ‘totally disagree’ to ‘totally agree’. Two items that originally relate to an external locus of control (e.g.

“Sometimes I have the feeling that I have little to do with my performance”) were reverse scored and integrated in the internal locus of control scale. Reliability for the scale (Cronbach’s alpha) in this sample was .64.

Table 5.1. Response rates and socio-demographic characteristics of the four employee sub-samples (percentages)

| | Bank | Hospital | Temp. Office | Health Ins. |
|------------------|-----------------|-----------------|---------------------|--------------------|
| Response rate | 743/1227= 60.6% | 306/441= 69.4% | 302/374= 81% | 397/491= 81% |
| Sex | | | | |
| Male | 44.4 | 16.1 | 06.8 | 44.4 |
| Female | 55.6 | 83.9 | 93.2 | 55.6 |
| Age | | | | |
| < 21 yrs | 00.1 | 00.3 | 00.0 | 01.0 |
| 21 – 25 yrs | 11.0 | 11.1 | 19.2 | 19.4 |
| 26 – 30 yrs | 21.4 | 20.3 | 42.7 | 19.9 |
| 31 – 35 yrs | 11.2 | 15.1 | 22.1 | 11. |
| 36 – 40 yrs | 10.5 | 19.0 | 12.8 | 15.0 |
| 41 – 50 yrs | 25.9 | 25.9 | 03.2 | 26.7 |
| > 50 yrs | 19.5 | 08.2 | 00.0 | 06.0 |
| Education | | | | |
| Primary school | 00.6 | 01.3 | 00.0 | 01.3 |
| High school | 30.9 | 37.0 | 08.9 | 37.0 |
| Bachelor | 51.5 | 48.7 | 60.1 | 48.7 |
| Master | 17.1 | 13.0 | 31.0 | 13.0 |
| Seniority | | | | |
| < 2 yrs | 08.9 | 00.0 | 19.9 | 35.2 |
| 2 – 5 yrs | 23.2 | 12.0 | 52.7 | 15.0 |
| 6 – 10 yrs | 13.5 | 26.8 | 21.7 | 11.1 |
| 11 – 15 yrs | 09.2 | 16.1 | 03.9 | 13.2 |
| 16 – 20 yrs | 09.8 | 16.4 | 01.8 | 10.1 |
| > 20 yrs | 35.4 | 09.4 | 00.0 | 15.3 |

Personal learning orientation was measured by 5 items from Ames and Archer’s (1988) personal achievement goal scale. Items were rated on a 5-point Likert scale, ranging from ‘totally disagree’ to ‘totally agree’. Reliability for the scale (Cronbach’s alpha) in this sample was .71.

Behavioral control was measured by four items (e.g. “I receive feedback on how I accomplish my performance goals”) from Jaworski and MacInnis’ (1989) behavioral control scale. Items were rated on a 5-point frequency scale, ranging from ‘never’ to ‘always’. Reliability for the scale (Cronbach’s alpha) in this sample was .83.

Table 5.2: Response rates and socio-demographic characteristics of the four supervisor subsamples

| | Bank | Hospital | Temp. Office | Health Ins. |
|---------------------------------|----------------|-----------------|---------------------|--------------------|
| Response rate | 147/206= 71.4% | 38/47= 80.9% | 33/47= 70% | 37/65= 57% |
| Sex | | | | |
| Male | 91.4 | 43.1 | 10.8 | 47.6 |
| Female | 08.6 | 56.9 | 89.2 | 52.4 |
| Age | | | | |
| < 21 yrs | 00.0 | 00.0 | 00.0 | 00.0 |
| 21 – 25 yrs | 00.0 | 00.0 | 00.0 | 00.0 |
| 26 – 30 yrs | 03.8 | 01.3 | 02.3 | 08.2 |
| 31 – 35 yrs | 09.4 | 13.8 | 58.8 | 15.0 |
| 36 – 40 yrs | 16.5 | 21.3 | 16.9 | 23.8 |
| 41 – 50 yrs | 40.8 | 43.1 | 21.9 | 16.6 |
| > 50 yrs | 29.5 | 20.5 | 00.0 | 36.4 |
| Education | | | | |
| Primary school | 00.0 | 00.0 | 00.0 | 00.0 |
| High school | 27.3 | 00.0 | 06.2 | 12.2 |
| Bachelor | 47.9 | 68.6 | 26.2 | 69.9 |
| Master | 24.8 | 31.4 | 67.7 | 17.9 |
| Seniority | | | | |
| < 2 yrs | 00.0 | 00.0 | 00.0 | 00.9 |
| 2 – 5 yrs | 00.8 | 10.9 | 04.2 | 20.7 |
| 6 – 10 yrs | 11.5 | 19.7 | 69.6 | 14.7 |
| 11 – 15 yrs | 11.5 | 16.7 | 15.0 | 38.2 |
| 16 – 20 yrs | 20.1 | 17.2 | 11.2 | 08.2 |
| > 20 yrs | 56.2 | 35.6 | 00.0 | 17.2 |
| Experience as supervisor | | | | |
| < 2 yrs | 01.9 | 40.8 | 01.5 | 40.8 |
| 2 – 5 yrs | 12.5 | 17.2 | 35.4 | 17.2 |
| 6 – 10 yrs | 17.6 | 18.8 | 36.9 | 18.8 |
| 11 – 15 yrs | 28.2 | 21.3 | 17.3 | 21.3 |
| 16 – 20 yrs | 18.0 | 00.9 | 08.8 | 00.9 |
| > 20 yrs | 21.9 | 00.9 | 00.0 | 00.9 |

Contextual learning orientation was measured by 6 items adapted from Ames and Archer's (1988) contextual learning orientation scale. Items were revised to be relevant in a working context. Items were rated on a 5-point Likert scale, ranging from 'totally disagree' to 'totally agree'. Reliability of this scale (Cronbach's alpha) in this sample was .79.

Experienced autonomy in the job was measured by 3 items (e.g. "My job permits me to decide on my own how to go about doing the work") from Hackman & Oldham's (1980) job description survey. Items were rated on a 5-point Likert scale, ranging from 'totally disagree' to 'totally agree'. Reliability of this scale (Cronbach's alpha) in this sample was .74.

Job satisfaction was measured by four items from Churchill, Ford & Walker (1974) and Hartline & Ferrell (1993). These items (e.g. "Indicate how satisfied you are with your co-workers") tapped into different aspects of employee satisfaction. Items were rated on a 5-point scale, ranging from 'totally dissatisfied' to 'totally satisfied'. Reliability for the scale (Cronbach's alpha) in this sample was .71.

Organizational commitment was measured by five items (e.g. "I talk up this organization to my friends as a great organization to work for") from the Organizational Commitment Questionnaire (Mowday, Steers & Porter, 1979). These items reflect the affective component of organizational commitment. Items were rated on a 5-point Likert scale, ranging from 'totally disagree' to 'totally agree'. Reliability for the scale (Cronbach's alpha) in this sample was .89.

Intention to stay was measured by five items (e.g. "What's the chance that you will be working for this company in one year?") adapted from Bluedorn (1982). Items were rated on a 5-point Likert scale, ranging from 'Very small' to 'Almost sure'. Reliability for the scale (Cronbach's alpha) in this sample was .91.

Supervisor rated effectiveness was measured by four items adapted from Singh (2000). Supervisors were asked to compare performance aspects of their employees and to rate individual (economic and service related) effectiveness over the last six months on a 7-point scale ranging from 'Not good at all' to 'top performer'. For economic effectiveness, supervisors were asked to rate cost consciousness and productivity. For service effectiveness, supervisors were asked to rate customer focus and contribution to customer

satisfaction and loyalty. Items were combined into one overall effectiveness scale. Reliability (Cronbach's alpha) of this scale is .84 in this sample.

5.2.3. Analysis

Measurement properties were tested in a two-stage procedure. First, exploratory and confirmatory factor analysis was executed in SPSS and AMOS (maximum likelihood estimation) for each construct in the model. After deletion of items that did not properly load on the conceptualized constructs, an integrated measurement model that included all the constructs was tested using SEM. All items were directly modeled to load on their respective constructs. We used a unidimensional measurement model because this is more useful for the interpretation of latent constructs as it allows for a more precise test of the convergent and discriminant validity of the indicators (Kline, 1998). All constructs were allowed to correlate with each other. For each latent construct included in the simultaneous analysis, the standardized factor loadings (see Table 4) and the variance extracted and shared variance with any other construct (see Table 5) were computed. This enabled us to test Kline's (1998) criterion for convergent validity and Fornell and Larcker's (1981) criterion for discriminant validity.

The hypotheses were simultaneously tested in a structural model, using maximum likelihood estimation in AMOS (Arbuckle & Wothke, 1999). This approach has several advantages. First, it provides a systematic basis for evaluating the 'fit' of the hypothesized model to data based on a χ^2 -statistic, incremental fit indices (e.g. nonnormed-fit-index, comparative fit index) and other indicators of absolute fit including Root Mean Square Error of Approximation (MacCallum & Austin, 2000). Second, it provides control over measurement error that can constitute over 50 percent of the observed variance and often introduces substantial bias in estimated effects and hypothesis testing (Ping, 2001). Third, it provides systematic approaches for testing the psychometric properties of constructs (e.g. convergent and discriminant validity). For parsimony reasons and to optimize the stability of the indicators, in our structural model,

we (randomly) aggregated single items so that each latent construct loaded on two composite indicators.

Although we used supervisor ratings for one of the outcome variables, employee effectiveness, the validity of our structural model may still be biased by common-method variance. Drawing upon Lindell & Whitney (2001) and Podsakoff, MacKenzie, Lee & Podsakoff (2003), we estimated a common method factor to control for this variance. Specifically, we included a common method factor such that each manifest item was hypothesized to have a common loading on this method factor in addition to a loading on its theoretic construct. Further, we constrained the method factor loadings to be equal. By estimating this common method factor, the variance due to common method is partialled out of the estimated theoretic constructs and thereby from the estimated structural relationships in our model.

5.3. Results

5.3.1. Convergent and discriminant validity of the constructs

Table 5.3 reports the mean scores, standard deviations, reliability and correlations between the key constructs in our model. Table 5.4 provides the standardized estimates of the item loadings on each of the constructs and the Cronbach alpha reliability for each of the used scales. Finally, Table 5.5 provides the shared and extracted variance of each of the constructs in our model.

With only a few exceptions, standardized factor loadings (see Table 5.4) were higher than 0.50, providing evidence for convergent validity (Kline, 1998). Table 5.5 shows that, without any exception, the average variance explained by each construct was larger than the squared latent correlations between constructs in this sample. This provides evidence for the discriminant validity of our scales (Fornell & Larcker, 1981).

Table 5.3. Means, standard deviations and correlations among constructs^a.

| Variable | M | SD | Iloc | Plor | Beha. | Aut | Clor | Sat | Comm | Stay | Effect |
|----------|------|------|------------------|------|-------|-----|------|-----|------|------|--------|
| Iloc | 3.56 | .59 | .64 ^b | | | | | | | | |
| Plor | 4.04 | .49 | .28 ^c | .71 | | | | | | | |
| Beha. | 3.30 | .82 | .18 | .06 | .83 | | | | | | |
| Aut | 3.72 | .74 | .28 | .17 | .10 | .74 | | | | | |
| Clor | 3.70 | .60 | .26 | .17 | .55 | .30 | .79 | | | | |
| Sat | 3.62 | .62 | .38 | .22 | .30 | .39 | .45 | .71 | | | |
| Comm | 3.60 | .68 | .33 | .38 | .15 | .30 | .26 | .60 | .89 | | |
| Stay | 4.38 | .84 | .10 | -.05 | .04 | .15 | .13 | .17 | .14 | .91 | |
| Effect | 4.58 | 1.07 | .19 | .14 | .08 | .24 | .14 | .13 | .12 | .13 | .84 |

^a = $N = 1184$. Construct mean and standard deviation based on average mean and standard deviation of observed items' raw score per construct

^b = Entries on the diagonal are Cronbach's alphas.

^c = Correlations $> .06$, $p < .05$; correlations $> .09$, $p < .01$; correlations $> .10$, $p < .001$

Iloc = internal locus of control / Plor = personal learning orientation / Beha. = behavioral control / Aut = job autonomy / Clor = contextual learning orientation / sat = job satisfaction / Comm = affective commitment / Stay = intention to stay / Effect = employee effectiveness

5.3.2. Impact of behavioral control on autonomy and contextual learning orientation

The hypotheses were tested in a simultaneous path analytical model. The results are summarized in Table 5.6. In terms of overall fit, the table reveals the following fit statistics: $\chi^2 = 478,22$, $df = 112$, $p < .001$, $GFI = .96$, $NFI = .96$, $NNFI = .96$, $CFI = .97$, $SRMR = .05$, $RMSEA = .05$ (90% CI = .04 to .05). On statistical grounds, the hypothesized model appears to inadequately account for the systematic variation and covariation in the data. However, the relative fit indicators exceed .95 and the absolute fit indicators suggest that the residuals are small ($< .06$) and tightly distributed (cf. 90 % confidence interval of $RMSEA = .05$ to .06). Consistent with this, the parsimony fit indicator, NNFI, exceeds .95, indicating that the model has adequate over-identifying restrictions for parsimony, and provides a reasonable fit to the data.

Table 5.4. Construct reliability and standardized item loadings

| Construct | 1 st order loading ^a | Reliability ^b | Construct | 1 st order loading ^a | Reliability ^b |
|-------------------------------|--|--------------------------|--------------------------|--|--------------------------|
| Int. locus of control | | .64 | Satisfaction | | .71 |
| Iloc1 | 0.56 | | Js1 | 0.49 | |
| N[eloc2] | 0.50 | | Js2 | 0.38 | |
| Iloc3 | 0.38 | | Js3 | 0.82 | |
| Iloc4 | 0.65 | | Js4 | 0.82 | |
| N[eloc2] | 0.45 | | Commitment | | .89 |
| Pers. learning orient. | | .71 | Oc1 | 0.55 | |
| Plor1 | 0.71 | | Oc2 | 0.80 | |
| Plor2 | 0.63 | | Oc3 | 0.68 | |
| Plor3 | 0.42 | | Oc4 | 0.85 | |
| Plor4 | 0.69 | | Oc5 | 0.79 | |
| Plor5 | 0.46 | | Oc6 | 0.77 | |
| Behavioral control | | .83 | Oc7 | 0.67 | |
| Bc1 | 0.82 | | Intention to stay | | .91 |
| Bc2 | 0.87 | | Its1 | 0.74 | |
| Bc3 | 0.63 | | Its2 | 0.84 | |
| Bc4 | 0.70 | | Its3 | 0.94 | |
| Cont. learning orient. | | .79 | Its4 | 0.88 | |
| Clor1 | 0.62 | | Its5 | 0.75 | |
| Clor2 | 0.68 | | Effectiveness | | .84 |
| Clor3 | 0.55 | | Eper1 | 0.47 | |
| Clor4 | 0.66 | | Eperf2 | 0.65 | |
| Clor5 | 0.72 | | Sperf1 | 0.93 | |
| Clor6 | 0.55 | | Sperf2 | 0.95 | |
| Autonomy | | .74 | | | |
| Auton1 | 0.78 | | | | |
| Auton2 | 0.78 | | | | |
| N[Auton3] | 0.54 | | | | |

^a = standardized regression weights from latent constructs to observed variables, based on SEM measurement model

^b = Cronbach's alpha reliability

The regression weights show that behavioral control has no impact on job autonomy ($B = .01$, $p > .05$). Thus, our analysis does not provide any support for Hypothesis 1. The degree to which employees are controlled on behaviors has, at least in our sample, no impact on the extent to which employees experience autonomy in the job. Hypothesis 2, in contrast, is strongly supported. Our results show that the extent to which employees feel that their behavior is monitored, evaluated and directed shows to have a strong influence on the perceived learning orientation of the work context ($B = .52$, $p < .001$).

This indicates that employees who are more controlled on behavior experience their working environment as being more supportive to their own development and learning.

Table 5.5. Average Variance Explained^a and Squared correlations^b among constructs

| | Iloc | Plor | Beha. | Aut. | Clor. | Sat | Comm | Stay | Effect |
|--------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Iloc | <i>.51</i> | | | | | | | | |
| Plor | .16 | <i>.58</i> | | | | | | | |
| Beha. | .06 | .01 | <i>.75</i> | | | | | | |
| Aut | .13 | .04 | .01 | <i>.70</i> | | | | | |
| Clor | .12 | .05 | .40 | .12 | <i>.63</i> | | | | |
| Sat | .24 | .08 | .24 | .17 | .15 | <i>.63</i> | | | |
| Comm | .18 | .20 | .06 | .11 | .02 | .53 | <i>.73</i> | | |
| Stay | .01 | .01 | .00 | .02 | .10 | .03 | .02 | <i>.83</i> | |
| Effect | .04 | .03 | .01 | .06 | .02 | .01 | .01 | .02 | <i>.75</i> |

^a = Entries on the diagonal (in Italics) are Average Variances Explained, which are the averages of the standardized regression weights from a construct to its observed variables, based on the SEM-measurement model estimates.

^b = Squared multiple correlations among constructs, based on the SEM-measurement model estimates.

Table 5.6. Estimated parameters and fit statistics for the structural model

| Independent variable | Dependent variable | | | | | |
|-----------------------------|----------------------------|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Autonomy | Cont. Learn. ^a | Satisfaction | Commitment | Stay ^b | Effectiveness |
| | B (S.E.) | B (S.E.) | B (S.E.) | B (S.E.) | B (S.E.) | B (S.E.) |
| Internal locus of control | .23 (.06)*** | --- | .21 (.04)*** | .23 (.06)*** | --- | .26 (.06)*** |
| Personal learning orient. | --- | .08 (.04)⁺ | --- | .39 (.05)*** | -.28 (.06)*** | --- |
| Behavioral control | .01 (.03) | .52 (.03)*** | --- | --- | --- | --- |
| Autonomy | --- | --- | .20 (.03)*** | .19 (.05)*** | .11 (.06)* | .29 (.06)*** |
| Contextual Learning orient. | --- | --- | .28 (.03)*** | .11 (.04)** | .02 (.05) | .09 (.04)* |
| | <i>R² = .04</i> | <i>R² = .37</i> | <i>R² = .31</i> | <i>R² = .22</i> | <i>R² = .05</i> | <i>R² = .11</i> |

*** = p < .001; ** = p < .01; * = p < .05; ⁺ = p = .058

--- = relationship not hypothesized / specified

^a = Contextual learning orientation

^b = intention to stay

A latent common-method factor was included that loaded on all the observed variables (except for the performance items, rated by the supervisor). All method loadings were constrained to be equal. The estimated weight of the method factor was B = .25 (SE=.02), p<.001.

Fit-indices: $\chi^2 = 478,22$, df= 112, p <.001, GFI=.96, NFI=.96, NNFI=.96, CFI=.97, SRMR=.05, RMSEA=.05 (90% CI =.05 to .06)

Our results also indicate that it was worthwhile to consider individual characteristics in assessing the degree to which employees experience their working environment to provide autonomy and support to employee learning. Internal locus of control shows to be directly, positively and significantly related to experienced autonomy ($B = .23, p < .001$). This provides strong empirical support for Hypothesis 3. Similarly, our results indicate that personal learning orientation is positively, though borderline significantly related to contextual learning orientation ($B = .08, p = .058$). Thus, our empirical test provides modest support to Hypothesis 4.

5.3.3. Affective and behavioral consequences of autonomy and contextual learning orientation

Table 5.6 also summarizes the impact of perceived autonomy and perceived contextual learning orientation on employee affect and behavior. The results show that autonomy in the job has an almost equally strong positive impact on employee satisfaction ($B=.20, p<.001$) and affective commitment ($B=.19, p<.001$). Autonomy shows to have a less strong, but still significant impact on intention to stay ($B=.11, p<.05$). From the four work-related individual outcome variables, employee effectiveness levels as rated by the supervisor show to be most strongly impacted by experienced autonomy levels ($B = .29, p < .001$). Taken together, these findings provide strong support for Hypothesis 5.

Our analysis also shows that contextual learning orientation has overall beneficial effects in the workplace. Contextual learning orientation has a strong positive impact on employee job satisfaction ($B = .28, p < .001$) and a positive, though less substantial impact on respectively affective commitment ($B = .11, p < .01$) and employee effectiveness ($B = .09, p < .05$). Our model indicates however, that contextual learning orientation is not related to employee's intention to stay ($B = .02, p > .05$). Consequently, Hypothesis 6 is only partially supported.

The modification indices of our structural model did suggest four additional paths that significantly improved the overall fit of the model. First, direct relationships from internal

locus of control to satisfaction, commitment and effectiveness were suggested. Further, direct paths from personal learning orientation to affective commitment and intention to stay were proposed. Each of these additional paths showed to be considerably strong and highly significant. Our results show a direct positive influence from internal locus of control to job satisfaction ($B=.21, p < .001$), affective commitment ($B = .23, p < .001$) and employee effectiveness ($B = .26, p < .001$). Further, our model shows a strong positive influence from personal learning orientation to affective commitment ($B = .39, p < .001$) and a strong negative relationship with intention to stay ($B = -.28, p < .001$).

5.4. Discussion

While companies are still struggling in designing and implementing the optimal management control system, academia is also characterized by a lot of debate around this issue. Especially, there is a lot of unclarity concerning the role of behavioral control in sales and frontline service contexts. Research in the marketing management control tradition (Babakus, et al., 1996; Baldauf et al., 2002; Cravens et al., 1993; Jaworski, Stathakopoulos & Krishnan, 1993; Lusch & Jaworski, 1991; Oliver & Anderson, 1994; Piercy et al., 2001) considers behavioral control as an important element of a high-performing work context. In contrast, researchers connected to the empowerment literature (Argyris, 1998; Mills & Ungson, 2003; Randolph, 2000; Simons, 1995) suggest that behavioral control may be less effective to deal with the challenges contemporary organizations are confronted with, because behavioral control is thought to curb autonomy levels.

The objective of this study was to gain some more insights into these issues. We did so by proposing a model in which autonomy and contextual learning orientation mediate the relationship between behavioral control and important work-related individual outcome variables, at the same time controlling for employee dispositions. This approach enabled us to address Oliver & Anderson's (1994) call to expand the conceptual structure surrounding the control concept and Challagalla & Shervanti's (1996) and Baldauf et al.'s (2002) call to explore the role of alternative mediating variables in explaining the

individual work-related outcomes of control mechanisms. Furthermore, as autonomy is conceptualized as a mediating variable in the behavioral control – outcome relationships, our study provides some insights in the interplay between management control on the one hand and employee empowerment on the other. Below, the major conclusions drawn from this study are discussed.

5.4.1. Theoretical implications

A first important insight our study provides is that behavioral control clearly has a contribution to make in optimizing the workplace. We found that front line employees who experience more behavioral control perceive their work context as being more learning oriented, which in turn, has a positive impact on job satisfaction, affective commitment and performance levels. Furthermore, the relationship between behavioral control and work-related outcomes showed to be fully mediated by contextual learning orientation. Piercy et al. (2001) suggested that it is likely that behavioral control provides managers with the opportunity for coaching, counseling and making adjustments to work allocations and that this could explain why behavioral control seems to improve employee job satisfaction and commitment. Our study provides empirical support for this claim and indicates that the learning orientation of the work context does not only improve employee morale but also, though modestly, performance levels. From a theoretical perspective, our study provides some initial field-study support to Self-Determination Theory's (Deci & Ryan, 1985; 2000) proposition about the impact of behavioral control on performance levels. Behavioral control seems to contribute to the creation of a work context in which the employee's basic need of competence development gets fulfilled. Because of this need fulfillment, extrinsic, organizational goals get more easily integrated as personally valued goals, in turn fostering goal alignment and employee performance levels.

A second important finding is that behavioral control did not influence experienced autonomy in the job. Thus, at least in our sample, whether employees felt more or less supervisor involvement in the monitoring, guidance and evaluation of procedures they

used, it did not affect the amount of freedom and autonomy they experienced in doing their job. There may be several explanations for this rather counter-intuitive finding. A first explanation may be, as Oliver & Anderson (1994) argued, that managerial judgments of on-the-job behaviors can be made more informative and oriented toward enhancing the esteem and the competence of the employee and, thus, less intimidating and controlling.

A second explanation may be that not the amount of behavioral control itself, but rather the underlying motive to do so may be more important in explaining the impact on job autonomy. In this study, we did not capture what the underlying purpose of the control mechanism is: whether it is intended for guiding employees (reflecting a high trust environment) or whether it is intended for monitoring (reflecting a low trust environment). It seems plausible that behavioral control will curb experienced job autonomy when it is used in a strict controlling manner, while it may have no impact or even foster autonomy when it is used in a supportive way. Consequently, an interesting next step would be to take these underlying motives also into account.

Nevertheless, our study compellingly shows that behavioral control as such is not counterproductive in empowered working contexts. Several scholars have observed that managers in contemporary organizations pursuing performance improvement typically de-emphasize management control in favor of empowering employees to make work-related decisions (Blackburn & Rosen, 1993; Heneman, Heneman & Judge, 1997; Renn & Fedor, 2001; Riordan & Gatewood, 1996; Thomas & Velthouse, 1990). Our study provides however some preliminary evidence that both empowerment and management control may be valuable in optimizing the work context, be it through different underlying mechanisms. While the beneficial effects of empowerment in the workplace are mainly explained through motivational mechanisms, the beneficial role of behavioral control seems to be best explained through a personal development mechanism.

A third noteworthy finding is the role of frontline employee personal dispositions in explaining individual work-related outcome variables. In our study, we controlled for locus of control and personal learning orientation, mainly to enable us to rigorously test

the impact of behavior control on experienced autonomy and contextual learning orientation. Our empirical results indicate however direct effects from employee disposition to the outcome variables. First, the impact of locus of control on job satisfaction, affective commitment and effectiveness is only partially mediated through experienced job autonomy. The direct effects remain significant when the mediating variable and the linking paths are modeled. Most notable is the direct positive relationship with individual effectiveness. Others already came to a similar conclusion. For example, Spector (1982) in his narrative review on the consequences of locus of control, supported the conclusion that internals perform better than externals.

Also personal learning orientation showed to directly impact on the outcome variables. Intriguing is the finding that personal learning orientation has a strong positive impact on affective commitment, while it has a strong negative impact on intention to stay. This finding may be explained by the fact that employees with a strong personal learning orientation are more likely to be open towards new situations, such as working for a new employer, where they can indulge their hunger for experiencing new situations and furthering their personal development. However, this openness to explore new working contexts does not seem to hinder the strongly learning oriented employee to be committed to the company they are currently working for. This finding suggests that personal learning orientation seems a useful construct to be integrated in a nomological net surrounding the intention to stay construct.

5.4.2. Study limitations

As with all studies, ours has several limitations. First, because of the cross-sectional nature of our study, common-method variance may have biased the validity of the structural relationships. Therefore, we modeled a latent common-method factor that was constrained to equally load on all observed variables in the model. By doing so, we attempted to partial out the variance due to common method from the estimated structural relationships. Furthermore, we used a second data-source, supervisor ratings, to capture individual employee effectiveness levels. Second, cross-sectional research designs do not

allow to empirically test causal relationships. Therefore, future studies could use longitudinal or field experimental designs to provide a more rigorous test of the proposed causal relationships. A third important limitation is that data for our empirical test were provided by frontline service employees and supervisors from four Western-European service companies. Consequently, more research in distinct employee samples (e.g. non front line jobs) and other business contexts is needed to check the generalizability of our findings.

5.4.3. Managerial implications

This study also has some noteworthy implications for practitioners. First, our findings suggest that creating a work environment in which employees feel supported in their personal development clearly is a valuable path to pursue, as it fosters employee job satisfaction, affective organizational commitment and employee effectiveness. Such a work context can be created by giving more attention and feeding back on the way people accomplish certain performance goals and by monitoring and evaluating work procedures and modifying them when desired results are not obtained. Though one might suspect that such interventions may curb feelings of autonomy, our study findings indicate that this is not the case. Our results also indicate that much is to gain by providing employees with sufficient discretion and freedom in deciding how to go about the work. Employees experiencing more autonomy are more satisfied with their jobs and more committed and loyal to their company. Furthermore, they are also rated as better performers by their supervisors. Thus, creating a work context in which employees experience substantial autonomy while at the same time experiencing support towards their personal development not only improves employee morale and affect but also has beneficial effects on employee performance levels.

5.5. References

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Appendix A: Measurement items

Individual characteristics

Internal locus of control

- I have noticed that there is a direct connection between how hard I work and my performance
- My performances are the result of my own efforts; luck has little or nothing to do with it
- Promotions are earned through hard work and persistence
- Getting promoted is really a matter of being a little luckier than the next person*
- Sometimes I have the feeling that I have little to do with my performance*

Personal learning orientation

- I enjoy learning new things
- I feel good when I know I have worked hard
- It's important to keep trying even though you make mistakes
- I work hard because I want to learn new things
- I feel good when I'm working on a difficult assignment

Work context variables

Behavioral control

- My immediate boss monitors the extent to which I follow established procedures
- My immediate boss evaluates the procedures I use to accomplish a given task
- My immediate boss modifies my procedures when desired results are not obtained
- I receive feedback on *how* I accomplish my performance goals

Job autonomy

- My job allows me to decide on my own how to complete my work
- In my job there is a lot of opportunity to decide freely and independently how to do my work
- In my job I don't get any chance to take initiative or to decide on my own how to do my work*

Continued

Appendix A Continued

| | |
|---------------------------------|--|
| Contextual learning orientation | In our unit... <ul style="list-style-type: none">- My boss makes sure I understand my work- My boss pays attention to whether I am improving- Colleagues are encouraged to find answers to their problems on their own- My boss tries to find out what each colleague wants to learn about- My boss wants us to try new things- Colleagues are given a chance to correct their mistakes |
|---------------------------------|--|

Affective outcomes

| | |
|---------------------------|---|
| Job satisfaction | Mention how satisfied you are with... <ul style="list-style-type: none">-your job in general- your supervisor- the guidelines of the company- the support you get from the company |
| Organizational commitment | <ul style="list-style-type: none">- I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.- I talk up this organization to my friends as a great organization to work for- I find that my values and the organization's values are very similar- I am proud to tell others that I am part of this organization- This organization really inspires the very best in my in the way of job performance- I am extremely glad that I chose this organization to work for- I really care about the fate of this organization |

Continued

Appendix A Continued

Behavioral outcomes

| | |
|--------------------------------|---|
| Intention to stay | What's the chance that you will be working for this company in ... <ul style="list-style-type: none">- three months- six months- one year- two years- five years |
| Supervisor rated effectiveness | Relative to co-workers in your unit, rate the performance of this employee over the last six months on ... <ul style="list-style-type: none">- cost consciousness- productivity- customer orientation- providing high levels of patient satisfaction and loyalty |

* = reversed scored item

CHAPTER 6

CONCLUSIONS

In this concluding chapter, we discuss this research's most important implications. The first section presents theoretical implications. In this section, our contribution to the existing academic body of knowledge is highlighted and future directions for research are discussed. The second section elaborates on the practical implications, clarifying in which way our findings may help managers in service companies to create an optimal work context, in terms of employee morale and performance levels.

6.1. Major theoretical contributions and implications for further research

6.1.1. Empowerment: linking the structural and individual perspective

A first contribution of this research is that it addresses the definitional confusion concerning the empowerment constructs. There have been two dominant streams on empowerment that emerged relatively independently. While the first focused on structural empowerment or empowering conditions in the workplace such as organizational practices of delegation and participation (e.g. Bowen & Lawler, 1992; 1995; Mills & Ungson, 2003), the second approached empowerment from a bottom-up perspective, emphasizing front line employee's psychological empowerment, including a sense of self-determination, intrinsic motivation and self efficacy (Conger & Kanungo, 1988; Spreitzer, 1995; Thomas & Velthouse, 1990).

Building upon Kanter (1977), Spreitzer (1996), Lashley (2000), Forrester (2000), Mills and Ungson (2003) and Laschinger, Finegan, Shamian and Wilk (2004), we integrated both perspectives. More specifically, we drew a conceptual and empirical distinction between *empowering conditions* or structural empowerment—including job design factors such as autonomy, feedback and variety—and the *empowered state* of frontline employees or employee empowerment. Furthermore we hypothesized that empowerment

at the employee level mediates the relationship between structural empowerment and employee performance outcomes.

Our empirical findings supported this proposition. However, although empowerment provided within the formal rules, policies, or procedures of the organization is important (Conger and Kanungo 1988), it does not unequivocally translate into psychological empowerment felt by employees within their specific work roles. We proposed several theoretical explanations for this leakage between structural and employee empowerment that open some avenues for further investigation. Additional research, such as a longitudinal process study whereby employees are asked to report their varying perceptions of empowerment, as well as contributors and detractors from it over time, may be helpful in gaining a better understanding on how empowerment at the structural and employee level relate to each other and influence performance outcomes.

Moreover, alternative operationalizations of structural empowerment could also be explored and integrated. For example, Seibert, Silver, and Randolph (2004) propose a work-unit level construct of “empowerment climate,” operationalized to include information sharing, autonomy through boundaries, and team accountability. Although there are several conceptual similarities between Seibert’s study and our own, they differ in their unit of analysis. Ours focused on individuals, while Seibert’s et al. (2004) is focused on team-based empowerment.

6.1.2. Explaining the weak empowerment – performance relationship: empowerment as a goal directed process

In the first paper, we reanalyzed empirical data from the five most influential studies that examined the empowerment effects in the workplace. A common finding is that employee empowerment showed to have a significant but very modest impact on employee performance levels. One explanation may be that the empowerment literature neither emphasized the underlying goals nor views empowerment as a specific goal

directed activity, implying that the power in empowerment is universal, available for all ends.

Bearing on Self-Determination Theory (Deci & Ryan, 1985), we extended current thinking on employee empowerment in conceptualizing empowerment as a goal-oriented process. By modeling the goal-specificity of structural and employee empowerment, we were able to explain more variance in (distinct aspects of) performance levels than was the case in previous studies. This suggests that future research on empowerment should model the goal-specific organizational intentions and individual behaviors as well as outcomes. This is particularly important to develop a better understanding of empowerment dynamics in work environments in which multiple organizational goals exist.

6.1.3. The control – performance relationship: the mediating role of contextual learning orientation and experienced job challenge and overchallenge.

Next to furthering our understanding of empowerment dynamics in front line work contexts, another major objective of this research was to explore the formal control mechanism in the workplace, its implications on front line employee affect and performance levels, and the proposed interplay with the motivational mechanism.

In our third paper, we found that job challenge and job overchallenge fully mediated the relationship between outcome control and front line employee job satisfaction, commitment and intention to stay. Also, job challenge and overchallenge partially mediated the relationship between behavioral control and the same outcome variables. Conceptualizing job challenge and overchallenge as mediating constructs provided some interesting insights into the mechanisms through which formal control systems impact on these important work-related outcome variables. Generally, our findings indicate that outcome control has beneficial effects on employee affect and behavioral intentions because it increases experienced challenge in the job. Behavioral control showed to have a beneficial impact on employee affect and behavioral intentions. This is because it

decreases experienced overchallenge in the job. These findings seem to suggest that outcome control has an energizing impact, while behavioral control has a stress buffering impact.

In our fourth study, we focused on the impact of behavioral control in the workplace. Extending our findings from the second study, we found a third useful construct to explaining the underlying processes through which control influences employee affect and behavior: contextual learning orientation. In a sample of 1184 front line employees, we found that contextual learning orientation fully mediated the relationship between behavioral control and employee job satisfaction, affective commitment and performance levels as rated by the supervisor. This finding lends support to Self-Determination Theory's proposition that behavioral control fosters the creation of a work environment in which employees' basic need of competence-development gets fulfilled, which in turn has overall beneficial effects on employee work-related outcomes.

Overall, in this research, we conceptually and empirically explored some unconventional mediating variables to explain control – outcome relationships. This enabled us to successfully address Oliver and Anderson's (1994) call to expand the conceptual structure surrounding the control concept. It also enabled us to address Challagala and Shervanti's (1996) and Baldauf et al.'s (2002) call to explore more intervening variables to obtain a better understanding of the primary mechanism through which formal control influences job consequences. Because we found a strong impact of challenge levels on employee affect and behavioral intentions, it is striking that we did not find any direct relationship with employee performance levels. One possible explanation is that we did not capture some important variables that link experienced challenge level with behavioral outcomes. Strain may be a useful variable in this respect. Another explanation may be that we did not take into account some neutralizing or strengthening forces (at the individual or job contextual level) that moderate the challenge level – performance relationship. Further research is warranted to explore these issues.

6.1.4. Explaining why job autonomy leads to more satisfied, committed and loyal employees?

Job autonomy is a core construct in the empowerment literature. Though research has consistently confirmed that autonomy positively influences job satisfaction, organizational commitment and intention to stay (e.g. Brown & Peterson, 1993; Niehoff, 1990; Westman, 1992), sound theoretical explanations are rare (Liden et al., 2000). Some have proposed that autonomy may contribute to a sense of satisfaction, commitment and loyalty through a process of reciprocation (Eisenberger, Fasolo & Davis-La Mastro, 1990; Kraimer, Seibert & Liden, 1999). The idea is that individuals tend to appreciate organizations that provide opportunities for decision latitude and that they are likely to reciprocate by being more committed and loyal to the organization.

Our findings suggest however an alternative, perhaps more solid explanation. More specifically, we found that experienced job challenge and overchallenge fully mediate the relationship between job autonomy on the one hand and employee satisfaction, commitment and loyalty on the other hand. Our results indicate that employees with more job autonomy experience their job to be more challenging and less overchallenging. As a result of that, they feel more satisfied and committed and are more loyal. This sheds some new light on the process through which job autonomy influences these outcome variables.

6.1.5. The empowerment – control issue: laying the foundation for further exploration

Another important contribution relates to the proposed detrimental interplay between empowerment and control dynamics in front line contexts. Several scholars (Argyris, 1998; Mills & Ungson, 2003; Randolph, 2000; Simons, 1985) have pointed to this issue in explaining the limited success of empowerment in practice. However, contrary to common wisdom, our findings indicate that the amount of (behavioral) control as such does not influence autonomy levels. Instead, our study provides evidence that both

empowerment and formal control are valuable in optimizing the work context, be it through different underlying mechanisms. While the beneficial effects of empowerment in the workplace are mainly explained through a motivational mechanism (i.e. the role of experienced job autonomy), the beneficial role of behavioral control seems to be best explained through its impact on the fulfillment of employees' basic need for competence-development (i.e. the role of contextual learning orientation).

Still, additional research is clearly required before concluding that the empowerment – control dilemma is misleading or even inadequate. In our study, we investigated whether the amount of behavioral control (i.e. monitoring, guiding and feeding back on procedures enacted by employees) impacts on experienced job autonomy, ignoring possible underlying motives to do so. Future research could investigate the intended purpose and underlying values of exercising formal control; whether it is predominantly controlling or rather supportive in nature. This opens the way to investigate the role of moderating variables which may be helpful in further exploration of the empowerment – control issue.

6.2. Implications for practitioners

6.2.1. Empowerment with a goal in mind

First, enhancing employees' *global* sense of meaningfulness, self-efficacy, self-determination and impact in the job is a valuable strategy to foster employee job satisfaction, affective commitment and (to a lesser extent) performance levels. Managers may enhance these aspects of employee empowerment by providing a work context in which employees can perform meaningful tasks, have considerable freedom in the way they perform their jobs, and get sufficient amounts of feedback on how well they are doing. In this sense, the empowerment concept provides some rather straightforward guidelines to influence employee motivation levels. Moreover, the empowerment concept provides a useful framework to guide and monitor management's efforts to enhance employee motivation. In setting up company-wide programs, distinguishing between the

four dimensions of empowerment may help in prioritizing between different actions. For example, when an inquiry shows that employees score low on the self-efficacy dimension, priority should be given to actions that promote competence development. When the autonomy dimension is scored low, fostering employee participation should be a priority. The same logic applies to the individual employee level, where insights in the distinct empowerment dimensions may help supervisors and managers in developing tailor-made motivation programs.

Our finding that empowerment is a goal-directed process has additional implications that are especially relevant when it comes to empowering employees to improve performance. Given our findings of goal-specific empowerment dynamics, managers should be aware that each of these empowerment dimensions should be present for each of the (performance related) objectives or goals that are put forward in the organization. Applying this idea to the service context, balancing between economic and service related objectives is not only crucial at the organizational strategy level, but also at the frontline itself. Managers have clearly a role to play in channeling employee efforts towards certain organizational objectives. For example, if the improvement of service quality is of primary importance, managers should emphasize the importance of front line employee behavior in satisfying customers (providing meaning to service related activities) and offer FLE's the opportunity to put their own ideas on how to improve customer satisfaction into practice. However, those contexts where service related objectives are not balanced with economic oriented objectives are very rare. This implies that a supplementary channeling effort towards economic oriented goals may be needed. To enhance levels of economic oriented employee empowerment, our findings indicate that it is not only necessary to foster feelings of economic oriented meaningfulness and autonomy, but also to provide sufficient feedback on the economic impact of employee behavior.

Though these practical considerations may help in designing a work environment where empowered front line employees give the best of themselves, we also proposed to see empowerment as a complex process in which distinct employee cognitions, behaviors and

the work environment interact on each other to give shape to the empowerment phenomenon. In such a context, straightforward and easy solutions to boost employee performance should be approached with care. Though it is clear that empowerment clearly has a contribution to make in optimizing the workplace, much more research is needed to fully unravel the empowerment dynamic as it unfolds in organizations.

6.2.2. Supervisor control to promote employee morale and performance: the optimal steering mix

Though some have argued that formal control mechanisms such as outcome and behavioral control are inappropriate for organizations to deal with contemporary challenges, they are still very widely used. Furthermore, our research clearly indicates that they have a valuable role to play in optimizing the work context.

First, our research indicates that steering on outcomes may have both beneficial and detrimental effects in the workplace. Managers may energize their people by controlling on outcomes. The more managers set, monitor and feed back on performance targets, the more front line employees experience that they are intellectually and physically challenged. Because of this challenge, employees feel more satisfied with their job, more committed to their company and also have a stronger intention to stay. However, at the same time, the more managers steer on outcomes, the more it becomes likely that employees feel overchallenged. Thus, by putting too much emphasis on outcomes, managers may undermine employee morale. This risk increases when employees have the propensity to locate causality for outcomes in the external environment (external locus of control) and feel limited autonomy in job execution. Thus, through the impact on job challenge and overchallenge, outcome control has a substantial impact on employee affect. We found however no indication that outcome control is directly related to performance levels. While performance improvement is in most cases the underlying motive to implement outcome control mechanisms, our research indicates that it may have a more profound impact on employee morale, rather than on actual, short term performance levels.

Employees also benefit from managers' involvement in monitoring, evaluation and feeding back on procedures enacted by employees. If managers use more behavioral control, employees are less likely to experience overchallenge in the job and they are more likely to perceive the work context to support their personal development. Because of these reasons, employee morale and performance levels will increase.

Taking these results together, our research suggests that much is to be gained by simultaneously applying behavioral and outcome control. When managers do so, employees feel challenged (because of the steering on outcomes), while chances to get overchallenged are curbed and learning orientation is fostered (because of steering on behavior). Such a balanced mix of control clearly improves employee job satisfaction, affective commitment and company loyalty. Moreover, performance levels will also improve.

6.2.3. Job autonomy: a crucial ingredient in an optimal workplace

The suggestion to provide employees with sufficient freedom in how to go about their jobs is not new. During the last decades, the beneficial role of autonomy in the workplace has been repeatedly emphasized (e.g. Bowen & Lawler, 1992; 1995; Deci & Ryan, 1985, 2000; Heller, 1998). When jobs are designed so that they foster personal initiative and freedom, employees feel more challenged and less overchallenged, improving employee morale. Furthermore, our research indicates that autonomy has a direct impact on performance levels. Indeed, especially in frontline contexts, employees may be best aware of which actions and strategies are most effective. Consequently, an important role for managers is to fully unleashing this potential.

6.2.4. Should empowerment imply giving up behavioral control?

In the empowerment literature, it has been often suggested that to fully unleashing employee potential, managers should focus on results, without interfering too much into the procedures employees enact to attain these outcomes (e.g. Bowen & Lawler, 1992; 1995). This may have been a perfect motive for managers to withdraw from any involvement in how employees go about their job (monitoring, evaluation, adaptation and feeding back on behavior). Such a strategy holds however some risk because employees may get overchallenged and may get little input to further their personal development. Thus, the challenge for managers is to create a work context in which FLE's experience substantial autonomy while at the same time getting support and input to further their proficiency and skills. When these requirements are met, employees are more satisfied, committed and loyal to the company, while performance improves. In this sense, our results cohere with growing recognition in the practitioner community that empowerments' promise is at best a possibility that requires careful implementation and at worst a perfidious allusion that can undermine organizational effectiveness (Quinn & Spreitzer, 1997). Still, we believe empowerment remains a potent idea (Forrester, 2000), for which the promise is worthy of pursuit.

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