



Assessing the effectiveness of empowerment on service quality: A multi-level study of Chinese tourism firms



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HIGHLIGHTS

- A cascading effect of organizational-, departmental-, and individual-level empowerment to service quality persists.
- Organizational and departmental empowerment influence employees through distinct intervention mechanism.
- The effectiveness of employees' psychological empowerment depends on organizational context.

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ABSTRACT

This study tests relationships among three levels of empowerment—organizational, departmental, and individual—and simultaneously their cascading effects on frontline employees' service quality. Drawing on data from 1566 employee-supervisor pairs from 123 departments in 53 Chinese hospitality and tourism enterprises, results reveal a cascading mechanism across three levels of empowerment. Organizational empowerment climate influences employees' psychological empowerment through department psychological empowerment, and department psychological empowerment influences employees' service quality through individual psychological empowerment. Cross-level moderation analysis suggests that only within a high degree of organizational empowerment climate and service behavior-based evaluation does employees' psychological empowerment have positive effects on service quality. In response to the debate on the merits of empowerment programs in organizations, this study supports the usefulness of a cascading, contingency model of empowerment, and demonstrates full delineation of how and when empowerment across three levels influence frontline employees' service quality.

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1. Introduction

Employee empowerment represents a promising approach to improving employees' positive attitudes, well-being, and work performance (Hempel, Zhang, & Han, 2012; Salazar, Pfaffenberg, & Salazar, 2006), organizational operations and performance (Biron & Bamberger, 2010; Bowen & Lawler, 2006; Gerals & Terziovski, 2003; Lashley, 1999; Meihem, 2004; He, Murrmann, & Perdue, 2010; Raub & Robert, 2012; Ueno, 2008), and cultivating satisfied, loyal, word-of-mouth communicating customers (Bowen & Lawler, 2006). Approximately 70% of organizations use some

form of empowerment (Lawler, Mohrman, & Benson, 2001; Maynard, Gilson, & Mathieu, 2012), which is especially important to hospitality and tourism firms, in which frontline employees need the authority to respond promptly to the individual needs of customers in increasingly unpredictable service circumstances (Hartline & Ferrell, 1996, 1999; Heskett, Sasser, & Schlesinger, 1997; Beomcheol, Gyumin, Murrmann, & George, 2012; Klidas, van den Berg, & Wilderom, 2007; Namasivayam, Guchait, & Lei, 2014; Ottenbacher & Gnoth, 2005; Sergeant & Frenkel, 2000). A popular example is the empowerment program of Ritz Carton Hotel, where empowerment principles are adopted by corporate managers and frontline employees are empowered with considerable budgets to improve customer experiences when creating surprising services or handling customer complaints. Other firms such as America West Airlines, Federal Express, Marriot Hotel, Hilton Hotel, Aria Resort and Casino Las Vegas, TGI Fridays, and

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Harvester Restaurants also adopt a variety of empowerment approaches by attracting employee participation and involvement such as autonomous work groups, information-sharing, delegation, and participation in decision-making, which help these firms gain competitive advantages through improvements to service quality (Lashley, 1995, 1999, 2000; Bowen & Lawler, 1992, 1995; Brymer, 1991; Robson, Pitt, & Berthon, 2015). Brymer (1991) argues that empowerment involves fundamental changes to the traditional hierarchical organizational structure and operations, such as those in hospitality firms.

Although empowerment fits the contexts found in hospitality and tourism firms, some scholars and practitioners question whether empowerment is truly beneficial or merely the latest in a series of vogue management practices (Cheong, Spain, Yammaruno, & Yun, 2016; Lee, Cheong, Kim, & Yun, 2016; Maynard et al., 2012), noting high failure rates among empowerment interventions in organizations (Argyris, 1998; Hardy & Leiba-O'Sullivan, 1998; Randolph, 1995). An emerging body of research suggests inconsistent results of empowerment and performance. Staw and Epstein (2000) provide evidence that although empowerment heightens companies' reputations, it does little to benefit real performance. Some researchers argue that empowerment programs decrease employees' intrinsic motivation and increase absenteeism, stress, and turnover (Batt & Applebaum, 1995; Cordery, Mueller, & Smith, 1991; Humborstad & Kuvaas, 2013; Spreitzer, Kizilos, & Nason, 1997). We speculate on two reasons for doubt regarding the effectiveness of empowerment.

One reason is that extant research seldom considers the combined effects of social-structural empowerment and psychological empowerment on employees in the same study, which might lead to inaccurate results in empowerment research. Over the past three decades, scholars have conducted many studies on empowerment from two complementary perspectives (Maynard et al., 2012; Seibert, Wang, & Courtright, 2011; Spreitzer, 2008). The first is a macro orientation, focusing on social-structural empowerment, which highlights the transition of authority and responsibility from upper management to grassroots staff. The second is a micro orientation, focusing on the psychological experiences of empowerment at work, which highlights employees' personal beliefs about their roles related to the organization (Spreitzer, 2008). Each perspective plays a role in the development of empowerment theory, and complements each other to constitute a complete theory system (Spreitzer, 2008). Scholars suggest that there is greater utility in integrating both perspectives than in using them independently to review empowerment and methods used by organizations to promote empowerment (Matthews, Diaz, & Cole, 2003; Quinn & Spreitzer, 1997). However, there still lacks empirical research that systematically integrates structural and psychological empowerment in the same study, examining dynamic relationships across distinct levels (Maynard et al., 2012; Seibert, Silver, & Randolph, 2004). The second reason relates to insufficient research on the boundary settings of empowerment. Rigorous examination of the literature shows that empowerment is unsuitable during all occasions since it can have both positive and negative consequences for employees and the organization (Bowen & Lawler, 1992; Rafiq & Ahmed, 1998). After a review of empowerment research of the past two decades, Maynard et al. (2012) argue that little empirical research addresses the organizational contextual boundary conditions of individual psychological empowerment. To fill these gaps, literature needs to examine more fully the evidence of empowerment's effectiveness and the boundaries surrounding its adoption.

This study goes beyond previous empowerment research in three ways. First, we present structural and psychological empowerment at various levels, including empowerment climate

at the organizational level and psychological empowerment at both departmental and individual levels. Integrating these macro, meso, and micro approaches to empowerment is an important theoretical contribution because it provides fuller understanding of the processes and outcomes of empowerment in organizations. Cross-level research on empowerment seldom examines all three levels. Given the difficulty of collecting extensive organizational level data, there are myriad research questions that remain unanswered at this higher level of analysis (Maynard et al., 2012). Employees form complementary, coexisting perceptions concerning empowerment policies, procedures, and practices at distinct levels of the organization (e.g., organizational, departmental, and individual). To assess how empowerment develops and operates at each level, researchers must consider the empowerment phenomenon across levels (Chen & Kanfer, 2006; Kozlowski & Klein, 2000). We test for a cascading mechanism of empowerment across these three levels that ultimately affects frontline employees' service quality.

Second, we explore the extent to which organizational empowerment climate and department psychological empowerment act as boundary conditions in the relationship between individual psychological empowerment and supervisor-rated service quality. Researchers speculate on the extent to which the positive effects of empowerment generalize across situations and settings in the long-term (Spreitzer, 2008). Finding contextual moderation would indicate additional variables and processes that strengthen or limit the effect of empowerment on employee attitudes and behaviors. Although researchers attempt to identify moderators regarding the effectiveness of empowerment such as types of industries (Batt, 2002; Combs, Liu, Hall, & Ketchen, 2006), occupations (Avolio, Zhu, Koh, & Bhatia, 2004; Kraimer, Seibert, & Liden, 1999), leadership style, and national cultures (Ergeneli, Sag, Ari, & Metin, 2007; Seibert et al., 2004), scant attention has focused on organizational situations and contextual factors that moderate the empowerment–performance relationship (Maynard et al., 2012; Seibert et al., 2011). We test for moderation of these two higher levels of empowerment on the relationship between individual psychological empowerment and service quality.

Third, we examine moderation's role of organizational service behavior-based evaluation (SBE) in the relationship between employee psychological empowerment and service quality. SBE refers to an organization evaluating members' job performance according to service behaviors (Hartline & Ferrell, 1996). Bowen and Lawler (1995) argue that without well-designed, adequately coordinated service systems and climates, managers who rely too heavily on empowerment to solve service problems fall into the human resources trap. Although scholars argue that organizational SBE helps with execution of empowerment by guiding and limiting employee actions (Bowen & Lawler, 1992; Hartline & Ferrell, 1996; Kelley, 1993), empirical evidence is lacking. We fill this gap by examining moderation of organizational SBE in effects from individual psychological empowerment. A model depicting the theoretical relationships in this study is shown in Fig. 1.

2. Theory and hypotheses

2.1. Empowerment theory and the concept of structural empowerment climate and psychological empowerment

2.1.1. Empowerment theory

Two theories—job characteristics (Hackman & Oldham, 1976, 1980) and self-efficacy (Bandura, 1977, 1982)—have been used broadly to explain the influence of empowerment on employees. The core perspective of job characteristics theory is that core job characteristics such as task identity, task significance, and autonomy prompt favorable personal and work outcomes through

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