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.

ARTICLE INFO

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; Geralis & 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 hierarchal 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
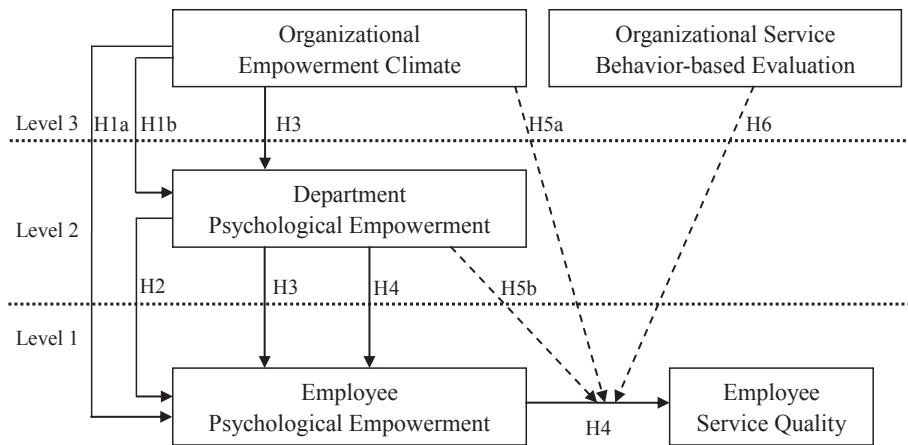
Fig. 1. A multilevel conceptual model.
Note: ⟶Direct effect
– – ▶Moderated effect

critical psychological states (Hackman & Lawler, 1971; Hackman & Oldham, 1975, 1976, 1980). The theory highlights improving employee motivation through effective job design (Lee-Ross, 2005; Treville & Antonakis, 2006), which constitutes the root of social-structural empowerment (Lawler, 1992). From the perspective of job characteristics theory, practices associated with structural empowerment such as redesigning work tasks, enriching work contents, and delegating authority to employees reinforce core job characteristics and affect work-related outcomes (Quinn & Spreitzer, 1997). Self-efficacy theory is more conducive to explaining the effect of psychological empowerment perspective, which suggests the psychological state of self-efficacy plays a role in how goals, tasks, and challenges are approached (Bandura, 1977, 1982). Individuals with high self-efficacy (i.e., a belief in one's ability to complete tasks and reach goals) try harder to master a challenge, while those who perceive that they are inefficacious are more likely to lessen effort to give up. From the perspective of self-efficacy theory, psychological empowerment is akin to intrinsic motivation, which is not an organizational intervention or a dispositional trait, but a cognitive state achieved when individuals have a sense of personal efficacy and self-determination that ultimately drive them to perform effectively (Seibert et al., 2004; Spreitzer, 2008).

The two perspectives (i.e., social-structural and psychological empowerment) can be distinguished by emphasizing empowering structures, policies, and practices (Blanchard, Carlos, & Randolph, 1999; Randolph, 1995), and employees' corresponding reactions (Eylon & Bamberger, 2000; Spreitzer, 1995; Thomas & Velthouse, 1990). A social-structural perspective is incomplete because empowering managerial practices have little effect on employees when they lack self-efficacy (Conger & Kanungo, 1988). Similarly, it is difficult for employees' perceived psychological empowerment to work without consideration of organizational or work-unit empowerment practices. Maynard et al. (2012) suggest that research should integrate the structural and psychological approaches more fully, and assess whether empowerment at one level influences empowerment at another.

2.1.2. Concept of organizational empowerment climate

The origin of the concept of organizational empowerment climate is empowerment. Empowerment is a set of structures, policies, and practices designed to decentralize power and authority throughout the organization, enabling employees at lower levels to act appropriately (Bennis & Nanus, 1985; Block, 1987; Kanter, 1977; 1983). Early research in empowerment literature suggested that central to empowerment is delegating decision-making autonomy to employees (Burke, 1986; Kanter, 1983), but more recent research recognizes that empowerment is not simply delegation; sharing authority and resources with subordinates does not empower them automatically (Conger & Kanungo, 1988). Empowerment is a broader construct and thus exerts broader motivational influences beyond delegation of autonomy by encouraging employees to set their own goals, sharing information, rewards, and knowledge with employees, and heightening employees' self-efficacy and personal control in their work (Sharma & Kirkman, 2015). Delegating is only one set of conditions that enable or empower subordinates (Conger & Kanungo, 1988). For example, suppose a hotel front-desk clerk is delegated to respond to guest's complaints but without sufficient information, knowledge, and other support. That situation does not represent true empowerment because the organization does not create conditions and enable employees to use authority effectively.

Empowerment climate measures social-structural empowerment in the present study, defined as "a shared perception regarding the extent to which an organization makes use of structures, polices, and practices supporting employee empowerment" (Seibert et al., 2004, p. 334). Climate researchers argue that it is important to understand the shared meaning that employees ascribe to organizational characteristics because this subjective understanding determines employees' feelings and behaviors (James & Jones, 1974). Employees in the same firm are likely to be exposed to the same organizational strategy, practices, work environments, and other proximal influences, and this exposure results in homogeneous perceptions of organizational empowerment climate that is distinct from other firms (Seibert et al., 2004). Seibert et al. (2004) identify three organizational practices associated with empowerment climate—information-sharing, autonomy through boundaries, and team accountability. Information-sharing occurs when organizations provide sensitive information about costs, productivity, quality, and financial performance to employees. Autonomy through boundaries means organizational structures, policies, and practices that encourage initiative action, including developing a clear vision and clarifying related purposes, work procedures, and responsibilities. Team accountability means that teams are the center of decision-making authority and performance accountability in organizations, and teams are supported by individual and group training and selection decisions.

2.1.3. Concept of psychological empowerment

Psychological empowerment is an individual's positive orientation to his/her work role (Spreitzer, 1995; 1996; Thomas & Velthouse, 1990). Studies on the topic focus on several levels of analysis, including individual (Spreitzer, 1995, 1996) and teams/work units (Chen, Kirkman, Kanfer, Allen & Rosen, 2007a; Kirkman & Rosen, 1999; Kirkman, Rosen, Tesluk, & Gibson, 2004; Srivastava, Bartol, & Locke, 2006). Spreitzer (1995) conceptualized psychological empowerment as a multi-dimensional construct comprised of four cognitions—meaning, competence, self-determination, and impact—which received wide acceptance and empirical testing in subsequent studies (see a review from Maynard et al., 2012; Seibert et al., 2011). Meaning occurs when one's job tasks and personal values, beliefs, and behaviors possess a degree of fit. Competence reflects the belief that one possesses the ability to carry out a task, and self-determination is a feeling of autonomy or sense of choice when initiating work actions that an individual undertakes. Impact is the amount of influence an individual has on work outcomes (Spreitzer, 1995). These four cognitions combine additively to form a unitary construct (Maynard et al., 2012; Seibert et al., 2011; Spreitzer, 1995), and accordingly, studies conceptualize team or work-unit empowerment as shared perceptions of experienced empowerment at team or work unit levels, which comprise similar dimensions with individual psychological empowerment, including team meaningfulness, competence, autonomy, and impact (Chen & Klimoski, 2003; Kirkman & Rosen, 1999). Although psychological empowerment shares similar meanings at individual and team levels, the focus is distinct at these two levels. The focus of the former level is on individuals' perceptions regarding how one is personally empowered, whereas the focus of the latter is on shared perceptions among team members regarding a team's collective level of empowerment (Chen et al., 2007a).

Evidence suggests that employees form complementary, coexisting perceptions concerning empowerment experience at distinct levels of the organization, after adjusting sources or referents of these perceptions (Seibert et al., 2004). Even in a single organization, distinct department-level empowerment perceptions exist because department managers with various beliefs and attributes interpret and implement company policies and procedures disparately (Seibert et al., 2004). Similarly, although one's perceived individual empowerment is based at least partially on team empowerment, important individual differences might exist concerning perceptions of individual empowerment in teams (Chen & Kanfer, 2006). Team leaders might also differ regarding the extent to empower individual members (Chen et al., 2007a). In our study, instituted empowerment policies and procedures constitute organization-level perceptions, supervisory practices constitute department-level perceptions, and employees have their own psychological empowerment at the individual level.

2.2. Relationships among organizational empowerment climate, department psychological empowerment, and individual psychological empowerment

Although empowerment at organizational, departmental, and individual levels are distinct constructs with disparate referents, they correlate globally. Most authors view the process of individual psychological empowerment as a change in employees' intrinsic motivation that results from changes to organizational structures, policies, and practices (Maynard et al., 2012; Seibert et al., 2011). Empowered individuals gain confidence in their abilities, and therefore have a sense of personal efficacy and self-determination (Lashley, 1995). Consequently, structural empowerment has been positioned as a primary predictor of psychological empowerment (Wagner et al., 2010).

When managers transfer autonomy and responsibility to lower-level employees, feelings of empowerment ensue (Maynard et al., 2012), and accordingly, when structural empowerment is withdrawn, psychological empowerment reduces (Gerwin & Moffat, 1997). Dimensions of the two empowerment constructs provide strong theoretical reasons to expect a positive relationship. For example, information-sharing helps individuals understand the meaning of their work better, develop a sense of competence when performing tasks, and makes them feel better able to influence their organization (Bandura, 1982; Ferrante & Rousseau, 2001; Gist & Mitchell, 1992; Seibert et al., 2004). Autonomy through boundaries helps employees define the boundaries within which one can exercise autonomous actions and influence, which associates with greater feelings of self-determination and impact (Hackman & Oldham, 1980).

The empirical relationship between structural empowerment and employees' psychological empowerment has not been examined thoroughly (Maynard et al., 2012; Seibert et al., 2011), but extant research does provide empirical evidence regarding a positive relationship between elements of structural empowerment (e.g., high-performance management, sociopolitical support, dynamic structural framework, the extent of delegation, access to information and resources, and participation during decision-making) and individual psychological empowerment (Laschinger, Finegan, Shamian, & Wilk, 2004; Matthews et al., 2003; Seibert et al., 2011; Spreitzer, 1996; Wagner et al., 2010; Wallach & Mueller, 2006). From few empirical studies, Seibert et al. (2004) found that organizational empowerment climate and individual psychological empowerment relate positively. In a meta-analysis of empowerment, Seibert et al. (2011) report a positive relationship between high-performance managerial practices, which include structural empowerment, and individual-level psychological empowerment. We expect frontline employees in workplaces with participative work climates and wider spans of control to report higher degrees of psychological empowerment.

Structural empowerment might also serve as an antecedent to team members' shared belief that they are empowered (Menon, 2001). Seven studies in Seibert et al.'s (2011) meta-analysis show that the relationship is positive (mean corrected correlation = 0.52). Departments are the locus of authority, and managers play a role in facilitating or undermining organizational practices and process. When sensitive information on finances, operations, and performance are shared with employees throughout departments, members in departments see their work as meaningful because they understand how department work roles fit into the larger goals and strategies of the organization. More information also allows employees to determine for the entire department what actions to take, increasing feelings of meaning and determination. When departments have the authority to recruit, train, and set their own goals, the degree of department members' common perceived determination, impact, and competence perceptions strengthen (Seibert et al., 2004). We expect organizational empowerment climate to associate positively with department psychological empowerment.

H1a. Organizational empowerment climate correlates positively with frontline employees' psychological empowerment.

H1b. Organizational empowerment climate correlates positively with department psychological empowerment.

Many studies focus on whether team operations and processes influence individual feelings of empowerment (McCrimmon, 1995; Quinn & Spreitzer, 1997; Robbins & Fredendall, 1995). In comparison to traditional teams, empowered teams more competently perform necessary activities and foster empowered individuals. It is difficult to empower one individual to do his/her own tasks without

empowering other team members to do theirs, given typical high interdependence among them (Chen et al., 2007a). Since affect transfers from one team member to another through modeling, individual team members might be more motivated to carry out their own tasks when other team members share passions to carry out theirs, and when they believe team members perform well (Chen & Kanfer, 2006; Kelly & Barsade, 2001). Likewise, team members might be more likely to perceive that they are performing meaningful and important tasks when other team members feel similarly. Chen and Kanfer (2006) found a positive relationship between collective efficacy and self-efficacy. Supporting this theoretical expectation, Chen et al. (2007a) found a positive relationship between team and individual psychological empowerment. Therefore:

H2. Department psychological empowerment correlates positively with frontline employees' psychological empowerment.

2.3. Mediation of department psychological empowerment

The three organizational-, department-, and individual-level relationships led us to hypothesize a cascading mechanism of empowerment across these three levels. Specifically, organizational empowerment climate promotes individual psychological empowerment through its expected influences on department psychological empowerment. Scholars argue that in comparison to variables from distant levels, variables are more likely to be influenced by variables from adjacent levels (Kozlowski & Klein, 2000; Mathieu & Taylor, 2007). Zohar and Luria (2005) suggest that supervisors offer feedback and instruments as part of their daily routines, and therefore these practices influence employees' behaviors more powerfully, immediately, and proximally, with organization-level practices providing distal effects. Therefore, in comparison to structural empowerment at the organizational level, psychological empowerment at the department level might exert a more direct or immediate effect on individual psychological empowerment. Several studies emphasize the importance of departmental managers in empowerment programs, suggesting they are essential to the success of empowerment in hotels (Brymer, 1991; Rafiq & Ahmed, 1998). Only when middle managers understand and believe in the philosophy and goals of organizational empowerment can they implement an empowerment program throughout a department.

Interrelationships among three levels of empowerment has not been examined thoroughly. An example is a multi-level study from Chen et al. (2007a), which suggests that team psychological empowerment mediates the positive influence of empowering leadership climate on individual psychological empowerment. Accordingly, we expect organizational empowerment climate to facilitate departmental motivation, which then strengthens employees' individual motivation.

H3. Department psychological empowerment mediates the relationship between organizational empowerment climate and frontline employees' psychological empowerment.

2.4. Mediation of individual psychological empowerment

Employees who feel more empowered are more motivated to perform productively and effectively (Chen & Klimoski, 2003; Chen et al., 2007a; Liden, Wayne, & Sparrowe, 2000; Seibert et al., 2004) because they exert extra effort and are more influential and innovative in their work (Spreitzer, 2008). The ability of empowered employees to take initiative and make quicker decisions should

result in faster immediate responses during service delivery (Bowen & Lawler, 1992, 1995). Empowered frontline employees are more likely to diagnose their own quality problems and take responsibility for handling customer complaints directly. Seibert et al. (2011) report positive individual psychological empowerment-performance relationships in a meta-analysis, supporting the contention that individual-level psychological empowerment is beneficial to individual performance.

Researchers argue that individual psychological empowerment mediates high-level empowerment and both individual and organizational outcomes (Morgeson & Campion, 2003) since empowering managerial practices have little effect on employees when they lack self-efficacy (Conger & Kanungo, 1988). Chen et al. (2007a) found that team psychological empowerment enhances individual performance through its anticipated influence on individual psychological empowerment. We argue that department psychological empowerment promotes individual psychological empowerment, which in turn enhances employees' service quality to customers.

H4. Employees' psychological empowerment mediates the relationship between department psychological empowerment and frontline employee service quality.

2.5. Moderation of organizational empowerment climate and department psychological empowerment

Organizational empowerment climate represents an organizational design characteristic of an empowering system, providing a facilitative environment for employees to work initiatively. Although individual psychological empowerment leads to intrinsic motivation through promotion of self-efficacy (Spreitzer, 1995), it alone does not ensure performance because a comprehensive model of work performance must include not only ability but also willingness and opportunity (Blumberg & Pringle, 1982). In organizations with a high-level empowerment climate, employees have access to lines of information, support, resources, and opportunity to learn and grow, and thus have more capability to transfer resources to complete tasks. Therefore, enthusiasm and self-determination stimulated by a high level of empowerment climate strengthens the positive effect of employee psychological empowerment on service quality. In contrast, in an organization with a low empowerment climate, the effect of employees' psychological empowerment on job performance is limited because the employees lack the resources and opportunities to offer high-quality service.

Similarly, we expect department psychological empowerment to strengthen the positive relationship between individual psychological empowerment and service quality. According to the behavioral phenomenon of social facilitation (Allport, 1924), if an individual is in the presence of others who are working assiduously, he/she is likely to do the same. Team psychological empowerment is an effective way to promote team processes (Chen & Kanfer, 2006); it decreases the difficulty or complexity of individual tasks on a team. On empowered teams, individual tasks of each team member are simplified due to increased supportive behaviors among team members and improvements to team communication and cooperation (Mathieu, Gilson, & Ruddy, 2006). In line with this perspective, department psychological empowerment also serves as resources and opportunities to guarantee the effectiveness of individual psychological empowerment. Therefore:

H5a. Organizational empowerment climate moderates the effect of individual psychological empowerment on service quality such that the effect is stronger when there is a positive empowerment climate.

H5b. Department psychological empowerment moderates the effect of individual psychological empowerment on individual performance such that the effect is stronger when there is positive department psychological empowerment.

2.6. Moderation of organizational SBE

As one aspect of a behavior-based control system, behavior-based evaluations involve evaluating employees based on how they behave or act rather than on the measurable outcomes they achieve (Anderson & Oliver, 1987). Under a behavior-based system, employees are evaluated and compensated for criteria such as commitment, effort, customer orientation, team work, the ability to solve customers' problems, friendliness, and other behaviors that improve service quality (Aggarwal & Gupta, 2005; Bowen & Schneider, 1985; Hartline & Ferrell, 1996; Reardon & Enis, 1990). By emphasizing behavioral criteria during employee performance appraisals, employees have more control over conditions, and thus their competence (Cravens, Ingram, LaForge, & Young, 1993), self-efficacy (Gist & Mitchell, 1992), job satisfaction (Oliver & Anderson, 1994), and adaptability (Hartline & Ferrell, 1996) increase.

Empowerment is unlikely to flourish if attempted in a vacuum or implemented like a stand-alone fad without complementary changes to the overall system (Maynard et al., 2012). Bowen and Lawler (1992) argue that organizational empowerment requires employees to be motivated by challenging work designs, and managers must set reasonable boundaries for employee empowerment. It is a misunderstanding that empowering employees means merely less control; it must generate more internal self-control for each employee (Lashley, 1995). There are two major schools of thought about control. The first views control equivalent to power and influence, and is characterized by highly centralized, top-down command management and is therefore incompatible with empowerment (Conger & Kanungo, 1988; Keller & Dansereau, 1995; Thomas & Velthouse, 1990). The second views control as performance-focused management to ensure activities are oriented toward desired results (Drucker, 1954; Reeves & Woodward, 1970; Oliver & Anderson, 1994). Management control is not about power centralization or determining specific subordinate activities, but rather establishing performance standards and collecting, reviewing, and acting accordingly (Chen, Zhang, & Wang, 2014). Following the second thought, SBE in the present study is a performance-control method, playing a complementary role on the effects of empowerment. One role of SBE is sending "behavioral signals to the employees about the imperatives of the service setting" (Liao & Chuang, 2007, p. 1010), which helps employees believe in the importance of service work, and clarifies and guides employees' service behaviors. Use of behavior-based evaluations is consistent with the behavioral requirements of empowerment (Conger & Kanungo, 1988). The system emphasizes service quality as a core value, facilitating its delivery and providing motivation and support for empowered frontline employees to assume more responsibility in improving service quality. As Humborstad and Kuvaas (2013) suggest, employees experience low intrinsic motivation and high role ambiguity when leaders overestimate employee expectations regarding on-the-job empowerment. Empowered employees also perceive that taking more accountability and responsibility is risky, and thus might desire more structure through task clarification, feedback, and guidance (Chen et al., 2014). SBE helps employees understand and follow the organizational orientation in long-run customer service, and therefore weakens negative effects of empowerment to guarantee the effectiveness of empowerment. In high-level SBE organizations, empowered employees might try their best to display excellent, flexible, and novel service to customers to adapt to service settings and be recognized by their organizations, and their internal motivation is triggered, and ultimately their perceived psychological empowerment exerts greater effects on work performance. In low-level SBE organizations, even empowered employees are unwilling to offer valued services to customers because they cannot gain benefits through excellent service. Empowered employees are likely to make mistakes. In low-level SBE organizations, they might refuse to engage in creative behaviors for fear that they will be punished if they make mistakes under an outcome-orientated performance system. Chen et al. (2014) found that management control enhances the positive effect of power-sharing on psychological empowerment. Therefore:

H6. Organizational SBE moderates the effect of frontline employee psychological empowerment and service quality such that the effect is stronger when there is positive SBE.

3. Methods

3.1. Sample and procedures

We collected data from employees and supervisors from 31 hotels, 21 travel agencies, and 1 restaurant in 16 cities, primarily in east and southeast China. The east and southeast area of China generally has developed economies and flourishing tourism markets. These organizations were selected based on the availability of managers who could assist with data collection. Human resources (HR) managers assisted by delivering survey packets to more than three employees in each frontline service department. All employees and their supervisors participated voluntarily. Employees rated perceptions of organizational empowerment climate, organizational SBE, department psychological empowerment, and individual psychological empowerment, and direct supervisors evaluated frontline employees' service quality. Each participant received a questionnaire and a return envelope as assurance of anonymity, and employee questionnaires were matched to responses from supervisors based on identification numbers. Similar to extant studies (Ling, Lin, & Wu, 2016; Tangirala & Ramanujam, 2008; Tse, Dasborough, & Ashkanasy, 2008), we removed data when the organizational tenure of an employee was fewer than six months, and department data when the number of employees responding from each department was fewer than three. We recruited eight front-line employees in two 5-star and one 4-star hotels in Fujian province to judge whether they can understand all the items on the questionnaire. Based on face-to-face communications, we modified ambiguous words on the questionnaire that did not fit the context of the Chinese tourism industry. We pre-tested the questionnaire using a convenience sample of 468 employees in 3 hotels in Fujian Province, China, the results of which provided preliminary evidence of the reliability and validity of the measures. Based on the preliminary study, we identified items for each variable and designed a final questionnaire. During the primary study, 3400 pairs of questionnaires were delivered, and 2390 completed employees and 2176 supervisor questionnaires were returned in sealed envelopes. We obtained 1566 valid employee-supervisor pairs from 123 departments in 53 organizations. Of 1566 employee respondents, 63.2% were female, 62.1% were in the age range 16–24, 74.6% had monthly salaries of about 801 RMB to 2000 RMB, 44.8% had a high school or secondary vocational school education, and 61.8% were in their firms for 6 months to 3 years. Of the 1566 supervisor respondents, 49.3% were male, 64.9% were in the age range 25–34, 48.1% had monthly salaries of about 2001 RMB to 8000 RMB, 50.7% had a high school or secondary vocational

school education, and 44.9% were in their firms for 6 months to 3 years.

3.2. Measures

All variables were measured using validated scales that have been used extensively in organizational research. All variables were measured with a Likert-type scale, ranging from 1 (strongly disagree) to 7 (strongly agree). Using the back-translation method (Brislin, 1970), we translated the English version into Chinese and then back-translated it into English by setting up a translation committee, consisting of two independent bilingual scholars, to ensure translation quality. Maynard et al. (2012) argue that team-level or higher empowerment should be assessed using measures that align with their substantive levels of analysis, that is, by referent shift rather than averaging lower-level variables (e.g., employee psychological empowerment) to represent a higher-level construct (e.g., department or organizational empowerment). Following their suggestion, we used the referent shift of measures aligned with the intended level of analysis to obtain an accurate measure of variables across levels. Specifically, the referent of empowerment climate and SBE measures were the organization, that for departmental psychological empowerment measure the department, and that for the individual empowerment measure the individual department member. When a high degree of consensus regarding perceptions held by organizational or departmental members is demonstrated, researchers can use mean responses to represent organizational- or departmental-level variables (Seibert et al., 2004).

3.2.1. Organizational empowerment climate

Twenty-one items from the empowerment barometer scale (Blanchard, Carlos, & Randolph, 1995; Randolph, 1995) measured organizational empowerment climate, consisting of three dimensions—information-sharing, autonomy through boundaries and team responsibility, and accountability. A sample item was "Employees in my organization can receive the information needed to understand the performance of the organization." Cronbach's alpha coefficient for the scale was 0.95.

3.2.2. Organizational SBE

Seven items were adapted from Hartline and Ferrell's (1996) behavior-based evaluation measure.[1] A sample item was "The organization evaluates employees' performance according to employees' ability to resolve customer complaints." Cronbach's alpha coefficient for the scale was 0.92.

3.2.3. Department and individual psychological empowerment

Department members completed Spreitzer's (1995) 12-item individual psychological empowerment measure. A sample item was "I am confident about my ability to do my job." In line with extant research (Chen, Lam, & Zhong, 2007b; Seibert et al., 2004), the four employee psychological empowerment dimensions (i.e., impact, self-determination, competence, and meaningfulness) were collapsed into an overall individual psychological empowerment scale. Cronbach's alpha coefficient for the scale was 0.94.

Department members also completed a 20-item team psychological empowerment measure shortened from an original 26-item measure (Kirkman & Rosen, 1999). A sample item was "Employees in my department believe that the department can be extremely good at producing high-quality work." In line with extant research (Chen & Klimoski, 2003; Kirkman & Rosen, 1999; Spreitzer, 1995), the four department psychological empowerment dimensions (i.e., potency, autonomy, competeence, and meaningfulness) were also collapsed into a unitary department psychological empowerment construct. Cronbach's alpha coefficient for the scale was 0.89.

3.2.4. Employee service quality

Ten items were taken from Berry, Zeithaml, and Parasuraman's (1990) customer perceived service quality, which were rated by frontline employees' direct supervisors. A sample item was "The employee is always providing reliable service to customers." We added one item to measure employees' overall service quality, and the Cronbach's alpha coefficient for the scale was 0.96.

3.2.5. Control variables

Employee demographics and group/organizational characteristics were used as control variables to exclude potential influences on employee work performance. Similar to extant studies (Joshi, Lazarova, & Liao, 2009; Peccei & Rosenthal, 1997; Wu, Tse, Fu, Kwan, & Liu, 2013), we controlled for several variables, including employees' gender, age, education, and salary at the individual level (level 1), and locations (i.e., province), industry types (i.e., hotel, travel agency, or restaurant) and firm ownership (i.e., state-, private-, collective-, or foreign-owned) at the organization level (level3).

3.3. Analysis strategy

We used hierarchical linear modeling (HLM) to conduct multi-level analyses. In comparison to traditional statistical techniques (e.g., regression and structural equation modeling), which ignore hierarchical data structures, HLM considers the nested nature of the data, and maintains appropriate levels of analysis for predictors to achieve more accurate results (Bryk & Raudenbush, 1992; Joshi, Liao, & Jackson, 2006; Liao & Chuang, 2007; Raudenbush, Bryk, Cheong, & Congdon, 2000). Frontline employees (i.e., level 1) were nested within departments (i.e., level 2), which in turn were nested within hotel and tourism organizations (i.e., level 3), creating a hierarchical data structure with three levels of random variation. The macro level contained a sample of 53 organizations, the meso level 123 departments, and the micro level 1566 employees. Following De Jonge, van Breukelen, Landeweerd, and Nijhuis (1999) and Joshi et al. (2006), we used random coefficient models to analyze main effects at the same level, and intercepts-as-outcome models and slopes-as-outcome models to examine cross-level main and moderation effects, respectively. All predictors at level 1 were centered by the grand mean to mitigate multi-collinearity (Hofmann & Gavin, 1998).

Before conducting HLM, we examined an evaluation of assumptions of normality and multi-collinearity. To verify normal distributions, inspections of skewness and kurtosis were conducted, with results suggesting that all latent-variable values were within acceptable ranges (i.e., skewness from −3 to 3 and kurtosis from −8 to 8); the data did not violate the normality assumption (Kline, 2011). Tolerance values calculated from ordinary least-squares estimates was used to assess multi-collinearity. Since all tolerance values were above the threshold of 0.10 (Kline, 2011; Tabachnick & Fidell, 2007), multi-collinearity was not a problem. Thus, the data satisfied analysis requirements for HLM regression.

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[1] The behavior-based evaluation scale developed by Hartline and Ferrell (1996) consists of 5 initial items. Two items that have dual meanings (i.e. "the ability to resolve customer complaints or service problems in an efficient manner" and "the ability to innovatively deal with unique situations and/or meet customer") were divided into two respective items to achieve clearer, targeted answers. Remaining items were unchanged, and therefore we used a 7-item SBE scale.

4. Results

4.1. Analysis of the measurement model

Since data on organizational, departmental, and individual empowerment and organizational SBE were collected from the same source, we conducted a series of confirmatory factor analyses to evaluate the possibility of same-source bias by testing whether these variables captured distinct constructs. Following Chen et al. (2007a), to maintain a favorable indicator-to-sample-size ratio, we used scores for each of the dimensions as separate indicators of organizational, departmental, and individual empowerment, and randomly created three parcels of items for the organizational SBE construct. A baseline model that included all four variables yielded satisfactory fit to the data (Table 1), with χ^2 (62) = 232.46, p = 0.00, comparative fit index (CFI) = 0.98, normed fit index (NFI) = 0.97, and root mean-square error of approximation (RMSEA) = 0.04. All factor loadings were significant, demonstrating convergent validity. We confirmed the discriminant validity of the four constructs by contrasting the baseline model against four alternative models (Table 1): Models 1 through 3, in which two cross-level empowerment variables were combined into one factor and other variables were distinct, and Model 4, in which all three empowerment variables were combined into one overall factor. Neither alternative model fit the data as well as the baseline did. These results demonstrated that the empowerment construct of three levels were distinct, and that the measurements of these constructs were reliable and valid.

4.2. Aggregation statistics

The viability of the constructs created through aggregation-organizational empowerment climate and organizational SBE (aggregated across multiple employees of the same organization), and department psychological empowerment (aggregated across multiple employees of the same department), was assessed. Following James, Demaree, and Wolf (1984), we assessed interrater agreement by calculating r_{wg}. Mean and median r_{wg} values for organizational empowerment climate, organizational SBE, and department psychological empowerment were 0.76 and 0.75, 0.72 and 0.69, and 0.79 and 0.83, respectively, above the threshold of 0.60 (James, 1982; James et al., 1984). ICC(1) was used to test the degree of variability in responses at the individual level that was attributed to being part of the group (e.g., department or organization), and ICC(2) assessed the reliability of group means. According to Klein, Bliese, Kozlowski et al. (2000), we obtained support for aggregation of organizational empowerment climate (ICC(1) = 0.11, ICC(2) = 0.72, F = 3.168, p < 0.01), organizational SBE (ICC(1) = 0.09, ICC(2) = 0.70, F = 3.289, p < 0.01), and department psychological empowerment (ICC(1) = 0.14, ICC(2) = 0.61, F = 2.585, p < 0.01). We thus concluded that aggregation was permissible for these three high-level variables.

4.3. Descriptive statistics

Table 2 shows means, standard deviations, and intercorrelations among all variables. Intercorrelations suggest that organizational empowerment climate correlates positively with department psychological empowerment (r = 0.68, p < 0.01) and employee psychological empowerment (r = 0.51, p < 0.01), department psychological empowerment with employee psychological empowerment (r = 0.64, p < 0.01) and employee service quality (r = 0.14, p < 0.01), and employee psychological empowerment with employee service quality (r = 0.18, p < 0.01). These results provide initial support for the hypotheses, which we tested in more detail using HLM.

4.4. Hypothesis testing

Table 3 shows results of HLM analyses to test H1 through H4, and Table 4 shows results for H5 and H6. H1a and H1b suggest that organizational empowerment climate correlates positively with both employee psychological empowerment and department psychological empowerment. Results suggest a positive relationship between both organizational empowerment climate and employee psychological empowerment (γ = 0.62, p < 0.01; Model 1 in Table 3), and between organizational empowerment climate and department psychological empowerment (γ = 0.67, p < 0.01; Model 2 in Table 3), supporting H1a and H1b. H2 suggests that department psychological empowerment correlates positively with employee psychological empowerment. Results suggest a positive relationship between department psychological empowerment and employee psychological empowerment (γ = 0.63, p < 0.01; Model 5 in Table 4), supporting H2.

H3 suggests that department psychological empowerment mediates the relationship between organizational empowerment climate and employee psychological empowerment. We followed Baron and Kenny's (1986) three-step procedure for assessing mediation. During step 1, H1a was supported (Model 1 in Table 3), meeting the first requirement that the independent variable relates to the dependent variable. During step 2, H1b was supported (Model 2 in Table 3), meeting the second requirement that the independent variable relates to the mediator. During step 3, both organizational empowerment climate and department psychological empowerment were included in a regression. Results suggest that department psychological empowerment relates positively to employee psychological empowerment (γ = 0.54, p < 0.01; Model 3 in Table 3), and the positive effect of organizational empowerment climate on employee psychological empowerment remains significant but reduced (γ = 0.27, p < 0.05; Model 3 in Table 3) in comparison to the effect in step 1. Therefore, department psychological empowerment partially mediated the effect of organizational empowerment climate on employee psychological empowerment, supporting H3. A Sobel (1982) test confirmed that the indirect effect was significant (Z = 5.97, p < 0.01, one-tailed).

H4 suggests that employee psychological empowerment mediates the relationship between department psychological

Table 1
Results of confirmatory factor analysis.

Model	χ^2	df	CFI	NFI	RMSEA
Baseline model	232.46	62	0.98	0.97	0.04
Model 1: DPE and EPE were combined into one factor	399.11	65	0.96	0.96	0.06
Model 2: OEC and DPE were combined into one factor	549.01	65	0.95	0.94	0.07
Model 3: OEC and EPE were combined into one factor	518.85	65	0.95	0.94	0.07
Model 4: All empowerment variables were combined into one factor	722.50	67	0.93	0.92	0.08

Note: DPE = department psychological empowerment; EPE = employee psychological empowerment; OEC = organizational empowerment climate.

Table 2
Means, standard deviations, and intercorrelations among variables.

Variables	M	SD	1	2	3	4	5	6	7	8	9	10	11	12
1.Gender	1.50	0.50	1											
2.Age	1.98	0.62	0.02	1										
3.Education	2.37	0.77	−0.03	−0.11**	1									
4.Salary	2.59	0.73	−0.06*	0.19**	0.20**	1								
5.PRO	1.87	2.09	0.05	0.02	0.15**	0.07**	1							
6.IND	1.22	0.59	0.03	−0.02	0.18**	0.11**	0.29**	1						
7.OWN	1.73	0.61	0.06*	0.08**	−0.03	−0.09**	−0.29**	−0.24**	1					
8.EPE	4.99	1.09	−0.03	0.09**	0.12**	0.17**	0.10**	0.13**	−0.08**	1				
9.ESQ	5.47	0.96	0.09**	0.05*	0.14**	0.18**	0.00	0.05*	−0.04	0.18**	1			
10.DPE	5.32	0.49	0.02	0.11**	0.03	0.09**	0.13**	0.04	−0.07*	0.64**	0.14**	1		
11.OEC	5.22	0.36	−0.02	0.05	−0.02	0.04	0.09*	−0.04	−0.00	0.51**	0.05	0.68**	1	
12.OSBE	5.22	0.37	−0.01	0.07*	−0.02	0.04	0.07*	−0.01	−0.05	0.48**	0.05	0.67**	0.74**	1

Note: a. $*p < 0.05$, $**p < 0.01$.
b. PRO (Province): 1 = Fujian, 2 = Guangdong, 3 = Shanghai, 4 = Beijing, 5 = Jiangsu, 6 = Ningxia, 7 = Yunnan, 8 = Shandong, 9 = Henan, 10 = Macao, 11 = Hubei; IND (Industry): 1 = hotel, 2 = travel agency, 3 = restaurant; OWN (Ownership): 1 = state-owned, 2 = private-owned, 3 = collective-owned, 4 = foreign-owned; EPE = employee psychological empowerment; ESQ = employee service quality; DPE = department psychological empowerment; OEC = organizational empowerment climate; OSBE = organizational service behavior-based evaluation.

empowerment and service quality. We controlled for level 1 and level 3 control variables during analyses, and used the same mediation test method from Baron and Kenny (1986). During step 1, results showed that department psychological empowerment correlated positively with employee service quality ($\gamma = 0.23$, $p < 0.05$; Model 4 in Table 3). During step 2, department psychological empowerment correlated positively with employee psychological empowerment ($\gamma = 0.63$, $p < 0.01$; Model 5 in Table 3). During steps 3, when department psychological empowerment and employee psychological empowerment were included in the same model, employee psychological empowerment related positively to service quality ($\gamma = 0.10$, $p < 0.01$; Model 6 in Table 3), and the positive effect of department psychological empowerment on service quality remained significant but reduced ($\gamma = 0.17$, $p < 0.1$; Model 6 in Table 3). Therefore, employee psychological empowerment partially mediated the relationship between department psychological empowerment and employee service quality. Another Sobel (1982) test confirmed that the indirect effect was

Table 3
Hierarchical linear modeling results: testing H1 through H4.

Level and variable	EPE	DPE EPE		ESQ EPE ESQ		
	M1	M2	M3	M4	M5	M6
Intercept	5.12**	5.44**	5.10**	5.55**	5.10**	5.53**
Level 1						
Gender	0.02		−0.00	0.23**	−0.01	0.23**
Age	0.09		0.07	0.03	0.06	0.02
Education	0.00		0.01	0.05	0.01	0.06
Salary	0.20**		0.19**	0.21**	0.20**	0.18**
EPE						0.10**
Level 2						
DPE			0.54**	0.23*	0.63**	0.17+
Level 3						
PRO	−0.01	0.02	−0.02	−0.04+	−0.02	−0.03+
IND	0.20*	0.03	0.16+	0.03	0.15	0.02
OWN	−0.10	0.02	−0.09	−0.06	−0.09	−0.04
OEC	0.62**	0.67**	0.27*			
R^2	13.13%	32.54%	17.68%	7.16%	17.12%	7.89%

Note: a. $+p < 0.1$; $*p < 0.05$; $**p < 0.01$.
b. EPE = employee psychological empowerment; DPE = department psychological empowerment; ESQ = employee service quality; PRO (Province): 1 = Fujian, 2 = Guangdong, 3 = Shanghai, 4 = Beijing, 5 = Jiangsu, 6 = Ningxia, 7 = Yunnan, 8 = Shandong, 9 = Henan, 10 = Macao, 11 = Hubei; IND (Industry): 1 = hotel, 2 = travel agency, 3 = restaurant; OWN (Ownership): 1 = state-owned, 2 = private-owned, 3 = collective-owned, 4 = foreign-owned; OEC = organizational empowerment climate.
c. For level 1 measures, N = 1566; for level 2 measures, N = 123; for level 3 measures, N = 53.

significant (Z = 2.71, $p < 0.01$, one-tailed).

To assess the relative contributions of organizational empowerment climate and department psychological empowerment when explaining variance in employee psychological empowerment, we performed an additional analysis (Darlington, 1968). Based on Ng and van Dyne's (2005) recommendation, we compared variance explained by one predictor to the total variance explained by two predictors. Shown in Table 3, 13.13% of the variance explained by Model 1 (i.e., variance explained by control variables and organizational empowerment climate), subtracted from 17.68% of the total variance explained by Model 3, gives an indication of the effect size of department psychological empowerment. Department psychological empowerment explained 4.55% of the variance in employee psychological empowerment. Similarly, 17.12% of the variance explained by Model 5, subtracted from 17.68% of the variance explained by Model 3, indicates that organizational empowerment climate explained 0.56% of the variance in employee psychological empowerment, less than that explained by department psychological empowerment. This result suggests that organizational empowerment has a smaller direct effect on employee psychological empowerment than department psychological empowerment does.

H5a and H5b suggest that organizational empowerment climate and department psychological empowerment moderate the effect of individual psychological empowerment on service quality respectively. Since it is difficult for researchers to find significant interaction effects in empirical studies, especially with cross-level interactions (Evans, 1985; McClelland & Judd, 1993), 0.1 significance was used to test for cross-level interactions. Shown in Table 4, the employee psychological empowerment and organizational empowerment climate interaction was significant (Model 7, $\gamma = 0.14$, $p < 0.05$). Model 7 offers improvements to model fit in comparison to Model 6 ($\triangle\chi^2(1) = 3.27$, $p < 0.1$), supporting H5a. Model 4 indicated that the employee psychological empowerment and department psychological empowerment interaction was non-significant ($\gamma = 0.02$, $p > 0.1$), and it did not offer improvements to model fit in comparison to Model 3 ($\triangle\chi^2(1) = 0.19$, $p > 0.1$). Therefore, H5b was not supported. To further illustrate the nature of the interaction, we followed procedures suggested by Cohen, Cohen, West, and Aiken (2003) and conducted a simple slope test using an HLM graph equation to demonstrate the interaction. Shown in Fig. 2, employee psychological empowerment had a positive effect on employee service quality (slope = 0.19, T(49) = 2.82, $p < 0.01$) within a high (mean + 1 standard deviation) degree of organizational empowerment climate, but this effect was

Table 4
Hierarchical linear modeling results: testing H5 and H6.

Level and variable	ESQ								
	M1	M2	M3	M4	M5	M6	M7	M8	M9
Intercept	5.55**	5.53**	5.54**	5.53**	5.53**	5.53**	5.51**	5.53**	5.51**
Level 1									
Gender	0.23**	0.23**	0.23**	0.23**	0.23**	0.23**	0.23**	0.23**	0.23**
Age	0.04	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Education	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Salary	0.22**	0.18**	0.18**	0.18**	0.18**	0.18**	0.18**	0.18**	0.18**
EPE		0.11**	0.11**	0.10**	0.10**	0.09**	0.11**	0.09**	0.11**
Level 2									
DPE			0.14	0.14	0.18+	0.12	0.11	0.15	0.14
DPE × EPE				0.02					
Level 3									
PRO					−0.04	−0.04*	−0.04*	−0.04*	−0.04*
IND					0.02	0.03	0.02	0.02	0.01
OWN					−0.04	−0.04	−0.04	−0.04	−0.04
OEC					0.14	0.08			
OSB								0.04	−0.01
Cross-level									
OEC × EPE							0.14*		
OSBE × EPE									0.12*
Model fit									
Deviance	3958.95	3911.82	3909.51	3909.32	3907.08	3906.06	3902.79	3906.96	3904.21
△D(△df)		47.13(5)**	2.31(1)	0.19(1)	2.43(3)	3.45(4)	3.27(1)+	2.55(4)	2.75(1) +

Note: a. $^+p < 0.1$; $^*p < 0.05$; $^{**}p < 0.01$.
b. ESQ = employee service quality; EPE = employee psychological empowerment; DPE = department psychological empowerment; PRO (Province): 1 = Fujian, 2 = Guangdong, 3 = Shanghai, 4 = Beijing, 5 = Jiangsu, 6 = Ningxia, 7 = Yunnan, 8 = Shandong, 9 = Henan, 10 = Macao, 11 = Hubei; IND (Industry): 1 = hotel, 2 = travel agency, 3 = restaurant; OWN (Ownership): 1 = state-owned, 2 = private-owned, 3 = collective-owned, 4 = foreign-owned; OEC = organizational empowerment climate; OSBE = organizational service behavior-based evaluation.
c. For level 1 measures, N = 1566; for level 2 measures, N = 123; for level 3 measures, N = 53.
d. Deviance is a measure of model fit; the smaller the deviance, the better the model fit. △D is the difference of the deviance between two models. △df is the difference of the degrees of freedom between two models. According to De Jonge et al. (1999), D is computed for each model and △D is used to test the hypotheses. If one model is a special, reduced version of the other, △D has a χ^2 distribution under H_0 that the extended model does not predict better than the reduced model. Critical values for the χ^2 statistic suggest that the reduced model is too simple a description of the data. We tested model fit using the △D and △χ^2 statistic.

not observed (slope = 0.02, T(49) = 0.41, $p > 0.1$) within a low (mean − 1 standard deviation) degree of organizational empowerment climate.

H6 suggests that organizational SBE moderates the effect of individual psychological empowerment on service quality such

that the effect is stronger when there is a high degree of SBE. Shown in Table 4, Model 9 indicated that the employee psychological empowerment and organizational SBE interaction was significant ($\gamma = 0.12$, $p < 0.05$), and Model 9 offers improvements to model fit in comparison to Model 8 (△χ^2(1) = 2.75, $p < 0.1$). Therefore, H6 was supported. Shown in Fig. 3, when organizational SBE was high,
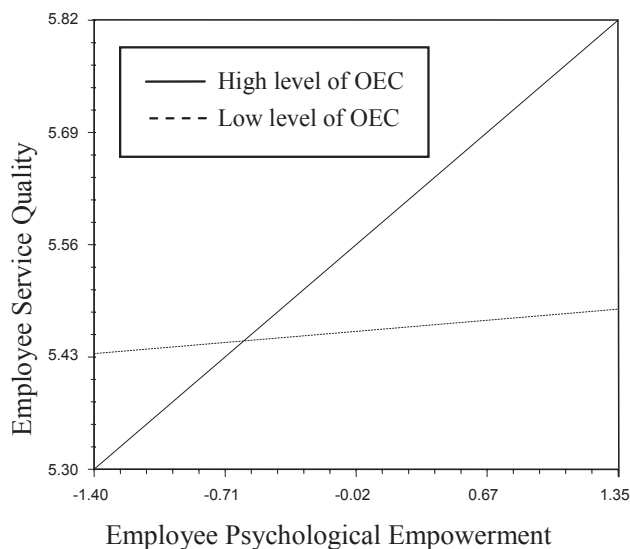
Fig. 2. Interaction effect of OEC and employee psychological empowerment on employee service quality.
Note: OEC = organizational empowerment climate.
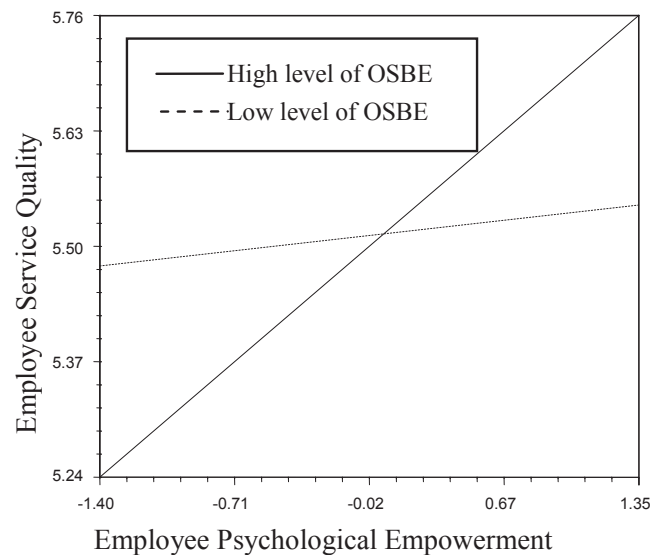
Fig. 3. Interaction effect of OSBE and employee psychological empowerment on employee service quality.
Note: OSBE = organizational service behavior-based evaluation.

employee psychological empowerment had a positive effect on employee service quality (slope = 0.19, T(49) = 2.95, $p < 0.01$), but this effect was not observed when organizational SBE was low (slope = 0.03, T(49) = 0.45, $p > 0.1$).

5. Discussion

Among contemporary, fierce market competitors, motivating frontline employees to be high-quality service providers relates to a tourism firm's competitive advantage (Pfeffer, 1998; Raub & Robert, 2012). To explore whether empowerment is an effective motivational approach in tourism firms, this study constructs an integrative, multi-level model of three levels of empowerment (i.e., organizational, department and individual), and tests its interrelationship with frontline employee' service quality. Results suggest a cascading mechanism across three levels of empowerment by which department psychological empowerment mediates the influence of organizational empowerment climate on employee psychological empowerment, and employee psychological empowerment mediates the influence of department psychological empowerment on employee service quality. Results also suggest that employee psychological empowerment has a positive effect on service quality only in a high degree of organizational empowerment climate and SBE. This study reveals an inconsistent relationship between employee psychological empowerment and performance by integrating both perspectives of empowerment (i.e., structural and psychological empowerment) across three distinct levels, and considers contextual boundary conditions in an integrative, multi-level model.

5.1. Theoretical implications and extensions

Findings from this study have important implications for advancing empowerment theory and practice. This study is first to integrate three-level empowerment in the literature empirically. Given the difficulty of collecting extensive organizational-level data, fundamental insights into the three multiple-level nature of empowerment have not been made theoretically explicit, or tested empirically. This study develops empowerment climate as an organizational-level conceptualization, implicit in the literature, and suggests that it is a critical aspect of an organization's effort to foster department members' shared experiences of psychological empowerment and employees' individual experiences of psychological empowerment. Results suggest that organizational empowerment climate not only influences employee psychological empowerment directly, but also has indirect effects through department psychological empowerment, in which department psychological empowerment mediates organizational- and individual-level empowerment. Department psychological empowerment has positive, indirect effects on employee service quality through its influence on employee psychological empowerment. In comparison to a small number of studies (Chen et al., 2007a; Seibert et al., 2004) that focus only on the relationship of two levels of empowerment (i.e., team/work unit and individual) and their effects, this study enriches empowerment literature by offering a more detailed and precise account of the relationship between three-level empowerment (i.e., organizational, departmental, and individual) and job performance. A dynamic transmitting mechanism of empowerment not only supports the notion that empowerment should be considered from both structural and psychological perspectives (Matthews et al., 2003; Seibert et al., 2004; Spreitzer, 2008), but also constructs a multiple-level cascading process of empowerment. Results highlight the importance of empowerment at each level, and that each perspective cannot be neglected to achieve a combined greater effect concerning frontline employees' work performance. We compare the relative contribution of organizational empowerment climate and department psychological empowerment on individual psychological empowerment. Findings demonstrate that in comparison to organizational empowerment climate, department psychological empowerment has stronger effects on employees' psychological empowerment, corroborating Mathieu and Taylor's (2007) argument that variables are more likely to be influenced by adjacent-level than distant-level variables.

Testing cross-level interactions of empowerment at distinct levels is the second theoretical significance. This study is first to explore moderation of organizational empowerment climate regarding the effectiveness of individual psychological empowerment. Findings extend those of extant studies by showing that organizational empowerment climate not only fosters empowered employees, but also moderates the relationship between individual psychological empowerment and service quality such that the influence of employee psychological empowerment is positive when organizational empowerment climate is high. Without positive organizational empowerment climate, individual psychological empowerment might fail to promote service quality. Results also confirm researchers' (Matthews et al., 2003; Seibert et al., 2004; Spreitzer, 2008) arguments by demonstrating that empowerment programs fail if company decision-makers empower employees by using either the structural or psychological approach. Since psychological empowerment is insufficient to ensure performance, positive organizational empowerment climates operate as willingness and opportunity factors that create open and participative environments, and policies and practices that trigger empowered employees to provide high-quality service. Contrarily, when an organizational empowerment climate is weak, individual employee psychological empowerment is difficult to promote service quality within limited organizational settings without sufficient resources and authority.

Unlike organizational empowerment climate, department psychological empowerment does not moderate the relationship between employee psychological empowerment and service quality. This result suggests that organizational and departmental empowerment influence employees through the distinct intervention mechanism, which accords with Zohar and Luria's (2005) argument that the influence of the same variable at organizational and group levels might differ regarding outcome frequency and immediacy. Controversies remain in research concerning the relationship between team and individual empowerment. Some scholars (Chen et al., 2007a; Kirkman & Rosen, 1999) argue that empowering a team does not drain individual empowerment since high team empowerment compensates for low individual empowerment, and reduces the need to empower each individual member of a team. Manz (1983) argues that granting teams more empowerment detracts from individual empowerment because an individual might perceive less autonomy on a team in which decision-making and responsibilities must be shared among members. Some empirical studies demonstrate that employees in self-led groups decrease their satisfaction and commitment, and increase absenteeism, burnout, stress, and turnover, because of associated pressures and duties to implement work (Barker, 1993; Batt & Applebaum, 1995; Cordery et al., 1991; Sharma & Kirkman, 2015). We argue that this is why the non-significant interaction relationship with high departmental psychological empowerment did not guarantee the effectiveness of employee psychological empowerment on service quality, and recommend that this relationship be tested in future research.

Third, testing cross-level interactions of organizational SBE and employee psychological empowerment enriches empowerment and performance evaluation system literature. Scholars place

importance on the effect of SBE when promoting employees' service behaviors in service organizations (Hartline & Ferrell, 1996). This study reveals that SBE is also an important contextual factor that strengthens the effect of psychological empowerment, and this moderation is rarely tested empirically, or identified. Way, Sturman, and Raab (2010) argue that managers can improve employees' job performance by ensuring that employees understand what is expected of them and how the organization will appraise and reward performance. Organizational SBE operates as behavioral signals that guide employees to engage in behaviors that the organization needs, which empower frontline employees to improve their service quality. In a low-SBE context, empowered employees are unwilling to engage in high-quality service behaviors because the organization does not recognize or reward the focus on service improvement. Results again show that psychological empowerment is not beneficial to performance under all conditions (Maynard et al., 2012); its effectiveness depends highly on organizational contexts.

5.2. Managerial implication

Chief among this study's practical implications is the importance of various levels of empowerment in promoting excellent customer service in the hospitality and tourism industry. To develop truly empowering programs, managers must draw on elements from both structural and psychological empowerment perspectives, and execute them across distinct organizational levels. Hospitality and tourism firms need well-designed organizational empowerment practices and procedures, and systematically implemented activities at the departmental level, to ensure the effectiveness of individual psychological empowerment. To create an organizational empowerment climate, top managers must create and share a common vision for employees at all levels in the organization, and translate the vision into specific, important goals such as service, cost-saving goals, and timelines for every member in the organization (Seibert et al., 2004). They must create empowerment policies and procedures, and facilitate development and execution of policies and programs that link to dimensions of an empowerment climate such as empowering a department and sharing information. It is necessary to empower departments with the authority to make decisions for themselves (e.g., designing work processes) and create cost effective and quality operations within the department. Hospitality and tourism firms should get financial, operational, and performance information important to organizations into the hands of frontline employees so they can make responsible decisions. Top managers need to simultaneously ensure that department managers execute empowerment policies and practices successfully. For example, training programs help mangers across levels recognize the value and principles of empowerment, and improve skills such as communication and performance evaluations that are required for empowerment.

When top managers define formal policies and practices on essential empowerment issues, each department manager should execute them to create an empowerment climate within distinct work units. Since department psychological empowerment is a paramount mechanism that connects contextual factors and individual service quality, it is necessary to use structure, policies, and practices to create empowered departments. If organizations focus only on organizational empowerment initiatives, but neglect department psychological empowerment, the effect of empowerment initiatives is limited. When executing organizational empowerment programs, a middle manager plays the role of coach and remover of obstacles regarding tasks that frontline employees perform (Rafiq & Ahmed, 1998). Department managers must help

employees understand the organizational empowerment program and consider whether all empowerment practices are implemented well in the department. Managers should encourage department employees to set their own goals and self-manage their tasks, and encourage employees to take initiative with improving work performance (Chen et al., 2007a). It is also necessary for department managers to involve employees in decisions, using guidelines to help employees learn to act with responsibility and autonomy.

Building an SBE system is important to guaranteeing the effectiveness of employee psychological empowerment on service quality. To gain more achievements when implementing empowerment programs, managers in the hospitality and tourism industry should combine service-oriented policies such as SBE and empowerment. Several practices suggested in extant studies are helpful to building an SBE system, including establishment of behavior criteria, selection of evaluators, design of rewards, and feedback on assessment results. Increasing a manager's commitment to service quality is crucial to building an SBE system (Hartline & Ferrell, 1996; Hartline, Maxham and McKee, 2000). They should participate in quality improvements and create a service culture through a shared system of beliefs, values, attitudes, and norms of behavior to foster and maintain a positive SBE climate. Managers should set up appropriate behavior criteria and bound employee service behaviors to the evaluation system, which helps employees align behaviors with the organization's goals to provide high-value services to customers (Hartline & Ferrell, 1996). To evaluate employees' service-oriented behaviors objectively and accurately, organizations must choose managers with characteristics of honesty, fairness, and responsibility. Managers need to observe their subordinates' behaviors closely and offer considerable mentoring and timely feedback on subordinates' efforts (Cravens, Ingram, LaForge, & Young, 1993). Reward and incentive systems with desired service behaviors must be designed to guarantee successful implementation of SBE. Based on assessment results, hospitality and tourism firms must figure out employees' problematic behaviors, explore the causes of the problems, provide direction and mentoring for behavior improvement, and develop goals and plans for the next stage.

5.3. Limitations and suggestions for future research

The study's design was based on a cross-sectional sample, which limited the ability to make strict causal conclusions. A longitudinal design should be applied in future research to strengthen conclusions regarding causal relationships among variables. To increase the generalizability of results, and guarantee an appropriate organizational-level sample size for a cross-level study, we collected data from three types of tourism firms (i.e., hotel, restaurant, and travel agency), failing to control the effect of firm and department sizes because standards to determine these sizes were disparate across the three types of firms. Since organizational empowerment practices and employees' psychological empowerment might vary by firm and department size, future empowerment research should incorporate these control variables to increase internal validity. Similar to other cross-level studies (Ling et al., 2016, 2017; Seibert et al., 2004), this study examines only relative lower explanatory power of dependent variables. One reason is that we used an employee-supervisor pair questionnaire to address common-method issues, and employees' service quality were evaluated by supervisors. In comparison to other methods in which all variables are collected from a single respondent, this method might find lower correlates among variables. Future studies are required to find stronger factors when predicting employee service quality in cross-level studies.

This study might be an artifact of Chinese culture. Several

scholars suggest that cultural values (e.g., power distance) moderate the effects of empowerment (Avolio et al., 2004; Seibert et al., 2004, 2011). More research is needed to validate findings using data from hospitality and tourism firms in other countries and cultural contexts. We examine moderation of organizational empowerment climate and organizational SBE in the relationship between employee psychological empowerment and service quality. It is a valuable direction for future studies to explore other plausible boundary conditions that affect the generalizability of empowerment theory across levels of analysis such as organizational cultures, a leader's personal characteristics and leadership styles, team characteristics, and individual values. This study focuses on the consequences of structural empowerment at the organizational level, rather than its antecedents. Since structural empowerment is effective and essential in the hospitality and tourism industry, it is necessary to explore how to stimulate and promote structural empowerment (Seibert et al., 2004). The effects of organizational environments (e.g., environmental flexibility and management commitment to service quality), a top-level leader's individual characteristics (e.g., risk-taking personality), and leadership style (e.g., empowering and transformational leadership) on structural empowerment at the organizational level need to be examined in future studies. Regarding future studies on empowerment in tourism and hospitality industries, qualitative research is needed not only to expose the phenomenon of empowerment across contexts (e.g., cross-cultural backgrounds, diverse firm types, ownership, and firm size), but also provide practical implications for managers to execute empowerment effectively.

5.4. Conclusion

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. Findings should encourage future tourism researchers and practitioners to include organizational, departmental, and individual empowerment and organizational contexts when promoting employees' work performance. Only by including three levels of empowerment and complementary practices can the literature construct a complete, accurate picture of the effectiveness of empowerment, and ultimately help tourism firms promote higher service performance.

Acknowledgments

Appendix A. Supplementary data

Supplementary data related to this article can be found at http://dx.doi.org/10.1016/j.tourman.2017.03.001.

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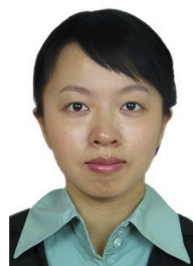
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