

1-1-2001

The impact of being dignified by one's manager on leader-member exchange and psychological empowerment

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THE IMPACT OF BEING DIGNIFIED BY ONE'S MANAGER
ON LEADER-MEMBER EXCHANGE AND
PSYCHOLOGICAL EMPOWERMENT

by

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Bachelor of Science
Bradley University
1997

A thesis submitted in partial fulfillment
of the requirements for the

Master of Science
William F. Harrah College of Hotel Administration

Graduate College
University of Nevada, Las Vegas
August 2001

UMI Number: 1406418



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Thesis Approval

The Graduate College
University of Nevada, Las Vegas

June 26, 2001

The Thesis prepared by

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Entitled

The Impact of Being Dignified by One's Manager on Leader-Member

Exchange and Psychological Empowerment

is approved in partial fulfillment of the requirements for the degree of

Master of Science

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ABSTRACT

The Impact of Being Dignified by One's Manager on Leader-Member Exchange and Psychological Empowerment

by

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This research tested whether being dignified by one's manager had a relationship with LMX and psychological empowerment. Specifically, did being dignified or derogated by one's manager lead to LMX and psychological empowerment's three dimensions: meaning, influence, and self-efficacy?

In order to examine the relationships mentioned above, survey data were collected from 325 employees of service firms located in Las Vegas, Nevada. A majority of the employees (255) were students who attended University of Nevada, Las Vegas, while the others were from other service organizations in Las Vegas and Boston. The data was examined using a path analysis to test the hypotheses and the post hoc test in order to find the model that best fit the data. Results indicated that being dignified by one's manager increased LMX and two dimensions of psychological empowerment, meaning and influence. Being derogated by one's manager decreased LMX and one dimension of psychological empowerment, influence. LMX was discovered to lead to positive psychological empowerment. Dignification and derogation affect psychological

empowerment indirectly. Although some of the hypotheses were supported, the hypothesized model did not provide the best fit of the data.

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ACKNOWLEDGEMENTS

This research would not have been possible without significant instruction and support. For these things, I am indebted to my committee: David Corsun, Angela Farrar, Seyhmus Baloglu, and Clint Richards. Thanks also go to Pamela Young, Matt Marinos, Kimberly Foxworth, and Vincent Mannino, II for helping with the surveys; and Joyce Standish and Carey Bronstein for helping me with editing and commentary on early drafts. Finally, I must thank the faculty at the University of Nevada, Las Vegas, for allowing me to conduct my survey in their classes.

CHAPTER 1

INTRODUCTION

Over five billion dollars are lost every year due to the cost of turnover. The average costs associated with replacing departing employees are as follows: 10% of employees cost more than \$20,000 each; 8% cost \$15,000-\$20,000; 12% cost \$10,000-\$15,000; 34% cost \$5,000-\$10,000; 31% cost \$1,000-\$5,000; and 5% cost up to \$1,000 per employee (Joinson, 2000). Businesses have higher costs today because they cannot obtain an optimum number of employees to work for them or because the businesses cannot retain employees.

Constantly having to hire employees costs businesses money in many ways, such as advertising for positions that are vacant or because of productivity losses, as more experienced workers are replaced by those requiring training. Turnover can disrupt the working of an operation and can result in lost business. To counter the effects of turnover, organizations can focus on employee commitment. Employees who are normatively committed to the organization are less likely to turnover (Jaros, Jermier, Koehler, & Sigcich, 1993).

Jaros et al. (1993) expressed that “the strong relationship between the forms of commitment and withdrawal variables and the moderate relationship between intent to leave and turnover, suggests that commitment affects turnover only indirectly, through withdrawal intentions” (p. 984). Concerning the commitment-turnover relationship,

Cohen and Hudecek (1993) discovered that the relationship was stronger for white-collar employees than for blue-collar employees. Cohen (1993) showed that the commitment-turnover relationship has connections with the amount of time an employee stayed with the company. He found stronger commitment in the early years of employment and lower commitment for employees who had been with the company for a longer period of time.

Dignification (Corsun, 2001), derogation (Corsun, 2001), leader-member exchange (LMX) (Scandura & Lankau, 1996), and psychological empowerment (Fulford & Enz, 1995) are all associated with normative commitment of employees to an organization. Although the constructs all affect commitment, it is not understood how these constructs relate to one another. Several studies have shown that LMX has an impact on psychological empowerment (Sparrowe, 1994, 1995; Liden, Wayne, & Sparrowe, 2000), but no research has explored how dignification and derogation are related to these variables. An understanding of what kind of relationship, if any, exists among dignification, derogation, LMX, and psychological empowerment can benefit organizations because, by understanding their interplay, managers may be better able to influence worker commitment. Through this influence, management may indirectly lower the employee turnover rate.

The Importance of Employees Being Dignified by Managers

More is involved in individuals working in an organization than the job alone, the amount paid in compensation, and the location of the job. How the organization treats its employees may make the difference between whether or not individuals will perform the

work for which they are hired and stay on as employees working for the organization (Corsun, 2001). Corsun discussed the importance of dignifying one's employees. It is evident that employees want more than money from their jobs. Employees want to be treated in a fair, equitable, and humane manner and wish to be dignified at work (Corsun, 2000b, 2001).

Although the topic of being dignified by one's manager has not been explored as much as other topics related to the work environment, Corsun (2000a, b, 2001) shed some light on the subject with his work in this area.

Dignifying behaviors are behaviors through which one enhances the recipient's interpersonal status by demonstrating respect or concern for that person; derogating behaviors are behaviors through which one erodes the recipient's interpersonal status by demonstrating a lack of respect or concern for that person (Corsun, 1999, p. 15).

Corsun (2000b, 2001) illustrated that being dignified is important to service workers and their organizations. From the organization's perspective, the workers' perceptions of themselves as dignified tend to improve the work environment and employees' performance. Higher employee performance can conceivably result in higher company profit. Numerous other individual and organizational outcomes may be important to consider in terms of their relationship with being dignified by a manager. Specifically, the quality of LMX and psychological empowerment merit consideration.

The purpose of this research is to discover what, if any, impact the dignification and derogation of employees by managers has on LMX, which is the quality of the relationship between managers and their direct employees (Scandura & Lankau, 1996).

Through this research I further seek to discover the impact that being dignified by managers has on how psychologically empowered employees feel.

Leader-Member Exchange (LMX)

“Leader-member exchange is the quality of the relationship that emerges between leaders and their direct reports, given the unique characteristics of each, within complex organizational contexts” (Scandura & Lankau, 1996, p. 243). Supervisors or managers communicate or exchange ideas that affect LMX quality, a process which has been extensively explored. LMX is the most recognized factor when considering the relationship-based approaches to the study of leadership (Scandura & Lankau, 1996).

Does being dignified by one’s manager affect LMX? LMX is the quality of the relationship between managers and their direct employees, and is affected by the exchange of ideas or information and support-exchanges between managers and employees. Corsun (1999, 2001) showed that managers dignifying employees had positive effects on employees’ performance. Providing social support has been found to lead to positive LMX (Borchgrevink & Boster, 1994). Dignification from one’s manager can be a form of social support leading to positive LMX. Derogation, on the other hand, is not a form of social support and can lead to negative LMX. It is important to determine if being dignified by a manager leads to positive LMX, and if being derogated by a manager leads to negative LMX, so that the antecedents of organizational success may be better understood.

Psychological Empowerment

As Koberg, Boss, Senjem, and Goodman (1999) stated, empowerment is actually two distinct constructs: motivational empowerment and perceived (relational) empowerment. Motivational empowerment involves the psychological aspects and feelings of employees, and perceived (relational) empowerment is the power that managers bestow on employees to the degree that managers wish. Psychological empowerment is an important construct that has been shown to benefit employees and their organizations in positive ways (Liden, Wayne, & Sparrowe, 2000). Psychologically empowering employees has positive effects on employees' task motivation (Thomas, & Velthouse, 1990) and commitment (Fulford & Enz, 1995).

In the hotel industry, the average turnover rate is 150% to 250%. Borchgrevink and Boster (1997) reported "turnover as high as 300%" (p. 242). A need exists to reduce this rate and stabilize the workforce so that companies can continue to serve their customers. Since LMX (Liden, Wayne, & Sparrowe, 2000; Borchgrevink & Boster, 1997) and psychological empowerment (Konczak, Stelly, & Trusty, 2000; Liden, Wayne, & Sparrowe, 2000) are antecedents of commitment, and commitment is negatively related to intent to turnover (Jaros et al., 1993), it is important to explore the antecedents of LMX and psychological empowerment. Thus, being dignified and derogated by one's manager seem important to understand, particularly in terms of how they relate to LMX and psychological empowerment.

Recent research (Sparrowe, 1995; Liden, Wayne, & Sparrowe, 2000) explored the relationship between LMX and psychological empowerment. It seems likely that employees dignified by their managers will perceive themselves as more psychologically

empowered than their derogated peers and those who are less frequently dignified.

Thus, in this research I propose to determine if being dignified and derogated by one's manager have direct or indirect effects on the psychological empowerment of employees within an organization.

Chapter 2 presents an in-depth review of the literature of being dignified and derogated by one's manager, LMX, and psychological empowerment. The proposed relationships among these constructs are then discussed, leading to the presentation of formal hypotheses regarding these relationships.

CHAPTER 2

REVIEW OF LITERATURE

The cost of employee turnover for an organization can range from \$1,000 to \$250,000 per employee, depending on the location of the organization, type of industry, and job the employee has with the organization. Joinson (2000) reported that turnover costs for one year for all industries can exceed five billion dollars: "CCRRC recently studied turnover costs in supermarkets and found that industry-wide, "hard" (or direct) turnover costs totaled \$813 million, while "soft" opportunity costs---change-making errors, paperwork mistakes, damaging products, etc.---added another \$4.9 billion" (p. 116). An organization can lose money in several ways in the event an employee leaves. The different kinds of turnover costs include separation cost, recruiting and attracting costs, selection costs, hiring costs, and lost-productivity costs (Hinkin & Tracey, 2000; Joinson, 2000).

It is important to understand that hotel companies "underestimate the costs associated with turnover. The costs are substantial even in entry-level positions for relatively simple jobs. Moreover, turnover costs vary substantially from position to position, based primarily on the complexity of the task" (Hinkin & Tracey, 2000, p. 20). Hinkin and Tracey (2000) researched two hotels in two different cities and found that turnover costs ranged from \$5,688.03 to \$12,881.82 per employee for front desk associates. If a company's

total number of front-desk personnel is 30 and the turnover rate is 50 percent.

then the overall cost of turnover for this position alone is \$95,000. By reducing that rate to 25 percent the hotel would save almost \$50,000 and improve service quality (p. 21).

Increasing employees' commitment would have such a dampening effect on turnover.

Commitment is negatively associated with turnover intentions and actual turnover (Finegan, 2000; Caldwell, Chatman, & O'Reilly, 1990). Commitment is a

strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a definite desire to maintain organizational membership. Given that values play such an important role in the definition of commitment, it stands to reason that a person whose personal values matched the operating values of the organization would be more committed to the organization than a person whose personal values differed from the organization's (Finegan, 2000, p. 150).

It is commonly accepted that commitment is multi-dimensional. Meyer and Smith (2000) suggest three dimensions while Caldwell, Chatman, and O'Reilly (1990) show that commitment is two-dimensional. This research is concerned with the dimension of commitment that Caldwell et al. (1990) refer to as normative commitment, which "represents commitment to the organization based on shared values" (p. 250). Caldwell et al. also discuss instrumental commitment which "describes commitment based on involvement exchanged for specific rewards" (p. 251).

Jaros and colleagues (1993) expressed that "the strong relationship between the forms of commitment and withdrawal variables and the moderate relationship between

intent to leave and turnover, suggests that commitment affects turnover only indirectly. through withdrawal intentions” (p. 984). Jaros and colleagues (1993) showed that commitment has weak connections to turnover, but that commitment has a strong relationship with withdrawal variables (intentions), and turnover and intent to leave an organization have a strong relationship with withdrawal intentions. Jaros and colleagues also showed that withdrawal intentions moderate the relationship between commitment and turnover. These researchers concluded that the commitment-turnover relationship exists through indirect effects.

The commitment-turnover relationship was explored by Cohen and Hudecek (1993), who studied this relationship across occupational groups. They discovered that the commitment-turnover relationship was stronger for white-collar employees than for blue-collar employees. Cohen (1993) further showed that the commitment-turnover relationship had an inverse relationship with organizational tenure.

Dignification (Corsun, 2001), derogation (Corsun, 2001), LMX (Scandura & Lankau, 1996), and psychological empowerment (Corsun & Enz, 2000) all have positive associations, except derogation, which has a negative association, with the commitment of an employee to an organization. Thus, these constructs have indirect relationships with employee turnover. It is important to understand what relationships exist among dignification, derogation, LMX, and psychological empowerment in order to better understand the drivers of commitment, so as to decrease employee turnover.

Dignification

Webster's Dictionary (1986) defines "dignified" as "showing or expressing dignity in someone" and states that "dignifying" is "to give distinction to an individual and to transfer dignity onto an individual." Further, "dignity" is defined as "the quality or state of being worthy, honored, or esteemed" (p. 354). As explained by Corsun (1999, 2000a, b, 2001), researchers and writers have written about dignity and the importance of having dignity in the workplace, but have not attempted to discuss exactly what dignification is or what other variables go hand-in-hand with dignification. Only recently, with Corsun's (1999, 2000a, b, 2001) work, was dignification in the workplace examined.

Managers with whom employees have the most contact are the main sources of dignification and derogation. These individuals are usually managers in charge of or in close proximity to employees: as Corsun (2000a, b) showed, they can also be co-workers. Corsun (2000a, b) discovered that being dignified by one's manager has a significant, positive effect on workers' self-esteem, self-efficacy, and normative commitment, whereas being derogated by one's manager negatively affects workers' self-esteem, and self-efficacy. Corsun also found that self-esteem has an effect on employees' commitment to the organization and self-efficacy has an effect on employees' performance in their jobs. Since Corsun (2001) found that dignification is positively associated with normative commitment; and that derogation is negatively related to self-esteem; and that self-esteem had a positive relationship with normative commitment; dignification directly affects normative commitment, whereas derogation indirectly affects normative commitment.

When managers show respect and concern for employees, they are building employees' self-esteem and when managers show a lack of respect, they destroy it (Corsun, 2001). "We know that the leader behaviors associated with positive manager-worker relations are quite similar to the behaviors teachers direct at their high expectancy students" (Corsun, 2000b, p. 4; 2001, pp. 4-5). Managers' dignifying behaviors are aimed at producing positive responses from employees directly under their supervision. Managers do not, however, dignify employees all the time. There are times when managers derogate employees. Managers watching employees' every move when performing a task is derogation by not giving employees' the respect they deserve (Corsun, 2001).

Another example of derogating behavior on the part of managers involves another aspect of transactional leadership. "The leadership literature indicates that transactional leaders engage in management-by-exception, intervening only when things go wrong" and "often these transactional leaders observe workers' performance in order to be available for such interventions" (Corsun, 2001, p. 5). By using this type of leadership style, managers may be derogating employees. It can be assumed that it is better to help employees through any task with which they are having problems instead of disciplining them after a problem has occurred. Managers who punish employees in front of others (employees or customers) for not performing correctly are derogating. This derogation may produce undesired outcomes.

Corsun (2001) also discussed how dignification and derogation are related to self-esteem and self-efficacy. When managers dignify, they positively affect the self-esteem and self-efficacy of employees (Corsun, 2001). Derogation by managers is associated

with lower self-esteem in employees. It is assumed that workers and managers wish to be treated fairly and with respect. "Research and theory regarding charismatic leaders indicates that they tend to engage in the managerial equivalents of esteem promoting parental behaviors. Among the behaviors attributed to charismatic leaders are attentiveness, approval, recognition, sensitivity to followers' needs, supportiveness, and high performance expectations" (Corsun, 2001, p. 10).

Corsun (2001) suggested that if relationships could be found between self-esteem, dignifying, and derogating, "work attitude relationships seem reasonable to expect" (p.10). Gist (1987) states that self-efficacy "refers to one's belief in one's capabilities (competence and confidence) to perform a specific task" (p.472). Bandura (1977) indicates that efficacy is based on four sources of information: performance accomplishments, vicarious experience, verbal persuasion, and emotional arousal. Within these sources of information one stands out as important to this study. Verbal persuasion stands out because it "is widely used to get people to believe they possess capabilities that will enable them to achieve what they seek" (Bandura, 1982, p. 127). "Managers' dignifying behaviors, communicating positive expectancies, positively influence worker self-efficacy perceptions. Derogating behaviors are likely to trigger the Golem effect [the negative impact on subordinates' performance that results from low leader expectations toward them (Oz & Eden, 1994, p. 744)], and its attendant low role performer self-efficacy perceptions" (Corsun, 2001, p. 12). Corsun also stated that the magnitude of the effect on the self-efficacy and self-esteem of employees is based on how sincere the individuals conveying the dignification are perceived to be.

Corsun (2001) proposed that self-efficacy and self-esteem lead employees to perform their jobs better and to feel a commitment to the organization for which they work. He found that self-esteem predicts normative commitment and self-efficacy is associated with workers' performance. Dignification and derogation are associated with self-efficacy and self-esteem, but are they associated with the quality of the relationship between managers and their direct employees, namely LMX?

LMX

Scandura and Lankau (1996) stated that "leader-member exchange is the quality of the relationship that emerges between leaders and their direct reports, given the unique characteristics of each, within complex organizational contexts" (p. 243). LMX quality is affected by the exchange of ideas, information, or both, and cooperation between managers and employees working together to accomplish a task.

"Traditionally, leadership theories and consequent leadership research has focused on leader-typical or average behavior toward subordinates, under the assumption that the leader behaves uniformly toward the subordinates" (Borchgrevink & Boster, 1994, p. 76). Now, however, it is known that managers treat employees differently.

When high-quality LMX occurs between managers and employees, one can observe a "high degree of trust, respect, loyalty, liking, support, openness, and honesty" (Borchgrevink & Boster, 1994, p. 77) between them; however, the opposite is true for low-quality LMX. The quality of LMX helps to predict turnover, employee commitment to the organization, power issues that are antecedents to LMX, and power that comes

from LMX (Borchgrevink & Boster, 1994, 1997; Howell & Hall-Merenda, 1999; Schriesheim, Neider, Scandura, & Tepper, 1992).

In a study of 317 employees, Howell and Hall-Merenda (1999) found, by “examining the linkages between leader-member exchange (LMX), transformational and transactional leadership, and physical distance,” LMX “was related positively to transformational [leadership]” (p. 1). These researchers also found that LMX was positively related to contingent reward leadership and negatively related to management-by-exception. “LMX and active management-by-exception positively predicted follower performance, and physical distance moderated leadership-performance relationships. Transformational leadership produced significantly higher follower performance in close versus distant situations, whereas LMX produced higher follower performance irrespective of physical distance between leaders and followers” (p. 1).

The two leadership styles, transformational and transactional, resulted in different outcomes. One situation resulted in different employee performance outcomes over a period of time.

In transactional leadership, leader-follower relationships are based on a series of exchanges or bargains between leaders and followers...Transformational leaders communicate a compelling vision of the future (charisma); provide symbols and emotional appeals to increase awareness of mutual goals (inspirational motivation); encourage followers to question traditional ways of doing things (intellectual stimulation); and treat followers differently but equitably on a one-on-one basis (individualized consideration) (Howell & Hall-Merenda, 1999, p. 681).

When managers use transactional leadership for punishing an employee for making a mistake, it is similar to when a manager derogates. When managers use transformational leadership, they are communicating a compelling vision, providing emotional appeal, encouraging employees, and treating employees with the respect they deserve. This is similar to dignification where a manager increases the interpersonal status of the employee through the expression of respect or concern. Given the associations transformational and transactional leadership have with LMX, and the interpersonal status implications of these leadership types, it seems reasonable to expect that dignification and derogation are related to LMX.

In their study of 22 hospitality companies, Borchgrevink and Boster (1997b) found “that intradyadic communication, coercive power, reward power, and referent power are related to LMX” (p. 251). They further found that coercive power has a negative relationship with LMX. Supervisors using coercive power created poor relationships with the employees directly under them. Finally, high quality intradyadic communication was found to be positively related to LMX. It was also found that LMX and expert power were antecedents of referent power.

High quality intradyadic communication is positively associated with LMX. Dignification’s involvement with the communication of respect and concern for the employee supports the notion that dignification affects LMX quality. It has also been shown that coercive power leads to negative LMX quality. Derogation, the lack of respect and concern, which decreases an employee’s interpersonal status, is similar to the use of coercive power in terms of how the manager punishes the employee. Hence, derogation should lead to lower LMX quality.

In a study of 189 food service employees, Borchgrevink and Boster (1994) suggested that LMX consists of two components, one of which is concerned with social support from the supervisor and the second component is concerned with the communicative responsiveness between managers and employees and employees' accomplishments on the job. The research conducted by these authors helped support the proposal that LMX is a good model for describing the interactions between managers and their employees.

Borchgrevink and Boster (1994) found that when an organization has good-quality LMX, employees are committed to the organization, satisfied, and do not get burned out as often as others. The reverse was true when an organization had low-quality LMX. Thus, it may be inferred that it is important for managers to positively communicate with employees for the benefit of the employees and the organization.

Social support can come from managers and co-workers. A manager who socially supports an employee can be dignifying, showing respect or concern for the employee. A lack of managerial social support may derogate. Since LMX is concerned with social support, and such support may dignify (its absence may derogate) an employee, the quality of LMX and dignification/derogation appear intertwined.

With the above information and considering the potential relationship between being dignified and derogated by managers and LMX, the following hypotheses are presented:

H1a: Being dignified by managers will increase LMX quality.

H1b: Being derogated by managers will decrease LMX quality.

Sparrowe's (1995) study of 33 hospitality industry work groups composed of 177 employees provided evidence of the impact of organizational culture and LMX on empowerment. Sparrowe found

[m]oderate support for the hypothesized effects of normative beliefs and shared behavioral expectations upon empowerment. First, at the level of individually held normative beliefs, this study found significant effects on empowerment while controlling for the impact of the exchange relationships between leaders and members. Second, the degree of consensus around normative beliefs and behavioral expectations within the work group was found to function as a neutralizer with respect to the impact of leadership upon empowerment (p. 105).

Strength of cultural norms was associated with empowerment. "Strong constructive cultures are not substitutes for leadership in developing empowerment; rather, as neutralizers, they defeat the effects of LMX on psychological empowerment" (p. 105). Sparrowe (1995) also found that employees experiencing high quality LMX, who belonged to an in-group, had high levels of empowerment, while those experiencing low quality LMX, who belonged to an out-group, had lower levels of empowerment. Scandura and Graen (1984) showed that management's involvement, or lack thereof, in high-LMX groups and low-LMX groups increased or decreased the quality of LMX. In a sense, this led to an increase or decrease of psychological empowerment, respectively.

If the quality of LMX decreases, psychological empowerment also decreases. If dignification increases LMX, it may also increase psychological empowerment; derogation, then, could decrease psychological empowerment.

Psychological Empowerment

Many organizations, including service organizations, assert that supervisors empowering their subordinates positively affects the profitability of the company. Service organizations operate on the premise that such empowerment further improves the relationship between employees and customers, allowing customers to be better satisfied with their experience (Fulford & Enz, 1995).

Empowerment affects the feelings, behaviors, and attitudes of employees through the treatment they receive from other people. In practice, empowerment has long been seen as employees gaining some responsibilities that management has controlled for some time. This perspective, however, does not take into consideration the psychological aspect that empowerment is seen to convey today.

Conger and Kanungo (1988) stated that “empowerment refers to a process whereby an individual’s belief in self-efficacy is enhanced. To empower means either to strengthen this belief or to weaken belief in personal powerlessness” (p. 474). Spreitzer (1996) identified four distinct dimensions of psychological empowerment: meaning, self-efficacy, self-determination, and personal control. “Meaning refers to the congruence between one’s value system and the goals or objectives of the activity in which one is engaged at work” (Fulford and Enz, 1995, p. 162; Spreitzer, 1995). Self-efficacy refers to an employee’s belief that she or he will be successful in task performance. “Self-determination reflects autonomy over the initiation and continuation of work behavior and processes (e.g. making decisions about work methods, pace, and effort)” (Spreitzer, 1995, p. 603). Personal control is the employees’ beliefs that their job affects whether the organization produces positive or negative outcomes (Fulford & Enz, 1995). Fulford and

Enz found that when considering service firms, the four factors of empowerment collapse to three. Meaning and self-efficacy remain the same, but self-determination and personal control combine to create the variable “influence.”

“Among the personality and demographic characteristics believed to influence feelings of empowerment are age, gender, ethnicity, self-concept, self-esteem, self-efficacy, motivational needs, profession, and cultural background” (Koberg, Boss, Senjem, & Goodman, 1999, p. 3; Eylon & Au, 1996; Spreitzer, 1995, 1996). Koberg and colleagues’ (1999) model suggests that members feel empowered through the influence, from within.

In a study of 292 service workers in 21 private clubs, Corsun and Enz (1999) found “that service workers’ perceptions of experienced empowerment are greater when peer helping and supportive customer relationships exist” (p. 216). They also found that “organizational and employee-customer relationships accounted for significant variation in the dimensions of empowerment” and that “peer helping and supportive customer relationships were the two most influential predictors of all three empowerment dimensions” (p. 205).

Concerning the other variables considered in this study, one should examine the power of managers conveying their support. Corsun and Enz (1999) suggested that when managers use power too forcefully, they can derogate employees, hence, disempowering them. Power used wisely can help empower employees. Internal organizational relationships depend on how willing managers and employees are to help one another with their tasks.

Koberg and colleagues' (1999) study of 612 employees of a private hospital showed that "tenure with the organization, leader approachability, worth of group, group effectiveness, and position in the organization's hierarchy" (p. 9) all influenced experienced empowerment. Their study also considered the feelings of empowerment associated particularly with competence, meaningfulness, and impact at work. Koberg and colleagues' (1999) model suggested that feelings of empowerment are affected by group behavior. These researchers maintained that it is the members of a group who influence one another to perform better and that leaders simply lead the group. In the hospital where the research was conducted, it was asserted that there was little trust among the employees; it was everyone for her or himself.

In this same study, Koberg and colleagues (1999) found that the length of time an individual had been with the organization had bearing on empowerment. They also found "that workers who feel empowered have beneficial effects for both organizations and individuals through increased job satisfaction and work productivity/effectiveness and a decreased propensity to leave the organization" (p. 10).

In a study involving 230 nurses, Fuller, Morrison, Jones, Bridger, and Brown (1999) found that "transformational leadership behaviors are positively related to a number of important organizational outcomes including perceived extra effort, organizational citizenship behaviors, and job satisfaction" (p. 389). These researchers used the concept of empowerment to find a relationship between transformational leadership and job satisfaction. The results demonstrated that empowerment moderated the relationship between three of the four dimensions of transformational leadership and

job satisfaction, making empowerment an enhancer of the relationship between transformational leadership and job satisfaction.

Psychological empowerment enhances the relationship between transformational leadership and job satisfaction, meaning that transformational leadership is associated with psychological empowerment. Transformational leaders potentially dignify by showing respect or concern for an employee. Dignification could also be associated with psychological empowerment.

In a study of 33 private clubs, Fulford and Enz (1995) found that [f]irst, perceived empowerment does have an effect on satisfaction, loyalty, performance, service delivery, and concern for others. Perceived empowerment has a greater effect on perceived work attitudes such as job satisfaction and loyalty, and a lesser degree of influence on perceived behaviors like performance and service delivery...Second, meaning is the strongest of the empowerment variables suggesting that when employees find a fit between their values and the organization's goals they are more likely to be loyal, service oriented, concerned with others, and high performers (p. 172).

As shown here, psychological empowerment leads to increased employee performance and commitment to the organization. Dignification and derogation have also been shown to lead to these constructs, as well as to self-efficacy. Since self-efficacy is one dimension of psychological empowerment can dignification and derogation be related to the other two dimensions?

Liden, Wayne, and Sparrowe (2000) studied 337 employees and their immediate supervisors in a service company. They found that LMX and psychological

empowerment had relationships with satisfaction, commitment, and performance.

Furthermore, it was indicated that LMX affected psychological empowerment.

What inferences can be drawn from the psychological empowerment literature?

As a function of the relationships psychological empowerment has with leadership, power, LMX and other factors, it appears dignification and derogation may be important antecedents to consider.

Impact of Being Dignified and Derogated by Managers on Psychological Empowerment

It is important to understand whether being dignified or derogated by one's manager affects whether employees feel empowered or not. If dignification and derogation affect whether employees feel empowered, will this help or hinder the organization? Corsun's (2001) work showed that dignification has positive effects on the employees of service organizations through its relationship with self-efficacy and self-esteem. He also found that derogation reduces employees' self-esteem.

Corsun (2001) established that dignification and derogation are related to self-efficacy and suggested that verbal persuasion may be why. Self-efficacy is an acknowledged dimension of psychological empowerment, and can it be shown that dignification and derogation could lead, through verbal persuasion, to psychological empowerment's other dimensions?

Koberg et al. (1999) found that leader approachability, worth of group, and group effectiveness affected psychological empowerment. It seems likely that if a manager shows respect or concern for an employee he or she will have good leader

approachability, and the inverse should hold true also. A manager shows respect through trying to increase the worth of a group and improve group effectiveness through concern or help. Thus, it seems likely that dignification and derogation affect psychological empowerment.

Fuller and colleagues (1999) found that psychological empowerment enhanced the relationship between transformational leadership and job satisfaction. Hence, transformational leadership has some kind of association with psychological empowerment. Managers use dignification to increase interpersonal status through respect or concern for the employee (Corsun, 1999). Transformational leadership and dignification try to influence the employee to increase performance, thus affecting how psychologically empowered the employee feels.

Sparrowe (1995) showed that organizational culture and LMX affect psychological empowerment. He also stated that employees experiencing high-quality LMX who belonged to an in-group, had high levels of empowerment. Scandura and Graen (1984) found that when managers intervened in low-LMX groups' productivity, job satisfaction, and supervisor satisfaction increased compared to the initially high-LMX group. Since dignification shows respect and concern for employees, it also increases empowerment. Derogation, on the other hand, decreases empowerment by not providing intervention, consequently decreasing the quality of LMX.

It can thus be hypothesized that:

H2a: Being dignified by one's manager has a positive effect on psychological empowerment.

H2b: Being derogated by one's managers has a negative effect on psychological empowerment.

The Impact of LMX on Psychological Empowerment

Sparrowe (1994,1995), and Liden et al. (2000) have researched the impact of LMX on psychological empowerment. They found that LMX and psychological empowerment are associated with one another. This study includes a replication of their work regarding the association between LMX and psychological empowerment. I expect to find the same relationship for the same reasons outlined in their work. "High LMX individuals have been found to enjoy more frequent and more rewarding interaction with supervisors, such interaction should foster self-efficacy (competence) as well as impact. Greater negotiating latitude should bring higher levels of choice" (Sparrowe, 1994, p. 57), thus affecting psychological empowerment.

The information above leads to the following hypothesis:

H3: LMX has a positive effect on psychological empowerment.

A recap of all hypotheses is shown graphically in Figure 1.

Chapter 3 presents a description of data-collection techniques, measures used, and data analysis. Also presented in Chapter 3 are the items used to measure each construct.

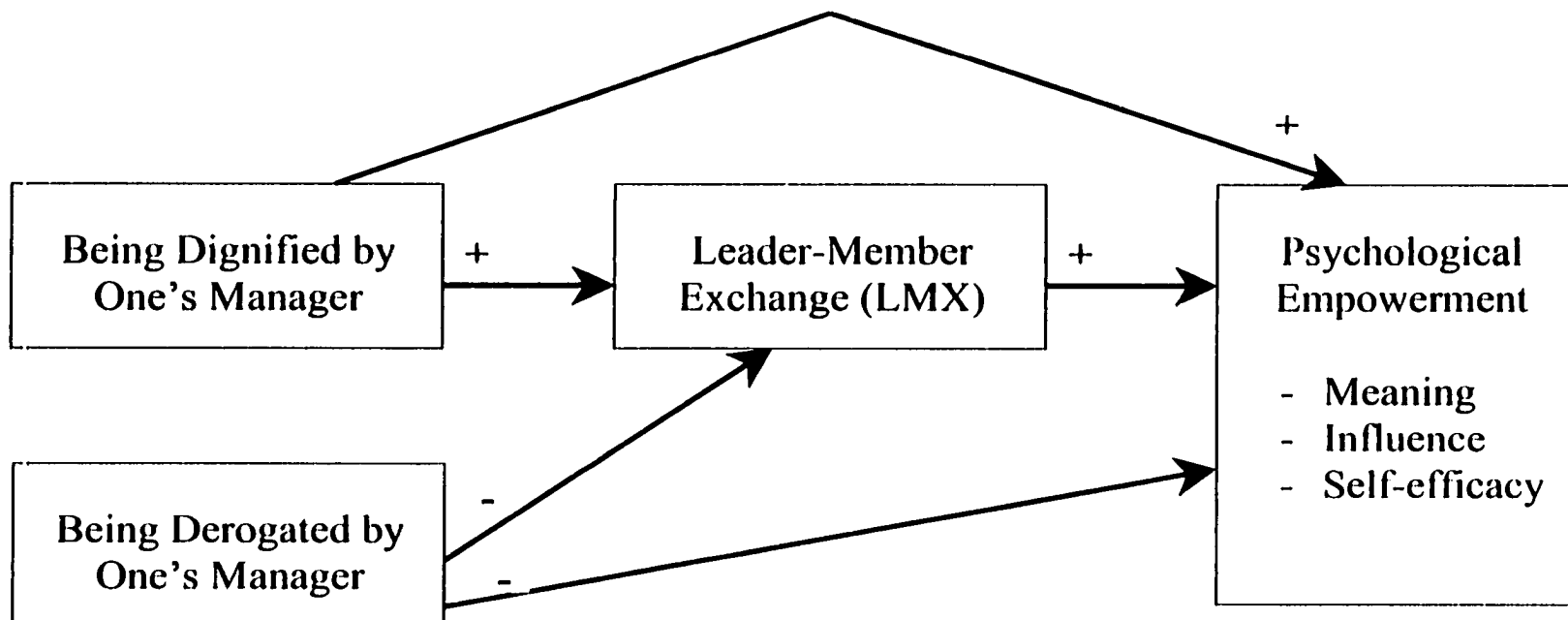


Figure 1. Impact of Being Dignified by One's Manager on Leader-Member Exchange and Psychological Empowerment

CHAPTER 3

METHODS

Data Collection

The data were collected by on-site administration and volunteer surveyors (individuals within organizations who volunteered their time to pass out the survey to fellow employees), using a pen-and-paper survey. Individuals who voluntarily participated completed a survey regarding their beliefs in reference to: being dignified and derogated by their managers, LMX, and psychological empowerment. In order to qualify to take the survey, respondents were required to work 30 or more hours a week at a job other than school, at least 18 years old, and agree to commit the time required to complete the survey. Volunteers' names were entered into a raffle for a 27-inch television or a DVD player. The raffle was used as an incentive to participate.

Three groups were solicited to participate. The first group of volunteers was students at the University of Nevada, Las Vegas (UNLV) who take classes in Beam Hall in the College of Hotel Management and/or the College of Business. Their surveys were administered from a table set up in the main atrium, which was easy to locate, close to the main entrance of the building. The second group of volunteers was also students at UNLV. This group attended classes to which I gained access by permission of their professors. The classes varied in size and by the status of the students, i.e., whether at the

freshman, sophomore, junior, senior, or graduate level. The third group of volunteers was composed of individuals who worked 30 or more hours a week within several organizations in the Las Vegas area. These individuals were accessed through several of my friends who volunteered their time to help get friends and coworkers to fill out surveys for this research. A few surveys were also conducted in a small hotel located in Boston that offered to assist in the research.

Measures

Being Dignified by a Manager

Dignification. Being dignified by one's manager was measured using a 14-item scale developed by Corsun (1999)(Table 1). These items were measured on a seven-point Likert type frequency scale. Scale total scores could range from 14 to 98. In previous use of this measure, Corsun (1999) reported a reliability coefficient of .95.

Derogation. Being derogated by one's manager was measured using seven-items (Corsun, 1999) (Table 2). These items were measured on a seven-point Likert-type frequency scale. The scale total scores could range from 7 to 49. Corsun (1999) reports a reliability coefficient of .85 for this subscale.

Table 1 Managers' Dignifying Behaviors

My manager:

Asks me for my input about how my job gets done

Asks me for my ideas

Tells me I can make my own decisions about my work

Makes me feel secure about my future here

Tells me I have good ideas

Asks my advice before changing things about my job

Includes me in problem solving when there are problems at my job

Praises me when I deserve it

Gives me responsibility for important tasks

Tells me that the work I do is important

Tells me I can talk to her/him whenever I need to

Accurately evaluates my contributions

Coaches me so I can do my job better

Shows me how to do things better when I make mistakes

Table 2 Managers' Derogating Behaviors

My manager:

Takes credit for my ideas

Asks me to cover for her/him when things go wrong

Punishes me when I don't agree with her/him

Gives me only criticism when talking to me about my work

Threatens that she/he will fire me

Punishes me when I make a mistake

Yells at me in front of other people

Leader-Member Exchange (LMX). The three distinct sub-dimensions identified by Schriesheim, Neider, Scandura, and Temper (1992) that comprise LMX are: "(a) perceived contribution to the exchange...; (b) loyalty of the LMX dyad...; [and] (c) affect the mutual affection members of the dyad have for each other..." (p. 137). These distinct sub-dimensions were measured using a six-item scale (Table 3) which uses five different five-point Likert scales. The six items are summed, resulting in possible total scores ranging from 5 to 30. Schriesheim et al. (1992) reported a reliability coefficient of .75 for this subscale.

Table 3 Leader-Member Exchange (LMX)

1. My supervisor would probably say that our work goals are:				
Opposite	Different	Unrelated	Similar	The Same
2. I feel that my work goals and those of my supervisor are:				
Opposite	Different	Unrelated	Similar	The Same
3. On my present job, this is how I feel about the way my supervisor and I understand each other:				
Very Dissatisfied	Dissatisfied	Undecided or Neutral	Satisfied	Very Satisfied
4. On my present job, this is how I feel about the way my supervisor provides help on hard problems:				
Very Dissatisfied	Dissatisfied	Undecided or Neutral	Satisfied	Very Satisfied
5. The way my supervisor sees it, the importance of my job in relation to my supervisor's performance is:				
① Slight to no-effect on his/her performance				
② Somewhat				
③ Moderate				
④ Great				
⑤ Very great- affects his/her performance.				
6. My supervisor would probably say that my ability to do my job well is:				
① Poor				
② Below average				
③ Average				
④ Good to very good				
⑤ Exceptional				

Psychological Empowerment. The three dimensions of psychological empowerment identified by Fulford and Enz (1995) are meaning, self-efficacy, and

influence. These dimensions were measured using 12 items (Spreitzer, 1995) (Table 4) on a seven-point Likert scale ranging from strongly agree to strongly disagree. The first three questions measured meaning and can have possible total scores ranging from 3 to 21. The next three questions measured self-efficacy and can have possible total scores ranging from 3 to 21. The final six questions measured influence and can have possible total scores ranging from 6 to 42. Fulford and Enz (1995) reported meaning had a reliability of .80; influence had a reliability of .83; and self-efficacy had a reliability of .70.

Table 4 Psychological Empowerment

My work is important to me
My job activities are meaningful to me
I care about what I do on my job
My job is well within the scope of my abilities
I am confident about my ability to do my job
I have mastered the skills to do my job
My opinion counts in work-group decision making
I have freedom in determining how to do my job
I have a chance to use personal initiative in my work
I have influence over what happens in my work group
I decide how to go about doing my work
<u>I have a great deal of control over my job</u>

Data Analysis and Hypotheses Testing

To test the hypotheses, path analysis using AMOS, release 4.0, was used. The results of the data analysis and hypotheses testing are presented and discussed in Chapter 4 and 5, respectively.

CHAPTER 4

RESULTS

Sample Demographics

The sample for this study was composed mostly of group two volunteers, students (245) who attended UNLV and were in the classes to which I gained access. Sample demographics are found in Table 5 below. There were 325 surveys completed. The majority of surveys came from white individuals. The average age of the individuals within the groups was 26.

Table 5 Sample Demographics

Characteristic	Full Sample
N =	325
Sex: Female	159
Male	161
Ethnicity: African-American	15
Asian	63
Hispanic	13
Native American	3
White	204
Other	20
Age: Mean	26.22
Std. Dev.	7.76
Type of Position: Supervisor	91
Non-Supervisor	229
Organization Tenure	
Mean	1.99
Std. Dev.	2.14

Descriptive Statistics

Descriptive statistics and scale reliabilities for all variables are shown in Table 6 and a correlation matrix is presented in Table 7. The reliability coefficients found in this study are .93(dignification), .82 (derogation), .79 (LMX), .86 (meaning), .63 (self-efficacy, and .89 (influence). It was found that self-efficacy had a marginal reliability of .63; however, reliability has not been a problem with this scale in past use (e.g., Fulford & Enz, 1995; Spreitzer, 1995).

The results show that there is a significant, positive relationship between dignification and LMX. Derogation has a significant, but negative relationship, with LMX. LMX has positive and significant relationships with all three dimensions of psychological empowerment. Dignification is associated with two dimensions of psychological empowerment, meaning and influence. Derogation had a significant relationship with only one of the three dimensions of psychological empowerment, influence.

When analyzing the data, it was discovered that dignification and LMX were highly correlated to one another. A principal component analysis was performed to further examine dignification and LMX. The analysis revealed that there was virtually no overlap between the two constructs. Table 8 provides the factor loadings of the dignification and LMX items. The principal component analysis provided a 4 factor solution explaining 65% of the variance. Eigenvalues for the four factors ranged from 1.8 for Factor 4 to 4.8 for Factor 1. As with Corsun's (1999) past use of managers' dignification behaviors, two highly correlated factors emerged. Because the factors were correlated so highly ($r \leq .68$, $p \leq .01$), and because of the high α reliability, the 14 items

were summed and used as a single scale. Not surprisingly, the 3 dimensions of LMX were evident in the PCA. Although two of the items loaded on Factor 2 with six of the managers' dignifying behaviors. I proceeded with an analysis using the summed LMX scale as recommended by Schriesheim (1992a).

The rest of Chapter Four is broken down into two parts. In the first section I discuss the analysis of the hypothesis tests. The second section provides a discussion of the iterative process of structural equation model fit.

Table 6 Descriptive Statistics and Scale Reliabilities for All Variables

Variable	Mean	Std Dev	α
Dignification/Derogation			
Dignification	58.59	14.85	.93
Derogation	17.50	7.90	.82
Leader-Member Exchange			
LMX	23.01	3.82	.79
Psychological Empowerment			
Meaning	17.30	3.57	.86
Self-Efficacy	18.87	2.29	.63
Influence	31.07	6.80	.89

Table 7 Correlation for All Variables

Variables	1	2	3	4	5	6
Dignification						
Derogation	-.345**					
LMX	.708**	-.450**				
Meaning	.374**	-.241**	.402**			
Self-efficacy	.125*	-.092	.231**	.172**		
Influence	.662**	-.171**	.512**	.383**	.215**	

* Significant at $p \leq .05$

**Significant at $p \leq .01$

Table 8 Principal Component Analysis Test

Item		Factor 1	Factor 2	Factor 3	Factor 4
Dignification	1	.73			
	2	.83			
	3	.70			
	4	.49			
	5	.79			
	6	.72			
	7	.77			
	8		.64		
	9	.57			
	10		.61		
	11		.72		
	12		.69		
	13		.68		
	14		.70		
LMX	1			.82	
	2			.77	
	3		.55		
	4		.52		
	5				.53
	6				.88

Hypothesis Tests

To test the hypotheses presented in Chapter Two and presented graphically in Chapter Three (see Figure 1), a path model was created. "A path diagram is a pictorial representation of a system of simultaneous equations presenting a picture of the relationships...assumed to hold" (Bollen, 1989a, p. 32). Several goodness of fit tests were also provided to determine if the data fit the model presented in Figure 1. Before proceeding with the path analysis, assumptions were tested. Normal probability plots were drawn for all sub-scales. Each variable was approximately normally distributed. In addition, the constructs of interest are all relatively linearly related.

Results of the analysis of the hypothesized relationships presented in the path model are shown in Table 9. As can be observed from an examination of the path coefficients and their significance levels, all of the hypotheses received at least partial support. Dignification and derogation were both significantly related to LMX. Dignification was associated positively with LMX, and its relationship was three times as strong as the relationship between derogation and LMX. However, derogation had a significant, negative relationship with LMX. Thus, strong support was found for Hypotheses 1a and 1b.

In this research, it was important to find if dignification and derogation had any kind of relationship with psychological empowerment and its dimensions. Earlier work done by Corsun (2001) showed that there was a relationship between dignification and self-efficacy. However, in this research, dignification had significant, positive relationships with two dimensions of psychological empowerment, influence and meaning, but not self-efficacy. Derogation has a strong relationship with only one of the dimensions of psychological empowerment, influence, and did not have relationships with meaning and self-efficacy. Thus, these results show partial support for Hypotheses 2a and 2b.

Finding a relationship between LMX and psychological empowerment was also important because of support from other research that explored this same relationship. In this study, LMX had positive, significant relationships with all three dimensions, meaning, influence, and self-efficacy, of psychological empowerment, providing support for Hypothesis 3.

Table 9 Hypothesis Test/ Path Analysis Results

Hypothesis	Path	Coefficient
H1a	Dignification → LMX (+)	0.63**
H1b	Derogation → LMX (-)	-0.23**
H2a	Dignification → Meaning (+)	0.18*
	Dignification → Self-Efficacy (+)	-0.08
	Dignification → Influence (+)	0.60**
	Derogation → Meaning (-)	-0.07
H2b	Derogation → Self-Efficacy (-)	0.01
	Derogation → Influence (-)	-0.09*
	LMX → Meaning (+)	0.25**
H3	LMX → Self-Efficacy (+)	0.29**
	LMX → Influence (+)	0.13*

* Significant at $p \leq .05$

**Significant at $p \leq .01$

Model Fit

The mixed support for the hypotheses presented showed that the path model (see Figure 2) is unlikely to provide the best possible explanation of the data. However, testing hypotheses and testing for model fit are two different things. It would be inappropriate to use the model fit method for testing the hypotheses. Bentler (1990) explained four reasons why it would be inappropriate or incomplete to use model fit for hypothesis tests. These reasons are:

1. Some basic assumptions underlying T (chi-square) may be false, and the distribution of the statistic may not be robust to violation of these assumptions.
2. No specific model $\Sigma(\theta)$ may be assumed to exist in the population, and T is intended to provide a summary regarding closeness of Σ to S , but not necessarily a test of $\Sigma = \Sigma(\theta)$.

3. In small samples, T may not be chi-square distributed; hence, the probability values used to evaluate the null hypothesis may not be correct.
4. In large samples, any *a priori* hypothesis $\Sigma = \Sigma(\theta)$, although only trivially false, may be rejected (p. 238).

Thus, the hypothesis test and the model fit test are two separate tests.

“Normed and non-normed fit indexes (NNFI) are frequently used as adjuncts to chi-square statistics for evaluating fit of a structural model” (Bentler, 1990, p. 238).

Bentler found that comparative fit index (CFI) avoids the underestimation of fit often noted in small samples for Bentler and Bonett’s (1980) normed fit index (NFI).

“Asymptotically, CFI, FI, NFI, and a new index developed by Bollen are equivalent measures of comparative fit, whereas non-normed fit indexes (NNFI) measure relative fit by comparing noncentrality per degree of freedom” (Bentler, 1990, p. 238). Other methods include the Chi Square, where a non-significant p value indicates good fit; AGFI is the adjusted goodness of fit, where a value of 1 indicates perfect fit; and the RMR is the root mean square residual where the smaller the RMR, the better. When $RMR = 0$, the model fits the data perfectly. I used Chi Square, CFI, NFI, AGFI, and RMR to find the best model fit for the data presented here. Table 10 shows the indexes used for the post hoc test compared to the hypothesis test.

Table 10 Hypothesis/Post Hoc Variables

Method	Hypothesis Test	Post Hoc Test
Chi Square	$\chi^2 = 22.63, df = 3, p. = 0.00$	$\chi^2 = 6.6, df = 5, p. = 0.25$
CFI	.966	.997
NFI	.962	.989
AGFI	.832	.972
RMR	.805	.509

Post Hoc Model Generation

Post hoc model generation is the process through which the model that best fits the data is determined. Figure 3 provides the best model for the data presented and Table 11 represents the path analysis results for model fit. This model shows that dignification and derogation have significant relationships with LMX; dignification has a positive relationship, while derogation has a negative relationship, with LMX. LMX has significant, positive relationships with two dimensions of psychological empowerment, meaning and self-efficacy, but not influence. Dignification is positively and significantly related with two dimensions of psychological empowerment, meaning and influence, but not self-efficacy. Derogation is significantly related to one dimension of psychological empowerment, influence. Meaning and self-efficacy are positively associated with influence. As can be seen in Table 10, the post hoc model fits these data well.

Chapter Five contains a discussion of the results from both the hypothesis tests and the post hoc model generation. Chapter Five will also include the limitations of this study and suggestions for further research of these topics.

Table 11 Post Hoc Model/ Path Analysis Results

Path	Coefficient
Dignification → LMX (+)	0.63**
Derogation → LMX (-)	-0.23**
Dignification → Meaning (+)	0.18*
Dignification → Influence (+)	0.62**
Derogation → Influence (-)	-0.09*
LMX → Meaning (+)	0.28**
LMX → Self-Efficacy (+)	0.23**
Meaning → Influence (+)	0.15**
Self-Efficacy → Influence (+)	0.12**

* Significant at $p \leq .05$

**Significant at $p \leq .01$

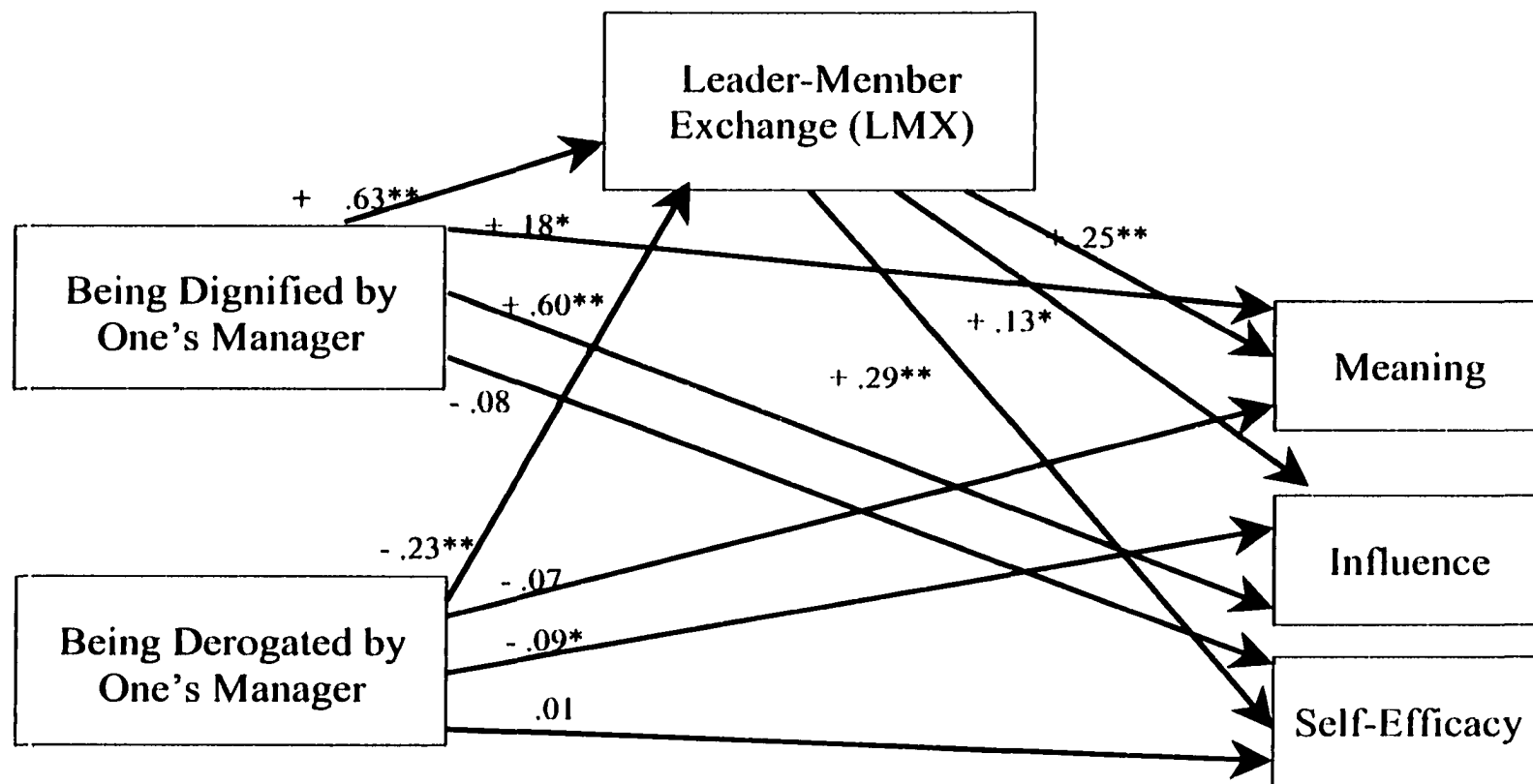


Figure 2. Hypothesized Path Model
* $p \leq .05$
** $p \leq .01$

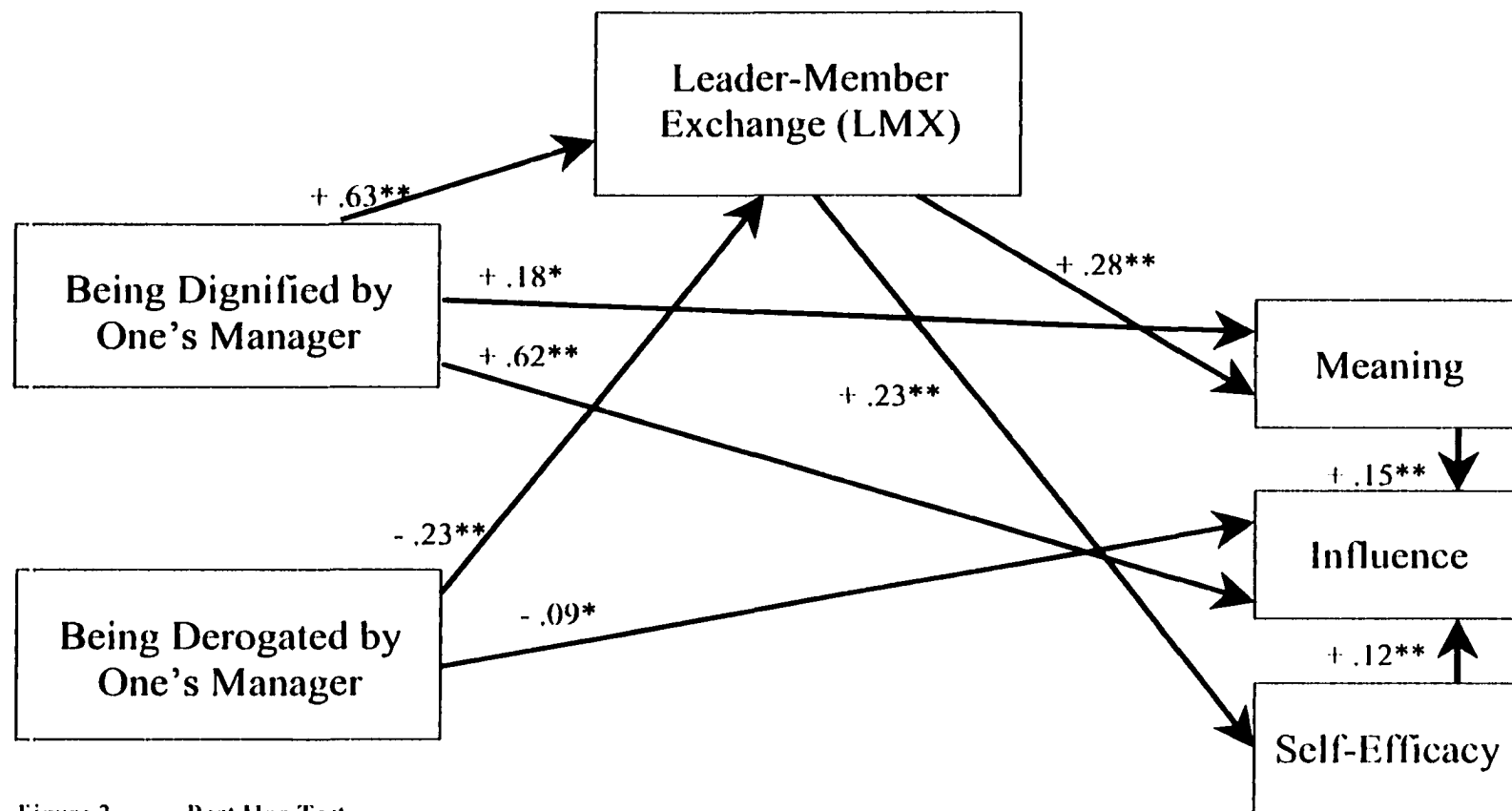


Figure 3. Post Hoc Test
* $p \leq .05$
** $p \leq .01$

CHAPTER 5

DISCUSSION AND CONCLUSIONS

This study contributes to our understanding of the impact of the behaviors managers direct toward their employees, and how dignification and derogation affect the quality of management-employee relationships. When managers dignify or derogate their employees, they indirectly affect psychological empowerment through LMX. When managers dignify their employees, they only affect two dimensions, meaning and influence; and when they derogate their employees, they only affect one dimension, influence. Past research was verified further showing that LMX had positive significant relationships with all the dimensions of psychological empowerment in the hypothesis test; in the post hoc test, the results were not replicated.

Being Dignified and Derogated by One's Manager

Being dignified by a manager, as shown by this study, has a direct relationship with the quality of the relationship between managers and their direct employees, namely LMX. Employees who perceive that their managers dignify them report better quality LMX than the employees who do not perceive to be dignified. This study shows further that when managers derogate, the quality of the relationship between the managers and employees is harmed. It is important to understand these relationships because dignification, derogation, LMX and psychological empowerment affect the commitment

of employees to the organization, performance on the job, and turnover rate, directly and indirectly.

This study showed that dignification and derogation did not affect all the dimensions of psychological empowerment. Dignification had positive, significant relationships with two of the dimensions, meaning and influence. Derogation affected only influence.

LMX Relationship

Earlier research showed that LMX has a relationship with psychological empowerment. In this study, these findings were replicated. Understanding the relationship that LMX has with psychological empowerment is beneficial to service organizations because LMX and psychological empowerment affect employee performance, commitment, and turnover (Sparrowe, 1994, 1995). Since LMX did not affect influence in the best fit model, it is suggested that future research should investigate this relationship further.

Psychological Empowerment

Psychological empowerment has been shown in previous research to affect employees' commitment and performance on the job, and reduce employee turnover. This study shows that LMX has a direct relationship with psychological empowerment. Since dignification and derogation affect LMX, and LMX affects psychological empowerment, dignification and derogation indirectly affect psychological

empowerment. The post hoc test showed that meaning and self-efficacy have direct relationships with influence, supporting Spreitzer's (1995, 1996) work.

What follows is a discussion of the limitations and conclusions of this study, and suggestions for future studies to explore these relationships further.

Limitations

The population consisted of service workers. In this study, the main emphasis was on hospitality industry employees, primarily hotel and restaurant workers. The sample for this study had to be convenient; unfortunately, the survey was conducted in an area that was unique in the United States—it was conducted in Las Vegas, NV. Even though most Las Vegas residents work in service industries, the city is quite different from most of the United States. This is a limitation because the results convey what can happen in an area similar to Las Vegas, and few cities can compare to Las Vegas in this respect.

A majority of surveys were filled out by students attending the University of Nevada, Las Vegas (UNLV) who are currently employees of various service organizations in Las Vegas. The rest of the surveys were filled out by employees in organizations surveyed by volunteers. A few surveys were also conducted in a small hotel located in Boston that offered to assist in the research.

To encourage students and other individuals to fill out the survey in a reasonable amount of time, a raffle was offered for all individuals who filled out the survey and who qualified. The raffle was conducted using an informed consent form that outlined what the survey entailed. The winner of the raffle had a choice between a 27-inch television, a

DVD player, or \$200 cash. To reduce the amount of bias that the raffle would produce, the nature of the prize was not disclosed until the surveys were completed. Providing a prize to a worker who fills out a survey can be enticing. Even though the subjects were students, they do represent qualified workers whose opinions are valid.

All of the data is self-reported, measured at a single point in time. Thus, common method bias may be an issue.

It would be wise to reconsider this study along the following lines: non-student employees from a cross-section of the hospitality industry and the addition of other variables (commitment, performance, tenure, and turnover).

Implications for Practice

Organizations should understand the impact employees being dignified by their direct managers has on LMX and psychological empowerment. This information can be beneficial to all service organizations. This research shows that dignification and derogation can affect the quality of relationships between managers and employees, and the degree to which workers perceive themselves as empowered. This research shows organizations the outcome of dignification or derogation. An awareness of these relationships is important for the betterment of the organization and the work force.

Conclusions

This study showed that employees being dignified and derogated by managers has a direct impact on LMX, and an indirect relationship with psychological empowerment. It also showed that LMX directly affected psychological empowerment in the hypothesis

test. LMX mediates the relationship between dignification and psychological empowerment. It is important for organizations to know and understand these results for betterment of the organization in the areas of employee commitment, performance, and turnover. Future studies in this area will be of further help in clarifying the importance of the manager/employee relationship.

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