

AN INDIVIDUAL, UNIT, AND ORGANIZATIONAL-
LEVEL EXAMINATION OF PERCEIVED EXTERNAL
PRESTIGE, PSYCHOLOGICAL CAPITAL, AND
PSYCHOLOGICAL EMPOWERMENT IN QUICK
SERVICE RESTAURANTS

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CHAPTER I

INTRODUCTION

The quick service restaurant (QSR) industry, also known as the fast food industry, continues to be a cornerstone of hospitality employment with approximately 3.2 million workers employed in 2008, and a projected 3.7 million workers projected to be employed by 2018 (Bureau of Labor Statistics, 2010). This is compared to other sectors of foodservice categories, composed of both front and back of house, which currently employ 2.4 million people, with a projected total employment of 2.5 million in 2018 (Bureau of Labor Statistics, 2010). With the QSR sector employment totaling approximately 1% of the total population (Bureau of Laobr Statistics, 2010) its importance as a subject group is apparent. QSR workers are of unique interest to hospitality research as those employed in the QSR industry tend to not have a high school diploma, and a majority of the workforce is composed of those in the teens and early twenties (Bureau of Labor Statistics, 2010).

With consumers spending lower due to the recent recession, the QSR segment has fluctuated in traffic and performance over the past few years. Specifically, National Purchase Diary (NPD)'s Crest, a service that tracks consumer usage of commercial food outlets as well as eating patterns nationally, indicated that customer traffic to QSRs was

up 1% in the third quarter of 2010, suggesting a slow but steady recovery, despite difficult economic situations. However, the restaurant industry as a whole continues to be 4% lower than where it was in the third quarter of 2008, in terms of traffic (NPD, 2010).

Consumer spending habits should be of great concern to hospitality operators and researchers alike, since customer spending directly impacts the fiscal fitness of a restaurant. An important question to ask is: what explains the relationship between satisfied customers and financial performance in QSRs? Some researchers have suggested that employee attitudes and behaviors serve as the key explanatory mechanism between customer perception's of service quality and satisfaction (Kim & Ok, 2010). This is especially important in a competitive landscape like that of QSRs in which flexibility and the ability to be responsive to competitive changes in product and service improvement is a necessity (Riordan, Vandenberg, & Richardson, 2005). However, could other factors also be part of the answer to the question of what determines financial performance? This dissertation seeks to explore this central question of how employees' state like attitudes affect different dimensions of performance including financial, safety and service.

Statement of the Problem

QSR researchers, employees, operators, franchisees and executives alike are constantly on the search to increase performance in restaurant units and employee attitudes. With consumers' spending changing, due to the mid-2000 recession, it is of vital importance to understand what affects a restaurant's revenues, customer satisfaction, food safety and employee-oriented outcomes, such as hope, optimism, resilience, self-

efficacy and empowerment. However, despite this apparent need to understand attitudinal, operational, and financial performance, hospitality and organizational literature relating to these outcomes is extremely limited. Therefore, the present study attempts to fill a gap in literature by examining how key employee attitudes and behaviors affect important attitudinal, financial, and operational outcomes at individual, unit, and organizational-levels.

Purpose of the Study

The purpose of this study is three-fold; the first is to comprehensively examine two individual constructs (psychological capital, and psychological empowerment) with the antecedent role of perceived external prestige (PEP). PEP is an individual's perception of how others view his or her work in a particular place of employment (Smidts, Pruyn, & Van Riel, 2001). In the QSR industry, which may be considered a stigmatized job, understanding how PEP affects positive state-like variables is important because PEP has previously shown to be related to be a result of affective commitment and job satisfaction (Carmeli & Freund, 2009). By extending this research stream to include positive state-like behaviors there will be a greater understanding of how to transform individual attitudes to produce greater performance. Hospitality managers and researchers can look for ways to improve employee PEP. Moreover, the study will examine how the role of the manager's customer orientation (CO) interacts with PEP in determining psychological empowerment (PsyEmp) and psychological capital (PsyCap). The second purpose is to examine the same constructs of PEP, PsyEmp and PsyCap to determine the effect on revenues, food safety performance, and service quality in the group context. In many

instances these constructs were shown to be related to individual performance. A call for more group level and collective research by Bowen and Ostroff (2004) provides the theoretical foundation for the second study.

Finally, it is important to note the differences between climate and culture. Climate and culture research has been in existence for several years, however the line between culture and climate is quite blurred. Schein (1992) discusses culture and provides a definition that culture is a pattern of basic assumptions that the group learned through problem solving and has worked well enough to be learned by new members as the right way to think and feel in relation to the problems. In other words, culture is a continuous learning process in that group members continue to pass culture on to new group members through social interaction. Climate, on the other hand is a concept that has been *formally* studied longer than culture in the organizational behavior literature. Morgeson and Hoffman (1999) say that climate is a collective view of ongoing events, between individuals that emerge from interaction and can overtime influence the system of interaction. Unlike culture, climate is typically studied as a specific construct, as is done with the second and third studies of this dissertation. Schneider (1990) agrees with this notion saying that climate should not be abstract but instead focus on climates of a specific outcome. Examples include a service climate, empowerment climate, ethical climate or employee involvement climate. The third study's purpose is to examine the constructs of PEP, PsyCap and PsyEmp from a corporate level, or organizational-level perspective, to see if and how these constructs differ from the unit-level within the organization. In other words, does the company's PEP, PsyCap and PsyEmp differ from those at the unit-level. By examining this, the line between climate and culture can be

further clarified, as in many cases the term organizational culture refers to the corporate level, which logically should set the tone for frontline operations.

Research Questions

1. How does PEP affect employee PsyEmp and PsyCap in QSR employees?
2. In QSRs, how does the variable PEP affect employee PsyEmp and PsyCap when moderated by manager customer orientation?
3. Does food safety and customer perceptions of service quality directly affect QSR revenues?
4. From a QSR unit-level perspective, how are unit-level PEP, PsyCap, PsyEmp related, and how do they affect:
 - a. Restaurant revenues?
 - b. Customer perceptions of service quality?
 - c. Food safety?
5. How do unit-level perceptions of PsyEmp, PsyCap and PEP differ from organizational-level PsyEmp, PsyCap and PEP?

Organization of the Dissertation

This dissertation is organized into seven chapters. The following chapter will provide a literature review and theoretical foundation for the present study. Chapter Three will examine the methodology, including how the research questions will be answered, population, sampling instruments, and data analysis techniques. Chapter Four includes the first research study regarding employee PEP and the prediction of state-like

psychological variables of PsyEmp and PsyCap. Chapter Five presents a study on restaurant revenues, food safety and service quality when considering group-level psychological variables PEP, PsyCap, and PsyEmp. Chapter Six, the final study, looks at organizational-climate and unit-level climate and its differences in PEP, PsyCap and PsyEmp from the top of the organization to the restaurant unit. Finally, Chapter Seven provides the conclusions, implications, and recommendations from the studies drawing final conclusions from the research questions presented in the study, as well as future research directions. The remainder of Chapter One examines the QSR industry as well as provides definitions of key terms used in the study.

Overview of the Quick Service Restaurant Industry

QSRs are unique for a variety of reasons. First, the operations of a QSR are simplified with much of the food preparation done in advance (Bureau of Labor Statistics, 2010). As mentioned previously, a QSR is also unique in that the education level and age of the employees is lower than in other segments of the hospitality industry. Employees are less likely to have a high school diploma because many are working part-time while in attending school (Bureau of Labor Statistics, 2010). The training required by employees in QSRs is also typically less than that of other restaurant segments. In particular, online training and self-study programs are used more often, whereas fine dining establishments and full service restaurants tend to focus more on service through classroom and on the job training (Bureau of Labor Statistics, 2010). QSR workers typically earn an hourly wage, with the exception of some drive-in restaurants that use a tip wage system that is higher than full service restaurant tip wage (M. Perry, personal

communication, December 12, 2010). According to the Bureau of Labor Statistics (2010), the median hourly wage for a QSR employee was \$7.90, this is compared to \$8.54 for bartenders, \$8.01 for wait staff at casual and full service dining, and \$8.05 for cafeteria employees, putting QSRs at the lowest on the earnings scale in the restaurant segment.

According to industry statistics, the average adult eats out at a restaurant almost six times per week (Kim, Hertzman, & Hwang, 2010). With adults eating out approximately 29% of all meals, the expansion of the QSR industry was easily foreseen. On the word of Spurlock (2005), in 1970, 70,000 restaurants were quick service and in 2005 nearly 185,000 restaurants fell under the QSR umbrella, 2.64 times higher than 35 years prior. The QSR industry can be separated into several segments with hamburger quick service (HQSR) and chicken quick service (CQSR) being the two most prevalent. The top three restaurants, in revenues, all fell under the HQSR umbrella. McDonald's, Burger King and Wendy's lead the United States restaurant market in revenues (Kim, et al., 2010). These restaurants, also known as chain restaurants, or multi-unit restaurants, make up the largest segment of the \$537 billion restaurant industry (Murphy, DiPietro, Rivera, & Muller, 2009).

Kim et al. (2010) reviewed a number of studies that examined the QSR industry. Namely, the authors state that Muller and Woods (1994) found the most important factors contributing to consumer choice are the brand name, menu characteristics, operational attributes, management tactics and strategic focus. When asking consumers what the most important attribute in visiting a QSR, Pettijohn, Pettijohn, and Luke (1997) identified quality as the most important factor, with other important attributes such as

cleanliness, value, and price also contributing to QSR visitation. These studies help researchers to understand what draws a customer into a restaurant; however, a study by Reich, McCleary, Tepanon, and Weaver (2006) found that both product quality and service quality are the key determinants of brand loyalty within a restaurant. Specifically, Reich et al.'s study found that taste of food, freshness of ingredients and temperature of the food were the attributes most likely to produce the greatest product quality. However, service in QSR is considered in a different manner. With the QSR industry, customer interactions are short and employees, their behaviors, and attitudes contributes to the overall experience of a customer's encounter with the restaurant. As most consumers see product quality as the determining factor in their choice of a QSR, it is the service provided in the short interaction that may result in the loss of a customer (Reich et al., 2006).

Definition of Key Terms

- Core Self Evaluations: "Broad, latent, higher-order trait indicated by four well established principles in the literature: (a) self esteem, the overall value that one places on oneself as a person; (b) generalized self-efficacy, an evaluation of how well one can perform across a variety of situations; (c) neuroticism, the tendency to have a negativistic cognitive/explanatory style and to focus on negative aspects of the self; and (d) locus of control, beliefs about the causes of events in one's life" (Judge, Erez, Bono, & Thorensen, 2003, pp. 303-304)
- Customer orientation: A state-like variable regarding an employee's attitude toward satisfying a customer and a customer's need (Grizzle, Zablah, Brown, Mowen, &

Lee, 2009, p. 1228)

- Customer orientation climate: The shared set of beliefs a unit holds regarding a restaurant's focus on satisfying customer needs as overseen and implemented by managers (Grizzle et al., 2009, p. 1229).
- Leader member exchange: Quality of the dyadic relationship between a leader and follower that has important implications on individual and group outcomes (Dansereau, Graen, & Haga, 1975).
- Organizational citizenship behavior: "Discretionary, extra-role behaviors on the part of an employee that have been shown to influence managers' evaluations of performance" (Posdakoff & Mackenzie, 1994, p. 351)
- Organizational behavior: "Studying behavior of individuals and groups within organizations" (Heath & Sitkin, 2001, p. 44).
- Perceived external prestige: How employees perceive others viewing the organization in which he or she is employed (Bartels, Pruyn, De Jong, & Joustra, 2007, p. 173).
- Person-Organization Fit: "The compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, or (b) they share similar fundamental characteristics, or (c) both" (Kristof, 1996, p. 6).
- Positive organizational behavior: "The study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace" (Luthans, 2002, p. 59).
- Psychological capital (PsyCap): "An individual's positive psychological state of

development characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering towards goals and, when necessary redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success” (Luthans, Youssef, & Avolio, 2007, p. 3)

- Psychological empowerment (PsyEmp): A four-dimensional state consisting of: (1) meaningfulness, (2) competence, (3) self-determination, and (4) impact (Spreitzer, 1995).

CHAPTER II

LITERATURE REVIEW

Psychological Capital

Since the mid 2000's a substantial body of literature has begun to emerge regarding the concept of psychological capital (PsyCap). PsyCap is a higher order construct composed of four variables including hope, optimism, resilience and self-efficacy. The PsyCap literature has remained in the organizational behavior (OB) area despite its potential for impact in the hospitality domain. Luthans, Avolio, Avey and Norman (2007) state that PsyCap is:

“An individual's positive psychological state of development characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals and, when necessary redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success” (p.542).

The concept of PsyCap has found its place in the OB literature in a subcategory referred to as Positive Organizational Behavior (POB), which has been defined as the study of positively oriented psychological variables that can be utilized for performance

improvement (Luthans, 2002, p. 59). Despite the construct PsyCap being a higher order construct that can be measured individually as four variables, studies have shown that PsyCap, as a whole, has stronger predictive power in determining work attitudes than each of the variables alone (Larson & Luthans, 2006), as presented in the current studies. As the QSR is known for their high turnover and minimal training, developing PsyCap in employees may serve as an important catalyst to improve performance within restaurants.

The days of ‘gloom and doom’ (Youssef, 2004) in the organizational literature, while still present, have diminished since the emergence of POB. With focuses on what employees do right and their strengths, the move away from dysfunction and negativity has brought on a new era of research in the organizational and hospitality fields. Youssef (2004) states “Organizational leaders, employees, stakeholders, and even lay observers have become constantly on the watch for positive, innovative, and morally-sound approaches for developing and managing today’s organizations for sustainable performance and effectiveness” (p.2). With this in mind, it is warranted to believe that PsyCap may be a critical factor in the success of hospitality employees in the work place. In times when economic hardship is upon us, those employees and leaders who can instill a sense of hope, optimism, resilience and self-efficacy in their work are likely to provide superior performance for their organization, through the satisfaction of customers.

Previous studies on PsyCap help to support this notion that positive states will bring on positive results, especially within the individual employee. In relation to an individual’s health and well-being, PsyCap has been found to be related to positive well-being as well as overall general health (Avey, Luthans, Smith, & Palmer, 2010). Past studies have also supported the relationship between PsyCap, job satisfaction and

organizational commitment (Luthans, Avolio, Avey, & Norman, 2007). Moreover, additional studies have supported this relationship and found that PsyCap fully mediates the relationship between these variables and supportive climate as well as self-reported and management evaluated performance (Luthans, Norman, Avolio, & Avey, 2008). In other words, the study found that supportive climates experience greater PsyCap and in turn performance. Avey, Reichard, Luthans, and Mhatre (2011) conducted a meta-analysis to examine how PsyCap relates to employee attitudes and behaviors. They found that PsyCap is positively related to job satisfaction, commitment and psychological well-being at work, as mentioned previously.

More studies have shown that PsyCap has predictive power in explaining performance in the workplace. PsyCap has been positively linked to manager rated performance in that the greater levels of PsyCap, the higher ratings managers would provide the given employee in terms of performance (Avey, Nimnicht, & Pigeon, 2010). Similar results were found in an objective performance context (customer referrals), though not at the same level of magnitude as the manager rated performance (Avey, Nimnicht, et al., 2010). In utilizing both self-reported performance and manager's ratings of performance of the employee, additional support was garnered for the PsyCap to performance relationship (Luthans, Norman, Avolio, & Avey, 2008). Most recently, Peterson, Luthans, Avolio, Walumbwa and Zhang (2011) found that over time, PsyCap had predictive power in explaining both supervisor related performance as well as individual sales revenue. Moreover, this study also suggests that performance does not lead to PsyCap but in actuality, PsyCap leads to performance (Peterson, Luthans, Avolio, Walumbwa, & Zhang, 2011). Related to the second study, one of the only empirical

examinations of PsyCap as a collective, found that PsyCap mediated the relationship between authentic leadership and group performance as well as authentic leadership and group citizenship behaviors (Walumbwa, Luthans, Avey, & Oke, 2011).

Organizational Citizenship Behaviors have also been used in relation to PsyCap. Norman, Avey, Nimnicht, and Pigeon (2010) found that PsyCap was related to ‘beyond the call of duty’ behaviors. Moreover, the study examined two interaction effects between PsyCap and organizational identity with their relative outcomes to both OCBs and deviance behaviors. Norman et al. (2010) found that the relationship between PsyCap and OCBs would be greater when identification with the organization was high. Similarly, the relationship between PsyCap and deviance would be stronger when identification was high, in turn resulting in the lowest deviance from employees (Norman, et al., 2010).

Most relevant to the present study, Walumbwa et al. (2010) found that from a multilevel perspective, followers will have the greatest job performance when their own PsyCap is greatest and when moderated by a high climate for service. Similarly, followers, with high PsyCap, will have greater job performance when their leader’s PsyCap is also high. This suggests that both service climate and the role of a leader have an impact in an employee’s performance. Related to the notion of service, Avey et al. (2011) meta-analysis stated that PsyCap is more effective in service settings versus manufacturing settings, which is relevant to the hospitality industry that strongly relies on service encounters.

Continuing with the perspective of the leader, transformational leadership was found to be positively related to empowerment, but more interestingly, PsyCap in this study was found to have a stronger effect on empowerment than being a transformational

leader (Avey, Hughes, Norman, & Luthans, 2008). Moreover, this same study suggests that empowerment may serve as a mediator between PsyCap and intentions to leave the organization. In a similar study, PsyCap was used as an outcome variable to transformational leadership, suggesting that in fact PsyCap may be developed through an employee's leader or supervisor (Gooty, Gavin, Johnson, Frazier, & Snow, 2009). This is especially relevant to the second study of this dissertation, which focuses on PsyCap and PsyEmp Gooty et al. (2009) also state that PsyCap is positively related to in-role performance and OCBs (individually and organizationally). The same study also found a full mediation model in that PsyCap mediated the relationship between transformational leadership and in-role performance and OCBs. In considering authentic leadership, PsyCap, and each of its variables, helped to explain the development of this leadership quality within entrepreneurs (Jensen & Luthans, 2006). From a multilevel perspective, PsyCap was found to be passed from a leader to the follower and that the follower PsyCap is related to their supervisor-related performance (Walumbwa, Peterson, Avolio, & Hartnell, 2010), supporting the notion that leaders have an impact on PsyCap given performance ratings of their employees, an important point in the third study.

PsyCap was also used in studies as a means in which to combat or deter negative work outcomes. Specifically, PsyCap was found to be negatively related to job stress as well as intentions to quit and job search behaviors (Avey, Luthans, & Jensen, 2009). Similarly, when considering involuntary absenteeism at work, PsyCap served as a significant predictor, although was not as strong as a predictor in determining voluntary absenteeism (Avey, Patera, & West, 2006). PsyCap has also been found to be significantly negatively related to employee cynicism, or a pessimistic viewpoint about

change occurring by those responsible for the changes at work (Avey, Hughes, et al., 2008). Moreover, PsyCap and positive emotions may play a key role in combating dysfunctional attitudes and behaviors that may deter organizational change (Avey, Wernsing, & Luthans, 2008). Specifically, it was found that in addition to cynicism as discussed previously, PsyCap helps to discourage deviant behaviors in the workplace and will in fact be a catalyst for positive organizational change (Avey, Wernsing, et al., 2008). Avey et al. (2011) concur with these past findings. In their meta-analysis also found that PsyCap is negatively related to undesirable workplace attitudes such as cynicism, turnover intentions, deviance, stress and anxiety.

Psychological Empowerment

The empowerment concept has been examined in a plethora of studies, but is most often classified into two different categories: structural empowerment and psychological empowerment (PsyEmp) (Ahearne, Mathieu, & Rapp, 2005; Mathieu, Gilson, & Ruddy, 2006; Spreitzer, 1995). Structural empowerment refers to the actual responsibilities and duties delegated to the employees, particularly through a leader (Leach, Wall, & Jackson, 2003), but the foci of the studies presented here are on the other form of empowerment called PsyEmp. Consisting of four elements, PsyEmp is composed of (1) meaningfulness, (2) competence, (3) self-determination, and (4) impact (Spreitzer, 1996). Wallace et al. (2011) state, “Unlike structural empowerment, PsyEmp utilizes social information processing as the theoretical underpinning. As a result, PsyEmp has been shown to transform individual behaviors above and beyond the capabilities of structural empowerment alone” (p. 840). With this said, it can be easily understood why

empowerment, with its ability to transform behaviors, has been such a mainstay in the organizational and hospitality literature.

Spreitzer (1996) described *meaningfulness* as “a fit between the requirements of work role and a person’s beliefs, values and behaviors” (p. 484). The second variable *competence*, refers to an individual’s belief that he or she is capable of performing the work and tasks that are required for one’s own job (Spreitzer, 1996). *Self-determination*, is “a sense of choice in the initiation and regulation of actions” (Hancer & George, 2003, p. 5). Deci and Ryan (1985) claim that self-determination describes motivation in that those who are in control of their own destiny (internal locus of control) will be more motivated to take control of their work and their environment (Hancer & George, 2003). Finally, *impact*, refers to the influence on strategy and operational outcomes that an individual can provide in the workplace (Spreitzer, 1996). The construction of the PsyEmp scale, as referred to by Spreitzer (1996), is an active orientation to one’s work manifested in these four variables.

In considering service quality and the performance of services rendered in the hospitality industry, the question has been asked; does PsyEmp serve as a predictor of service quality performance? In the service sector, front-line staff empowerment was related to service quality, but this did not hold in the technological services sector (Ueno, 2008). Similarly, within a U.S. hospitality organization, the relationship between empowerment and motivation to improve service quality was supported (Ping, Murrmann, & Perdue, 2010). Wallace et al. (2011) showed that a collective PsyEmp climate, when moderated by accountability, was highly related to improved service performance as perceived by customers as well as restaurant sales in QSRs. Sparks and

Bradley (1997) further this notion that empowerment increases service performance claiming that “empowerment of staff and an emphasis on appropriate communication styles are important to enhance consumers’ satisfaction level” (Leong & Woo Gon, 2002, p. 68). Similarly, Leong (2001) found that employees who felt empowered provided a superior product and service to their customers with the goal of exceeding customer expectations, building rapport, and increasing customer loyalty and return. However, despite the overwhelming support that empowerment leads to greater service quality in the hospitality sector, a direct and negative relationship was found to be marginally significant in a United States steakhouse chain (Gazzoli, Hancer, & Park, 2010). Based on the previous stream of logic, it is reasonable to believe that PsyEmp has powerful predictive ability in determining performance of service quality, the focus of the second study.

Aside from service quality, empowerment has been linked to a variety of other positive outcomes in the workplace that would help to explain organizational performance and service quality. An extensive body of work, as reported by Gazzoli et al. (2010), states that empowerment is related to job satisfaction and in their own study confirmed this finding within full service restaurants in the U.S. The relationship between empowerment and trust and leader member exchanges (LMX) was examined and results showed the LMX was a strong predictor of empowerment suggesting that “when employees understand their jobs clearly and receive higher support from their managers, they will assume more responsibility, and feel more empowered” (George & Hancer, 2003, p. 44). Similar results were found in the same study with regards to trust. Seibert, Wang, and Courtright (2011) meta analyzed the individual consequences and outcomes

regarding both behaviors and attitudes of PsyEmp. In terms of consequences, PsyEmp was shown to be related to be positively related job satisfaction and organizational commitment while negatively related to strain and turnover intentions. Further, contextual antecedents of PsyEmp on the individual-level were high-performance managerial practices, social-political support, leadership and work design. Similarly, individual characteristics included positive self-evaluation traits, gender, education, job level, tenure and age. Related to this dissertation from a hospitality perspective, PsyEmp and job satisfaction had the strongest effect in the service sector, much like that of hospitality. However, this did not yield a significant relationship with performance (Seibert, Wang, & Courtright, 2011)

The relationships between leadership and empowerment have also been explored, giving way to much of the foundation for the present research, as discussed later. Specifically, Spreitzer, De Janasz, and Quinn (1999) hypothesized that empowered leaders are more likely to be innovative, provide upward influence, and are more inspirational than non-empowered leaders. Avolio et al. (2004) examined the relationship between transformational leadership and organizational commitment and found that PsyEmp mediated this relationship. Interestingly enough, PsyEmp may benefit those with less experience than those with more. Results have shown that employees with lower levels of knowledge, regarding a product or industry, and with less experience will gain, or benefit, the most from empowering leadership behaviors versus those who received no benefit despite greater knowledge (Ahearne et al., 2005). In QSRs this may be particularly important as the turnover is high, and training is minimal. So when employees feel empowered they should in turn provide greater service, despite less

knowledge. Within groups, empowering leadership plays a critical role in team performance. As found in the hotel industry, those with an empowering leader showed greater team efficacy and in turn greater performance (Srivastava, Bartol, & Locke, 2006).

Team and group empowerment is becoming increasingly popular as more organizational and hospitality researchers understand that most employees are indeed working in groups and teams. Chen, Kirkman, Allen and Rosen (2007) suggest that as organizations move toward a team-based focus of operating, managers in turn will also be asked not only to manage, lead and motivate individuals, but also manage, lead and motivate groups and teams. In their multilevel study of leadership, empowerment and performance, Chen et al. (2007) found that LMX and leadership climate interacted to influence individual empowerment. The same study also found that both leadership climate and LMX were only partially mediated by empowerment in predicting individual performance; additionally they found that team empowerment moderated the relationship between individual empowerment and performance. In another multilevel study of resistance to empowerment, Maynard et al. (2007) found that a resistance to empowerment negatively affected customer satisfaction and that resistance to empowerment was negatively related to job satisfaction. Finally, Seibert, Wang, and Courtright (2011) conducted a meta-analysis to determine the antecedents and consequences of team-level PsyEmp. They found that team empowerment was related to both self report and non self report measures of performance. While variables such as high-performance managerial practices, socio-political support, leadership, work design, and team size served as antecedents to team PsyEmp. Related to the second study, this

paper will seek to examine how perceived external prestige can serve as a group level antecedent to PsyEmp.

Perceived External Prestige

Perceived external prestige (PEP) “represents how an employee thinks outsiders view his or her organization (and thus him or herself as a member thereof)” (Smidts, et al., 2001, p. 1052). PEP as described by Smidts et al. (2001), is a result of a variety of inputs and sources of information such as word of mouth, publicity and internal communications regarding how the organization is perceived. Fuller et al. (2006) showed that organizational visibility, status level of the employee, and success in achieving organizational goals are antecedents to creating organizational prestige.

A variety of outcomes, mostly related to organization identification, and reputation have been found to be a result of PEP. Reputation has been found to be related to a firm’s financial performance and a firm’s stock value, which is related to the second study’s hypotheses (Hammond & Slocum Jr, 1996; Roberts & Dowling, 2002). From an organizational behavior perspective, organizational identification can be thought of as how employees view themselves in the organization (Cooper & Thatcher, 2010) which differs from PEP in that PEP considers how employees believe others view their employment at that given organization. Smidts et al. (2001) found that employees identify with organizations that they believe are positively viewed by others. This concept has also been negatively linked to employees’ turnover intentions (Mignonac, Herrbach, & Guerrero, 2006). This same study also found that when the need for organizational identification was low, PEP had little impact on turnover intentions; whereas when the need for organizational identification was high, PEP had a great impact

on turnover intention (Mignonac et al., 2006). Carmeli also explored the notion of how organizational culture affects climate, and in turn the PEP and net profit of an organization. He found that when PEP is more favorable, return on sales are also more favorable (Carmeli, 2004). From an employee perspective, Carmeli and Freund (2009) found that PEP was related to increased job satisfaction and commitment in social service workers. This in turn led to lower turnover intentions, which is important in an industry such as QSR that has high turnover (Carmeli & Freund, 2009). Carmeli and Freund (2002) found that organizational commitment, specifically affective commitment, was found to be greater in favorable PEP. The employees of the company they examined chose and wanted to be a part of the company in which they were employed because of the favorable PEP (Carmeli & Freund, 2002). However, despite some empirical evidence the stream of literature regarding PEP remains very limited, and is nonexistent in the hospitality context. Especially salient, due to the fact that QSR employment can be considered a 'stigmatized job' or a last resort, understanding how different employee attitudes affect PEP is important.

Ashforth, Kreiner, Fugate, and Clark (2007) presented a qualitative examination of dirty work that helps to justify the use of PEP in the present study. Fast food work is often thought of as a last resort or as a job for teenagers. They state that dirt is bad and clean is good. Within fast food restaurants, it is easy for one to assume that employees can get dirty with the amount of fried products being served, which is quite common in HQSR as well as other fast food establishments. Ashforth et al. (2007) claim that when dirty workers, or in the present case fast food workers, look to others for positive reinforcement of their jobs, they are likely to be frustrated because it is these people who

are glad others are doing the job and will distance themselves from the dirty type of work. Related to the notion of PEP, how others view ones work is similar to this concept. If one views the organization in which one works poorly, the consequences that may result could lead to a decrease in positive attitudes or in the dissertation's case decreased PsyEmp and PsyCap.

Customer Orientation

One of the original studies on customer orientation (CO) was in 1982, when Saxe and Weitz attempted to explore how salespeople seek long-term customer satisfaction (Saxe & Weitz, 1982). Since then, the past 20 years has seen many studies regarding the topic, with many coming from the hospitality literature. CO can be defined as a state-like variable regarding an employee's attitude toward satisfying a customer's needs (Grizzle et al., 2009). It is state-like in the fact that CO can be learned or influenced by the environment and others instead of remaining stable over time and context. Brown, Mowen, Donovan, and Licata (2002) similarly define the concept as "an employee's tendency or predisposition to meet customer's needs in an on-the-job context" (p. 111). CO was considered an individual-level variable until Grizzle et al. (2009) defined the concept from a unit-level perspective.

The marketing concept says that organizations that satisfy customer needs will inevitably achieve success (Brown, Mowen, Donovan, & Licata, 2002). Considering a CO climate, units or in the present case individual restaurants, may differ on their focus on customers due to policy implementation put forth by the unit (Grizzle et al., 2009). Grizzle et al. (2009) suggest that a CO climate is a facet of the service climate, which is a

shared belief regarding the perceptions of policies, practices and procedures that support customer service. These shared perceptions are then rewarded and supported by the organization (Schneider, Salvaggio, & Subirats, 2002). Grizzle et al. (2009) suggest that higher degrees of unit-level CO climate provide employees, particularly those with high CO, the chance to fulfill customer needs, allowing for customer oriented behaviors to be carried out more frequently. This same theory is used in the present context, as perceived manager CO climate may lead to enhanced individual attitudes (e.g. PsyEmp and PsyCap), which in turn can create greater perceptions of service by the customer and organizational performance. The following review explores how CO has been linked to a variety of outcomes to support this notion presented later in the manuscript.

With the present study focusing on CO at the individual-level, it is important to understand how CO is created. The determination of CO can come from a dispositional perspective (Brown et al., 2002) or from an organizational perspective. Considering the organizational perspective, the centralization of the organization has been found to decrease the formation and implementation of CO (Auh & Menguc, 2007). In turn, centralization of the firm detracts from firm performance as evaluated by employees and return on assets. This is because firms with “communication and cross-functional barriers will deter horizontal decision-making within the organization (Auh & Menguc, 2007, p. 1031). However, when a firm does successfully implement CO into its structure and employees, the formalization of rules, and procedures can aid firm performance (Auh & Menguc, 2007). Other organizational strategies that firms may consider also affect CO and firm performance. For example, Dev, Zhou, Brown, and Agarwal (2009) compared a CO versus a competitive orientation, in which firms focus on local competition instead of

customer needs. The results suggest that when organizations focus on CO, the greater the positive effect on a hotel's occupancy, gross operating profit, and market share.

Similarly, both CO and competitor orientation were found to be related to service innovation, which in turn is related to performance within a market (Grawe, Haozhe, & Daugherty, 2009). This research suggests that a customer-oriented business is likely to be more focused on a long-term business strategy versus short term profit gain (Grawe et al., 2009, p. 295).

CO was found to be related to a variety of outcomes regarding employees' attitudes and perceptions, which is an antecedent in the service relationship (Kim & Ok, 2010). Specifically, customer climate, or the extent to which employees believe the firm is oriented toward its customers was found to be negatively related to an employee's role conflict (Coelho, Augusto, Coelho, & Sa, 2010). Role conflict occurs when an individual experiences a perceived incompatibility with two or more members of different groups be it with family, friends, peers or work (Coelho et al., 2010). Other studies have investigated how CO affects customers' perceptions about an employee's job. Specifically, CO has been found to be an antecedent to job satisfaction, commitment and OCBs (Donavan, Brown, & Mowen, 2004). An OCB occurs when an employee goes beyond job requirements to promote positive outcomes for an organization (Donavan et al., 2004) and has been found to be positively related to customer perceptions of service quality, manager ratings of employee performance and objective unit sales performance (Bienstock & DeMoranville, 2006; Posdakoff & Mackenzie, 1994). Farrell and Oczkowski (2009) concur with some of Donovan et al. (2004) results as they found that CO is positively related to organizational commitment and OCBs in employees. This

study also found that CO is related to person-organization fit, or the compatibility between a person and organization (Kristof, 1996), and that perceived organizational support predicts CO. A person-organization fit is important to an organization because studies have shown that it is linked to employee retention, job satisfaction and work related attitudes (Resick, Baltes, & Shantz, 2007). From a dispositional perspective, CO has been found to be highly related to emotional stability, agreeability and the need for activity that Brown et al. (2002) state are basic personality traits. Similarly, the same study also claims that CO and conscientiousness make up around 26% of self-rated performance, and CO, conscientiousness and agreeability can account for around 12% of managers' ratings of performance.

As front line employees carry out the actions warranted by the parent organization, leadership becomes a cornerstone in how employees perform. Liao and Subramony (2008) show that senior leaderships' CO is related to an employee's CO, a notion that is particularly salient in the Chapter Six, which examines how the central office of a multi-unit restaurant chain is related to the front line employee attitudes at the unit-level. More explicitly, when senior managements' CO is low this translates to lower CO in the front line employees (Liao & Subramony, 2008, p. 324). Other studies have supported different types of leadership as antecedents to CO. Liaw, Chi and Chuang (2010) found that transformational leadership, or a leader's charisma, inspirational motivation, intellectual stimulation and individualized characterization was positively related to CO. Similar to Donovan et al.'s (2004) study on perceived organizational support, Liaw et al. (2010) also found that perceived supervisor support serves as an antecedent to CO. The present studies evaluate the management of a unit's CO, and in turn the influence that unit CO

has on individual and group attitudes, making the notion of leadership within a unit particularly salient.

Considering an individual's CO, some studies have examined the effect of the construct on performance, another important notion for the present studies. Jaramillo and Grisaffe (2009) found that CO has an effect on performance growth between individuals, however this same study failed to show that CO directly affects sales performance. Additionally, in sales contexts, in which teams are utilized versus individual performance, results supported greater CO in teams. This aids in enhancing the notion that teams will help each other and create more of a customer culture versus a culture of individualistic sales performance. Other studies have supported the CO to performance relationship. Namely, it has been suggested that "Service orientation and consumer perceptions regarding employee service performance indicate that the more a firm stresses a high-standard service and transaction environment, the higher the level of employee performance" (Wu, Liang, Tung, & Chang, 2008, p. 1257).

CO was also found to be positively related to profit goal achievement, sales goal achievement, return on investment achievement and innovativeness in the hotel industry in Switzerland (Tajeddini, 2010). However, not all studies have supported the CO to performance relationship. Liaw et al. (2010) did not find a significant relationship between CO and employee service performance as measured by customer ratings.

But what may be of greatest concern within the hospitality industry is how CO affects different customer-oriented behaviors. Logically, it has been found that CO is positively related to customer loyalty (Colwell, Hogarth-Scott, Depeng, & Joshi, 2009). Dean (2007) examined CO from two different perspectives: customer focus and customer

feedback and found similar results. Specifically, it was revealed that customer focus was directly related to customer loyalty whereas customer feedback was shown to be related to affective commitment of the customer to the organization (Dean, 2007). Donovan et al. (2004) found that employees with greater levels of CO have more contact time with customers as those who are more customer oriented want to spend more time satisfying customers than those who are not. Kim and Ok (2009) studied the effects of CO on a variety of different outcomes. They found support for the relationships between CO and customer satisfaction and rapport, but failed to find support between CO and affective commitment. They claim that “service employees’ CO level is a critical driver of customer satisfaction, and ultimately in customer retention” (p.49) especially in full-service restaurants. Moreover, CO has been found to be directly related to brand loyalty, and serves as an antecedent to brand loyalty when mediated by perceived quality and satisfaction (Ha & John, 2010).

Performance Outcomes

Any organization within the hospitality industry has objective performance measures that they must maintain to be successful; however, success within the hospitality industry varies. For example, Four Seasons Hotels and Resorts success criterion may be to serve the customer and create satisfaction regardless of the cost. The QSR industry may have a different perspective where the bottom line may be more of concern to the restaurants and its franchisees versus providing superior service. Therefore, the present studies plan to examine a variety of performance outcomes relevant to the hospitality industry including restaurant revenues, service quality and food

safety scores to see how the different performance outcomes are related as well as to see how employee attitudes affect these objective measures. Additionally, from an internal perspective the second study, as discussed in a later section, an employee's perception of organizational prestige and reputation will be examined.

Revenues

It is logical to assume that the greater the probability of repeat purchase, the greater restaurant revenues should be. However, research is still ambiguous regarding this connection and should be examined further (Gupta, McLaughlin, & Gomez, 2007). Using the same stream of logic, and previously discussed literature review, it has been shown that PsyEmp, CO and PsyCap have been linked to employee performance and should therefore result in greater organizational performance. Revenues, or total gross sales, are a simple, and easy to use measure of performance by a restaurant. Revenues can be thought of as a formula of traffic multiplied by average guest check (Traffic x Check). Where traffic is the number of orders that occurred and check being the total dollar amount of the order. If traffic increases, but average check decreases, overall revenues may be diminished. Similarly, if traffic diminishes but average check increases, overall revenues may decline depending on the magnitude. Therefore, it should be an objective for QSR managers to find the optimal balance of Traffic x Check to increase revenues without decreasing price. It is theorized that an increase of service will increase brand loyalty (Reich, McCleary, Tepanon, & Weaver, 2005), in turn increasing traffic without needing to increase prices.

Although increasing revenues may be a common goal for managers, profit and

income are the true measure of a restaurant's success. However, metrics such as profit and net income are contingent upon a variety of factors that are outside the employees' control including utilities, maintenance, etc. Therefore, revenues was selected because as later hypothesized, employees may have a direct relationship with revenues in that loyal customers may return more often as a result of customer perceptions of service—in turn these customers will either spend more money, return more often or both.

Customer Perceptions of Service Quality

Customer perceptions of service quality have been linked to a variety of positive outcomes for organizations including: customer satisfaction, and customer return and loyalty. These factors have in turn been shown to lead to higher profits for a given organization (Borucki & Burke, 1999; Bowen, Siehl, & Schneider, 1989; Liao & Chuang, 2004; Salanova, Agut, & Peiro, 2005). Researchers have suggested that employee attitudes and behaviors are a critical predictor to the customer's perception of service quality and satisfaction (Kim & Ok, 2010). This is especially salient in a competitive landscape, like that of QSRs, in which flexibility and the ability to act responsively to competitive changes in product and service improvement is a necessity (Riordan, Vandenberg, & Richardson, 2005).

Food Safety Performance

Food safety continues to be a cornerstone of the QSR industry. With both external (health department) and internal (restaurant owners, restaurant managers, corporate office) checks and balances helping to ensure safe food being served to customers, the

concern for food safety from customers and organizations is high. The cost of a food-borne illness outbreak can be expensive to even the largest of operations, with costs of at least \$100,000 for each incident (Knight, Worosz, & Todd, 2009). After which, the restaurant is likely to operate with a tarnished reputation within the community and even perhaps throughout the country. An incident at Jack in the Box in 1993 not only caused a severe sales loss for the organization, but also lost the good faith of customers in the Washington area and nationwide when it was reported that three children under the age of three passed away as a result of tainted food found in the restaurant (Liddle, 1997). In fact, the Center for Disease Control and Prevention (CDC) estimates that food borne diseases account for 5,000 deaths and 325,000 hospitalizations every year in the U.S. (Mead et al. 1999). However, despite the potential financial impact food safety can have on an independent or chain restaurant, few psychological constructs have been linked to food safety outcomes in restaurants. Because few studies have been related to an objective measure of food safety in restaurants, this dissertation seeks to explore how employee behaviors can in turn affect food safety. As PsyEmp and PsyCap training has been used to help to increase performance (Luthans, Avey, Avolio, & Peterson, 2010) practically a relationship between PsyCap and food safety as well as PsyEmp and food safety could also warrant an increase in safety behaviors. It should be noted that food safety within this dissertation was conceptualized as safety performance measures enacted to protect consumers. This included proper food storage, food temperatures, cleanliness etc., within the restaurant. In other words, food safety performance does not measure outside of the restaurant operations, which are further up the purchasing supply chain.

The previous literature review lends support for the theorized relationships between PEP, PsyCap, PsyEmp, and outcomes such as revenues, service quality, and food safety. By studying these variables in the QSR context, managers can apply the given results to improve restaurant performance, while researchers can fill theoretical voids in the present literature. Next, the methodology utilized in the studies will be discussed including the hypotheses, sampling, instruments and proposed statistical analysis.

CHAPTER III

METHODS

This research study focused on how individual and collective PEP, PsyEmp and PsyCap in employees operate in QSRs. First, using a modified version of Spreitzer (1995; 1996)'s scale of PsyEmp, a modified version of Luthans et al. (2002) measure of PsyCap and the exact Grizzle et al. (2009) scale of CO climate (measuring employee's perceptions of a manager's CO), this study examined how these constructs worked together and independently for the first time. The previous literature review provided a basis for analysis in the study and may provide invaluable knowledge to hospitality researchers and operators alike who are seeking ways to increase performance through changes in employee attitudes and behaviors. Second, this study sought to determine how, at a unit-level, PEP, PsyCap and PsyEmp affected performance in QSRs, specifically considering food safety performance, service quality and revenues.

The final study determined how, at an organizational-level, the constructs of PsyEmp, PEP, and PsyCap differed from a unit-level. In times when organizational culture or climate and 'best places to work' are highly sought after by workers, explaining how a corporate climate transfers to the front line employees will help to justify or disprove the notion that a corporate culture sets the tone for multi-unit

organizations.

Population and Sampling Method

The population of interest for this study was QSR employees at all levels including front-line workers and assistant managers, who were hourly employees. The data was be collected from a national chain of QSRs located throughout the U.S. The sample was limited to employees, 18 and older, who volunteered to participate after a notification and recruitment process. The third study also included corporate employees that have direct contact with the stores, including professionals in the marketing and operations departments at the QSR's headquarters. These two departments play a critical role in the operational execution and delivery of products and therefore served as the 'organization-level' climate needed to provide a multilevel study. Within the marketing department, data was collected from the following sub groups: Product Innovation, Media and Advertising, Consumer Research, and Brand Management. From the operations department, data was collected from the following sub groups: Quality Assurance, Operational Execution, Equipment Management and Purchasing.

Data Collection

The surveys were administered via e-mail and survey links available on the parent company's intranet site. Two regional vice presidents and directors within the organization, who agreed to assist in the data collection of the study, delivered the recruitment e-mail. A small monetary incentive was given to a randomly selected store that qualified for entrance in a raffle. Qualification for the monetary incentive included

receiving three separate responses for an individual restaurant. For every additional three responses, another entry was placed in the random drawing. Data collection took place over a two-week period. The managers of the restaurants, who were contacted by the directors and regional vice presidents, invited the employees within each restaurant unit to participate in the study.

Research Questions

1. How does perceived external prestige affect employee psychological empowerment and psychological capital in quick service restaurant employees?
2. In quick service restaurants, how does the variable perceived external prestige affect employee psychological empowerment and psychological capital in employees when moderated but a manager's customer orientation?
3. Does food safety and customer perceptions of service quality directly affect quick service restaurant revenues?
4. From a quick service restaurant unit-level perspective, how are unit-level perceived external prestige, psychological capital, psychological empowerment related, and how do they affect:
 - a. Restaurant revenues?
 - b. Customer perceptions of service quality?
 - c. Food safety?
5. How do unit-level perceptions of psychological empowerment, psychological capital and perceived external prestige differ from organizational-level psychological empowerment, psychological capital and perceived external

prestige?

Hypotheses

Research question one was analyzed via simple regression analysis based on two different hypotheses:

Hypothesis 1_{a-b}: Perceived external prestige will positively predict employee psychological capital (a) and psychological empowerment(b).

Research question two was analyzed via moderated regression analysis based on two hypotheses:

Hypothesis 2_a: When perceived external prestige is high, psychological capital will be greater when there is high manager customer orientation than when there is low manager customer orientation.

Hypothesis 2_b: When perceived external prestige is high, psychological empowerment will be greater when there is high manager customer orientation than when there is low manager customer orientation.

Research question three was analyzed using bivariate correlations based on two different hypotheses:

Hypothesis 3_a: Food safety performance will be positively related to restaurant revenues.

Hypothesis 3_b: Customer perceptions of service quality will be positively related to restaurant revenues.

Research question four used simple and mediated regression based on 12 different hypotheses:

Hypothesis 4_{a-b}: Group psychological empowerment (a), group psychological capital (b) will be positively related to restaurant revenues.

Hypothesis 4_{c-d}: Group psychological empowerment (c), group psychological capital (d) will be positively related to food safety performance.

Hypothesis 4_{e-f}: Group psychological empowerment (e), group psychological capital (f) will be positively related to customer perceptions of service quality.

Hypothesis 4_{g-i}: Group psychological empowerment will mediate the relationship between group perceived external prestige and restaurant revenues (g), customer perceptions of service quality (h), and food safety performance (i).

Hypothesis 4_{j-l}: Group psychological capital will mediate the relationship between group perceived external prestige and restaurant revenues (g), customer perceptions of service quality (h), and food safety performance (i).

Research question five was analyzed using t-tests based on three different hypotheses

Hypothesis 5_a: Corporate level psychological capital will be greater than unit-level psychological capital.

Hypothesis 5_b: Corporate level psychological empowerment will be greater than unit-level psychological empowerment.

Hypothesis 5_c: Corporate level perceived external prestige will be greater than unit-level perceived external prestige.

Survey Instrument

Manager Customer Orientation

Grizzle et al. (2009) through the adaptation of Narver and Slater (1990) developed a

scale-measuring manager's CO climate. As Grizzle et al. (2009) state in their study: "it was important that the service workers gauge the degree of CO of their particular units...by having the employees use their local managers as a point of reference when they responded to the items" (p. 1233). The measure uses a 5-point Likert-type scale (1=*strongly disagree*, 5=*strongly agree*) with past reliability of $\alpha = .92$ (Grizzle, et al., 2009). Survey items include:

To what extent do your [enter store's name here] managers engage in the following practices:

1. constantly check to make sure store policies and procedures don't cause problems for customers.
2. constantly make sure that the employees are trying their best to satisfy customers.
3. think of customers' points of view when making big decisions.
4. really want to give good value to our customers.
5. plan to keep our store ahead of our competitors by understanding the needs of our customers.
6. have focused the business objectives around customer satisfaction.
7. assess customer satisfaction regularly.
8. pay close attention to our customers after their orders have been delivered.
9. really care about customers, even after their orders have been delivered.
10. have organized our store to serve the needs of our customers.

Psychological Capital

Luthans, Avolio, Avey, and Norman (2007) constructed and validated the

Psychological Capital Questionnaire, which has been used and validated in numerous studies (Avey, et al., 2009; Avey, Luthans, et al., 2010; Luthans, Avolio, et al., 2007; Luthans, et al., 2008; Norman, Avey, Nimnicht, & Graber Pigeon, 2010). The revised, 12-item measure was used collectively and was not broken down into its four individual components of hope, optimism, resilience and self-efficacy as the 24-item measure does. The measure has been shown to have acceptable reliability and construct validity. Therefore, due to its success, with a minimum number of items and the need to not break down each individual, the PCQ-12 was used (Avey, Luthans, & Mhatre, 2008). The scale uses a 6-point Likert type format. The Cronbach alphas for the PsyCap measure in the Luthans et al. (2007) study, which utilized four samples, were .88, .89, .89 and .89. Survey items were adapted to fit the restaurant context. Sample items include (full version available by permission only from www.mindgarden.com):

1. If I should find myself in a jam at work, I could think of many ways to get out of it.
2. Right now I see myself as being pretty successful at work.
3. At this time, I am meeting the work goals that I have set for myself.
4. I can be “on my own” so to speak at work if I have to.
5. I can get through difficult times at work because I've experienced difficulty before.
6. I always look on the bright side of things regarding my job.

Psychological Empowerment

Spreitzer (1995; 1996) developed and validated the PsyEmp measure. This particular instrument has been used in more than 50 studies in a variety of contexts

including service workers, and nurses. Validity estimates for the four dimensions of meaningfulness, competence, self-determination and impact typically result at or around .80. The 16-item version can also be reduced to a 12-item version, as done in the present study. The measure uses a 7-point Likert-type scale and includes the following items:

1. I am confident about my ability to do my job.
2. The work that I do is important to me.
3. I have significant autonomy in determining how I do my job.
4. My impact on what happens in my store is large.
5. My job activities are personally meaningful to me.
6. I have a great deal of control over what happens in my store.
7. I can decide on my own how to go about doing my own work.
8. I have considerable opportunity for independence and freedom in how I do my job.
9. I have mastered the skills necessary for my job.
10. The work I do is meaningful to me.
11. I have significant influence over what happens in my store.
12. I am self-assured about my capabilities to perform my work activities.

Perceived External Prestige

Smidts et al. (2001) originated the scale of PEP that was then adopted by Bartels et al. (2007). This study followed the three-item measure used by Bartels et al. (2007), which utilized a 5-point Likert-type scale using 1=*strongly disagree*, and 5=*strongly agree* as anchors. Smidts et al. (2001) yielded an internal consistency of $\alpha=.73$, while the

Bartels et al. (2007) yielded an internal consistency of $\alpha=.78$. The three items include:

1. [name of organization] has a good reputation.
2. [name of organization] is regarded as a pleasant to work for.
3. When talking with friends and family about [name of organization] they often display a positive attitude towards [name of organization].

Revenues

Revenues were provided by the participating organization in the total gross sales for the given month of data collection. A one month period was the shortest available time frame to correspond to the two-week data collection.

Service Quality

Mystery shops were used to evaluate service quality. A mystery shopper is an individual, paid by a third-party organization to evaluate the service and quality at an organization. A mystery shop is therefore the evaluation of the service and quality at a given restaurant unit at a point in time. Customer perceptions of service quality were measured using data received from the participating organization. A third party organization was paid by the participating organization for mystery shops at each of the participating stores. Each mystery shop included ordering one main course, one side and one drink off of the menu. The organization opted to not supply the form to the research team because of the clear identifying characteristics of the evaluation and therefore a factor analysis could not be run. However a description about the items and areas of interest were obtained.

The use of mystery shopping compared to customer surveys has been found to be a more cost effective method of evaluation, while also providing better feedback for the organization (Mathe & Slevitch, in press). This is due to the fact that those who evaluate the shop are trained to observe certain aspects of service during evaluation and therefore will provide the feedback necessary to appraise service (Finn & Kayande, 1999).

The reliability of mystery shopping, as a form of performance evaluation, was shown to be an acceptable measure in past studies. Dawson and Hillier (1995) suggested that an acceptable number of mystery shop evaluations were four at the outlet level over a 3-month period. The present study utilized a total of 1192 shops for the 30 units averaged over a 12-month period. The minimum number of shops per store was 32 and the maximum over the 12-month period was 52. The average number of shops was 38.45 (S.D.= 4.48). Each unit was supposed to be shopped at least two times per month, with an average shop visit per month of 3.2. The characteristics of the mystery shoppers evaluating the service were unavailable to the researcher as those shoppers were employed by a third party organization and demographic variables were not reported. The name of the employee, time of shop, and specific day of the shops were also not reported to the researcher(s) due to the use of human subjects in the study.

Dimensions on which service was rated included appearance of the employees, responses to food orders, friendliness, accuracy, and food arrival. Eighteen total items were used in the rating of service quality. The appearance of the employee included questions on the uniform and hygienic qualities of the employees. Responses to food orders tested the employee on the proper up sell of items after ordering, or offering additional items that may suit the customer's taste based on the order. The friendliness

dimension included items about how the customer was greeted upon ordering and the greeting of the employee transferring the food to the individual. Friendliness also included smiles received from the employees. Accuracy of the service included repeating the order back to the customer properly, distribution of correct change, as well as the actual items ordered being received by the customer. Offerings upon food arrival included asking the customer if he or she needed additional napkins and/or other condiments. Items evaluating the service of the unit are rated on a 1-5 scale, *1=poor*, *5=excellent*. The scores are then scaled to a 100-point measure for the simplicity of reporting to the restaurant units. The scores of each individual service encounter were collected and were then averaged by the sampled organization and were then supplied to the researcher.

Food Safety Performance

A third party auditor determined the food safety performance score. Scores were reported as the overall food safety score including both critical and non-critical items. Items include such measures as proper temperature in walk-in freezer, walk-in refrigerator, food preparation areas in which vegetables are stored, and grill. Additionally items measured were storage in refrigerators, as well as cleanliness of the restaurant, dumpster area and bathrooms. Audits for the organization occur twice a year, randomly and unannounced. The scores are reported on a 0-100 scale.

Data Analysis

As each study focuses on a different level of analysis, it was necessary to analyze

the data using different statistical methods. The first study, which focused on how CO moderates PEP and the resulting outcomes on PsyCap and PsyEmp, utilized moderated regression analysis using SPSS v 18.0. Regression was used as it is applicable in several ways and relates one factor (independent variable) to a given outcome (dependent variable) for both prediction and explanation (Hair Jr., Black, Babin, & Anderson, 2010).

The second study considered a collective, group-level examination of PEP, PsyEmp and PsyCap with unit performance. From a group-level perspective, the viability of data aggregation was tested to ensure sufficient within-unit homogeneity, between-unit heterogeneity, and the naturally occurring nature of the unit of analysis (Bliese, Klein, & Kozlowski, 2000). The second study utilized a confirmatory factor analysis (CFA) to ensure divergent validity and fit. Then using bivariate correlations, regression, and mediation testing the hypotheses were examined.

The third study utilized a multiple level perspective including the data collected from the parent organization's corporate headquarters. However, the data was not multilevel in nature in that restaurant units were not nested under the corporate office or, organizational-level. Because of this, the corporate office that oversees all units, the matching between the organizational-level and unit-level was not possible. Therefore, the third study used t-tests to determine if differences exist between the organizational-level and unit-level.

CHAPTER IV

THE EFFECTS OF PERCEIVED EXTERNAL PRESTIGE ON PSYCHOLOGICAL CAPITAL AND PSYCHOLOGICAL EMPOWERMENT, MODERATED BY MANAGER'S CUSTOMER ORIENTATION

Abstract

This study sought to examine how the variable of Perceived External Prestige (PEP), which examines how an employee believes others view his or her work, on the outcomes Psychological Capital (PsyCap) and Psychological Empowerment (PsyEmp) at the individual, or employee, level. Results showed that significant bivariate correlations exist between PEP and PsyCap as well as PEP and PsyEmp. Further this study showed that the effect of a manager's customer orientation (CO) was moderately significant when moderating the relationships between PEP and PsyCap as well as PEP and PsyEmp. Practical and theoretical implications are discussed.

Keywords: Psychological Capital, Psychological Empowerment, Perceived External Prestige, Customer Orientation, Employees, Moderation, Quick Service Restaurants

Introduction

A common perception of the fast food industry is that it is employment for teens or a last resort job. Furnham (2006) states that work at the fast food chain McDonald's is often perceived to be monotonous, unenjoyable and unchallenging, and therefore only for the unskilled and the young, although this may not be the case. With these common stereotypes regarding the fast food restaurant industry, it is easy to understand why, for some, there may be shame in working at a quick service restaurant (QSR).

Dirty work is any job that is viewed as physically, socially or morally foul (Ashforth, Kreiner, Clark, & Fugate, 2007). Examples of a morally tainted job, as Ashforth et al. (2007) describe, may be an exotic dancer, a personal injury lawyer or used car salesperson. A socially tainted job may include a taxicab driver or correctional officer. Finally, a physical tainted job may include an exterminator or animal control officer. The fast food worker may fall somewhere between the physical taint and social taint. It could be considered a physically dirty job due to the grease often encountered in a restaurant, as well as dealing with people's eaten and used food. Similarly, fast food may be considered "tainted" as Ashforth et al. (2007) say, because this type of work has a servile relationship to others and claim that a complaints clerk is an example.

The challenge for QSRs then is to present themselves in a manner that drifts from these common stigmatizations that come with working in fast food. McDonald's has begun to try to make working at its stores a fun and enjoyable experience. McDonald's has made efforts to recruit Millennials, those who were born between 1982-2000. They aim to show them that working at McDonald's provides rewards by fast career advancement with 62% saying their potential for promotion is better than their friends

jobs (Shaw & Fairhurst, 2008). It was also shown that around 90% of McDonald's staff is engaged in their work, and this percentage is much higher than past studies (Frunham, 2006).

This study sought to support the notion that by an organization creating a perception of being a good place to work, this will pass onto the employee in the form of increased psychological empowerment (PsyEmp) and increased psychological capital (PsyCap). Further, this study sought to add to the literature the impact of a manager's customer orientation (CO). Specifically, how CO could strengthen the relationship between what is termed Perceived External Prestige (PEP) and its given psychological outcomes. Despite some support regarding PEP and its relationships with such variables such as job satisfaction and commitment, no research has been conducted in regards to how PEP would be related to these positive, state-like outcomes.

Theoretical Background

Perceived External Prestige

PEP reflects the employees' perception of the quality of the organization (Carmeli, 2005), which in the present case, is largely influenced by the industry in which it operates. Studying PEP has important implications that need to be applied to the hospitality industry and its employees. PEP was been found to be related to a firm's financial performance and a firm's stock value (Hammond & Slocum Jr, 1996; Roberts & Dowling, 2002). Carmeli also explored the notion of how organizational culture affects climate, and in turn the PEP and net profit of an organization. He found that when PEP is more favorable, return on sales is also more favorable (Carmeli, 2004). From an

employee perspective, Carmeli and Freund (2009) show that PEP was related to increased job satisfaction and commitment in social service workers. This in turn led to lower turnover intentions, which is highly uncommon in the QSR industry (Carmeli & Freund, 2009). Carmeli and Freund (2002) found that organizational commitment, specifically affective commitment, was found to be greater in favorable PEP. The employees of the company, who they examined, chose and wanted to be a part of the company in which they were employed because of the favorable PEP (Carmeli & Freund, 2002).

Psychological Capital

PsyCap is a construct composed of four variables hope, optimism, resilience and self-efficacy. PsyCap is state-like in nature in that it can be developed and changed within an employee, versus being trait-like in nature such as personality. The concept of PsyCap is most often reported in the Positive Organizational Behavior literature, which focuses on positive variables to improve performance (Luthans, 2002). The PsyCap construct has yet to be studied in the hospitality industry, despite its success in improving performance (Luthans, Avey, & Patera, 2008), particularly in the service sector (Avey, Reichard, Luthans, & Mhatre, 2011). PsyCap was shown to be related to a variety of outcomes that have been studied within the hospitality literature, including organizational citizenship behaviors (OCBs) (Norman, Avey, Nimnicht, & Graber Pigeon, 2010), general health (Avey, Luthans, Smith, & Palmer, 2010), job satisfaction, and organizational commitment (Luthans, Avolio, Avey, & Norman, 2007). Conversely, PsyCap was shown to combat negative outcomes such as job stress, intentions to quit and

intentions to search for jobs (Avey, Luthans, & Jensen, 2009) as well as deviant behaviors and cynicism (Avey, Wernsing, & Luthans, 2008). Additionally, PsyCap has been shown to be related to a variety of performance outcomes including employees rating of manager's performance. In other words, managers with higher PsyCap were rated more favorably (Avey, Nimnicht, & Pigeon, 2010). Moreover, managers' rating of employee performance and self-reported performance are found to be positively related to PsyCap (Luthans et al., 2008).

Related to the present study, influences outside of the individual can alter the PsyCap of the employee. For example, the transformational leadership of a manager or supervisor has been shown to increase PsyCap (Gooty, Gavin, Johnson, Frazier, & Snow, 2009). Walumbwa et al. (2010) show a similar shaping of PsyCap by claiming that the PsyCap from a leader is passed down to the follower. These studies show support for the present study because an influencer, or in the present case an employee's friends, relatives, or acquaintances, may influence the PsyCap he or she portrays at work. If the people close to the participating employee view the organization negatively, and show these negative attitudes towards the employee working there, PsyCap may be jeopardized. Conversely, if an employee receives positive feedback for the work he or she does with the organization from others, this would likely result in greater feelings of PsyCap. This is likely because they are receiving confirmation for the work they do at the restaurant despite the work possibly being looked down upon. This lead to the present studies first hypothesis:

Hypothesis 1: Perceived external prestige will be positively related to psychological capital.

Psychological Empowerment

Like PsyCap, PsyEmp is a construct also composed of four variables including meaningfulness, competence, self-determination, and impact (Conger & Kanungo, 1988; Spreitzer, 1996; Thomas & Velthouse, 1990; Wallace, Johnson, Mathe, & Paul, 2011). PsyEmp is a construct that will transform individual behavior such that employees who experience high PsyEmp take matters into their own hands regarding work and work situations (Ahearne, Mathieu, & Rapp, 2005). Unlike structural empowerment, which focuses on policies and procedures, PsyEmp focuses on the individual and the beliefs they hold about their own job.

PsyEmp is a widely used construct and like PsyCap has been shown to be related to positive organizational outcomes such as job satisfaction (Gazzoli, Hancer, & Park, 2010) and commitment (Avolio, Weichun, Koh, & Bhatia, 2004). Important to the present study PsyEmp has been found to be more beneficial to those with less experience, than those with more experience. Specifically, results have shown that employees with lower levels of knowledge, regarding a product or industry, and with less experience will gain, or benefit, the most from empowering leadership behaviors versus those who received no benefit despite greater knowledge (Ahearne et al., 2005). In QSRs this may be particularly important as the turnover is high, and training is minimal. So when employees feel empowered they should in turn provide greater performance, despite less knowledge.

Empowerment has also been linked to a variety of outcomes in the service sector including service quality (Ueno, 2008) and motivation to improve service quality (Ping, Murrmann, & Perdue, 2010). In the QSR industry Wallace et al. (2011) showed that a

collective empowerment climate, when moderated by accountability, was highly related to improved service performance as perceived by customers as well as restaurant sales in QSRs. Similarly, Leong (2001) found that employees who felt empowered provided a superior product and service to their customers with the goal of exceeding customer expectations, building rapport, and increasing customer loyalty and return.

As previously suggested, outside influences may have a strong effect on individuals in the workplace. The relationship between empowerment and trust and leader member exchanges (LMX) was examined. LMX is the quality of the relationship between a supervisor and an employee (Dansereau, Graen, & Haga, 1975). Results showed the LMX was a strong predictor of empowerment suggesting that “when employees understand their jobs clearly and receive higher support from their managers, they will assume more responsibility, and feel more empowered” (George & Hancer, 2003, p. 44). Similarly, when an external influence such as a friend or family member shows negativity toward an employee, the feelings of prestige felt towards the organization may decline, and in turn the meaningfulness, impact, and self-determination may be diminished. Conversely, if an individual is supported for working in the given organization, the factors encompassed in empowerment may be increased, which may lead to increased individual and group performance. The following hypothesis was proposed:

Hypothesis 2: Perceived external prestige will be positively related to psychological empowerment

The Moderating Role of Manager Customer Orientation

CO can be defined as a state-like variable regarding an employee's attitude toward satisfying a customer's needs (Grizzle, Zablah, Brown, Mowen, & Lee, 2009). It is state-like in the fact that CO can be learned or influenced by the environment and others instead of remaining stable over time and context. The present study utilizes the employees' perceptions of a manager or supervisor's CO. Units, or in the present case individual restaurants, may differ on their focus on customers due to policy implementation put forth by the unit, which may be a result of a manager or supervisor (Grizzle et al., 2009). Grizzle et al. (2009) suggest that higher degrees of unit-level CO climate provide employees, particularly those with high CO, the chance to fulfill customer needs, allowing for customer oriented behaviors to be carried out more frequently. This same logic is used in the present context, as the manager's CO may lead to enhanced employee attitudes (e.g. PsyEmp and PsyCap).

CO has been shown to be an antecedent to job satisfaction, commitment and OCB (Donavan, Brown, & Mowen, 2004) and is generally created from the top down. Liao and Subramony (2008) show that senior leaderships' CO is related to an employee's CO. More explicitly, when senior managements' CO is low this translates to lower CO in the front line employees (Liao & Subramony, 2008, p. 324). Liaw, Chi and Chuang (2010) found that transformational leadership, or a leader's charisma, inspirational motivation, intellectual stimulation and individualized characterization was positively related to CO.

In this study, a manager's CO served as a moderating variable. The principal factor in creating CO in employees, is the behavior of the manager (Strong, 2006) The use of CO as a moderator variable is warranted in this study because the "alignment or congruence between individuals' and managers' goals has been shown to have important

consequences for both individual attitudes or behaviors” (Bowen & Ostroff, 2004) (p.204). In other words managers are a direct link to an individual’s attitudes and behaviors in the workplace. In the present context, a manager’s CO that is perceived as high to employees are likely to then enact CO behaviors as well. This will then transform attitudes that could affect service such as PsyCap and PsyEmp, but only if an employee believes the PEP of his or her job is high. In cases where PEP is low, a manager’s CO is likely irrelevant because the attitudes PsyCap and PsyEmp—which may have an influence on performance—will be absent. Mathe and Slevitch (in press) use involvement climate as a predictor of service quality when moderated by an employee’s perception of supervisor undermining. In that case the manager’s supervisor undermining served as the intervening variable, which influenced service quality. In that study when involvement climate was low, supervisor undermining had little influence. When involvement climate was high, the perceived undermining behaviors greatly influenced service quality. This study follows suit and measures an employee’s perception of a manager’s CO. Because CO has shown positive relationships with positive outcomes such as job satisfaction, commitment and OCBs, including CO as a moderator, or intervening variable, it will serve as strong influencing variable in predicting PsyCap and PsyEmp. Therefore the following hypothesis was proposed:

Hypothesis 3: Perceptions of manager customer orientation moderates the perceived external prestige– psychological empowerment (H3a) and psychological capital (H3b) such that under high customer orientation there will be a more positive relationship, whereas there will be a less positive relationship when customer orientation is low.

Methods

The population of interest for this study was QSR employees at all levels including front-line workers, assistant managers, and managers. The data was collected from a national chain of QSRs located throughout the U.S. The sample was limited to employees who volunteered to participate after a notification and recruitment process. The surveys were administered via e-mail and survey links available on the parent company's intranet site. Two regional vice presidents and directors within the organization, who agreed to assist in the data collection of the study, delivered the recruitment e-mail to their regions. A small monetary incentive was given to a randomly selected store that qualified for entrance in a raffle. Qualification for the monetary incentive included receipt of three separate responses for an individual restaurant. For every additional three responses, another entry was placed in the random drawing. Data collection took place over a two-week period. The managers of the restaurants, who were contacted by the directors and regional vice presidents, invited the employees within each restaurant unit to participate in the study. Since there was no exact number of stores who received the e-mail, it was difficult to generate a response rate. It is estimated that approximately 100 stores received a recruitment e-mail. A total of 328 responses were collected, of these 328 124 were unusable due to the respondent being under the age of 18. Therefore, 204 responses were collected. Of those 204 responses 168 were complete and usable. A participant's response was not used for three reasons (1) within a single measure, 20% of the items were not answered, (2) central tendency, in which a respondent marked all answers in a particular column, or (3) if a respondent only answered one measure.

Measures

Perceived External Prestige

Smidts, Pruyn, and Van Reil (2001) originated the scale of PEP that was then adopted by Bartels, Pruyn, De Jong, and Joustra (2007). This study followed the three-item measure used by Bartels et al. (2007), which utilized a 5-point Likert-type scale using 1=*strongly disagree*, and 5=*strongly agree* as anchors. Smidts et al. (2001) yielded an internal consistency of $\alpha=.73$, while the Bartels et al. (2007) yielded an internal consistency of $\alpha=.78$. The three items were:

1. [name of organization] has a good reputation.
2. [name of organization] is regarded as a pleasant to work for.
3. When talking with friends and family about [name of organization] they often display a positive attitude towards [name of organization].

Psychological Capital

Luthans, Avolio, Avey, and Norman (2007) constructed and validated the Psychological Capital Questionnaire, which was used and validated in numerous studies (Avey, Luthans, & Jensen, 2009; Avey, et al., 2010; Luthans, et al., 2007; Luthans, Norman, Avolio, & Avey, 2008; Norman, et al., 2010). The revised, 12-item measure is a collective measure and does not result in its four individual components of hope, optimism, resilience, and self-efficacy, as the 24-item measure does (Avey, Luthans, & Mhatre, 2008). The scale used a 6-point Likert type format. The Cronbach alphas for the PsyCap measure in the Luthans et al. (2007) study, which utilized four samples, were .88, .89, .89 and .89. Survey items were adapted to fit the restaurant context. Sample items

included:

1. I feel confident in representing my work area in meetings with management.
2. If I should find myself in a jam at work, I could think of many ways to get out of it.
3. Right now I see myself as being pretty successful at work.
4. I always look on the bright side of things regarding my job.

Psychological Empowerment

Spreitzer (1995; 1996) developed and validated of the PsyEmp measure. This particular instrument was used in more than 50 studies in a variety of contexts including service workers, and nurses. Validity estimates for the four dimensions of meaningfulness, competence, self-determination and impact typically result at or around .80. The 16-item version can also be reduced to a 12-item version, as done so in the present study. The measure uses a 7-point Likert-type scale and included the following sample items:

1. I am confident about my ability to do my job
2. I have significant autonomy in determining how I do my job
3. My impact on what happens in my restaurant is large
4. The work I do is meaningful to me
5. I have significant influence over what happens in restaurant
6. I am self-assured about my capabilities to perform my work activities

Manager Customer Orientation

Grizzle et al. (2009) through the adaptation of Narver and Slater (1990) developed a scale-measuring manager's CO climate. As Grizzle et al. (2009) state in their study: "it was important that the service workers gauge the degree of CO of their particular units...by having the employees use their local managers as a point of reference when they responded to the items" (p. 1233). The measure uses a 5-point Likert-type scale (1=*strongly disagree*, 5=*strongly agree*) with past reliability of $\alpha = .92$ (Grizzle et al., 2009). Sample items include:

To what extent do your [enter store's name here] managers engage in the following practices:

1. constantly check to make sure store policies and procedures don't cause problems for customers.
2. constantly make sure that the employees are trying their best to satisfy customers.
3. think of customers' points of view when making big decisions.

Controls

Questions regarding gender, age, tenure and ethnicity were also asked in the survey. The controls were also included in the regression analysis because tenure and gender have previously been shown to influence service performance (Ployhart, Ziegert, & McFarland, 2003). Respondents were 35% female and 65% male. The ages of the respondents were primarily 25 or under with 11.2% reporting an age of 19, 9.3% age 20, and nearly 8.1% age 23. Those age 40 or older made up 15.5% of the total sample. The majority of the employees had a tenure of two years, totaling 23%. Approximately 22.5% had been with the organization for one year or less. Ethnicity yielded a majority of

White/Caucasian respondents with 87% of valid responses. African American total 8% and Hispanic 2.5%.

Results

Prior to analyzing all data, all variables were mean centered as suggested by Aiken and West (1991). Bivariate correlations, means and standard deviations can be seen in Table 4.1. It should be noted that a positive, significant correlation existed between PsyEmp and tenure (not shown; $r=.29$, $p<.01$). In Table 4.1 the Cronbach alphas can be seen on the diagonal, and all meet the minimum threshold of .70 (Nunnally, 1978). As evidenced by the bivariate correlations PEP and PsyEmp as well as PEP and PsyCap were positively related ($p<.01$, $r=.42$; $p<.01$, $r=.39$) supporting Hypotheses 1 and 2.

Table 4.1: Means, Standard Deviations and Bivariate Correlations

<u>Variable:</u>	Mean	St. Dev	1.	2.	3.	4.
1. PEP	4.27	.73	.83			
2. PsyEmp	5.87	.86	.42**	.93		
3. PsyCap	5.10	.60	.39**	.76**	.92	
4. Manager CO	4.47	.58	.41**	.23**	.19*	.93

** $p<.01$, * $p<.05$

To test Hypothesis 3a and 3b, moderated regression analyses were conducted (Table 4.2, 4.3). In step one the control variables were added in predicting PsyEmp and PsyCap. Results showed that tenure was significant in predicting PsyEmp ($\beta=.264$, $p<.01$), in that the greater the tenure, the greater the PsyEmp. In the second step, the same control variables were added, as well as the independent variable PEP. In both models PEP was a significant predictor ($\beta=.404$, $.459$ $p<.01$) lending additional support to Hypotheses 1 and 2.

Table 4.2: Results of Moderated Regression of PEP and CO on PsyEmp

	Step 1: Controls to DV	Step 2: IV and controls to DV	Step 3: Focal Interaction (PEP x CO) controlling for all other variables
Predictors:	DV = Empowerment	DV = Empowerment	DV = Empowerment
Age	.034	.073	.057
Gender	.112	.036	.024
Tenure	.264**	.227**	.239*
Ethnicity	.133†	.073	.075
PEP		.404**	.414**
CO		.081	.105
PEP x CO			.124†
F	4.768**	10.629**	9.671**
R^2	.112	.300	.314
ΔR^2		.188	.014
<p><i>NOTE.</i> †=.10 * $p < .05$, ** $p < .01$. PEP = Perceived External Prestige. CO= Perceived Manager's CO. IV = Independent Variable. DV = Dependent Variable. Effects reported are standardized Betas.</p>			

Table 4.3: Results of Moderated Regression of PEP and CO on PsyCap

	<u>Step 1:</u> Controls to DV	<u>Step 2:</u> IV and controls to DV	<u>Step 3:</u> Focal Interaction (PEP x CO) controlling for all other variables
Predictors:	DV = PsyCap	DV = PsyCap	DV = PsyCap
Age	-.137	-.134†	.082†
Gender	.106	.060	.044
Tenure	.095	.060	.071
Ethnicity	.067	.001	.004
PEP		.457**	.467**
CO		.020	.043
PEP x CO			.117†
F	1.468	8.085**	7.358**
R^2	.037	.246	.258
ΔR^2		.209	.012
<i>NOTE. †=.10 * $p < .05$, ** $p < .01$. PEP = Perceived External Prestige. CO= Perceived Manager's CO. IV = Independent Variable. DV = Dependent Variable. Effects reported are standardized Betas.</i>			

Finally, the focal interactions of PEP and CO were added. In both instances the interaction received support ($\beta=.124, .117 p<.10$). As shown in Figures 4.1 and 4.2, low PEP made little difference in PsyEmp and PsyCap regardless of the level of perceived manager CO.

Figure 4.1: Interaction effects of PEP x CO on PsyCap

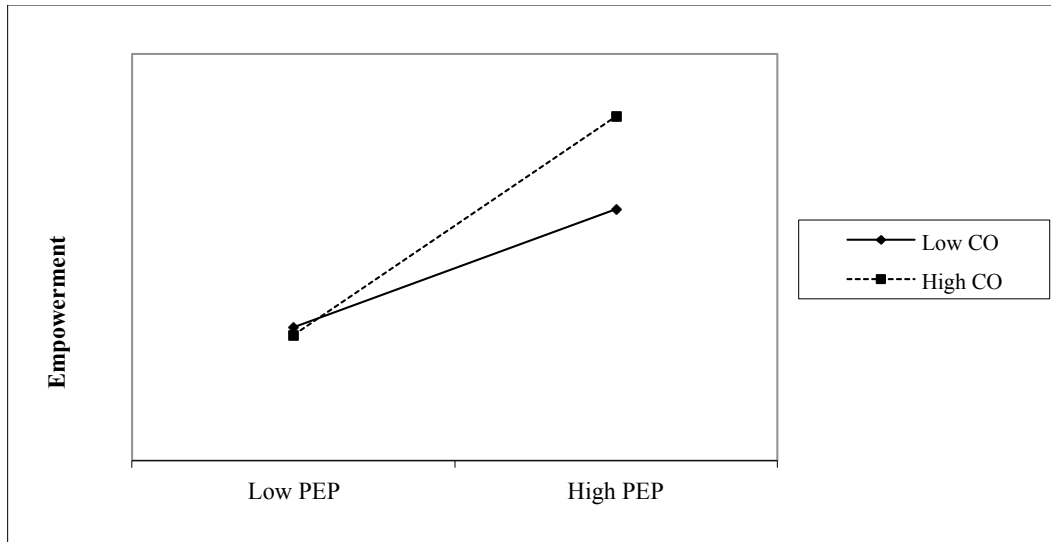


Figure 4.1: Interaction effects of PEP x CO on PsyEmp

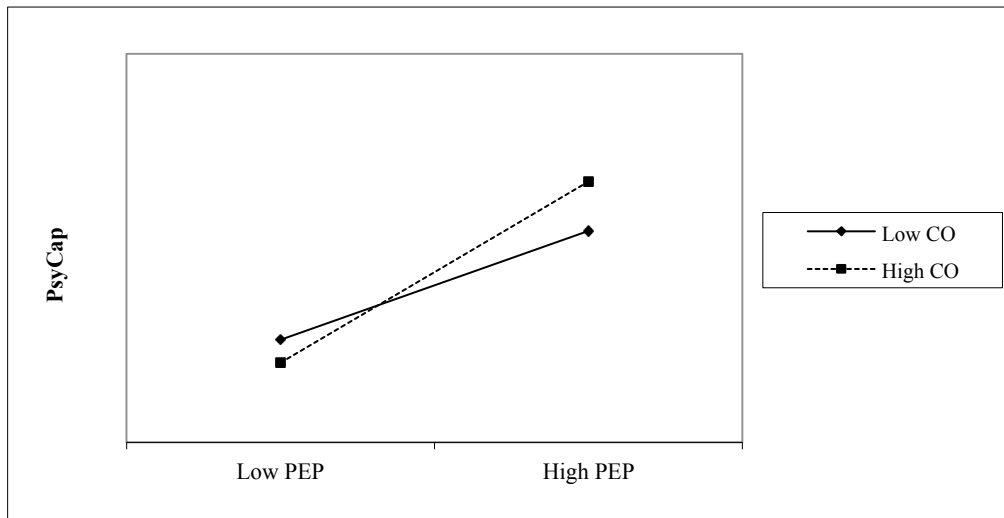


Figure 4.2: Interaction effects of PEP x CO on PsyCap

Discussion

The common saying ‘Beauty in the eye of the beholder’ is very similar to the notion of PEP. An organization’s image will vary depending on the individual rating the organization. An employee carries two images of the organization, the one that he

individual believes (identity) and the other is what the individual believes other people outside of the company believe about the company (PEP) (Dutton, Dukerich, & Harquail, 1994). As found in the present study, PEP can have a significant impact on the individual's own positive work attitudes.

Carmeli and Freund (2002) state, "employees are the links of a social and psychological system between the organization and its customers" (p.62). This tenant is salient to the present study because, in this case when PEP is high, PsyCap and PsyEmp also tend to be high, and as past literature has shown, these two positive constructs can may greatly impact many psychological constructs such as job satisfaction, and behaviors such as performance (Avey et al., 2011; Seibert, Wang, & Courtright, 2011)

Of interest to the present study, the interaction between PEP and the perceived manager's CO, showed a significant impact on both PsyEmp and PsyCap. In other words, when an individual has those close to him or her believing that the prestige of the organization is low, the feelings of self-determination, impact, meaningfulness, and competence are also low, with little regard to a manager's CO. Similarly, when an individual has others believing that the prestige of the organization is low, the collective feelings of hope, optimism, resilience and self-efficacy are also low, with little regard to a manager's CO. However, when PEP is high, or when employees' perceive that their place of employment and work is of greater prestige, the impact of CO becomes quite relevant. When PEP is high, and when a manager portrays high CO, PsyCap and PsyEmp are highest. When PEP is high, but a manager portrays low CO, PsyCap and PsyEmp are lower. However, when PEP is low, both PsyCap and PsyEmp are at their lowest levels.

Theoretical Implications

This study was the first to examine how PEP affects both PsyCap and PsyEmp in an individual setting. This is important because as the attitudes of employees help to shape aspects of their behaviors, so determining what precedes these variables is not only beneficial in extending the hospitality literature, but also the POB literature. A study by Avey et al. (2011) called for studying antecedents to PsyCap. This study helped to fulfill this in through the positive, significant relationship between PEP and PsyCap.

Additionally, the relationship between PEP and PsyEmp adds to the OB research stream. Seibert et al. (2011) recently conducted a meta-analysis to determine the antecedents and consequences of PsyEmp. By adding this additional element to the body of knowledge, the construct PsyEmp garnered a greater understanding.

Additionally, including the moderating effect of CO with PEP was the first time these two variables were tested together. Moderating effects are important because they alter the strength of a causal relationship; in this case, the relationship between PEP and PsyCap and PEP and PsyEmp. In the present study, managers who show a high CO, or managers who care about their customer needs, served as a variable that positively impacts PsyCap and PsyEmp. Theoretically, this extends the CO literature in a logical fashion. Coelho, Augusto, Coelho, and Sa (2010) discuss how role conflict occurs when an individual experiences a perceived incompatibility with two or more members of different groups be it with family, friends, peers or work. They state that extent to which employees believe the firm is oriented toward its customers was found to be related to an employee's role conflict. They say "a strong customer orientation can influence employees to engage in more honest trust-building, behaviors" (p.1347) in turn reducing

the role conflict. In the present case, if PEP is high, these same honest, trust-building behaviors being portrayed by managers, and then employees, will aid in the perceived perceptions of the prestige of the organization, and in turn the PsyCap and PsyEmp.

Practical Implications

The factors outside of the individual can have a significant impact on the feelings of PsyCap and PsyEmp. Companies can take note of the results of this study and attempt to hedge against the potentially problematic results that can occur with low PsyCap and PsyEmp. In particular, by engaging in CO training of managers, the CO of the unit should also increase. As stated previously, CO is a construct that is observed by others and passed down. If a manager has a climate of CO, the lower level employees will take note and also engage in CO behaviors. However, there may be other ways to increase a manager's CO, and it starts from the top management of the organization. Strong (2006) discussed managers and the role they play in creating customer orientation. She states it is the ability of the manager, as well as the manager's style and character. However, it is truly the organization's customer orientated culture and philosophy that will serve as the greatest antecedent to the successful implementation of customer orientation strategies. Therefore, while it is the manager's responsibility to communicate the message of customer orientation effectively to the employee, it is on the shoulders of the organization to create the culture and atmosphere towards satisfying customers, and in turn, altering the PsyCap and PsyEmp of employees. In the hospitality industry, which is reliant on service encounters, it should be a common goal to focus on customers and achieve a strong customer orientation from the top and move through to the front line workers.

Continuing in terms of PEP, there are two main contributing factors that are theorized to help increase PEP. First, is through positive word of mouth. By having an individual employee be excited about going to work, those who surround the individual will see the place of employment as enjoyable and in turn, provide positive feedback to the individual about their work. Additionally, companies can take part in initiatives such as increasing diversity in the workplace, or providing incentives that make the company noticeable and possibly achieve a Fortune ‘best places to work’ rating to increase PEP. For example, Marriott International ranks in the top 100 best companies to work for list. According to CNN Money, who publishes the online list, what makes Marriott so great is that when business slowed due to a down economy, and employees had to cut back on hours, leaders changed company policy to ensure these associates received insurance (CNNMoney, 2011). Similarly, Starbucks, which operates in the QSR industry also made the top 100, had a remark “it was a bounce-back year for the coffee giant, but CEO Howard Schultz refused investor pressure to dial back on health care cost.” (CNNMoney, 2011) Acts like this will provide employee goodwill and others will view the company more favorably, increasing PEP.

Limitations

This study is not without limitations. Although the number of respondents was adequate (n=168), a greater number of respondents would have resulted in greater power. The number of respondents under the age of 18 participating in this study were not usable significantly altered this number. As this is protected population, the data may have produced different results if these individuals had been included, because they make up a

large percentage of the QSR industry, especially in the summer when the data collection occurred. Additionally, collecting data at more than one time point would also add greater validity to this study to ensure that it is in fact the state-like variables PEP and CO that are impacting PsyCap and PsyEmp.

Future Studies

Future studies at the individual-level should further partition PEP to determine if it is the national culture and perceptions of the organization that is affecting the PEP of the employee or if it is more geared toward the daily operations of the restaurant and the climate created by the manager. This could be done by measuring PEP after negative publicity, and then at a time in the future after the company has taken measures to hedge against the negativity. Additionally, examining the work family balance as an antecedent to PEP would be a fruitful avenue of research. Additionally, further exploring the concept of role conflict as an antecedent would also provide interesting results as the relationship between customer orientation and role conflict has already been explored (Coelho, Augusto, Coelho, & Sa, 2010).

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CHAPTER V

A UNIT-LEVEL INVESTIGATION OF PERCEIVED EXTERNAL PRESTIGE, PSYCHOLOGICAL CAPITAL, PSYCHOLOGICAL EMPOWERMENT AND PERFORMANCE IN QUICK SERVICE RESTAURANTS

ABSTRACT

This study sought to examine how the variable of Perceived External Prestige (PEP), which examines how an employee believes others view his or her work, affects the outcomes Psychological Capital (PsyCap) and Psychological Empowerment (PsyEmp), and in turn the objective performance measures at the unit-level. Results showed that significant bivariate correlations exist between PEP and PsyCap as well as PEP and PsyEmp in groups. Further this study showed PsyCap and PsyEmp bear no impact on food safety directly, but both are positively related to service quality in quick service restaurants. PsyEmp was also positively related to restaurant revenues. Finally, mediational tests were conducted, and two significant mediation models involving PsyCap, PsyEmp and service quality were found.

Keywords: Perceived external prestige, psychological capital, psychological empowerment, quick service restaurants, groups, unit, service quality, food safety, revenues, mediation

Introduction

“Collective constructs will aid in a greater understanding of human resource development and training at the group and organizational-level (Ardichvili, 2011).”

The concept of Psychological Capital (PsyCap) is composed of hope, optimism, resilience and self-efficacy, and is a construct that has yet to be explored in the hospitality context. However, its lack of appearance in the hospitality literature is quite interesting as Avey, Reichard, Luthans and Mhatre’s (2011) meta-analysis states that PsyCap is more effective in service settings versus manufacturing settings. This is concerning in the fact that the hospitality industry strongly relies on service encounters. Moreover, the need to determine what precedes PsyCap, especially considering the service context, is an area of research that is still highly underutilized. Specifically, there is little research that examines what is ‘to the left’ of PsyCap. In other words, what theoretical constructs serve as antecedents to PsyCap? Avey and colleagues suggest that leadership would be an obvious construct as the leader can serve as an intervention mechanism shaping the way the individual works. The present study looks at another potential antecedent variable of PEP, which considers how employees feel others view his or her job.

The same potential antecedents may be said for psychological empowerment (PsyEmp), a variable composed of impact, competence, meaningfulness and self-determination. In some cases the distinction between PsyEmp and structural empowerment may be blurred to the organizational researcher. Structural empowerment involves the policies and procedures that help to shape the ability to empower employees while PsyEmp is fostered through intrinsic factors such as motivation, like PsyCap. An

example of structural empowerment may be that a customer service worker has the ability, as specified by the organization, to refund a dissatisfied customer's money up to \$20. This is a policy set forth by the company. PsyEmp's popularity may exceed PsyCap is in large part a product of the popular press. *Harvard Business Review* regularly publishes papers on empowerment and employees and *BusinessWeek* is no different. Because structural empowerment is a construct that is relatively easy to understand in large part because it is less abstract than PsyEmp, and the construct as a whole garners more attention. It may be that the structural component of empowerment fuels the PsyEmp research. In looking at both, (Ahearne, Mathieu, & Rapp, 2005) state that structural empowerment leads to PsyEmp. PsyEmp then transforms further what structural empowerment can do alone (Wallace, Johnson, Mathe, & Paul, 2011). To help in further understanding PsyEmp, this study also sought to examine, what precedes PsyEmp, in particular in the group context.

This study's objectives were two-fold. The first purpose was to examine how Perceived External Prestige (PEP), the belief an individual holds about how others view his or her job, affects PsyCap and PsyEmp at the group level. The relationship between these two variables is important to look at in relation to Avey et al. (2011)'s, perspective because as the leader has the ability to influence employees in the workplace, friends and family may also serve as a strong influencer in employee positivity and performance. Then, by looking at the aggregate of PsyCap within a unit (termed group PsyCap) and aggregate of PsyEmp (termed group PsyEmp) this paper looked at objective performance measures including revenues, service quality, and food safety. Avey et al. (2011) state that these objective measures of performance, in combination with looking at antecedents

will provide the most fruitful expansion of the PsyCap, and positive organizational behavior research stream.

Theoretical Background

Psychological Capital

As stated previously, PsyCap is a variable that measures an individual's hope, optimism, resilience and self-efficacy. Considering individual-level performance, PsyCap was positively linked to manager rated performance in that the greater levels of PsyCap the higher ratings managers would provide the given employee in terms of performance (Avey, Nimnicht, & Pigeon, 2010). Similar results were found in an objective performance context (customer referrals), though not at the same level of magnitude as the manager rated performance (Avey, Nimnicht, & Pigeon, 2010). In utilizing both self-reported performance and managers' ratings of performance of the employee, additional support was garnered for the PsyCap to performance relationship (Luthans, Norman, Avolio, & Avey, 2008). Most recently, Peterson, Luthans Avolio, Walumbwa and Zhang (2011) found that over time, PsyCap had predictive power in explaining both supervisor-related performance as well as individual sales revenue. Moreover, this same study also suggested that performance does not lead to PsyCap but in actuality, PsyCap leads to performance (Peterson, Luthans, Avolio, Walumbwa, & Zhang, 2011). Because PsyCap was found to be related to individual performance in a variety of appraisal methods, it is logical to assume that at a group level, PsyCap would be related to performance as well.

Although PsyCap was shown to be related to a variety of outcomes such as job satisfaction and performance (Avey, Reichard, Luthans, & Mhatre, 2011) it has rarely

been used as a collective construct. One of the only empirical examinations of PsyCap, as a collective, found PsyCap mediated the relationship between authentic leadership and group performance as well as between authentic leadership and group citizenship behaviors (Walumbwa, Luthans, Avey, & Oke, 2011). This study draws on Walumbwa et al. (2011) 's collective use of PsyCap and Bandura's (1997) collective use of self-efficacy to justify the use of the group PsyCap construct. Specifically Walumbwa et al. (2011) state "the work group's collective PsyCap is not only a product of interactive/coordinative dynamics and leadership but also a producer of desired behaviors and performance outcomes" (p.7). Additionally, Bandura (1997) claims that group interactions create emergent property that is greater than individual attributes alone. Further, Bandura's work showed group efficacy was important in creating group motivation, because the group members had to work together, and rely on one another to accomplish tasks. In the same manner, within quick service restaurants (QSRs), individuals must rely on one another from the back of house to front of house to produce quality, safe, product with an expected level of service. By examining group PsyCap, this study can then show how groups can generate objective measures of performance such as revenues. Therefore, the following hypothesis was generated:

Hypothesis 1a: Group PsyCap will be positively related to restaurant revenues

From the service quality perspective, Walumbwa et al. (2010) found that in a multilevel platform, followers will have the greatest job performance when their own PsyCap is greatest and when moderated by a high climate for service. Similarly, followers, with high PsyCap, will have greater job performance when their leader's PsyCap is also greatest; suggesting that both service climate and leaders play critical

roles in an employee's performance. Aside from this study, the use of consumer rated service quality is non-existent in the PsyCap literature. However, the positive connotations related to performance should suggest that an employee who is hopeful, optimistic, self-efficacious and resilient would also provide greater service quality. As mentioned previously, PsyCap has a stronger impact in service workers versus manufacturing workers (Avey et al., 2011). Therefore the following hypothesis was generated:

Hypothesis 1b: Group PsyCap will be positively related to service quality

No empirical study has yet to examine PsyCap and safety behaviors. However Eid, Mearns, Larsson, Laberg, and Johnsen (2011) see the potential for linking these two outcomes. In particular they state that "authentic leadership behavior will contribute to this positive mind set in followers, influence their decision-making and ultimately safety behavior...but to our knowledge no empirical studies have examined if positive individual states like PsyCap augment safety behavior" (p.57-58). Therefore, based on the potential linkage between PsyCap and safety behaviors the following hypothesis was presented:

Hypothesis 1c: Group PsyCap will be positively related to food safety performance.

Psychological Empowerment

As stated previously PsyEmp is a combination of impact, meaningfulness, self-determination and competence. Spreitzer (1996) described *meaningfulness* as "a fit between the requirements of work role and a person's beliefs, values and behaviors" (p. 484). The second variable *competence*, refers to an individual's belief that he or she is

capable of the performing the work and tasks that are required for one's own job (Spreitzer, 1996). *Self-determination*, is "a sense of choice in the initiation and regulation of actions" (Hancer & George, 2003, p. 5). Deci and Ryan (1985) claim that self-determination describes motivation in that those who are in control of their own destiny (internal locus of control) will be more motivated to take control of their work and their environment (Hancer & George, 2003). Finally, *impact*, refers to the influence on strategy and operational outcomes that an individual can provide in the workplace (Spreitzer, 1996).

The focus of the present study was on PsyCap and PsyEmp in groups. While little research has been done in collective PsyCap, Chen, Kirkman, Kanfer, Allen, and Rosen (2007) suggest that as organizations move toward a team-based focus of operating, managers in turn will also be asked not only to manage, lead and motivate individuals, but also manage, lead and motivate groups and teams. In their multilevel study of leadership, empowerment and performance, Chen et al. (2007) found that LMX and leadership climate interacted to influence individual empowerment. The same study also found that both leadership climate and LMX were only partially mediated by empowerment in predicting individual performance; additionally they found that team empowerment moderated the relationship between individual empowerment and performance. In another multilevel study of resistance to empowerment, Maynard et al. (2007) found that a resistance to empowerment negatively affected customer satisfaction and that resistance to empowerment was negatively related to job satisfaction. Finally, Seibert, Wang, and Courtright (2011) conducted a meta-analysis to determine the antecedents and consequences of team level PsyEmp. They found that team PsyEmp was

related to both self-report and non-self report measures of performance. While variables such as high-performance managerial practices, socio-political support, leadership, work design, and team size served as antecedents to team PsyEmp.

In the service sector, in which the hospitality industry operates, front-line staff empowerment was related to service quality, but this did not hold in the technological services sector (Ueno, 2008). Similarly, within a U.S. hospitality organization, the relationship between empowerment and motivation to improve service quality was supported (Ping, Murrmann, & Perdue, 2010). Wallace et al. (2011) showed that PsyEmp climate, when moderated by accountability, was highly related to improved service performance as perceived by customers as well as restaurant sales in QSRs. Furthering this notion that empowerment increases service performance is that “empowerment of staff and an emphasis on appropriate communication styles are important to enhance consumers’ satisfaction level” (Leong & Woo Gon, 2002, p. 68). Similarly, Leong (2001) found that employees who felt empowered provided a superior product and service to their customers with the goal of exceeding customer expectations, building rapport, and increasing customer loyalty and return. However, despite the overwhelming support that empowerment leads to greater service quality in the hospitality sector, a direct and negative relationship was marginally significant in a U.S. steakhouse chain (Gazzoli, Hancer, & Park, 2010).

In regards to PsyEmp and safety behaviors and participation, relatively little research has been conducted, and none in the foodservice sector. Results have shown that PsyEmp is positively related to safety participation and with the use of personal protective equipment (Ford & Tetrick, 2011). Moreover, this same study also suggests

that individuals in hazardous occupations tend to feel less empowered, and also felt their supervisors were unsupportive of employee safety (Ford & Tetrick, 2011). The logic behind the relationship between PsyEmp and safety is that employees in hazardous positions will feel less in control of their work, which is critical to the development of PsyEmp (Spreitzer, 1995). Based on the previous support the following hypotheses were proposed:

Hypothesis 2a: Group PsyEmp will be positively related to restaurant revenues

Hypothesis 2b: Group PsyEmp will be positively related to service quality

Hypothesis 2c: Group PsyEmp will be positively related to food safety performance

Perceived External Prestige

PEP reflects the employees' perception of the quality of the organization (Carmeli, 2005), which in the present case, is largely influenced by the industry in which it operates. Studying PEP has important implications that need to be applied to the hospitality industry and its employees. PEP was found to be related to a firm's financial performance and a firm's stock value (Hammond & Slocum Jr, 1996; Roberts & Dowling, 2002). Carmeli also explored the notion of how organizational culture affects climate, and in turn the PEP and net profit of an organization. He found that when PEP is more favorable, return on sales are also more favorable (Carmeli, 2004).

As found in Mathe, Scott-Halsell, Ryan, Slevitch, and Greenbaum (2011), PEP served as an antecedent to both PsyCap and PsyEmp at the individual-level. Translating this finding to the group level, the same hypotheses were made. Additionally, this study sought to examine PsyCap and PsyEmp as mediators in the PEP to revenue, service

quality and food safety performance relationships. As Fairchild and MacKinnon (2009) suggest, there is often more than simple bivariate relationships between an independent variable and dependent variable. These relationships may provide additional insights with the addition of a third variable, or in the present case a mediating variable. “The mediation model offers an explanation of how, or why, two variables are related where a mediating variable is hypothesized to be intermediate (Fairchild & MacKinnon, 2009, p.89)” In the present case, PsyCap and PsyEmp are proposed to be the attitudes that transform group behaviors to produce positive objective performance. In particular, since PEP was found to be an antecedent at the individual-level, examining the group level, will likely show positive relationship with performance. Therefore, the following hypotheses were proposed:

Hypotheses 3_{a-b}: Group PEP will be positively related to group PsyCap (a) and Group PsyEmp (b)

Hypothesis 4_{a-c}: Group PsyEmp will mediate the relationship between perceived external prestige and restaurant revenues (a), service quality (b), and food safety (c).

Hypothesis 4_{d-e}: Group PsyCap will mediate the relationship between perceived external prestige and restaurant revenues (d), service quality (e), and food safety (f).

Finally the relationships among the dependent variables service quality, food safety performance and restaurant revenues were be examined. Specifically, it was hypothesized that:

Hypothesis 5_a: Service quality will be positively related to restaurant revenues

Hypothesis 5_b: Food safety performance will be positively related to restaurant revenues.

Methods

The population of interest for this study was QSR employees at all levels including front-line workers, assistant managers, and managers. The data was collected from a national chain of QSRs located throughout the U.S. The sample was limited to employees who volunteered to participate after a notification and recruitment process. The surveys were administered via e-mail and survey links available on the parent company's intranet site. Two regional vice presidents and directors within the organization, who agreed to assist in the data collection of the study, delivered the recruitment e-mail to their regions. A small monetary incentive was given to a randomly selected store that qualified for entrance in a raffle. Qualification for the monetary incentive included receiving three separate responses from an individual restaurant. For every additional three responses, another entry was placed in the random drawing. Data collection took place over a two-week period. The managers of the restaurants, who were contacted by the directors and regional vice presidents, invited the employees within each restaurant unit to participate in the study. Since the exact number of stores who received the e-mail was not known, it was difficult to generate a response rate. It is estimated that approximately 100 stores received the e-mail, therefore a 30% response rate from units was achieved. Of the 30 units, 328 responses were collected. However, of those 328, 124 were under the age of 18, and therefore, unusable leaving 204 responses. These responses were unusable due to the protection of human subjects. Of the 204 responses, 168 were complete and usable. Participants responses were not included for three reasons (1) within a single measure,

20% of the items were not answered, (2) central tendency, in which a respondent marked all answers in a particular column, or (3) if a respondent only answered one measure. The data was then aggregated to the unit-level. In this case, every store that did not have at least two responses was eliminated leaving a total of 130 responses from 30 units. The number of participants per unit was from three to 15. The average number of participants per store was four and the mode was three.

Measures

Perceived External Prestige

Smidts, Pruyn, and Van Riel (2001) originated the scale of PEP that was then adopted by Bartels, Pruyn, De Jong, and Joustra (2007). This study followed the three-item measure used by Bartels et al. (2007), which utilized a 5-point Likert-type scale using 1=*strongly disagree*, and 5=*strongly agree* as anchors. Smidts et al. (2001) yielded an internal consistency of $\alpha=.73$, while the Bartels et al. (2007) yielded an internal consistency of $\alpha=.78$. The three items include:

1. [name of organization] has a good reputation.
2. [name of organization] is regarded as a pleasant to work for.
3. When talking with friends and family about [name of organization] they often display a positive attitude towards [name of organization].

Psychological Capital

Luthans, Avolio, Avey, and Norman (2007) constructed and validated the Psychological Capital Questionnaire, which has been used and validated in numerous

studies (Avey, Luthans, & Jensen, 2009; Avey, Luthans, Smith, & Palmer, 2010; Luthans, Avolio, Avey, & Norman, 2007; Luthans, et al., 2008; Norman, Avey, Nimmicht, & Graber Pigeon, 2010). The revised, 12-item measure was measured collectively and not to be broken down into its four individual components of hope, optimism, resilience and self-efficacy as the 24-item measure does (Avey, Luthans, & Mhatre, 2008). The scale uses a 6-point Likert type format. The Cronbach alphas for the PsyCap measure in the Luthans et al. (2007) study, which utilized four samples, were .88, .89, .89 and .89. Survey items were adapted to fit the restaurant context. Sample items included:

1. I feel confident in representing my work area in meetings with management.
2. If I should find myself in a jam at work, I could think of many ways to get out of it.
3. Right now I see myself as being pretty successful at work.
4. I always look on the bright side of things regarding my job.

Psychological Empowerment

Spreitzer (1995; 1996) developed and validated the PsyEmp measure. This particular instrument was used in more than 50 studies in a variety of contexts including service workers, and nurses. Validity estimates for the four dimensions of meaningfulness, competence, self-determination and impact typically result at or around .80. The 16-item version can also be reduced to a 12-item version, as was done in the present study. The measure uses a 7-point Likert-type scale and includes the following items:

1. I am confident about my ability to do my job.

2. The work that I do is important to me.
3. My impact on what happens in my store is large.
4. My job activities are personally meaningful to me.
5. I have a great deal of control over what happens in my store.
6. The work I do is meaningful to me.

Revenues

Revenues were provided by the participating organization in the total gross sales for the given month of data collection, for each individual unit.

Service Quality

Customer perceptions of service quality were measured using data received from the participating organization. A third party organization was paid by the participating organization for mystery shops at each of the participating stores. Each mystery shop included ordering one main course, one side and one drink off of the menu. The organization opted to not supply the form to the research team because of the clear identifying characteristics of the evaluation and therefore a factor analysis could not be run. However, a description about the items and areas of interest were obtained.

Dimensions on which service was rated included appearance of the employees, responses to food orders, friendliness, accuracy, and food arrival. Eighteen total items were used in the rating of service quality. The appearance of the employee included questions on the uniform and hygienic qualities of the employees. Responses to food orders tested the employee on the proper up sell of items after ordering, or offering additional items that may suit the customer's taste based on the order. The friendliness

dimension included items about how the customer was greeted upon ordering and the greeting of the employee transferring the food to the individual. Friendliness also included smiles received from the employees. Accuracy of the service included repeating the order back to the customer properly, distribution of correct change, as well as the actual items ordered being received by the customer. Offerings upon food arrival included asking the customer if he or she needed additional napkins and/or other condiments. Items evaluating the service of the unit are rated on a 1-5 scale, *1=poor*, *5=excellent*. The scores were then scaled to a 100-point measure for the simplicity of reporting to the restaurant units. The scores of each individual service encounter were collected and then averaged by the sampled organization and supplied to the researcher.

Food Safety Performance

A third party auditor determined the food safety performance score. Unit scores were reported as the overall food safety score including both critical and non-critical items. Audits for the organization occur twice a year, randomly and unannounced. The scores are reported on a 0-100 scale.

Demographics

Questions regarding gender, age, tenure and ethnicity were also asked in the survey, but only served as descriptives and were not included in the mediation analysis.

Respondents were 34% female and 66% male. The mean age of the respondents was 27.02 years. The majority were 25 or under with 13.3% reporting an age of 19, 9.4% age 20, and 9.0% age 23. Those age 40 or older made up 12.7% of the total sample. The

mean of tenure was 4.24 years with majority of the employees experiencing tenure of two years, totaling 26%. Approximately 26% had been with the organization for one year or less. Ethnicity yielded a majority of White/Caucasian respondents with 86% of valid responses. African American totaled 8.5% and Hispanic 3.1%.

Results

Given the potential of overlap among PsyCap, PsyEmp and PEP, a confirmatory factor analysis (CFA) was conducted to assess the divergent validity. Since the exact scales for PEP, PsyCap and PsyEmp were used; it was found that a three-factor model fit the data fairly well, corresponding to the theoretical underpinning. The standardized factor loadings, of which all were significant, are seen in table 5.1. The CFA of the three-factor model provides marginal fit. Though the RMSEA did not attain the recommended .06, this may be in large part due to the smaller sample size of 130. Hu and Bentler (1999) suggest that smaller samples are likely to inflate the RMSEA and suggest then to examine the standardized root mean square residual (SRMR), which measures the standardized difference between observed and predicted correlation. The SRMR is .081 in this case, .001 outside of what is considered 'good fit' (Hu & Bentler, 1999). Since some of the other fit indices such as CFI and IFI meet suggested cut-off points (Bentler & Bonnett, 1980; Rigdon, 1996) the exact measures adapted from the previously validated measures were used in large part to theoretical and past empirical justification (Johnson, 2010).

Table 5.1: Standardized factor loadings and fit indices

	<i>Loadings</i>		
	PsyEmp	PsyCap	PEP
Confident in meetings		.79	
Confident in contributing		.79	
Confident in presenting		.76	
In a jam		.77	
Successful		.85	
Reaching goals		.56	
Meeting goals		.81	
On my own		.65	
Stressful things		.69	
Difficult times		.72	
Bright side		.70	
Optimistic		.57	
Confident in ability	.69		
Work is important	.74		
Autonomy	.76		
Impact	.79		
Meaningful activities	.77		
Control	.79		
Decide on my own	.71		
Opportunity	.75		
Mastered skills	.58		
Work is meaningful	.72		
Influence	.80		
Self-assured	.69		
Good reputation			.76
Pleasant to work for			.84
Friends and family			.77
Model Fit: $\chi^2=(1154.95, p<.01)$, RMSEA=.136, SRMR=.081 CFI=.93, IFI=.93			

In order to establish the validity of aggregate variables from the individual-level to the unit-level, within group homogeneity and between group heterogeneity must be achieved to ensure the group occurred naturally (Bliese, Klein, & Kozlowski, 2000; Johnson, 2010). The R_{wg} statistic compares the variance associated within a variable within a team to the expected variance within that team, assess the agreement within a group (James, Demaree, & Wolf, 1984; Johnson, 2010). Composite R_{wg} statistics for each measure were PsyCap .96, PsyEmp .93, and PEP.98, all surpassing the threshold of .70

(Lance, Butts, & Michels, 2006). Intraclass correlation (ICC), offers an indication for the group level variable's reliability (Johnson, 2010). For PsyEmp ICC=.553 (F=15.816, p<.01). PEP ICC=.617 (F=5.827, p<.01). PsyCap ICC=.515 (F=13.722, p<.01).

All data was mean centered based on the total score. A series of correlations and regressions were used to test the hypotheses instead of a structural equation model, due to a low number of groups. To test Hypothesis 1a-1c that PsyCap would be positively related to revenues, service quality and food safety, respectively the bivariate correlations were examined (Table 5.2).

Table 5.2: Group-level bivariate correlations

	Group PsyCap	Group PsyEmp	Group PEP	Revenue	Service Quality	Food Safety
Group PsyCap	1					
Group PsyEmp	.705**	1				
Group PEP	.435*	.580**	1			
Revenue	.191	.432*	.403*	1		
Service Quality	.423*	.421*	.207	.439*	1	
Food Safety	-.138	-.159	-.240	-.010	.236	1

Only Hypothesis 1b, that PsyCap was related to service quality was supported (r=.423, p<.05). Considering Hypotheses 2a-2c that PsyEmp would be positively related to revenues, service quality, and food safety, bivariate correlations were again examined. Results showed that PsyEmp was positively related to service quality (r=.421, p<.05), as well as revenues (r=.432, p<.05). To test Hypotheses 3a and 3b that PEP was significantly related to both PsyCap (r=.435, p<.05) and PsyEmp (r=.580, p<.01), the bivariate correlations were again used and both were supported. To test the mediation

hypotheses, the steps that Baron and Kenny (1986) outlined were conducted. First, the mediation relationship among $PEP \rightarrow PsyEmp \rightarrow Revenues$ was conducted. Step one was to ensure that PEP and revenues are correlated. This was supported ($r=.403, p<.05$). The second step was to ensure that PEP and PsyEmp were related. This was also supported in hypothesis 3 ($r=.580, p<.01$). The third step was to examine if PsyEmp was related to revenues, when controlling for PEP. This step failed to gain support, and therefore mediation did not exist. As an additional test, support was found in service quality predicting revenues ($\beta=.468, p<.05$). The same steps were followed using PsyCap as a mediating variable. Because the first step had already been conducted, and the second step was confirmed in Hypothesis 3, the third step was to examine if PsyCap is related to revenues when controlling for PEP. This again failed to gain support. In this instance, PEP was significantly related to revenues ($\beta=.394, p<.10$), which does not support mediation. Next was to test the mediated relationship using service quality as the dependent variable. According to Kenny (2011) the first step in mediation is not always considered necessary, and in many times an inconstant mediation can be present. Because PEP and service quality were not directly related ($r=.207, p=.265$), this step was skipped. The second step, was to ensure that the mediating variable and the outcome variable were related, using PsyCap first, this step was supported ($r=.423, p<.05$). The third step was to show that the mediator affects the outcome variable; this step was also supported with PsyCap having a significant relationship, when including PEP ($\beta=.410, p<.05$). Finally, the fourth step was to show that PEP is no different than zero, which is supported ($\beta=.028, p=.883$). The same steps 3 and 4 held again using PsyEmp ($\beta=.454, p<.05$), while PEP was still 0 ($\beta=-.057, p=.790$), signifying mediation as seen in Figure 5.1 and

Figure 5.2.

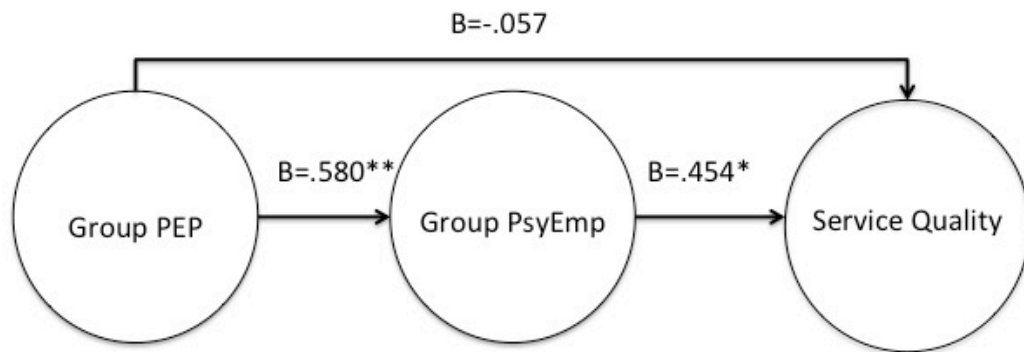
Referring back to the Baron and Kenny (1986) method, because step 1 was insignificant, this mediation model can be classified as an “inconsistent mediation model” (MacKinnon, Fairchild, & Fritz, 2007). As MacKinnon et al. (2007) state, there are several examples in which the relationship between the independent and dependent variable is not significant, but a significant mediation still exists. They provide the following example:

“McFatter (1979) describes the hypothetical example of workers making widgets where X is intelligence, M is boredom, and Y is widget production. Intelligent workers tend to get bored and produce less, but smarter workers also tend to make more widgets. Therefore, the overall relation between intelligence and widgets produced may actually be zero, yet there are two opposing mediational processes” (p. 602).

They state that several other studies have found similar results. Kenny (2011) provides another example stating that stress → coping → mood. He states that the direct effect between stress and mood may be negative, but it is likely that the effect of stress on coping would be positive as would the effect of coping with mood, implying the resulting indirect effect would be positive. He continues that the direct and indirect effects would cancel each other out, leaving a small total effect.

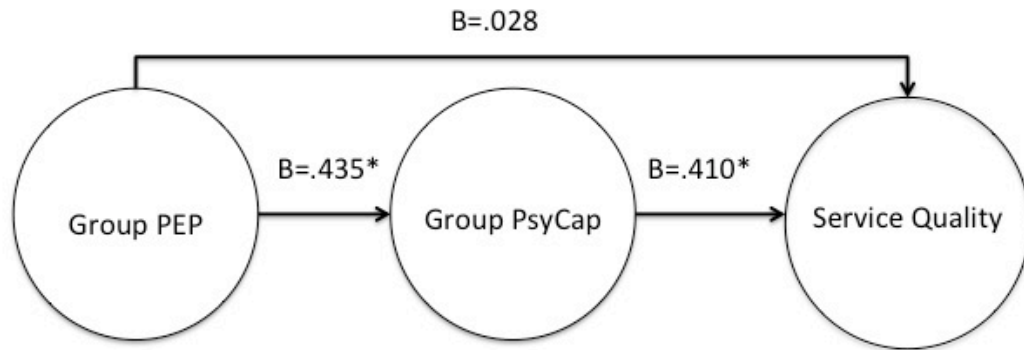
To ensure that the mediation variable carries the influence of the independent variable to the dependent variable a Sobel test was conducted. The Sobel test in the present case is a test of whether the indirect of PEP to service quality via PsyCap and PsyEmp (independently) is significantly different than zero (Preacher, 2011). In Table

5.3, A is the unstandardized regression coefficient between PEP and PsyCap/PsyEmp. B is the unstandardized regression coefficient between PsyCap/PsyEmp and service quality. SE_A is the standard error of the regression coefficient A and SE_B , the standard error of regression coefficient B. As can be seen in the table, the one tailed probability of the Sobel test is significant at the $p < .05$ level, and two-tailed significant at the $p < .10$ level, suggesting mediation does exist.



- STEP 1: PEP and service quality correlate: $r = .207$, $p > .10$
- STEP 2: PEP and PsyEmp correlate: $\beta = .580$, $p < .01$
- STEP 3: PsyEmp related to service quality (controlling for PEP): $\beta = .454$, $p < .01$
- STEP 4: PEP is no different than 0: $\beta = -.057$, $p > .10$

Figure 5.1: Mediation Model among PEP, PsyEmp, and Service Quality



STEP 1: PEP and service quality correlate: $r=.207$, $p>.10$
 STEP 2: PEP and PsyCap are related: $\beta=.435$ $p<.05$
 STEP 3: PsyCap related to service quality (controlling for PEP): $\beta=.410$, $p<.05$
 STEP 4: PEP is no different than 0: $\beta=.028$, $p>.10$

Figure 5.2 Mediation model among PEP, PsyCap and Service Quality

Table 5.3: Sobel test of mediation effects of PsyCap and PsyEmp on service quality

	Mediator: PsyCap	Mediator: PsyEmp
A	1.294	3.156
B	.012	.006
SE_A	.498	.823
SE_B	.005	.003
Sobel Test Statistic	1.76	1.77
One-tail probability	.04	.04
Two-tail probability	.08	.08

Discussion

The results of this study show that at a unit-level, collective PsyEmp is related to overall revenues and service quality, while PsyCap is related to service quality. However, this study failed to show a relationship between PsyCap and food safety performance as well as PsyEmp and food safety performance. Moreover, this study failed to find any mediating relationships between PEP, PsyEmp, PsyCap and revenues. However, two

mediation models were found between PEP and service quality for both PsyCap and PsyEmp. Finally, the relationship between service quality and revenues was supported in that the greater the service quality, the higher the revenues.

Theoretical Implications

PsyCap is a relatively newer construct that has just recently developed since the mid-2000s. PsyCap falls under the Positive Organizational Behavior (POB) umbrella, which has also only recently started to receive considerable attention, in relation to the rest of the management literature. PsyCap has shown the ability to improve performance in employees in several studies (Avey et al., 2011). This notion is strengthened in this study. As Avey et al. (2011) indicated, the need to examine what is to the left of PsyCap is important in developing the construct. Moreover, the authors call for objective performance measures, and an increase in collective-level research. This study supports all of these paucities. Specifically, the finding that a group's perception of the belief others hold about his or her own work as an antecedent to this study is important. But what is even more important to note that as a group, these perceptions can affect the unit as a whole's performance, through transformative attitudes such as PsyCap and PsyEmp. PsyCap and PsyEmp are transformative in that greater levels have shown to lead to greater performance in past studies (Avey, et al., 2011; Seibert, Wang, & Courtright, 2011). Carmeli, Gelbard, and Goldreich (2011) state that group members who share a strong sense of identification with a group will then enhance collaborative behaviors within their work team. In this case, the PEP enhanced the PsyCap and PsyEmp, which in turn increased the service quality and revenues (PsyEmp only).

PsyEmp has supported several relationships with many performance outcomes solidifying its use in the hospitality and organizational behavior contexts. Relevant to this study, past research has showed a relationship between PsyEmp and service quality or service performance (Bradley, 1997; Ping et al, 2010; Ueno, 2008). This study confirms this finding. As PsyEmp is typically a result of the structure or psychological processes (Wallace, et al., 2011), current literature suggests that it is the leader who strongly influences the feelings of meaning, impact, self-determination and self-efficacy in an employee. Just as a leader has the influence on the employee, this study suggests that the employee's friends and family may also have a similar type of influence. In particular, as mentioned in Mathe et al. (2011), if an employee does not hold positive perceptions of how others view his or her work, then the feelings of meaningfulness, impact, self-determination, and competence may be jeopardized. The leader sets the tone of the work environment, which may in turn be reflected upon the PEP held by the employees. If a leader creates an environment that is unappealing, the confirmation of friends and family of the employee working in the environment will be absent. However, if the leader creates a work environment that is pleasant, this will show through the employee and friends and family will support the individual for their employment, and hence PEP will be increased. This will then help to increase PsyEmp in the QSR environment.

Practical Implications

In the QSR environment, teamwork is essential to success. Starting from the order taker, moving to the back of the house to the front of the house, individuals must work together to complete orders in a matter that satisfies both product and service quality. By

having higher PsyCap and PsyEmp in the workplace, the employees should then begin to produce a higher quality product and service, and this should be particularly salient when preceded by PEP.

Carmeli et al. (2011) discuss this importance of team PEP and identification, and the resulting behaviors that occur. In particular they state that team leaders, or in the present case restaurant managers should find ways to increase their prestige because of the potential to generate work team processes. In the QSR industry, what creates feelings of prestige is unknown. By finding these factors that increase prestige, units may then have an easier time with hiring and retaining employees, which is more difficult in the QSR industry than in others due to the demographics of employees (Bureau of Labor Statistics, 2010). Additionally, by understanding PEP from the perspective of the customers would add a critical element missing from the literature. When restaurant units become more involved in a community, this should increase the PEP of the unit, which may in turn be linked to increase revenues, and service quality. Future research should explore this notion through a longitudinal research design.

Organizations should take note of these important implications and institute initiatives to help to improve the PsyCap, PsyEmp and PEP. Because PsyCap and PsyEmp are state like in nature, training intervention, in particular for managers, can help to increase the climate held for each of these constructs in the restaurant units. Specifically, Avey et al. (2009) state, “at the completion of the PsyCap training intervention, participants have taken ownership of a personally valuable and realistically challenging goal, are prepared for obstacles, and are ready to implement multiple contingency plans” (p.687). By engaging in training interventions such as these for

PsyCap and PsyEmp, in addition to increased PEP, service quality, and revenues will likely be increased.

Limitations

As with any study, several limitations exist. Although the number of respondents was adequate (n=130), gaining additional respondents, in more groups would have resulted in greater power. In the second study only 30 groups were analyzed, which may have limited some of the results. In particular, not using structural equation modeling (SEM) to simultaneously test the mediation hypotheses was not possible due to the small number of groups. Less than 100 is considered 'small' for SEM purposes. The small sample size means that power would also be limited (Kline, 2005). The CFA failed to meet some standard thresholds of model fit (ex. RMSEA), which is likely due to the smaller sample size, but other fit indices such as SRMR, CFI, and IFI all meet 'good' fit qualification.

The null results of food safety performance may also be explained due to a limitation of this study. Food safety performance for this study included many instances of temperatures, and logging of particular activities. Temperatures of different areas of the restaurant such as refrigerators, freezers, etc. although should be checked by the employee, may not be a result of the employees' behaviors. Future studies should examine specific employee behaviors such as hand washing, and glove wearing, versus what may be out of the control of the employee such as defective cooling equipment.

Additionally, and as mentioned previously, collecting data at more than one time point would also add greater validity to future studies. Further, data of employees under

the age of 18 was not accounted for or analyzed. As this is protected population, the data may have produced different results if these individuals had been included, because they make up a large percentage of the QSR industry, especially in the summer when the data collection occurred. Electronic data collection may also serve as a limitation as it was the responsibility of the manager to allow the employees access to the survey in the store. Future studies should allow for employees to take a paper survey home, or send to personal e-mail addresses outside of the manager's supervision.

Conclusion

This study showed how at the group level PsyCap is positively related to service quality whereas PsyEmp is positively related to both service quality and revenues. Additionally, by adding the construct PEP as an antecedent to both the PsyCap and PsyEmp to service quality relationship support was found at the group level. By understanding how PEP affects service quality through the mediating variables of PsyCap and PsyEmp, the effects on objective QSR performance can be further understood. Further, this paper found that service quality was related to overall restaurant revenues at a given point in time. However, this study failed to find support using food safety performance as a predictor of restaurant revenues and as a result of PsyCap and PsyEmp.

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CHAPTER VI

DIFFERENCES BETWEEN ORGANIZATIONAL AND UNIT-LEVEL PERCEIVED EXTERNAL PRESTIGE, PSYCHOLOGICAL CAPITAL, AND PSYCHOLOGICAL EMPOWERMENT: A QUICK SERVICE RESTAURANT PERSEPECTIVE

Abstract

This study presents an exploratory examination of differences that occur between multilevel organizational structures, or in this case, quick service restaurants (QSRs). The research conducted in this study relies on differences of group means of Perceived External Prestige, Psychological Capital, and Psychological Empowerment. The findings suggest that the unit-level has higher scores in each of these three variables. The results of this study help to advance the differences between organizational climate, organizational culture and unit climate. Future studies should address this same topic longitudinally to garner greater support.

Keywords: Perceived External Prestige, Psychological Capital, Psychological Empowerment, Quick Service Restaurants, Organizational Culture, Climate

Introduction

Organizational culture and climate both deal with how employees perceive the organization they work for (Schneider, 2000) and in turn lay the foundation for understanding organizational phenomenon (Schein, 2000). One of the earliest studies on culture could be considered the Hawthorne studies conducted in the early 1930s. While not the original intent, the study showed many important implications one of which was the informal work culture and importance of management. Climate and culture are two concepts that are similar yet distinct in many ways. This study's focus was on two levels within a company: the organization level and the unit-level, which closely correspond to the notion of culture and climate.

In considering these two levels, one may consider the organizational-level, deemed the corporate level in this study, to be encompassing of the organization's culture while climate is at the unit-level. Schein (1992) discusses culture and provides a definition that culture is a pattern of basic assumptions that the group learned through problem solving and has worked well enough to be learned by new members as the right way to think and feel in relation to the problems. In other words, culture is a continuous learning process as those group members continue to pass culture on to new group members through social interaction. Ostroff, Kinicki and Tamkins (2003) discussed the notion that culture encompasses many disciplines, in particular those from sociology and anthropology. But organizational culture is said to be composed of three different attributes including artifacts, values and assumptions (Schein, 1992). Artifacts are the physical, visual objects like the organization's building and technology as well as formal policies and procedures. Espoused values are values that are supported by management.

These espoused values are then translated into enacted values which are the values exhibited by the employees within the organization through given behaviors. Finally, assumptions are unobservable and are held over time and ingrained in the company (Schein, 1992). Underlying assumptions could also be considered a norm, or an informal policy followed by employees.

Climate is a concept that has been formally studied longer than culture in the organizational behavior literature (Ostroff et al., 2003). Morgeson and Hoffman (1999) say that climate is a collective view of ongoing events, between individuals that emerge from interaction and can overtime influence the system of interaction. Shadur, Keinzle and Rodwell (1999) also say that climate is the shared beliefs of the organizations policies and procedures of both formal and informal means. Unlike culture, climate is typically studied as a specific construct. Schneider agrees with this notion saying that climate should not be abstract but instead focus on climates for a specific outcome. Examples include a service climate, empowerment climate, ethical climate or employee involvement climate. What causes climate is still up for debate. While a model has stated that climate is a result of the context (Payne & Pugh, 1976) research has only moderately supported this notion (Jones & James, 1979).

The relationship between culture and climate has been discussed in a variety of theoretical and empirical studies. Schein (2000) claims that in many cases culture is often used for what should be termed climate. Ostroff et al. (2003) state the difference is mostly due to the measurement of the two constructs. For the most part, culture has been measured qualitatively through ethnography, observation and case study. Climate, on the other hand, has primarily been measured through quantitative surveys. When culture

started to be measured quantitatively, the line became even more blurred. The problem with quantitative culture research is that proxies are being used improperly. In particular, they state that researchers have been using formal policies and procedures as proxies for culture, when really that is just a piece of the puzzle (Ostroff, Kinicki, & Tamkins, 2003). Finally, Ostroff et al. (2003) state that artifacts are the similarity between climate and culture. Climate can be considered an artifact that results from culture. Climate is the perception of practices, while culture the long-lasting assumptions and values. In other words practices and policies are viewed as the artifacts in culture but in the climate literature are the foundation for how climate perceptions are formed.

The distinction between culture and climate is important in this study because climates occur within groups and are often specified constructs. But, would corporate level beliefs, those who are meant to serve as the role model for units, be considered climate or culture? Additionally, would it be reasonable to believe that the positively oriented variables used in this study would be stronger at the corporate level, since the corporate level is supposed to guide the unit-level? Specifically, this study sought to measure the differences between three key constructs of perceived external prestige, psychological empowerment and psychological capital at both the corporate and unit-level.

Theoretical Background & Hypotheses

Perceived external prestige (PEP) “represents how an employee thinks outsiders view his or her organization (and thus him or herself as a member thereof)” (Smidts, Pruyn, & Van Riel, 2001, p. 1052). PEP, as described by Smidts et al. (2001), is a result

of a variety of inputs and sources of information such as word of mouth, publicity and internal communications regarding how the organization is perceived. In this case, the concept of PEP is salient because in the hospitality industry, the front line workers who are working in the fast food restaurants themselves may be considered having a stigmatized job. Fast food work is often thought of as a last resort or as a job for teenagers. Ashforth et al. (2007) state that dirt is bad and clean is good. Within fast food restaurants, it is easy for one to assume that employees can get dirty with the amount of fried products being served, in particular hamburger quick service restaurants (HQSR). Ashforth et al. (2007) claim that if dirty workers, or in the present case fast food workers look to others for positive reinforcement of their jobs, they are likely to be frustrated because these people are glad others are doing the job and will distance themselves from the dirty type of work. On the other hand, at a corporate level, the workers there may be perceived differently. The PEP of corporate employees will likely differ than those in the restaurants because they are not actually conducting the 'dirty work' that entails a stigmatized job. However, it is the climate created at a corporate office that should set the tone of the identities created at the unit-level. If a company's corporate office has an atmosphere of a fun and laid back style, which is ingrained in its culture, it could be assumed that the unit-level operations should also be fun and laid back. Conversely, in an atmosphere that is strict and professional, this may also pass on to the unit-level. Considering PEP, if a company's corporate employees have high PEP this may also translate into unit-level employees also believing that others perceive their workplace as a good place to work. Therefore the following hypothesis was proposed:

Hypothesis 1: Organizational-level PEP will be greater than unit-level PEP.

Continuing on the same stream of logic, psychological empowerment (PsyEmp) is composed of four elements, (1) meaningfulness, (2) competence, (3) self-determination, and (4) impact (Conger & Kanungo, 1988; Spreitzer, 1996; Thomas & Velthouse, 1990; Wallace, Johnson, Mathe, & Paul, 2011). Multilevel research on empowerment has thus far investigated teams and individuals. In particular Tuuli and Rowlinson (2009) found that empowerment climate is related to individual empowerment. Additionally, Chen, Kirkman, Kanfer, Allen, and Rosen (2007) found that team empowerment moderated the relationship between individual empowerment and individual performance. This study continued with this same stream of logic but at the organizational-level and unit-level. Therefore the following hypotheses were proposed:

Hypothesis 2: Organizational-level PsyEmp will be greater than unit-level PsyEmp.

Finally, this study examined psychological capital (PsyCap), a variable composed of hope, optimism, resilience and self-efficacy. Very little research has examined PsyCap from a multilevel perspective. Some research has looked at PsyCap as a variable that can be passed down, as suggested in the present case, or altered by a leader. PsyCap was used as an outcome variable to transformational leadership, suggesting that PsyCap may be developed through an employee's leader or supervisor (Gooty, Gavin, Johnson, Frazier, & Snow, 2009). Gooty et al. (2009) also state that PsyCap is positively related to in-role performance and OCBs (individually and organizationally). The same study also found a full mediation model in that PsyCap mediated the relationship between transformational leadership and in-role performance and organizational citizenship behaviors. From a multilevel perspective, PsyCap was found to be passed from a leader to the follower and

that the follower PsyCap was related to their supervisor-related performance (Walumbwa, Peterson, Avolio, & Hartnell, 2010), supporting the notion that PsyCap in leaders impacts follower PsyCap.

Hypothesis 3: Organizational-level PsyCap will be greater than unit-level PsyCap.

Methods

The population of interest for this study was QSR employees at all levels including front-line workers, assistant managers, and managers. The data was collected from a national chain of QSRs located throughout the U.S. The sample was limited to employees who volunteered to participate after a notification and recruitment process. The surveys were administered via e-mail and survey links available on the parent company's intranet site. Two regional vice presidents and directors within the organization, who agreed to assist in the data collection of the study, delivered the recruitment e-mail to their regions. A small monetary incentive was given to a randomly selected store that qualified for entrance in a raffle. Qualification for the monetary incentive included receiving three separate responses for an individual restaurant. For every additional three responses, another entry would be placed in the random drawing. Data collection took place over a two-week period. The managers of the restaurants, who were contacted by the directors and regional vice presidents, invited the employees within each restaurant unit to participate in the study. Since there was no exact number of stores who received the e-mail, was difficult to generate a response rate. It is estimated that approximately 100 stores received a recruitment e-mail. A total of 328 responses were collected, of these 328

124 were unusable due to the respondent being under the age of 18. However, 204 responses were collected. Of those 204 responses 168 were complete and usable. Then the data was aggregated to the unit-level. In this case, for every store that did not have at least three responses, was eliminated leaving total of 130 responses from 30 units. The range of participants per unit was from two to 15. The average number of participants was four and the median was three.

This study also included corporate employees that have direct contact with the stores, including professionals in the marketing and operations departments at the QSR's headquarters. These two departments play a critical role in the operational execution and delivery of products and for the purpose of this study served as the 'organization -level' climate needed to provide a multilevel study. Within the marketing department, data was collected from the following sub groups: Product Innovation, Media and Advertising, Consumer Research, and Brand Management. From the operations department, data was collected from the following sub groups: Quality Assurance, Operational Execution, Equipment Management and Purchasing.

Measures

Perceived External Prestige

Smidts et al. (2001) originated the scale of PEP that was then adopted by Bartels, Pruyn, De Jong, and Joustra (2007). This study followed the three-item measure used by Bartels et al. (2007), which utilizes a 5-point Likert-type scale using 1=*strongly disagree*, and 5=*strongly agree* as anchors. Smidts et al. (2001) yielded an internal consistency of $\alpha=.73$, while the Bartels et al. (2007) yielded an internal consistency of $\alpha=.78$. The three items include:

1. [name of organization] has a good reputation.
2. [name of organization] is regarded as a pleasant to work for.
3. When talking with friends and family about [name of organization] they often display a positive attitude towards [name of organization].

Psychological Capital

Luthans, Avolio, Avey, and Norman (2007) constructed and validated the Psychological Capital Questionnaire, which has been used and validated in numerous studies (Avey, Luthans, & Jensen, 2009; Avey, Luthans, Smith, & Palmer, 2010; Luthans, Avolio, Avey, & Norman, 2007; Luthans, Norman, Avolio, & Avey, 2008; Norman, Avey, Nimmicht, & Graber Pigeon, 2010). The revised, 12-item measure was measured collectively and does not break down into its four individual components of hope, optimism, resilience and self-efficacy as the 24-item measure does (Avey, Luthans, & Mhatre, 2008). The scale uses a 6-point Likert type format. The Cronbach Alphas for the PsyCap measure in the Luthans et al. (2007) study, which utilized four samples, were .88, .89, .89 and .89. Survey items were adapted to fit the restaurant context. Sample items include:

1. I feel confident in representing my work area in meetings with management.
2. If I should find myself in a jam at work, I could think of many ways to get out of it.
3. Right now I see myself as being pretty successful at work.
4. I always look on the bright side of things regarding my job.

Psychological Empowerment

Spreitzer (1995; 1996) developed and validated the PsyEmp measure. This particular instrument has been used in more than 50 studies in a variety of contexts including service workers, and nurses. Validity estimates for the four dimensions of meaningfulness, competence, self-determination and impact typically result at or around .80. The 16-item version can also be reduced to a 12-item version, as done so in the present study. The measure uses a 7-point Likert-type scale and includes the following items:

1. I am confident about my ability to do my job
2. The work that I do is important to me
3. My impact on what happens in my store is large
4. My job activities are personally meaningful to me
5. I have a great deal of control over what happens in my store
6. The work I do is meaningful to me

Controls

Questions regarding gender, age, tenure and ethnicity were also asked in the survey for descriptive purposes, but not included in the analysis. Respondents were 34% female and 66% male. The mean age of the respondents was 27.02 years. The majority were 25 or under with 13.3% reporting an age of 19, 9.4% age 20, and 9.0% age 23. Those age 40 or older made up 12.7% of the total sample. The mean of tenure was 4.24 years with majority of the employees experiencing tenure of two years, totaling 26%. Approximately 26% had been with the organization for one year or less. Ethnicity yielded

a majority of White/Caucasian respondents with 86% of valid responses. African American totaled 8.5% and Hispanic 3.1%. The corporate sample was composed of 31 respondents, one who provided no demographic information. The sample was 63% female and 37% male. The average tenure was 7 years. The sample was composed of 76% who held the title of ‘manager’, ‘coordinator’, or ‘analyst,’ while the remainder held the title ‘director’, ‘senior director’, or ‘vice-president’. The sample was 100% White/Caucasian.

Results

The mean, standard deviations, F-values and significance values can be seen in Table 6.1. As evidenced in the results, the corporate sample had lower means for all three variables PEP, PsyEmp and PsyCap. The results show significant differences in PEP ($F=5.003, p=.026$), PsyCap ($F=10.341, p=.002$) and a marginally significant difference in PsyEmp ($F=2.853, p=.093$). However, these results are opposite to what was hypothesized in that the field sample, or the restaurant units, had greater means than the corporate sample in each of the variables.

Table 6.1: T-test for differences between corporate level and unit-level PEP, PsyCap, and PsyEmp

Measure	Corporate Sample		Field Sample		F-Value	p-value
	Mean	Std. Dev,	Mean	Std. Dev.		
PEP	11.87	1.80	12.81	2.20	5.003	.026
PsyEmp	67.19	7.64	70.45	10.23	2.853	.093
PsyCap	58.00	7.92	62.65	7.26	10.341	.002

Discussion

This study had surprising results. In particular, each of the hypotheses were opposite of what was proposed in that the variables favored the unit-level over the corporate level. The justification why this phenomenon occurred has little support from the literature currently available. The results of this may in large part be because of the size of the units, but both theoretical and practical implications can help to explain the results of this study.

Theoretical Implications

At the corporate level, in which hundreds of employees work, the environment largely rests within the walls of the one building managed by the CEO and top management team. Conversely, at the unit-level, a smaller number of employees within the restaurant exist, reporting to a manager. This is relevant because past research has shown relationships between group size and involvement. In particular Van Dyne & LePine (1998) state that “in larger groups, it is difficult to identify individual members’ relative contributions and therefore individuals feel less responsible for group-level outcomes...the result is that members of large groups become less involved in group matters” (p. 857). This notion theoretically helps to justify the results found in this study. In particular, in smaller groups, an employee would have voice in the matters that occur in the workplace regarding important issues. A voice behavior is defined as behavior of expression that is intended to improve, instead of criticize. It includes making innovative suggestions to improve procedures (Van Dyne & Lepine, 1998). Past research has shown that voice climate has been shown to predict group performance (Frazier, 2010). In the

present context, at a corporate level, the ability to change the status quo through voice behaviors may not be as impactful, or as accepted versus a unit-level setting.

Practical Implications

Another possible explanation for the differences between corporate and unit-level differences in PEP, PsyCap and PsyEmp may be more operationally based, especially in QSR. At the corporate level, most employees are salaried whereas at the unit-level, hourly wages are typical. But, since the corporation is public, the stock price fluctuations are more likely to influence the corporate employees versus the frontline workers. If a corporate employee has any sort of stock compensation, this in turn could affect the PEP, PsyCap and PsyEmp. Because decisions start from the corporate office and are then implemented at the unit-level, the pressure to make the right decision is then on the shoulders of the corporate employees. In turn, if employees have lower PsyCap and PsyEmp at the corporate level, this will be reflected in the work at the top, in turn influencing overall organizational performance. Conversely, at the unit-level the PsyCap and PsyEmp are influencing just the given store's performance.

Limitations

As with any study, several limitations exist. Although the number of respondents was adequate (n=161 in study three), a greater number of corporate level employees should be collected to increase power. Although the sample included only individual who worked closely with the stores, and thus would provide the hypothesized PsyCap and

PsyEmp passed down, including individuals in other departments may add more breadth to the study.

Collecting data at more than one time point would also add greater validity to future studies, particularly at the corporate level. This is because any major event that occurred in the corporate office may have changed the perceptions of PEP, PsyCap and PsyEmp. For example, a recent lay-off of employees may have decreased these constructs, or severe change in a stock price may also alter these. Therefore, it is necessary in future studies to examine this longitudinally.

Further, data of employees under the age of 18 was not accounted for or analyzed in the field sample. As this is protected population, the data may have produced different results if these individuals had been included, because they make up a large percentage of the QSR industry, especially in the summer when the data collection occurred. Electronic data collection may also serve as a limitation as it was the responsibility of the manager to allow the employees access to the survey in the store. Future studies should allow for employees to take a paper survey home, or send to personal e-mail addresses outside of the manager's supervision. At the corporate level, the electronic survey may have served as a limitation because of the possibility of electronic monitoring, employees may have not answered as honestly as would versus a paper survey.

Future research

As presented in the beginning of this study, the difference between culture and climate is an area that needs further clarification. An area for research within this realm that needs to be examined is comparing the levels of PsyCap, PsyEmp and PEP across

different organizations, in particular at the corporate level. Then, by implementing a longitudinal design, it can then be determined if the company has a culture for these variables or a climate for these variables. As culture is composed of artifacts, values and assumptions (Schein, 1992), and climate is a collective view that develops from interactions. It may be inferred, especially in fast food, that climate varies more than culture. Therefore, if a culture of PsyCap and PsyEmp and PEP hold over time, it could be considered ingrained in the culture, versus a climate, which could change with the addition or subtraction of an employee. Therefore, by benchmarking across other companies within the industry as well as understanding the concept longitudinally, we can progress the culture and climate literature.

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CHAPTER VII

CONCLUSIONS

A summary of the hypotheses in the studies presented can be seen in Table 7.1. The first study supported all significant results in that perceived external prestige (PEP) was positively related to both psychological capital (PsyCap) and psychological empowerment (PsyEmp), and supported a significant interaction with customer orientation (CO) in predicting PsyCap and PsyEmp. The second study tested the group-level relationships among PsyEmp, PsyCap and objective performance measures food safety performance, service quality and revenues. The relationship between PsyCap and PsyEmp with service quality garnered significant support as did the group PsyEmp to revenues relationship. However, relationships between group PsyEmp and food safety performance as well as group PsyCap, food safety performance, and revenues failed to gain support. The mediation hypotheses in the same study only supported the group PEP→PsyCap→service quality and group PEP→PsyEmp→service quality relationships. Finally, the third study yielded significant differences between the unit-level and corporate-level in regards to PEP, PsyCap and PsyEmp. However, the results were opposite of what was hypothesized in that the unit-level had greater means than the corporate-level.

Table 7.1: Summary of hypotheses

Hypothesis Number	Hypothesis	Support (Not supported, or supported)	Other notes
H1a	PEP → PsyCap	Supported	Individual-level
H1b	PEP → PsyEmp	Supported	Individual-level
H2a	PEP X CO → PsyCap	Supported	Individual-level
H2b	PEP X CO → PsyEmp	Supported	Individual-level
H3a	Group PsyEmp → Food safety performance	Not supported	Unit-level
H3b	Group PsyCap → Food safety performance	Not supported	Unit-level
H3c	Group PsyEmp → Service quality	Supported	Unit-level
H3d	Group PsyCap → Service quality	Supported	Unit-level
H3e	Group PsyEmp → Revenues	Supported	Unit-level
H3f	Group PsyCap → Revenues	Not Supported	Unit-level
H4a	Group PEP → Group PsyEmp → Food safety performance	Not supported	Unit-level
H4b	Group PEP → Group PsyCap → Food safety performance	Not supported	Unit-level
H4c	Group PEP → Group PsyEmp → Revenues	Not Supported	Unit-level
H4d	Group PEP → Group PsyCap → Revenues	Not Supported	Unit-level
H4e	Group PEP → PsyEmp → Service Quality	Supported	Unit-level
H4f	Group PEP → PsyCap → Service quality	Supported	Unit-level
H5a	Food safety performance → Revenues	Not supported	Unit-level
H5b	Service quality → Revenues	Supported	Unit-level
H6a	Corporate level PsyCap > Unit-level PsyCap	Reverse Support*	Organizational/Unit-level
H6b	Corporate level PsyEmp > Unit-level PsyEmp	Reverse Support*	Organizational/Unit-level
H6c	Corporate level PEP > Unit-level PEP	Reverse Support*	Organizational/Unit-level

*opposite than hypothesized

Limitations

As with any study, several limitations exist. Although the number of respondents was adequate (168 in study one, 130, in study two, and a combined 161 in study three), gaining additional respondents, in more groups would have resulted in greater power. In the second study only 30 groups were analyzed, which may have limited some of the results. The CFA in Chapter 5 failed to meet some standard thresholds of model fit (ex. RMSEA), which is likely due to the smaller sample size. Additionally, and as mentioned previously, collecting data at more than one time point would also add greater validity to the studies. Further, data of employees under the age of 18 was not accounted for or analyzed. As this is protected population, the data may have produced different results if these individuals had been included, because they make up a large percentage of the QSR industry, especially in the summer when the data collection occurred. Next, the notion of generalizability may be a limitation. The restaurant context differs greatly in operations compared to other business sectors such as manufacturing. As Avey et al. (2011) stated, variables such as PsyCap actually perform better in the service sector. With this said, the generalizability of this study would hold for other segments within hospitality and customer related occupations. Finally, the use of a survey, which relied on managers relaying a message to employees, may have resulted in skewed results, based on the respondents answering the questions with what they believe the manager would find the most appealing and what they believe to be correct, instead of how they truly feel.

Theoretical Implications and Future Research

As can be seen in the review of the hypotheses, several conclusions can be drawn. First as evidenced through the studies at both the individual-level and group level PEP serves as an antecedent to both PsyCap and PsyEmp. As suggested by Avey et al. (2011), the need for both collective level research on PsyCap as well as further examination of antecedents to the construct were thoroughly investigated in these studies. Additionally, the concept of PEP had yet to be studied in relation to PsyEmp, a construct that has been shown to produce positive results in both satisfaction and performance (Seibert, Wang, & Courtright, 2011).

Additionally, the first study showed how CO served as a moderator in the relationship between PEP and PsyCap and PEP and PsyEmp. This is important because the manager, who should serve as the leader of the restaurant, will set the tone for operations. In this case an individual employee who has a manager who is high in CO in relation to high PEP, results in greater levels of PsyEmp and PsyCap. However, if low PEP is present, the manager's CO makes a nominal difference in predicting PsyCap and PsyEmp. Therefore, the needs to increase the perceptions of the workplace (PEP), in relation to satisfying customer needs (CO) are both important implications of this study. Future studies should examine other moderating variables between PEP and these two outcomes. Specifically, it would also be of interest to examine how work-family balance or family-work balance plays a role in the determination of PEP, which in turn affects PsyCap and PsyEmp. This would be important because as PEP is reliant on the employee's relationships with friends and family. To understand how work and family affect employee attitudes would be important in extending the organizational and hospitality literature.

The second study showed again how PEP served as a predictor to group-level PsyCap and group level PsyEmp. This same study also showed that the greater the group PsyCap and group PsyEmp, the greater the service quality and revenues, independently. However, this study failed to support mediation among PEP, PsyCap and revenues as well as PEP, PsyEmp and revenues. The mediating relationships among PEP, PsyCap and service quality as well as PEP, PsyEmp and service quality, were both supported through a significant mediation model. The hypothesized relationships with food safety in this study failed to garner any support. Moreover, food safety failed to show any relationship with revenues, whereas service quality was positively related to unit revenues. To concur with Avey et al. (2011), more studies need to be conducted on the antecedents of PsyCap as well as PsyEmp. Following in the same logic of this study, a look at organizational identity, and work family balance would be fruitful to the positive organizational behavior literature. Moreover, conducting studies longitudinally regarding PsyCap and PsyEmp and training behaviors, particularly in food safety would be fruitful. It is rational to support a relationship between positive constructs and safety behaviors, and this would best be accomplished by using experimental design (Eid, Mearns, Larsson, Laberg, & Johnsen, 2012).

Finally, the third study was a unique study in the hospitality context in that data was collected at the corporate office using the same constructs used in the first two studies. Results showed that PEP, PsyCap and PsyEmp were greater in the unit-level versus the corporate level, opposite of what was hypothesized. The reasoning for this may be due to the fact that individual have greater influence at the store-level, which has fewer employees; whereas the corporate level has a great number of employees, making

voice behaviors less prevalent. This study helped to distinguish between climate and culture as well. As specific companies try to generate a positive organizational culture, which they hope to pass down to the unit-level, is a process that occurs over time. Whereas a climate is more state-like in nature, in that one employee may strongly influence the climate. Specifically, a climate may occur within a department of the organization, but the culture considers the company as a whole. Research has stated the line between culture and climate is blurred because culture cannot be measured quantitatively (Ostroff, Kinicki, & Tamkins, 2003). However, this may not be always true. Future studies that examine several companies, longitudinally, I believe would be a measure of culture. However as mentioned, because climate can change based on simple interactions, this can be measured at any point in time, as climate is more malleable. Thus, the research here was a study of corporate climate and the difference that occur in comparison to unit climate.

Practical Implications

Several influences can impact individual attitudes, in particular PsyCap and PsyEmp. Companies can take note of the results of this study and attempt to increase the levels of PsyCap and PsyEmp, which should at a unit-level increase service quality and revenues. Moreover, by engaging in CO training of managers, the CO of the unit should also increase. As stated previously, CO is a construct that is observed by others and passed down. If a manager has a climate of CO, the lower level employees will take note and also engage in CO behaviors. However, there may be other ways to increase a manager's CO, and it starts from the top management of the organization. Therefore,

while it is the manager's responsibility to communicate the message of customer orientation effectively to the employee, it is on the shoulders of the organization to create the culture and atmosphere towards satisfying customers, and in turn, altering the PsyCap and PsyEmp of employees. In the hospitality industry, which is reliant on service encounters, it should be a common goal to focus on customers and achieve a strong customer orientation from the top and move through to the front line workers.

Continuing in terms of PEP, there are two main contributing factors that are theorized to help increase PEP. First, is through positive word of mouth. By having an individual employee be excited about going to work, those who surround the individual will see the place of employment as enjoyable and in turn, provide positive feedback to the individual about their work. Additionally, companies can take part in initiatives such as increasing diversity in the workplace, or providing incentives that make the company noticeable and possibly achieve a Fortune 'best places to work' rating to increase PEP.

In the quick service restaurant (QSR) environment, teamwork is essential to success. Starting from the order taker, moving to the back of the house to the front of the house, individuals must work together to complete orders in a matter that satisfies both product and service quality. By having higher PsyCap and PsyEmp in the workplace, the employees should then begin to produce a higher quality product and service, and this should be particularly salient when preceded by PEP.

In the QSR industry, what creates feelings of prestige is unknown. By finding these factors that increase prestige, units may then have an easier time with hiring and retaining employees, which is more difficult in the QSR industry than in others due to the demographics of employees (Bureau of Labor Statistics, 2010). Additionally, by

understanding PEP from the perspective of the customers would add a critical element missing from the literature. When restaurant units become more involved in a community, this should increase the PEP of the unit, which may in turn be linked to increase revenues, and service quality.

Organizations should take note of these important implications and institute initiatives to help to improve the PsyCap, PsyEmp and PEP. Because PsyCap and PsyEmp are state-like in nature, training intervention, in particular for managers, can help to increase the climate held for each of these constructs in the restaurant units. Specifically, Avey et al. (2009) state “at the completion of the PsyCap training intervention, participants have taken ownership of a personally valuable and realistically challenging goal, are prepared for obstacles, and are ready to implement multiple contingency plans” (p.687). By engaging in training interventions such as these for PsyCap and PsyEmp, in addition to increased PEP, service quality, and revenues will likely be increased.

Limitations

As with any study, several limitations exist. Although the number of respondents was adequate (n=130), gaining additional respondents, in more groups would have resulted in greater power. In the second study only 30 groups were analyzed, which may have limited some of the results. In particular, not using structural equation modeling (SEM) to simultaneously test the mediation hypotheses was not possible due to the small number of groups. Less than 100 is considered ‘small’ for SEM purposes. The small sample size means that power would also be limited (Kline, 2005)The CFA failed to meet

some standard thresholds of model fit (ex. RMSEA), which is likely due to the smaller sample size, but other fit indices such as SRMR, CFI, and IFI all meet 'good' fit qualification.

The null results of food safety performance may also be explained due to a limitation of this study. Food safety performance for this study included many instances of temperatures, and logging of particular activities. Temperatures of different areas of the restaurant such as refrigerators, freezers, etc. although should be checked by the employee, may not be a result of the employees' behaviors. Future studies should examine specific employee behaviors such as hand washing, and glove wearing, versus what may be out of the control of the employee such as defective cooling equipment.

Additionally, and as mentioned previously, collecting data at more than one time point would also add greater validity to future studies. Further, data of employees under the age of 18 was not accounted for or analyzed. As this is protected population, the data may have produced different results if these individuals had been included, because they make up a large percentage of the QSR industry, especially in the summer when the data collection occurred. Electronic data collection may also serve as a limitation as it was the responsibility of the manager to allow the employees access to the survey in the store. Future studies should allow for employees to take a paper survey home, or send to personal e-mail addresses outside of the manager's supervision.

Conclusion

In summary, this dissertation thoroughly examined the relationships among PEP, PsyCap and PsyEmp at the individual, unit and organizational-level context within QSRs.

In particular, it was found that PEP served as an antecedent to PsyCap and PsyEmp. PsyCap and PsyEmp served as predictors of service quality in QSRs while PsyEmp was positively related to restaurant revenues. Finally, it was determined that the unit-level QSR scores higher in PEP, PsyCap and PsyEmp versus the organizational, or corporate-level.

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APPENDICES

Oklahoma State University Institutional Review Board

Date: Friday, June 10, 2011
IRB Application No HE1135
Proposal Title: State-like Psychological Variables and the Individual, Unit, and Multilevel Impact on Quick Service Restaurant Performance
Reviewed and Processed as: Exempt

Status Recommended by Reviewer(s): Approved Protocol Expires: 6/9/2012

Principal Investigator(s):
Kimberly Mathe Soulek Sheila Scott-Halsell
210 HESW 210 HES
Stillwater, OK 74078 Stillwater, OK 74078

The IRB application referenced above has been approved. It is the judgment of the reviewers that the rights and welfare of individuals who may be asked to participate in this study will be respected, and that the research will be conducted in a manner consistent with the IRB requirements as outlined in section 45 CFR 46.

The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

As Principal Investigator, it is your responsibility to do the following:

1. Conduct this study exactly as it has been approved. Any modifications to the research protocol must be submitted with the appropriate signatures for IRB approval.
2. Submit a request for continuation if the study extends beyond the approval period of one calendar year. This continuation must receive IRB review and approval before the research can continue.
3. Report any adverse events to the IRB Chair promptly. Adverse events are those which are unanticipated and impact the subjects during the course of this research; and
4. Notify the IRB office in writing when your research project is complete.

Please note that approved protocols are subject to monitoring by the IRB and that the IRB office has the authority to inspect research records associated with this protocol at any time. If you have questions about the IRB procedures or need any assistance from the Board, please contact Beth McTernan in 219 Cordell North (phone: 405-744-5700, beth.mcternan@okstate.edu).

Sincerely,


Shelia Kennison, Chair
Institutional Review Board

RECRUITMENT LETTER TO BE SENT BY COMPANY REP

July 1, 2011,

Hello <company name> Team:

We are pleased to announce that <company name> along with Kim Soulek of Oklahoma State University are working together to provide an on-line survey in order to better understand your job and how it relates to your unit's financial, service and safety performance. Your cooperation in completing these surveys will be very beneficial and we appreciate your open, honest feedback. The first survey is now available through <company intranet> and the deadline for completion is July 14. Please go to <insert link here> to access the survey.

The survey will take approximately 10 minutes to complete. When you begin the survey you will be required to agree to an informed consent process by clicking on the "I agree" button at the bottom of form. Remember, your *individual* survey data will never be shared with the corporate, at your <restaurant unit> or anyone from <company name>. Your responses will be kept in the strictest confidence.

There is also an opportunity to be entered into a raffle of prizes. It is not required that you complete the survey to be entered into the raffle. If you choose to enter for your chance to win prizes, please send your name to kim.mathe@okstate.edu.

You are the greatest asset to the <company name> and we appreciate your feedback. Thank you for taking the time to complete the survey.

If you have any questions please send them to kim.mathe@okstate.edu.

Sincerely,

<company representative>

STATE-LIKE PSYCHOLOGICAL VARIABLES AND THE INDIVIDUAL, UNIT, AND MULTILEVEL IMPACT ON QUICK SERVICE RESTAURANT PERFORMANCE

I invite you to participate in a research study conducted at Oklahoma State University by Kim Mathe Soulek, a student at Oklahoma State University. Dr. Sheila Scott-Halsell also of Oklahoma State University will serve faculty advisor for this study. Your participation in this study is voluntary. Please read the information below. If you agree to the information stated, please click on the 'I agree' button to proceed in this study.

- **PURPOSE OF THE STUDY**

Quick service researchers, employees, operators, franchisees and executives are always looking for ways to increase restaurant performance. With consumers' spending changing, in large part because of the economy, it is of important to understand what affects a restaurants bottom line, customer satisfaction, food safety and employee oriented outcomes, such as perceived external prestige. However, despite this apparent need to understand operational and financial performance, hospitality literature and organizational literature relating to these outcomes is extremely limited. Therefore, the present study attempts to fill a gap in literature by examining how employee empowerment, psychological capital, and customer orientation are linked to restaurant performance.

- **DURATION and PROCEDURES**

If you agree to participate, your involvement in the survey should last approximately 5-15 minutes. Please answer the survey questions to the best of your ability answering as honestly and accurately as possible.

- **POTENTIAL RISKS AND DISCOMFORTS**

There are no known risks associated with this project which are greater than those ordinarily encountered in daily life.

- **ANTICIPATED BENEFITS TO SUBJECTS**

There are no direct benefits to you but you may gain insight into your internal feelings about your job.

- **CONFIDENTIALITY**

There are no identifying characteristics involved in this study. The records of this study will be kept private. Any written results will discuss group findings and will not include information that will identify you. Research records will be collected via Zoomerang and then stored securely on an isolated, password protected computer. Only researchers and individuals responsible for research oversight will have access to the records.

- **PARTICIPATION AND WITHDRAWAL**

Your participation in this research is voluntary. If you decide to participate, you are free to withdraw your consent and discontinue participation at any time without prejudice.

- **COMPENSATION**

|Okla. State Univ. |

A raffle of prizes are associated with the study. Prizes include OSU branded merchandise including t-shirts, flip-flops and baseball caps. If you choose to participate in the raffle please e-mail your name to kim.mathe@okstate.edu. Completion of the survey is not required to be entered into the raffle. Raffle prizes will be distributed on July 28, 2011.

• **CONTACTS**

If you have any questions about this study, you may call or write Kim Mathe Soulek at 405-744-6713 or kim.mathe@okstate.edu. You may also contact Dr. Sheila Scott-Halsell at 405-744-8481 or Sheila.scott-halsell@okstate.edu. If you have questions about your rights as a research volunteer, you may contact Dr. Shelia Kennison, IRB Chair, 219 Cordell North, Stillwater, OK 74078, 405-744-3377 or irb@okstate.edu.

You have the right to choose not to participate in this study. You may also choose to withdraw at any time from the study. If you agree to the information above please click on the 'I agree' button below. You may then proceed in completion of the survey.

To what extent does your store engage in the following practices?

- Our manager/supervisor constantly checks to make sure store policies and procedures don't cause problems for customers
- Our manager/supervisor make constantly makes sure that employees are trying their best to satisfy customers
- Our manager/supervisor thinks of customer's point of view when making big decisions
- Our manager/supervisor really wants to give good value to our customers
- Our manager/supervisor plans to keep our restaurant ahead of competition by understanding the needs of our customers
- Our manager/supervisor has focused the restaurant's goals around customer satisfaction
- Our manager/supervisor looks at customer satisfaction regularly
- Our manager/supervisor pays close attention to our customers after their orders have been delivered
- Our manager/supervisor really cares about customers, even after their orders have been delivered
- Our manager/supervisor have organized our store to serve the needs of our customers

Please click the number for each question that comes closest to reflecting your opinion about it:

- New ideas are readily accepted here
- This restaurant is quick to respond when changes need to be made
- Management here are quick to spot the need to do things differently
- This restaurant is flexible; it can quickly changes procedures to fix and solve problems as they arise
- Help in developing new ideas is readily available
- People in this restaurant are always searching for new ways of looking at problems

Below are statements that describe how you may think about yourself right now. Use the following scale to indicate your level of agreement with each statement.

I feel confident solving a long term problem to find a solution
I feel confident in talking about my restaurant in meetings with management
I feel confident sharing my ideas about the restaurant's strategy
I feel confident helping to set targets/goals in my restaurants
I feel confident contacting people outside the organization (ex. customers, suppliers) to discuss problems
I feel confident presenting information to a group of coworkers
If I should find myself in a jam at work, I could think of ways to get out of it
At the present time, I am energetically pursuing my work goals
There are lots of ways around any problem
Right now I see myself as being pretty successful at work
I can be "on my own" so to speak, at work if I have to
I usually take stressful things at work and stay in a good mood
I can get through hard times at work because I've experienced hard times before
I feel I can handle many things at a time at this job
When things are uncertain for me at work, I usually expect the best
If something can go wrong work-wise, it will.
I always look on the bright side of things regarding my job
I'm optimistic about what will happen to me in the future at my restaurant
In this job, things never work out the way I want them to
I approach this job thinking even though it's tough today, it will get better

Listed below are a number of self-orientations that people may have with regard to their work role. Using the following scale please indicate the extent to which you agree or disagree that each one describes your self-orientation.

I am confident about my ability to do my job
The work that I do is important to me
I have significant freedom in determining how I do my job
My impact on what happens in my restaurant is large
My job activities are personally meaningful to me
I have a great deal of control over what happens in my drive in
I can decide on my own how to go about doing my own work
I have considerable opportunity for independence and freedom in how I do my job
I have mastered the skills necessary for my job
The work I do is meaningful to me
I have significant influence over what happens in my drive in
I am confident about my capabilities to perform my work activities

Please click on the number that best indicates how much you agree/disagree with the following statements

This restaurant has a good reputation
This restaurant is regarded as pleasant to work for
When talking with friends and family about this restaurant they often display a positive attitude towards this restaurant

Gender

- Male
- Female

Age in years

- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
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- 29
- 30
- 31
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- 56
- 57
- 58
- 59
- 60

Length of employment

- Less than 1 month
- 1 month to 3 months
- 4 to 6 months
- 7 to 11 months
- 1 year
- 2 years
- 3 years
- 4 years
- 5 years
- 6 years
- 7 years
- 8 years
- 9 years
- 10 years
- 11 years
- 12 years
- 13 years
- 14 years
- 15 years
- 16 years
- 17 years
- 18 years
- 19 years
- 20 years
- 21 years
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- 25 years
- 26 years
- 27 years
- 28 years
- 29 years
- 30 years
- 31 years
- 32 years
- 33 years
- 34 years
- 35 years
- 36 or more years

Ethnicity

- White/Caucasian
- African American
- Hispanic
- Native American
- Asian
- Other, please specify

VITA

Kimberly Mathe

Candidate for the Degree of

Doctor of Philosophy

Dissertation: AN INDIVIDUAL, UNIT, AND ORGANIZATIONAL-LEVEL EXAMINATION OF PERCEIVED EXTERNAL PRESTIGE, PSYCHOLOGICAL CAPITAL, AND PSYCHOLOGICAL EMPOWERMENT IN QUICK SERVICE RESTAURANTS

Major Field: Human Sciences – Hospitality Administration

Biographical:

Education:

Completed the requirements for the Doctor of Philosophy in Hospitality Administration at Oklahoma State University, Stillwater, Oklahoma in December, 2011.

Completed the requirements for the Master of Business Administration in your major at Oklahoma State University, Stillwater, Oklahoma in May, 2008.

Completed the requirements for the Bachelor of Science in Marketing at Oklahoma State University, Stillwater, Oklahoma in December, 2006.

Professional Memberships:

Guild of Sommeliers

International Council on Hospitality Research and Education

Oklahoma Restaurant Association

Society for Industrial/Organizational Psychology

Name: Kimberly Mathe

Date of Degree: December, 2011

Institution: Oklahoma State University

Location: Stillwater, Oklahoma

Title of Study: AN INDIVIDUAL, UNIT, AND ORGANIZATIONAL- LEVEL
EXAMINATION OF PERCEIVED EXTERNAL PRESTIGE,
PSYCHOLOGICAL CAPITAL, AND PSYCHOLOGICAL
EMPOWERMENT IN QUICK SERVICE RESTAURANTS

Pages in Study: 162

Candidate for the Degree of Doctor of Philosophy

Major Field: Human Sciences

Scope and Method of Study: The purpose of this dissertation is to present three studies examining perceived external prestige, psychological capital, and psychological empowerment. A quantitative survey completed by quick service restaurant employees formed the basis of the research design.

Findings and Conclusions: This dissertation thoroughly examined the relationships among perceived external prestige, psychological capital and psychological empowerment at the individual, unit and organizational-level context within quick service restaurants. In particular, it was found that perceived external prestige served as an antecedent to psychological capital and psychological empowerment. Psychological capital and psychological empowerment served as predictors of service quality while psychological empowerment was positively related to restaurant revenues. Finally, it was determined that the unit-level quick service restaurant scores higher in perceived external prestige, psychological capital and psychological empowerment versus the organizational, or corporate-level.

ADVISER'S APPROVAL: Dr. Sheila Scott-Halsell
