Linking goal perceptions to employee performance in the public sector: assessing the mediating role of psychological empowerment and the moderating role of work context

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LINKING GOAL PERCEPTIONS TO EMPLOYEE PERFORMANCE IN THE PUBLIC SECTOR: ASSESSING THE MEDIATING ROLE OF PSYCHOLOGICAL EMPOWERMENT AND THE MODERATING ROLE OF WORK CONTEXT

by

Jaehee Jong

A Dissertation
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Assessing the Mediating Role of Psychological Empowerment
and the Moderating Role of Work Context

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Abstract

A substantial number of management and psychology studies have examined the positive effect of goal setting on organizational outcomes (Locke & Latham, 1990, 2002). Conceptually, goal setting theory is as applicable for motivating an employee in the public sector as it is for motivating an employee in the private sector (Latham, Borgogni, & Petitta, 2008). There have, however, been relatively few studies that have examined employee motivation as a linking mechanism between goal setting and employee performance in the context of public sector organizations (Perry, Mesch, & Paarlberg, 2006; Wright, 2001, 2004). In addition to suggesting the motivational mechanism underlying psychological empowerment, extant research has suggested that some organizational environments may enable or constrain the motivational influence of goal setting (Latham et al., 2008).

Based on goal-setting theory and the psychological empowerment literature, this study examines the effect of goal setting on employee performance behavior, and the mediating effect of psychological empowerment on this relationship; and the effect of goal setting on empowerment, and the moderating effect of work context variables on this relationship. Using data obtained from full-time professional-level employees working in state government agencies ($N = 640$), this study had three main findings: first, this study identified perceptions of goal setting (goal difficulty and goal specificity) as well as several other work context variables to be sources of employees’ feelings of empowerment; second, this study found support for the mediating effect of psychological empowerment in the relationship between goal setting and employee performance behavior with respect to task performance, OCBI, and OCBO; and finally, the findings supported the proposed hypotheses that the effect of goal specificity on
empowerment is moderated by work context variables (formalization, transformational leadership, task interdependence).

The current study offers insights into how work contexts enhance or constrain the relationships between goal setting and employee empowerment, which would then suggest how the work environment can be used for developing employees’ positive attitudes toward work or organization. This study also expands our knowledge about goal setting and empowerment by confirming the applicability of current theories to the public sector by using a sample of government employees.
Chapter I. Problem Statement

Over the past 50 years, a substantial number of management and psychology studies have examined the positive effect of goal setting on organizational outcomes (Locke & Latham, 1990, 2002). As a result, a voluminous body of research that associates goal setting with the performance of individuals, work units, and organizations has accumulated with respect to both laboratory and field settings (Locke & Latham, 2002). For example, researchers have found that when an individual increases his or her focus on what is to be accomplished rather than putting it off for a later date, a specific difficult goal can inspire the individuals to put forth the effort and maintain his or her persistence until the goal is attained (Latham, Borgogni, & Petitta, 2008; Locke & Latham, 2002). Motivation, therefore, is a key psychological mechanism through which goal setting promotes individual and unit effectiveness (Locke & Latham, 2002). Conceptually, goal setting theory is as applicable for motivating employees in the public sector as it is for motivating employees in the private sector (Latham et al., 2008).

There have, however, been relatively few studies that have examined employee motivation as a linking mechanism between goal setting and employee performance in the context of public sector organizations (Perry, Mesch, & Paarlberg, 2006; Wright, 2001, 2004). Given the unique nature of public organizations in terms of both employee motives and work contexts, some public administration scholars (e.g., Wright, 2001, 2004) have focused specifically on the impact of goal setting on performance in the public sector, and called for further exploration of the goal setting-performance relationship in the context of public organizations.

As such, the current study investigates psychological empowerment as a mediator of the relationship between goal setting and employee performance-related behaviors in the public sector.
sector. Psychological empowerment is defined as a comprehensive motivational process that enhances employees’ feelings of self-efficacy (Conger & Kanungo, 1988). Over the past few decades, empowerment has emerged as a popular topic among scholars and practitioners (Conger & Kanungo, 1988; Thomas & Velthouse, 1990), and some organizational behavior literature has examined how goal setting influences performance through empowerment. Although numerous studies have attempted to identify the personal characteristics that predict empowerment or the type of work environments that facilitate or constrain feelings of empowerment, little of this empirical research has focused on empowerment of employees in public organization settings (Fernandez & Moldogaziev, 2011).

In addition to suggesting the motivational mechanism underlying psychological empowerment, extant research has suggested that some organizational environments may enable or constrain the motivational influence of goal characteristics (Latham et al., 2008), arguing that in addition to choice, effort, and persistence of motivation, the situation or context is also an important factor influencing whether individuals will attain a goal (Latham, 2007). That is, the motivational effects of goal setting may be enhanced in some organizational contexts or may be constrained. However, surprisingly little empirical attention has been devoted to examining how the motivational effects of goal setting vary across work environments (Perry et al., 2006). Thus, the purpose of the current study is to gain a more comprehensive understanding of the influence of goal setting (i.e., goal difficulty and goal specificity) by examining how work contexts play a role in shaping the relationships among goal setting, employee psychological empowerment, and performance-related behaviors. While prior studies have independently examined the motivational effects of goal setting and contextual influences related to goal setting, to date, the extent to which organizational contexts affect the motivational influence of goal setting remains
unclear.

One of the main purposes of the present study is to examine whether results from prior studies conducted in private sector organizations—the positive effect of goal setting on performance—hold as well in public organizations. Given the paucity of research that focuses on goal setting and empowerment in public sector organizations, the current study addresses whether employees’ perceptions of goal setting enhance performance through psychological empowerment and how work environments affect how employees’ goal perceptions influence empowerment. Specifically, two purposes of this study are to examine: (1) how empowerment, as a mediator, intervenes to affect the impact of goal setting on performance, and (2) how contextual factors, as moderators, affect the relationship between goal setting and empowerment.

This study attempts to make the following contributions to current knowledge about goal setting and empowerment theory. First, this study seeks to expand our knowledge about goal setting and empowerment by confirming the applicability of current theories to the public sector by using a sample of government employees; this would also expand our understanding of government employee motivation by exploring the goal-performance relationship. Second, the current study seeks to provide a nuanced understanding of the motivational effects of goal setting by demonstrating the constraining and enabling effects of organizational contexts. Likewise, the current study will offer insights into how organizational contexts enhance or constrain the relationships between goal setting and employee empowerment, which would then suggest how the work environment can be used for developing employees’ attitudes and behaviors. Finally, the current study will contribute to the psychological empowerment literature by providing insights into the joint effects of goal setting and contextual characteristics in promoting or restricting employee psychological empowerment. Two theoretical frameworks provide the
rationale for this study: (1) goal-setting theory (Locke & Latham, 1990, 2002), which asserts the positive effect of specific difficult goals versus do-your-best goals or no goals on performance; and (2) psychological empowerment theory (Conger & Kanungo, 1988; Spreitzer, 1995; Thomas & Velthouse, 1990), which explains the motivating mechanism that leads to enhanced performance.

The reminder of this chapter provides an overview of the theoretical perspectives used in this study. Based on general work in motivation research and focusing, in particular, on studies of goal setting and empowerment research in the fields of public administration as well as business and psychology, this chapter explains the main purpose of this dissertation and the importance of this study for increasing our knowledge about the public sector. The chapter concludes with a description of the proposed organization of the dissertation.

1. The Current State of Motivation, Goal, and Empowerment Theories

This section describes the current state of work motivation, goal, and empowerment theories in the field of public administration as well as in the fields of business and psychology. There are different research foci and theoretical approaches used in studies examining the goal-performance relationship in the psychology and management literatures as compared to the public administration literature. Based on a brief review of those theories, this section presents research gaps and the importance of the present study for the field of public management.

1.1. Work Motivation

1.1.1. Motivation Theory

Motivation theories provide a useful framework for analyzing the potential impact of goal setting and empowerment on performance. Motivation has been studied as the core determinant
of employee behavior in the areas of organizational behavior and psychology, and it is generally
differentiated along two dimensions—extrinsic and intrinsic motivation. Whereas intrinsic
motivation refers to “behaviors for which there is no apparent reward except the activity itself,”
extrinsic motivation refers to “behaviors in which external controlling variables (e.g., explicit
reward, incentive, or threat) can be readily identified” (Cameron, 2006, p. 12). Intrinsic
motivation leads to behaviors that can be described as active engagement with tasks that people
enjoy and that provide novelty and optimal challenge (Deci & Ryan, 2000), and is positively
emphasize that intrinsic motivation is facilitated by psychological needs satisfaction, which can
be explained by self-determination theory (SDT). The present study builds on SDT to investigate
the relationships among goal setting, psychological empowerment, and employee performance.

**Self-determination theory (SDT)**

Self-determination theory (SDT) highlights the importance of social-contextual
conditions that influence self-motivation within organizations (Ryan & Deci, 2000). People who
are extrinsically motivated may perform under conditions of external, introjected, identified, and
integrated regulation (Ryan & Deci, 2000). According to Ryan and Deci, these regulation
mechanisms can be classified depending on the degree to which motivation is autonomous, and
are differentiated along a continuum of internalization. While the external and introjected
regulation forms are considered to be control processes, the identified and integrated regulation
forms are considered to be autonomous processes (i.e., self-determined behavior). *Externally
regulated* behaviors respond to external demands or reward contingencies, and are not associated
with feelings of autonomy. For people who are externally motivated, concrete and material
rewards would be considered important. *Introjected regulation*, however, is less controlled by
external stimuli. People who are motivated by introjected regulation want to avoid guilt or anxiety and maintain self-esteem. Such behaviors seem to be internally driven, but are still controlled by external stimuli and have an external locus of causality. Alternatively, regulation based on identification is based on an individual’s identification with a behavior’s value, and the resulting behavior would therefore be considered to be more autonomous. Finally, among the four extrinsic motivation forms, integrated regulation is most associated with autonomous behaviors. Although integrated regulation shares many characteristics with intrinsic motivation, it is still considered extrinsic in the sense that the behaviors are driven by the ability to attain a separable outcome, rather than their being perceived as inherently satisfying.

To promote internalization of extrinsically motivated behaviors, three needs are suggested (Ryan & Deci, 2000): relatedness, competence, and autonomy. First, intrinsic motivation is more likely to be enhanced in contexts characterized by secure relatedness (i.e., belongingness, connectedness with others). Second, people who perceive personal competence are more likely to be internally motivated to adopt activities relevant to a social group value; events such as positive feedback satisfy the need for competence, and thus enhance intrinsic motivation. Finally, autonomy is critical to intrinsic motivation; providing choice and acknowledging people’s inner experience enhance intrinsic motivation. Thus, autonomy-based regulatory mechanisms affect extrinsic motivation in a way that facilitates the integration of extrinsically motivated behaviors.

1.1.2. Motivation Theory in the Public Sector

While studies of motivation in the fields of organizational behavior and psychology focus not only on distinguishing the role of intrinsic and extrinsic motivation but also on how to enhance intrinsic motivation within organizations, studies of motivation in the field of public administration emphasize motivational differences between sectors (i.e., public versus private),
focusing especially on public service motivation (PSM). Perry and Wise (1990) define PSM as “an individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations” (p. 368). PSM emphasizes intrinsic rewards over extrinsic rewards (Houston, 2000). Although there are differences in foci and loci across these disciplines (i.e., psychology, organizational behavior, and public administration), they are all concerned with how to intrinsically motivate employees in organizations.

**Motivational differences between sectors**

A large body of literature has highlighted motivational differences between public and private sector employees. In this literature, distinct differences between employment sectors (i.e., public vs. private sector) are drawn based on differences in managerial roles, perceptions of external control, organizational structures, decision-making processes, employee attitudes (Fottler, 1981; Perry & Rainey, 1988) and job content (Buelens & Van den Broeck, 2007). Houston (2000) states that intrinsic rewards are derived from the satisfaction of performing a task well (e.g., a sense of accomplishment and a feeling of self-worth), while extrinsic rewards are given by someone else (e.g., a pay raise, a promotion, job security, status, and prestige).

Some research has shown that public employees tend to be more motivated by intrinsic rewards than extrinsic rewards (e.g., Buelens & Van den Broeck, 2007; Crewson, 1997; Houston, 2000) as well as by a sense of providing a worthwhile service (e.g., Gabris, 1995; Perry & Wise, 1990; Rainey, 1982). For example, Houston (2000) found that public sector employees are more likely to place a higher value on the intrinsic reward that results from performing work that is important and provides feelings of accomplishment, while private sector employees are more likely to place a higher value on extrinsic reward motivators such as high income and short work hours.
Literature on the relationship between motivation and employment sector mainly focuses on three variables pertinent to employees’ concerns: pay, job security, and promotion. First, most research indicates that public sector employees are less motivated by monetary rewards than are private sector employees (Crewson, 1997; Houston, 2000; Rainey, 1982), although Jurkiewicz, Massey, and Brown (1998) found that public sector employees’ motivations are more affected by the need for monetary rewards than private sector employees. Second, whereas some studies have found that public sector employees are less likely to be motivated by job security than are private sector employees (e.g., Crewson, 1997), other studies have found that public sector employees are more motivated by greater job security (e.g., Baldwin, 1987; Houston, 2000; Jurkiewicz et al., 1998); and, Rainey notes that employees in the two sectors do not differ with respect to attitudes toward job security. Finally, whereas some research indicates that public sector employees place a higher value on opportunities for promotion than do private sector employees (e.g., Crewson, 1997), others indicate no differences between the sectors in the degree to which employees value promotion (e.g., Baldwin, 1987; Gabris, 1995; Houston, 2000).

Overall, this review found that although there is great variation in findings regarding the links between motivation and employment sector, and studies of motivational differences driven by characteristics of sectors have produced mixed results, much of the literature tends to agree with the argument that public sector employees are more likely to be intrinsically motivated than are private sector employees. It seems that these findings recall two fundamental assumptions that are inherent in the approach taken by public administration scholars to study work motivation (Wright, 2001): (1) “The characteristics of the public sector employee or work environment are different from the private sector” and (2) “These differences have a meaningful impact upon work motivation.” (p. 563).
The importance of considering such differences between private and public sector employees with respect to motivational mechanisms is also revealed in motivation programs implemented in public sector organizations. For example, the New Public Management (NPM) is one of several administrative trends seen in government organizations around the world over the last two decades. Under NPM reform, it is believed that if public sector employees were empowered, they would be as entrepreneurial as private sector employees are believed to be as well as more productive as a result of being allowed to make better and more effective use of their time (Osborne & Gaebler, 1992). Efforts to introduce these strategies into public organizations suggest that public sector employees are assumed to be motivated by the same conditions as private employees. That is, many of the reform programs are based on private sector values (e.g., centrality of competition). However, the literature on motivation and employment sector questions this assumption, and some literature on the assessment of the NPM reform presents skeptical views of such reform experiments. Studies of motivational differences between public and private sector employees may provide one explanation why public reforms such as NPM have not been universally successful.

It has been widely recognized that private and public sector organizations have different characteristics with respect to their structural contexts. For example, public sector organizations have higher levels of formalization (Rainey & Bozeman, 2000) and greater goal ambiguity (Rainey, 2009) than private sector organizations. Also, public managers exhibit considerable differences from their private sector counterparts with respect to perceptions of procedural constraints (e.g., personnel and purchasing rules) (Rainey & Bozeman, 2000). It would thus be expected that the nature of public organizations may influence work motivation processes—goal setting and empowerment, which shall be described in the next section—for public sector
employees differently from the influence found in business settings, thus requiring specific management strategies that fit public organization contexts. Therefore, investigating the mechanism of the goal setting-performance relationship and empowerment in the public sector is important.

1.2. Goal Setting

1.2.1. Goal Setting Theory

A goal refers to the object or aim of an action to attain a specific standard of proficiency within a specified time limit (Locke & Latham, 2002). Goals are viewed as the mechanism by which values lead to action (Latham & Pinder, 2005) and affect action by influencing the intensity, duration, and direction of action (Appelbaum & Hare, 1996). Goal setting theory is the most studied and dominant theory of work motivation (Mitchell & Daniels, 2003), and has been well established as a motivation theory in organization practices (Locke & Latham, 1990). Goal setting theory posits that specific and challenging goals improve employee performance (Locke & Latham, 1990, 2002), which has been supported by numerous empirical studies conducted in both laboratory and field settings (Ambrose & Kulik, 1999; Locke & Latham, 2002). Although Locke and Latham (1990) have noted that “little can be concluded about the effects of goals on intrinsic motivation” (p. 58), many studies have investigated the influence of goal setting on performance, based on motivation theory.

**Goal difficulty and goal specificity**

Research on goal setting has compared difficult and specific goals with “do your best” goals or no assigned goals (Locke & Latham, 1990). Goal specificity refers to the degree to which a goal is precise in a quantitative or qualitative way (Lee, Locke, & Latham, 1989), and
reveals the extent to which a goal indicates a specific performance standard; it has been found to be strongly associated with performance variability (Locke, Chah, Harrison, & Lustgarten, 1989). Numerous studies have examined goal specificity as an important factor influencing task performance (Locke & Latham, 1990) because it is presumed that goal specificity contributes to the direction of individuals’ efforts (Meyer, Becker, & Vandenberghe, 2004). Specific goals help employees decide how much and what type of effort should be exerted to attain the goals, as compared to general goals that are not specific regarding what should be accomplished (Bandura, 1989). A vast amount of literature clearly suggests that enhancing goal clarity decreases role ambiguity (Schnake & Cochran, 1985), and helps employees attain a better understanding of what is expected so that they can perform accordingly (Schnake & Cochran, 1985).

When individuals set their own goals, goal difficulty is most likely to be influenced by goal regulation processes because the level of goal difficulty has the greatest influence on employees’ need to exert effort and allocate time and other resources (Meyer et al., 2004). Difficult goals require one to exert greater effort and show more persistence than do easy goals, and thus lead to higher levels of performance (Locke & Latham, 1990). Increasing the level of goal difficulty increases the perceived challenge of the task and may lead to increased motivation levels (Schnake & Cochran, 1985).

In a recent meta-analysis, Kleingeld, van Mierlo, and Arends (2011) found that specific difficult goals lead to higher levels of group performance than do nonspecific goals. Specific difficult goals also lead individuals to have a greater sense of interest in and purpose from their jobs (Latham & Brown, 2006). Whereas the level of satisfaction of people with specific as well as difficult goals is contingent on achieving a higher level of performance, the level of satisfaction of those with ambiguous or do-your-best goals is less correlated with level of
performance (Locke & Latham, 1990, 2002). Since people with specific and challenging goals are more likely to perform at a level that corresponds to the goal, these conditions are more likely to lead to higher levels of performance.

Specific difficult goals have been shown to increase performance by directing attention, mobilizing effort and persistence, and encouraging development and use of task strategies (Locke & Latham, 1990). A number of studies have provided evidence that specific and difficult goals lead to higher levels of effort, lead to greater task persistence, direct individuals towards goal-relevant activities and knowledge, lead to the development of task strategies, and stimulate planning on the part of the individual (Donovan, 2001).

**Moderators**

It has been proposed that challenging and specific goals lead to high levels of performance, which, in turn, lead to higher levels of such outcome variables as increased rewards, greater satisfaction, and a stronger commitment to the organization (Locke & Latham, 1990). However, the effect of goal setting has been shown to be moderated by factors such as goal commitment, task complexity, and feedback (Locke & Latham, 2002). Locke and Latham (1990) describe the conditions under which goal setting is effective for improving performance. For example, the goal difficulty-performance relationship is stronger when feedback showing progress toward the goal is provided (Ambrose & Kulik, 1999; Locke & Latham, 2002). In addition, goal setting has a greater influence on performance when commitment to the goal is high, indicating that individuals’ beliefs regarding how important goal attainment is and their self-efficacy facilitate goal commitment. Finally, Locke and Latham (1990) note that task complexity moderates the effect of goal setting on performance such that the effect of goal setting on complex task completion is smaller than on simple task completion because these
tasks require higher levels of skills and abilities. Thus, goal setting programs in organizations may sometimes fail to boost performance if these key factors (i.e., goal commitment, feedback, task complexity) are not considered.

**Expectancy and social cognitive theory**

The goal-performance relationship can also be explained by expectancy and social cognitive theories. According to social cognitive theory (Bandura, 1977), a specific difficult goal generates negative discrepancies regarding skills that need to be mastered; based on anticipatory estimates of what is necessary for goal attainment, effort and resources are mobilized; if the goal is attained, people who have high self-efficacy set an even higher (more difficult) goal because such actions create new motivating discrepancies to be mastered (Latham & Pinder, 2005). It should be noted, however, that some psychology scholars argue that this explanation for goal-setting theory appears to contradict Vroom’s (1964) expectancy theory. Expectancy theory posits that motivation is a multiplicative function of three constructs—expectancy, instrumentality, and valence—which suggests that difficult goals should be negatively related to performance because a difficult goal is harder to attain than easy goals, and thus expectancy of goal success would presumably be negatively related to performance. For example, in a sample of software development professionals, Rasch and Tosi (1992) examined the influence of expectancy theory, goal setting, and individual characteristics (i.e., need for achievement) on perceived performance of engineers. They found that goal difficulty had a negative effect on performance but a positive effect on effort, that goal clarity had a small effect on performance, and that high achievement needs were directly related to both effort and performance. Thus, while Rasch and Tosi’s (1992) study found support for expectancy theory and the negative effect of goal difficulty on performance, it also suggests that goal difficulty will increase effort. This implies that there is
general support for the contention that difficult goals produce a high level of performance (Bandura, 1977; Locke & Latham, 2002), and that the goal difficulty-performance relationship may be explained by either/both of these two competing theories of motivation.

1.2.2. **Goal Setting in the Public Sector**

As noted above, although there has been much attention to the goal-performance relationship in the psychology and business disciplines, and to date this relationship has been relatively ignored by public sector scholars, goal setting theory is likely to be applicable to the motivation of public sector employees as well (Latham et al, 2008). Indeed, some public administration researchers examining work motivation have used goal theory in studies involving public sector organizations. For example, Wright (2001) developed a public sector model of work motivation, focusing on unique characteristics of public organizations and employees, emphasizing such variables as procedural constraints, goal content, and goal commitment.

Perry et al. (2006) proposed that goal setting faces unique challenges in the public sector. They pointed out that goal-setting theory is very complex and the strong influence of individual factors (e.g., self-efficacy, job experience, and the desire for performance feedback) make goal-setting strategies difficult in the public sector. In a similar vein, Wright (2001) identified goal difficulty and procedural constraints as two factors through which organizations influence employee self-efficacy.

Among the various characteristics of goals (e.g., goal difficulty, specificity, clarity/ambiguity, conflict), goal ambiguity has recently been a focal theme for public management and political science scholars. Jung (2014) noted two propositions concerning organizational goal ambiguity in public administration: (1) “public agencies have greater goal
ambiguity than private companies; and (2) organizational goal ambiguity has negative influences on public organizations and their employees” (p. 3). Goal ambiguity has also been investigated with outcome variables such as work motivation, red tape, job satisfaction, public service motivation, and organizational performance (Jung, 2014).

1.3. Empowerment

1.3.1. Empowerment Study

Empowerment research approaches, definitions, and components

Empowerment theories have focused on two approaches: the relational approach and the motivational (or psychological) approach (Spreitzer, 1995; Thomas & Velthouse, 1990). The relational approach is based on management practices, and focuses on the delegation of power and decision-making authority (Menon, 2001). Alternatively, the motivational approach focuses on psychological enabling (Conger & Kanungo, 1988; Spreitzer, 1995; Thomas & Velthouse, 1990). The notion of employee empowerment also has widely been conceptualized as a means of enhancing self-efficacy (Bandura, 1986) by reducing powerlessness (Conger & Kanungo, 1988) and increasing intrinsic task motivation (Thomas & Velthouse, 1990). Menon (2001) asserts that the notion of granting decision-making authority in the workplace to employees in order to enhance performance is common in the management literature. For example, in their qualitative study, Petter, Byrnes, Choi, Fegan, and Miller (2002) suggest six dimensions of empowerment including decision making, information, skills/tools, autonomy, creativity/initiative, and responsibility, and emphasize that empowerment is contextually defined depending on the individual and the setting. Thus, while a variety of definitions of empowerment have emerged in
the literature, there is a consistent pattern that suggests that empowerment is a multidimensional concept (Petter et al., 2002).

As pioneers in introducing the psychological perspective on empowerment, Conger and Kanungo (1988) described empowerment as “a process of enhancing feelings of self-efficacy among organizational members through identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information” (p. 474). They contend that organizational practices that empower employees lead to increase the likelihood that employee will take more initiative as well as higher levels of motivation or feelings of self-efficacy (Bandura, 1986). In extending this approach by building a more complete theoretical framework for psychological empowerment, Thomas and Velthouse (1990) stressed that empowerment relates to changes in four cognitive variables—meaning, choice, competence, and impact.

Based on Thomas and Velthouse’s study, Spreitzer (1995) defined empowerment as “increased intrinsic task motivation manifested in a set of four cognitions reflecting an individual’s orientation to his or her work role: competence, impact, meaning, and self-determination” (p. 1443) and developed a multidimensional instrument to assess this construct. According to Spreitzer (1995), competence refers to feelings of self-efficacy or personal mastery that one is capable of successfully performing a task. Impact refers to the degree to which an individual’s work makes a difference in achieving the purpose of the task and the extent to which the individual believes he or she can influence organizational outcomes. Meaning refers to the weight an individual places on a given task based on his or her personal standards. Finally, self-determination or choice refers to feelings of autonomy in making decisions about work.
**Concepts: empowerment, self-efficacy, and intrinsic motivation**

Empowerment involves high levels of personal self-efficacy beliefs and intrinsic task motivation (Conger & Kanungo, 1988; Thomas & Velthouse, 1990), and is thus often treated as equivalent to intrinsic motivation (Conger & Kanungo, 1988). Intrinsic motivation involves people freely engaging in activities that they find interesting, that provide novelty and optimal challenge, that are based in people’s needs to feel competent and to have opportunities for self-determination and that, in turn, promote growth (Deci & Ryan, 2000). Deci (1975) suggested that intrinsically motivated behaviors represent the prototype of self-determined activities (i.e., activities people do naturally and spontaneously when they feel free to follow their inner interests).

Self-efficacy is a strong source of motivation (Bandura, 1986) and has been widely examined as an individual trait antecedent of empowerment (Seibert, Wang, & Courtright, 2011). Self-efficacy theory has focused specifically on the extent to which people feel capable of engaging in behaviors that will lead to desired outcomes (Bandura, 1977). Bandura (1989) proposed that the feeling of competency to carry out behaviors that are instrumental for attaining desired outcomes is the central mechanism of human agency. Self-efficacy beliefs serve to regulate human functioning through cognitive, motivational, affective, and decision processes (Bandura, 1997). Meta-analyses have provided evidence that self-efficacy beliefs help increase the level of motivation and performance (Bandura & Locke, 2003).

**Personal and contextual factors influencing empowerment**

A large body of literature has focused on determining a set of personal characteristics and attributes associated with psychological empowerment (Hon & Rensvold, 2006). In general, these studies have demonstrated that a set of core personal traits including self-consciousness,
self-esteem, self-efficacy, and self-confidence, and personal needs such as need for power and need for achievement (Hon & Rensvold, 2006; Seibert et al., 2011) relate positively and consistently to measures of psychological empowerment across a variety of domains. While the search for personal characteristics predictive of psychological empowerment dominated the study of empowerment for several decades, some scholars have emphasized the importance of considering organizational environments that shape employees’ perception of empowerment (e.g., Conger & Kanungo, 1988; Hempel, Zhang, & Han, 2012; Hon & Rensvold, 2006; Oldham & Cummings, 1996; Spreitzer, 1995). Yet, a limited number of studies have examined the relationship between such contextual factors and empowerment, and there has not been much attention given to structures and managerial practices in the literature focused on empowerment.

In addition to examining the possible independent contributions of personal factors and contextual factors, some literature also points out the possibility that these personal and contextual factors combine and interact with one another to influence employee empowerment at work. Although very few empirical studies have directly examined the joint effects of personal and contextual factors on employee empowerment, previous research has suggested the importance of examining such interactions with respect to their influence on employee empowerment. For example, Hon and Rensvold (2006) pointed out that interactions between individual characteristics and situational variables, such as empowerment conditions that may lead to different work outcomes, have received limited attention. Similarly, Oldham and Cummings (1996) emphasized that the interaction between the person and the environment is important in understanding workplace phenomena. Finally, Koberg, Boss, Senjem, and Goodman (1999) noted that earlier work (e.g., Spreitzer, 1995; Thomas & Velthouse, 1990) considers psychological empowerment as a cognitive process shaped by one’s work environment and
argued that researchers need to examine interactions among individual, behavior, and environment factors. From this perspective, Koberg et al. (1999) argued that the person and the situation are not separable and emphasized a need to use a balanced perspective that looks at both personal and situational characteristics, rather than focusing on persons or situations independently. Arguably, employee empowerment is likely to be influenced by both personal and situational factors, as well as the joint effects of such factors.

1.3.2. **Empowerment in the Public Sector**

According to a recent survey conducted by the Office of Personnel Management from 2008 to 2012 (http://www.fedview.opm.gov/2012/Reports/), less than half of the employees working in U.S. federal agencies provided positive responses to questions about feelings of empowerment (e.g., “Employees have a feeling of personal empowerment with respect to work processes”) and there was a significant decrease in positive responses from 2011 to 2012. Overall, responses reflect a moderate level of empowerment among federal government employees, which suggests a need for paying careful attention to this issue.

Enhancing employees’ feelings of empowerment is a necessary step for organizational effectiveness (Spreitzer, 1995). As noted above, overall, employee empowerment has been more extensively examined in business settings than in other types of organizations and has received relatively limited attention by public administration scholars. Yet, empowerment in the public sector is also important as a means for enhancing the quality of public services and encouraging the creative capabilities of public employees (Fernandez & Moldogaziev, 2011). Recently, there have been a few studies of empowerment in government organizations. For example, Fernandez and Moldogaziev (2011, 2013) focused on the relationship between empowerment practices and organizational outcomes using a sample of federal agency employees, and found a positive
relationship between empowerment practices and perceived performance (Fernandez & Moldogaziev, 2011), innovativeness, performance, and job satisfaction (Fernandez & Moldogaziev, 2013). Pitts (2005) found higher levels of empowerment in environments where task difficulty was high and that managers in resource-rich environments showed less of a tendency to empower subordinates than did managers in environments with fewer resources.

On the other hand, the definition of empowerment in public administration may differ somewhat from the definition used in other fields. For example, Petter et al. (2002) conducted a qualitative study of street-level bureaucrats and found that empowerment is multidimensional and contextually defined. In particular, they identified several dimensions of empowerment—power, decision making, information, autonomy, initiatives and creativity, knowledge and skills, and responsibility—and were able to differentiate among five patterns of empowerment among employees—classic empowerment employees, mission-driven employees, task-oriented employees, reliable employees, and organizational bureaucrats—based on whether the employees valued a particular dimension. Empowerment has also received much attention in public management reform movements (e.g., NPM), and is at the heart of prescriptions offered in Osborne and Gaebler’s (1992) book, Reinventing Government, about how to make government better and more effective. Since the word ‘empowerment’ was heavily used by Osborne and Gaebler, it has been a major theme in public sector reform initiatives (Hood, 1995). In Reinventing Government, the principle of empowerment is described under the heading “Empowering Citizens through Participatory Democracy” (Osborne & Gaebler, 1992: 73). In this and related literature, the fundamental role of government is to empower citizens and communities to exercise self-governance and maximize the participation of the broadest possible number of people and institutions in the decision-making process (Dunn & Miller, 2007). Thus,
empowerment in the public administration literature has been used to refer to an act of increasing participation in decision making in the context of democratic society (Peters & Pierre, 2000), a state of decentralization, and a form of power sharing. Thus, it seems that empowerment in public administration has various meanings and approaches. However, empowerment in the present study is used with the same meaning as it is used in the organizational behavior and psychology fields, a psychological approach associated with employees’ feelings of self-efficacy.

**Summary**

This section has reviewed general motivation theory and two psychological concepts—goal setting and psychological empowerment. In addition, it has presented the differing research foci and approaches for examining goal theory that are used by the fields of psychology and business in contrast to the field of public administration, thus leading to a research gap in that these topics have relatively received little attention in the field of public administration. Moreover, following the assumption that public sector employees’ motives and perceptions of their work environment differ from those of their counterparts in the private sector, the current study emphasizes a need for an examination of contextual variables that may moderate the relationship between goal setting and empowerment. This research will thus examine how goal setting and work contexts lead to employee empowerment and performance behavior in a public sector setting.

2. **Organization of the Dissertation**

Chapter II of this dissertation will review the literature on goal setting and empowerment theories, and examine their relationships with such key variables as preference for structure, leadership style, organizational structure and task interdependence. Based on findings from prior research, hypotheses for this study will be developed. Chapter III will describe the research
methodology used for the study including the sampling procedure, variables and their operationalization, and data collection procedures. Chapter IV then will present the empirical findings of data analysis and examine the validity of the measurement model, as well as describe the causal relationships among goal setting, empowerment, and moderator variables. Chapter V will discuss the implications of results and suggest directions for future study based on the limitations of the current study as well as issues raised in the findings. The theoretical and practical contribution of this study will be also discussed in Chapter V.

3. **Chapter Summary**

   This chapter has briefly reviewed general motivation theory to provide the theoretical background for this study. It also reviewed previous goal and empowerment studies and discussed their limitations for studying public sector employees. Based on the assumption that public organizations have unique organizational characteristics, this chapter has emphasized the importance of studying goal setting and empowerment processes in the public sector. The theoretical significance of the current study was also discussed. The following chapter will review literature that serves as a foundation for the current study and develop hypotheses based on the literature.
Chapter II. Literature Review and Hypotheses

The purpose of this chapter is to review research on goal setting and psychological empowerment, and their relationships to performance. First, based on goal setting theory, this chapter reviews prior studies on the relationship between goal setting and performance. Second, drawing on motivation theory and psychological empowerment studies, this chapter explores the role of empowerment in the goal-performance relationship. This chapter also argues that work contexts should be considered as important moderator variables in the relationship between goal setting and empowerment. Finally, a conceptual framework that includes main and moderating effects of those variables is presented.

1. Goal Setting and Performance

Literature on the goal setting-performance relationship presumes that since employees have limited amounts of time energy to focus on their formal tasks, goals can help increase performance by mobilizing effort, directing attention, and encouraging persistence (Soriano, 2008). Although goal setting theory has been widely accepted by researchers in the field of work motivation, it has also been criticized for its limited ability to predict or explain behaviors other than task performance (Donovan, 2001); thus, the assertions of the relationship between goals and other constructs of performance seem to remain unclear. While some researchers have examined how much energy remains for informal performance (e.g., altruistic citizenship behaviors) that goes beyond formal task duties when ambitious goals are present (Soriano, 2008), previous research on the goal-performance relationship has generally overlooked the effect of goals on contextual performance including how goal setting relates to prosocial behavior and organizational citizenship behavior (OCB) (Vigoda-Gadot & Angert, 2007).

In addition to looking at task performance, the current study considers OCB to examine
the relationship between goal setting and contextual performance. OCB is defined as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization” (Organ, 1988, p. 4). It has also been defined as “discretionary activities that fall outside of the employee’s actual job description” (Ambrose & Kulik, 1999, p. 245).

Among the many definitions of OCB, the current study adopts Williams and Anderson’s (1991) typology of OCB because it seems to reflect the citizenship behaviors of public employees. Williams and Anderson (1991) categorize OCB into two dimensions (i.e., OCBI and OCBO), and their typology has been consistently and widely used across numerous OCB studies (e.g., Diefendorff, Brown, Kamin, & Lord, 2002; Taylor, 2013). While OCBI is directed towards individuals, i.e., specific organizational members such as coworkers or supervisors, and includes such behaviors as helping new employees and taking a personal interest in other employees that consequently contribute to the organization, OCBO is specifically directed toward the broader organization, and includes such behaviors as employees’ adherence to informal rules devised to maintain order and attendance at work above the norm. OCBO is similar to dimensions identified in other OCB research, such as compliance (Smith, Organ, & Near, 1983), loyalty and organizational obedience (Van Dyne, Graham, & Dienesch, 1994), and sportsmanship, civic virtue, and conscientiousness (Organ 1988). On the other hand, OCBI is similar to such OCB dimensions as altruism and courtesy (Organ 1988; Smith et al. 1983), helping behavior (Podsakoff, MacKenzie, Paine, & Bachrach, 2000) and civic virtue (Organ, 1988; Podsakoff et al., 2000).

In their longitudinal study based on two points in time, Vigoda-Gadot and Angert (2007) found the effects of goal difficulty and goal specificity on one dimension of OCB (i.e., altruism,
defined as goodwill toward coworkers) during the first stage of the study, but no relationship was found during the second stage of the study. Similarly, some studies have found a relationship between goal difficulty and performance, including extra-role behaviors such as OCB (Whittington, Goodwin, & Murray, 2004). However, some scholars (e.g., Wright, George, Farnsworth, & McMahan, 1993) found that while goal difficulty enhances task performance, it reduces OCB because difficult goals direct employees to focus on the achievement of in-role tasks, rather than extra-role behaviors. Individuals who have limited resources put efforts first to fulfilling formal jobs; if they exert a high level of energy in performing those duties and goals, little energy is available for other behaviors that are beyond the formal job requirements (Whittington et al., 2004).

The present study will examine the effect of goal setting on OCB as well as on task performance. Research based on self-determination theory (SDT) indicates that autonomous motivation predicts volunteering and prosocial behavior and also promotes organizational citizenship (Gagné & Deci, 2005). OCB is one of the most investigated topics in recent decades in both management and psychology (Podsakoff, Whiting, Podsakoff, & Blume, 2009). OCB has also been considered to be important in the public sector (Taylor, 2013), perhaps because it is similar to public administration concepts such as bureaucratic values and public service motivation (Perry, Hondeghem, & Wise, 2010).

2. **Psychological Empowerment as a Linking Mechanism**

   A major approach to empowerment has been to treat it as a process that leads to the experience of power (Conger & Kanungo, 1988; Thomas & Velthouse, 1990). These internal processes have been variously referred to as feelings of self-efficacy (Conger & Kanungo, 1988) and increased intrinsic motivation (Spreitzer, 1995, 1996). Goal setting has also received
attention within research on self-efficacy, intrinsic motivation, self-determination theory, beliefs about control over the work environment and job autonomy. A review of these various formulations suggests that a positive evaluation of goal setting is vital for feelings of empowerment. If true, perceptions of goal setting are likely to be one of the basic elements determining feelings of empowerment.

Goal attributes, in combination with perceptions of self-efficacy, determine the direction of behavior, the amount of effort exerted, the degree of persistence, and the likelihood of using various strategies necessary for goal attainment (Meyer et al., 2004). For example, Menon (2001) considered goal internalization as one dimension of empowerment. Goal internalization refers to the enabling power of ideas (e.g., a valued cause, a mission, a vision for the future). Goals represent concrete standards for performance evaluation, and the attainment of such goals is expected to lead to an increase in feelings of competence (Bandura, 1986). Perceived competence has been identified as a critical mediator of the relationship between goal setting and intrinsic motivation (Bandura, 1986).

Taylor (2013) indicated that the four cognitions in psychological empowerment (i.e., meaning, competence, self-determination, and impact) are closely associated with the three psychological needs in the self-determination theory (SDT) (i.e., relatedness, competence, and autonomy). That is, employees’ perception that their work is meaningful satisfies their need to feel connected to others (i.e., relatedness); their beliefs about their ability to successfully complete their job satisfy their need for competence; and believing that they have control and influence over their actions and outcomes at work satisfies their need for autonomy (Taylor, 2013).

As noted in Chapter I, empowerment has been defined in terms of personal self-efficacy
beliefs (Conger & Kanungo, 1988; Thomas & Velthouse, 1990), and is often treated as equivalent to intrinsic motivation (Conger & Kanungo, 1988). In general, it appears that the definitions of empowerment often overlap with definitions of self-efficacy and intrinsic motivation.

**Goal setting and self-efficacy**

Self-efficacy has been a central theme of research focusing on factors linking goal setting with performance (Appelbaum & Hare, 1996). As a cognitive factor influencing the exercise of personal control over motivation, strong self-efficacy beliefs increase level of effort and perseverance in pursuing difficult goals (Bandura, 1989). Bandura (1989) noted that when individuals have strong (self-efficacy) beliefs that they can meet challenging standards, they intensify their efforts. Self-efficacy represents a person’s self-evaluation of his or her capabilities against some external standard such as organizational goals, and is a principal basis for establishing and readjusting one’s personal goals (Appelbaum & Hare, 1996). Extensive literature has shown that self-efficacy, as a key mechanism of self-regulation, has a powerful effect on task performance. Moreover, it has been found to be related to goal difficulty in two ways (Durham, Knight, & Locke, 1997): (1) self-efficacy is influenced by assigned goals, because they suggest what level of performance the individual is expected to attain; and (2) self-efficacy influences the level of self-set goals, in that individuals who are more confident will set higher goals for themselves than those who are less confident (Locke & Latham, 1990).

**Goal setting and job design characteristics**

While no research linking goal setting to psychological empowerment was found in preparing this literature review, there are conceptual reasons to expect a relationship. For example, in a study examining job design characteristics, Cordery (1997) found that the extent to
which a supervisor provides clear attainable goals influences an employee’s perceptions of
autonomy. With respect to self-efficacy and job characteristics, Bandura (2001) argued that
people who perceive themselves to be ineffectual are likely to exert little or no effort even
when environments provide opportunities for growth; in contrast, people who believe they have
some degree of control over their environment are more motivated to perform at their highest
level, which, in turn, increases their likelihood of success. Thus, goal difficulty and goal
specificity appear to be linked to empowerment. Furthermore, research shows that most
individuals actively perceive their environments and are influenced by their perceptions
(Bandura, 1989), and judgments regarding organizational conditions are shaped by their
perceptions and interpretation (Thomas & Velthouse, 1990). Hence, perceptions of goal
characteristics may indirectly impact employee behaviors through the motivating process of
psychological empowerment.

Although there has been a lack of research on the direct relationship between goal setting
and empowerment, there have been studies on goal setting and intrinsic motivation or self-
efficacy, which may indirectly provide support for the relationship between goal setting and
empowerment. Table II-1 summarizes such studies based on motivating mechanisms.
Table II-1. Goal-performance studies based on motivating mechanisms

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Motivating mechanism</th>
<th>Performance</th>
<th>Major findings (Sample)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronkhorst et al. (2015)</td>
<td>Work motivation</td>
<td></td>
<td>Goal specificity, goal difficulty as mediators between leadership and work motivation (958 Dutch municipality employees)</td>
</tr>
<tr>
<td>Durham et al. (1997)</td>
<td>Team efficacy</td>
<td>Task performance</td>
<td>Assigned team goal difficulty affected team efficacy, which, in turn, influenced team-set goals (216 university students experiment)</td>
</tr>
<tr>
<td>Gellatly &amp; Meyer (1992)</td>
<td>Self-efficacy</td>
<td></td>
<td>Individuals assigned more difficult goals reported higher self-efficacy strength (117 undergraduate students experiment)</td>
</tr>
<tr>
<td>Elliot &amp; Harackiewicz (1994)</td>
<td>Task involvement, Competence valuation, Intrinsic motivation</td>
<td></td>
<td>Task-specific goals enhanced intrinsic motivation for achievement-oriented individuals (72 undergraduate students experiment)</td>
</tr>
<tr>
<td>Shalley &amp; Oldham (1985)</td>
<td>Intrinsic motivation</td>
<td></td>
<td>Intrinsic motivation is lowest when individuals cannot attain difficult goals (100 undergraduate students experiment)</td>
</tr>
<tr>
<td>Taylors (2013)</td>
<td>Empowerment</td>
<td>OCB</td>
<td>Both goal specificity and goal difficulty increased OCB through empowerment (116 Australian government employees)</td>
</tr>
<tr>
<td>Wright (2004)</td>
<td>Self-efficacy</td>
<td>Work motivation</td>
<td>Job-goal specificity influenced work motivation through self-efficacy [385 New York State (NYS) employees]</td>
</tr>
<tr>
<td>Wright (2007)</td>
<td>Self-efficacy</td>
<td>Work motivation</td>
<td>Job-goal specificity influenced work motivation through self-efficacy (807 employees in a NYS agency).</td>
</tr>
</tbody>
</table>

In recent studies using a sample of government employees, Bronkhorst, Steijn, and Vermeeren (2015) found that goal setting mediates the relationship between transformational leadership and work motivation of public sector employees in the Netherlands, which would
suggest that transformational leaders are able to set more challenging and specific goals. In a sample of Australian federal agencies, Taylor (2013) also found that goal specificity influences organizational citizenship behavior (OCB) indirectly through psychological empowerment, while goal difficulty influences OCB directly, as well as through the mediating effect of empowerment.

Wright’s (2001) study identified several important factors through which public organizations can influence employee self-efficacy: job-goal difficulty, job-goal specificity, performance feedback, and procedural constraints. He argued that when public organizations have multiple and conflicting goals, employee self-efficacy tends to decrease because employees may perceive goal achievement as severely limited. In addition, when employees perceive high levels of procedural constraints in the public sector, they exhibit lower levels of self-efficacy, possibly because they consider tasks to be impossible to perform or performance as out of their control. In a sample of 385 New York State (NYS) employees, Wright (2004) found that goal specificity, goal difficulty, self-efficacy, procedural constraints, and goal conflict were related to public employee motivation. In a subsequent empirical study using a sample of 807 employees in a New York State agency, Wright (2007) found that when employees have a clear understanding of their work and difficult (but achievable) goals, they were more motivated to perform their tasks. Wright (2007) also emphasized that goal specificity, goal difficulty and commitment (goal importance and self-efficacy) are important for understanding public sector employee work motivation.

Some studies have used laboratory experiments involving samples of undergraduate students. For example, an early study by Shalley and Oldham (1985) investigated whether goal difficulty and evaluative context combine to affect intrinsic motivation. They found that individuals who were assigned difficult goals showed low intrinsic motivation, whereas those
who were assigned an easy goal and expected to receive a performance evaluation showed high intrinsic motivation. They suggested that goal difficulty and receiving external evaluation affect intrinsic motivation through their effect on evaluation conditions concerning their competence.

In addition, Durham et al. (1997) used a simulation in which college students operated as team leaders developing a series of tactics. Their research provided some evidence that assigned goal difficulty affected both team efficacy and team-set goal difficulty; in addition, an interaction effect was found between team tactics and team-set goal difficulty in their influence on performance. To examine the effect of assigned goal difficulty on arousal, cognition (i.e., perceived norm, self-efficacy, and personal goal), and task performance, Gellatly and Meyer (1992) conducted two laboratory experiments with 117 undergraduate students. They found that assigned goal difficulty affected arousal (i.e., heart rate), cognition, and task performance and suggested that the cognitive-affective mechanism mediates the goal difficulty-performance relationship.

Finally, a study by Elliot and Harackiewicz (1994) identified competence valuation (i.e., the degree to which individuals care about doing well at an activity) and task involvement (i.e., the degree to which an individual concentrates on and becomes absorbed in an activity) as two motivational processes through which individuals can become more involved in an activity, and thereby enhance their subsequent intrinsic motivation. To investigate the interactive effects of task-specific goals and achievement orientation on intrinsic motivation, these researchers conducted an experiment using students. They found that the two process measures—competence valuation and task involvement—mediated the direct effects of goal setting on intrinsic motivation, while the effects of goal setting on intrinsic motivation were moderated by the focus of evaluation implicit in the assigned goals and by individual differences in
achievement orientation.

Taken together, these studies provide indirect support for the hypothesized relationship between goal setting and empowerment. That is, goal difficulty and goal specificity increase feelings of empowerment, which ultimately enhance extra-role performance (Taylor, 2013). Unfortunately, these types of arguments have received very little attention in terms of empirical research. Most of the research on goal setting and performance in the larger motivation literature has examined either self-efficacy or intrinsic motivation, rather than empowerment, as motivators of behaviors. That is, although research relating goal setting to psychological empowerment is surprisingly rare, there appear to be natural links between the two constructs, given that psychological empowerment has come out of the related area of intrinsic motivation and been defined in terms of self-efficacy. On the basis of the aforementioned arguments, it is hypothesized,

**Hypothesis 1-a:** Goal difficulty has an indirect, positive effect on employee performance through a positive influence on psychological empowerment.

**Hypothesis 1-b:** Goal specificity has an indirect, positive effect on employee performance through a positive influence on psychological empowerment.

3. **Work Contexts, Goal Setting, and Empowerment**

Goal-setting theory indicates that the situation or context can be a moderator because it enhances or reduces the effect of a specific difficult goal on an individual’s performance (Latham et al., 2008). Conger and Kanungo (1988) suggested some contextual factors (e.g., organizational factors, supervisor style, reward systems, and job design) that could affect individuals’ self-efficacy and, in turn, empowerment. Although some scholars have emphasized the importance of considering organizational environments that shape employees’ perception of empowerment
(e.g., Conger & Kanungo, 1988; Spreitzer, 1995), only a limited number of studies have examined the relationship between such contextual factors and empowerment. According to cognitive evaluation theory (CET), which was developed by Deci (1971), intrinsically motivated people attribute the cause of their behavior to internal needs and behave for intrinsic rewards and satisfaction, whereas those who attribute their behavior to situational factors have lower levels of intrinsic motivation (Deci & Ryan, 1980). CET predicts that characteristics of the environment that are perceived as “controlling” are likely to inhibit intrinsic motivation, as well as creativity (Ambrose & Kulik, 1999).

As mentioned in the previous chapter, one of the purposes of this study is to test hypotheses concerning the moderating influence of contextual variables on the relationship between goal setting (i.e., goal difficulty and goal specificity) and employee empowerment. The present study considers work contexts as moderator variables influencing the goal-empowerment relationship. Specifically, in this section the following factors are considered: employees’ perception of work unit structure (i.e., centralization, formalization) and task interdependence as organizational factors, and relationships with superiors (i.e., transformational leadership style) as a managerial factor. In addition, this study examines the interacting effects of organizational structure and preference for structure (i.e., preference for decentralization, preference for autonomy, preference for task variety) on feelings of being empowered.

An early study by Peters, Chassie, Lindholm, O’Connor, and Kline (1982) investigated whether goal difficulty would enhance task performance in the absence of severe situational constraints. Situational constraints are “aspects of a work setting which inhibit persons from using their abilities or expressing their motivation effectively at work” (p. 9). Peters et al. (1982) conducted a laboratory study in which they found that the interaction of constraints and goal
difficulty influenced task performance, and also that situational constraints (i.e., task-related
information, materials and suppliers, and work environment) were significantly associated with
both performance and affective outcome variables. They found that whereas individuals with
difficult goals performed better than those with the low or moderate difficulty goals in the low-
constraint condition, there were no differences in performance as a function of goal difficulty in
the high-constraint condition. They emphasized that goal setting proved effective only in the
absence of situational constraints, i.e., situations in which individuals are allowed to act based on
their personal level of motivation. Therefore, constraints influence how individuals feel about
their task (Peters et al., 1982). Similarly, individuals who perceived their jobs to be more
constraining also reported more frustration and dissatisfaction (O’Connor et al., 1984).

Studies investigating work context variables as moderators of the effect of goal setting on
empowerment or intrinsic motivation have been scarce; in fact, there are only a few published
studies to date. In some studies of empowerment and work context, organizational structure and
task interdependence have been regarded as antecedents of empowerment. The literature
suggests that such work contexts are also likely to be moderators of the relationship between
goal setting and empowerment.

3.1. Organizational Structure

Based on the literature, this study expects characteristics of organizational structure that
are associated with goal setting and promote or support self-efficacy to enhance feelings of
empowerment. In contrast, characteristics of the context that restrict or constrain an individual’s
self-efficacy in his or her work activities should reduce psychological feeling of empowerment.
As mentioned earlier, organizational structure has been considered an important contributor to
employee psychological empowerment at work (Hempel et al., 2012). The current study focuses
on two structural dimensions that have been identified in previous research and theory as important determinants of psychological empowerment at work: centralization and formalization.

3.1.1. Centralization

Centralization refers to the distribution of decision-making authority in an organization (Menon, 2001) and is concerned with the locus of authority to make decisions affecting the organization (Pugh, Hickson, Hinings, & Turner, 1968). The higher the level of centralization, the less opportunity for participation of lower-level employees in decision making and, thus, the lower their level of psychological empowerment (Menon, 2001). Menon (2001) argued that empowerment is significantly and negatively correlated with centralization and significantly and positively correlated with both consulting behaviors on the part of the immediate supervisor and individuals’ global self-esteem.

Decentralization is closely related to the autonomy dimension of empowerment, but it is conceptually quite distinct (Hempel et al., 2012). Decentralization is a structural characteristic of the organization and describes the extent to which power or authority is either concentrated or shared (Hage & Aiken, 1967). Whereas psychological empowerment occurs at the individual or team level, decentralization is a characteristic occurring at the organizational or work unit level (Hempel et al., 2012). In a sample of employees from 94 Chinese high-technology companies, Hempel et al. (2012) found that organizational decentralization enhances team empowerment when decision making is pushed downward. Specifically, flexible and decentralized work climates are expected to support and encourage higher levels of empowerment than are relatively hierarchical, strict climates (Hempel et al., 2012). Scholars maintain that empowerment is related to participation in decision making within the organization (Foster-Fishman, Salem, Chibnall, Legler, & Yapchai, 1998; Parker & Price, 1994; Spreitzer, 1996; Wallach & Mueller, 2006). For
example, in a sample of 186 paraprofessionals in human service organizations, Wallach and Mueller (2006) found that participatory decision making was associated with paraprofessionals’ perceptions of empowerment.

On the basis of the aforementioned arguments, it is hypothesized,

**Hypothesis 2**: Centralization, as one dimension of organization structure, is negatively associated with employee empowerment.

Participation in decision making refers to the degree to which supervisors share influence with subordinates (Mitchell, 1973), and is related to performance gains through cognitive and motivational mechanisms (Kleingeld et al., 2011). Decentralized structures are likely to provide an environment where employees are encouraged to participate in decision making. Bandura (2001) noted that when individuals believe that their work environment is controllable with respect to characteristics that are important to them, they feel motivated to perform at their highest level, i.e., at a level associated with a high level of self-efficacy, which, in turn, contributes to enhancing their likelihood of success. Thus, while it is possible that under circumstances of constrained organizational structures, people are less likely to feel empowered and so are less likely to exert effort for goal attainment, when there are few structural constraints, goal setting would enhance feelings of empowerment. One could expect that as organizational structures become more centralized, the effects of goal setting on employees’ psychological states might be less pronounced or even harmful because the interaction of a centralized structure with goal setting may create constraints that lead to low levels of autonomy and competence. Based on these insights from the literature, it is proposed that employees are more or less empowered by the interaction of challenging goals and organizational contexts.
Hypothesis 3: The relationship between goal difficulty and empowerment will be moderated by the degree of centralization such that the relationship is weaker when centralization is high.

3.1.2. Formalization

Formalization is defined as the extent to which rules, procedures, instructions, and communications are written down and followed (Khandwalla, 1977; Pugh, Hickson, Hinings, & Turner, 1968). As a key attribute of organizational structure, mechanisms of formalization include selection processes, job descriptions, rules, procedures and policies (Hall, 1982). Formalization has been linked to Weber’s popular notion of bureaucracy and red tape (Blau & Schoenherr, 1971), and researchers have often argued that excessive rules and regulations and procedural constraints in organizations can prevent managers from granting employees discretion in their work (Fernandez & Moldogaziev, 2013), which can have a negative effect on government employees’ performance and managers’ attitudes regarding the delegation of authority (Perry & Rainey, 1988; Wright, 2004).

In contrast, some literature has highlighted positive aspects of formalization. This literature has noted that employees who believe that their goals are the same as those of the organizations, as a whole, welcome formal work procedures that are appropriately designed and implemented (Adler & Borys, 1996). Well-designed procedures enable employees to be more efficient and facilitate task performance, which could lead to increased motivation (Adler & Borys, 1996). Formalization of work activities and procedures has also been shown to be positively associated with attitudinal outcomes such as commitment (Lambert, Paoline III, & Hogan, 2006; Michaels, Cron, Dubinsky, & Joachimsthaler, 1988; Tuntrabundit & Tuntrabundit,
job satisfaction (Lambert et al., 2006; Snizek & Bullard, 1983; Stevens, Diederiks, & Philipsen, 1992), and exploratory innovation (Jansen, Van Den Bosch, & Volberda, 2006).

Similarly, research studies in the role-related literature (e.g., Jackson & Schuler, 1985; Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964) have shown a positive relationship between formalization and employee attitudes. That is, formalization has been shown to contribute a reduction in role conflict and role ambiguity, which, in turn, increases work satisfaction and reduces feelings of alienation and stress (Nicholson & Goh, 1983; Organ & Greene, 1981; Podsakoff, Williams, & Todor, 1986). Formalization clarifies goals (Organ & Greene, 1981) and specifies employees’ work roles and the procedures that they must follow (Griffin, Neal, & Parker, 2007). Because clear work roles and procedures can help employees perform their jobs with greater confidence (Lambert et al., 2006), employees are more likely to produce quality work, which can increase their self-esteem (Deming, 1986) and, ultimately, increase their feelings of empowerment (Hempel, Zhang, & Han, 2012). In a sample of teams in Chinese high-technology companies, Hempel et al. (2012) found that formalization of organizational processes positively influenced team empowerment by diminishing uncertainty within the organization. Formalization is thus necessary to help specify goals and behaviors of employees and provides employees with an improved understanding of how their work unit operates and how they can act effectively in order to carry out their goals, thus resulting in employees feeling more empowered. It is thus hypothesized,

**Hypothesis 4:** Formalization, as one dimension of organizational structure, is positively associated with employee empowerment.
Hypothesis 5: The relationship between goal specificity and empowerment will be moderated by the level of formalization such that the relationship is stronger when formalization is high.

3.1.3. Preference for Structure: Joint Effects

Thus far, the focus of this literature review has been on the possible independent contributions of employees’ perceptions of organizational structure toward employee empowerment. In addition to examining these independent contributions, this study also examines the possibility that personal and contextual factors combine and interact with one another to influence employee empowerment at work. Although very few empirical studies have directly examined the joint effects of personal and contextual factors on employee empowerment, previous research has suggested the importance of examining such interactions with respect to their influence on employee empowerment. For example, Oldham and Cummings (1996) noted that the interaction between the person and the environment is important in understanding workplace phenomena. Similarly, Hon and Rensvold (2006) pointed out that interactions between individuals and situations may lead to different work outcomes, such as empowerment conditions, but have received limited attention. From this perspective, they argue that the person and the situation are not separable and emphasize a need to consider a balanced perspective that looks at both personal and situational characteristics, rather than focusing on persons or situations independently. Arguably, employee empowerment should be influenced by both personal and situational factors, as well as the joint effects of such factors.

The person-context fit basically assumes that the relationship between such individual-level variables as needs and values and both individual and organizational outcomes is contingent upon various features of the environment (e.g., the job, the organization, the
organizational culture) (Latham & Pinder, 2005; Locke & Latham, 2004). Studies examining person-situation interaction have mainly focused on the effect of strong or constrained situations where employees feel less free to act independently than when they are in less constrained situations (Locke & Latham, 2004). Foster-Fishman and Keys (1997) assert that when examining the empowerment process, it is vital to consider the person-environment interaction (Zimmerman, 1995), i.e., the dynamic interplay between people’s desires/capabilities and contextual opportunities. They emphasize the critical role that both individual and contextual characteristics play in the empowerment process. In spite of its importance, few studies focusing on empowerment have examined the interaction between individual characteristics and organizational characteristics (Foster-Fishman & Keys, 1997). Consistent with this perspective, this section explores potential interactions between individual characteristics (i.e., preference for structure) and organizational characteristics (i.e., organizational structure).

Much empirical research on work design has been conducted based on Hackman and Oldham’s (1980) job characteristics theory. This theory focuses on five job characteristics (skill variety, task identity, task significance, feedback, and autonomy) that evoke psychological states that lead to positive outcomes (Ambrose & Kulik, 1999). Prior research has found that job characteristics have a positive effect on employee empowerment (Conger & Kanungo, 1988), and job design has long been considered an important determinant of employees’ intrinsic motivation and performance at work (Hackman & Oldham, 1980). Job characteristics are associated with both psychological and behavioral outcomes; however, psychological states mediate the relationship between job characteristics and outcomes (Fried & Ferris, 1987). In this regard, it seems that individual preference for structure is likely to relate to individuals’ perceptions of their work environment, which, in turn, will influence their psychological states.
Thus, one would expect that preference for structure does not directly influence psychological empowerment; rather, it combines with one’s perception of organizational structure and may moderate the relationship between organizational structure and psychological empowerment. Individuals consistently exhibit preferences for specific types of work environments, including a preference for organizational structure.

**Preference for decentralization**

Preference for decentralization is posited as the first individual factor influencing the relationship between structure and psychological empowerment. This variable is defined as the degree to which people prefer working in an organization where they are able to be involved in organizational decisions or processes. Individuals who prefer decentralized structures tend to feel capable of controlling and shaping their work situations and would like to have input into decisions regarding policies and procedures, and therefore should exhibit higher levels of empowerment in response to a decentralized structure than would an employee with a low level of preference for structure. Employees who prefer a decentralized organizational structure, i.e., a structure where input into organizational decision making is allowed, are likely to be empowered if their work unit is characterized by a participatory climate. On the basis of the aforementioned arguments, the following interaction is hypothesized,

**Hypothesis 6-a:** The relationship between decentralization and empowerment will be moderated by employees’ preference for structure such that the relationship is stronger when employees have a strong preference for decentralization.

**Preference for task variety**

The second salient individual-level variable influencing the relationship between structure and psychological empowerment is preference for task variety, which is defined as the
degree to which people prefer a job that allows for variety in their work. Jobs that are characterized by high levels of autonomy, skill variety, identity, significance, and feedback (i.e., complex, challenging jobs) are expected to lead to higher levels of motivation than those that are not (Deci, Connell, & Ryan, 1989; Hackman & Oldham, 1980). When performing such jobs, employees are likely to feel excited about their work activities and interested in completing these activities (Oldham & Cummings, 1996). As hypothesized above, more formalized structures allow employees to see how their work contributes to the goals of the organization, and so help employees to feel more empowered. If those employees have a strong preference for task variety, having a more formalized environment where it is clear how their tasks contribute to organizational functions is important for empowerment. On the basis of the intrinsic motivation perspective and the evidence reviewed above, it is hypothesized,

**Hypothesis 6-b:** The relationship between formalization and empowerment will be moderated by employees’ preference for structure such that the relationship is stronger when employees have a strong preference for task variety.

**Preference for autonomy**

Autonomy is defined as “the degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out” (Hackman & Oldham, 1976, p. 258). Preference for autonomy, defined as the degree to which people prefer a job that gives them autonomy with respect to the way in which their work is carried out, is posited to be related to structure and empowerment. This concept can be understood as similar to locus of control. Locus of control, which refers to degree to which people believe that they, rather than external forces, determine what happens in their lives (Rotter, 1966), has been examined as one antecedent of
empowerment (e.g., Koberg et al., 1999; Spreitzer, 1995; Wang, Zhang, & Jackson, 2013). Individuals having an internal locus of control are more likely to feel capable of shaping their work and work settings, and hence are more likely to feel empowered; alternatively, those with an external locus of control are likely to see themselves as being strongly influenced by a dominant system (Spreitzer, 1995). When individuals with a strong preference for autonomy work in organizations where organizational goals and directions are clear (i.e., greater formalization), they are likely to have greater confidence that they can shape and control their work environment. Employees who prefer work environments where there is greater autonomy, rather than control, are likely to actively engage in their work and feel empowered if their work unit offers an environment where well-designed procedures/communications exist. Thus, it is hypothesized,

\textit{Hypothesis 6-c: The relationship between formalization and empowerment will be moderated by employees’ preference for structure such that the relationship is stronger when employees have a strong preference for autonomy.}

3.2. Task interdependence

A second salient characteristic of the work context that can be considered to be an important moderator in the relationship between goal setting and employee empowerment at work is employee perceptions of task interdependence. Task interdependence refers to the extent to which individuals depend on other members of their group to carry out work effectively (Brass, 1985; Kiggundu, 1983), and also need to share information, materials, or expertise to achieve the desired group performance (Van Der Vegt, Emans, & Van De Vliert, 1998). In this study, task interdependence is defined as the degree to which employees perceive that their jobs require close interaction with other members of their work unit.
Some research (e.g., Kleingeld, van Mierlo, & Arends, 2011; Umstot, Mitchell, & Bell, 1978) has recognized the potential significance of task interdependence in goal-related research, arguing that task interdependence has a strong moderating effect on the effect of goal setting on employee attitudes, such as empowerment. Although few empirical studies have directly examined the effect of task interdependence on the relationship between goal setting and employee attitudes, some literature in the field provides indirect evidence that the nature of the task interdependence required of group members will influence the relationship between goal specificity and employee attitudes.

Task interdependence has been shown to increase communication among group members (Johnson, 1973) and influence the development of norms of cooperation (Shaw, 1981). In a work unit characterized by lower levels of task interdependence, little cooperative effort is required to accomplish activities, whereas in a work unit characterized by high levels of task interdependence, considerable cooperation among employees is required to accomplish activities (Podsakoff, MacKenzie, Paine, & Bachrach, 2000). Group goals emphasize collective outcomes, thus encouraging group members to use cooperative task strategies and facilitating the exchange that is required for successful performance (Jewell & Reitz, 1981). Therefore, in a context characterized by high levels of task interdependence, employees may be less likely to engage in social loafing (Liden, Wayne, Jaworski, & Bennett, 2004) and feel that it is important to devote extra attention to promote cooperation (Kozlowski et al., 2009).

Using this logic, a context characterized by high levels of task interdependence would seem to promote the level of collaboration necessary for effective communication and goal accomplishment. Thus, one might expect that in a high task interdependent work unit, ambiguous goals may be seen as necessitating collective action, and thus may encourage employees to use
collaborative/cooperative task strategies. In addition, such environments would facilitate the exchange that is required for successful performance and promote employees’ efforts toward specifying and attaining goals, which would lead to increased feelings of empowerment.

Building on these arguments, one would expect goal specificity to have greater importance in task interdependent context work environments, which, in turn, may affect the manner in which the goal specificity contributes to psychological empowerment.

**Hypothesis 7**: The relationship between goal specificity and empowerment will be moderated by task interdependence such that the relationship is stronger in situations with a high level of task interdependence.

3.3. **Supportive Supervision: Transformational Leadership**

Style of supervision is often considered an important determinant of employee empowerment at work (Parker & Price, 1994; Seibert, Silver, & Randolph, 2004; Spreitzer, 1995; Wallach & Mueller, 2006). Leadership can influence followers’ personal efficacy and feelings of empowerment (Koberg et al., 1999). A supportive and trusting relationship with one’s leader has been found to be an important contextual antecedent of psychological empowerment (Spreitzer, 1995). Moreover, Oldham and Cummings (1996) assert that supportive supervisors exhibit concern for employees’ feelings and needs, provide positive information feedback, and facilitate employee skill development. Similarly, Siegall and Gardner (2000) demonstrated that communication with one’s supervisor and general relations with one’s organization are associated with employee empowerment.
3.3.1. Transformational Leadership

Most of the literature on leadership and empowerment has been based on Bass and Avolio’s (1990) transformational leadership dimensions. Transformational leadership scholars conceptualize transformational leadership as a set of interrelated behaviors, including idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Bass, 1985, 1999). Through *idealized influence* (or charisma), transformational leaders serve as a charismatic role model for achieving the organization’s vision; by providing *inspirational motivation*, leaders show an energizing vision of the future; leaders use *intellectual stimulation* to encourage followers to question the *status quo* and to solve problems using novel ideas; and, finally, using *individual consideration*, leaders provide support for the individual development needs of followers. By engaging in these activities, transformational leaders encourage their followers to exert extraordinary efforts and achieve extraordinary goals (Bass, 1985; Podsakoff, MacKenzie, Moorman, & Fetter, 1990).

Charismatic leaders are typically characterized as effective leaders who inspire extraordinary performance in followers and build their trust, faith, and belief in the leader (Howell & Avolio, 1992). While some scholars (e.g., Bryman, 1992; Conger & Kanungo, 1998) define transformational leadership as similar to charismatic leadership, other research makes a clear distinction between transformational leadership and charismatic leadership (e.g., Yukl, 2011). Given that there is no clear consensus regarding the differences between transformational and charismatic leadership, this study will treat transformational leadership as interchangeable with charismatic leadership, following the argument that there is little difference between these two approaches to leadership (Conger & Kanungo, 1988). Both leadership styles describe the most effective leaders as those who enable followers to identify with goals that the leader
articulates (Judge & Piccolo, 2004). Charismatic leadership scholars highlight the motivational effects of such leadership on followers’ states such as emotional and motivational arousal of the followers, follower valences with respect to the mission articulated by the leader, follower self-esteem, trust, and confidence in the leader (Shamir, House, & Arthur, 1993).

3.3.2. Transformational Leadership and Psychological Empowerment

Transformational leadership style has been found to enhance psychological empowerment. For example, studying a sample of 47 groups in Korean firms, Jung and Sosik (2002) found that transformational leadership was positively related to empowerment. The influence of transformational leadership on employee empowerment has also been supported by prior research that has shown that transformational leaders encourage participation in decision making and emphasize consideration (Avolio, Zhu, Koh, & Bhatia, 2004). Transformational leaders encourage followers to think critically by using novel approaches, involve followers in decision-making processes, inspire loyalty and recognize and appreciate the different needs of each follower to develop his or her personal potential (Avolio, 1999). Transformational leaders often seek followers’ participation in group work by highlighting the importance of cooperation in performing collective tasks (Bass, 1985). As a result, transformational leaders create a group environment where followers feel empowered to seek and use innovative approaches to perform their jobs (Jung & Sosik, 2002). Researchers have found that transformational leadership is important for creating an empowered context (e.g., Smith, Montagno, & Kuzmenko, 2004).

Transformational leaders play a particularly strong role in the management of meaning (Piccolo & Colquitt, 2006). In particular, using intellectual stimulation (by seeking new perspectives and developing new ways to perform job tasks), transformational leaders help followers perceive variety and autonomy (Piccolo & Colquitt, 2006). In addition, leaders who
engage in *individualized consideration* (by coaching and teaching) enhance followers’ perceptions regarding their autonomy and feedback from their jobs. Finally, when leaders use *idealized influence* (by emphasizing the moral and ethical consequences of work decision) or *inspirational motivation* (by articulating a compelling vision of the future), followers are more likely to see their jobs as more significant. Based on the above arguments, transformational leadership can be hypothesized to be an antecedent of psychological empowerment.

**Hypothesis 8:** Transformational leadership is positively associated with employee empowerment.

### 3.3.3. Goal Setting, Transformational Leadership, and Empowerment

In addition to serving as an antecedent of empowerment, transformational leadership influences feelings of empowerment associated with goal setting. Prior research indicates that transformational leaders involve employees in goal setting, which, in turn, leads to empowered subordinates. Based on job characteristics theory, Piccolo and Colquitt (2006) argued that transformational leaders help followers develop positive perceptions of job characteristics such as task complexity through their own actions. Transformational leaders can also influence how followers perceive their job environment through verbal persuasion and communication of the value of organization’s mission (Shamir et al., 1993).

Literature on transformational leadership in the public sector context has focused on its relationship with goal setting and work motivation. Bronkhorst et al. (2015), for example, found that goal setting (i.e., goal difficulty and goal specificity) mediated the relationship between transformational leadership and work motivation such that transformational leaders set more challenging and more specific goals. In addition, Moynihan, Wright, and Pandey (2012) argued that transformational leaders play a role in reducing the perceived red tape associated with
human resources processes such as personnel rules and pay structures. Similarly, Densten (2005) found that transformational leadership (e.g., inspirational motivation) can reduce perceptions of goal conflict because it enables members to have a collective sense of identity.

A large number of scholars (e.g., Shamir et al., 1993) argue that transformational leaders help employees see higher levels of intrinsic value in their goal accomplishments. Transformational leaders motivate their followers to get more involved in their work and so followers would be more likely to feel that they have an impact on their organization (Avolio et al., 2004). Shamir et al. (1993) argue that charismatic leaders increase self-efficacy by providing positive evaluations, communicating higher performance expectations of followers, and showing confidence in followers’ ability to meet such expectations. They propose that increased self-efficacy and collective efficacy, together with high personal commitment to the mission and a sense of meaningfulness associated with the tasks, would produce heightened performance motivation among followers (Shamir et al., 1993). Hence, transformational leaders tend to provide work contexts in which employees are encouraged to attain goals in their organizations and are also more likely to feel empowered.

Managers who share vital information with their employees in order to empower them can expect that employees will feel a sense of trust, which enhances their willingness to use their knowledge, experience, and motivation for achieving organizational goals (Randolph, 2000; Scandura & Pellegrini, 2008); such a context is more likely to lead to psychological empowerment in employees (Randolph & Kemery, 2011). Transformational leaders develop followers’ self-confidence, self-efficacy, and self-esteem, and therefore have a strong, positive influence on their followers’ motivation and goal achievement (Bass & Avolio, 1990).

Transformational leaders’ actions result in followers changing their values, goals, and
aspirations (House, Woycke, & Fodor, 1988). For example, in an experimental study, Whittington et al. (2004) found that employee outcomes such as affective commitment and performance were encouraged by the combination of transformational leadership and challenging goals. Transformational leaders empower followers to recognize the importance of their work and develop their knowledge, skills and abilities in an effort to reach their full potential (Bass, 1985). Moreover, charismatic leadership may be more appropriate under certain conditions, such as those requiring nonroutine and unusually high performance (Shamir et al. 1993).

Transformational leaders who use inspirational motivation offer an optimistic future, which provides both meaning and challenge for followers (Avolio, 1999), and so followers would be optimistic regarding the likelihood of goal attainment, believing that even challenging goals are possible to attain through their leader’s encouragement. Transformational leaders also provide constructive feedback to their followers, convince them to exert extra effort, and encourage followers to think in innovative ways about complex problems (Bass, 1985). In this regard, under the supervision of transformational leaders, followers tend to believe they are competent to attain difficult goals with extra effort and persistency. Thus, one would expect that employees’ positive perceptions of specific and difficult goals would enhance employee psychological empowerment when transformational leadership is exercised.

**Hypothesis 9-a:** The relationship between goal difficulty and empowerment will be moderated by transformational leadership such that when employees see their leader as exhibiting transformational behaviors, the relationship is stronger.

**Hypothesis 9-b:** The relationship between goal specificity and empowerment will be moderated by transformational leadership such that when employees see their leader as exhibiting transformational behaviors, the relationship is stronger.
4. Research Model

Based on the literature review presented here, this study will test whether employees’ perceptions of goal setting (i.e., goal difficulty and goal specificity) improve performance (i.e., task performance and OCBs) through psychological empowerment, and in what work environments employees’ perceptions of goal setting will influence empowerment. Figure II-1 presents a hypothesized research model for the current study.

Figure II-1. Hypothesized research model

5. Chapter Summary

This chapter has reviewed the literature on goal setting and psychological empowerment. Based primarily on two widely-accepted motivation theories—goal-setting theory and self-determination theory—this study views psychological empowerment as a mediating mechanism between goal setting and performance. While previous studies examining moderators of the relationship between goal setting and performance have developed theoretical models focusing primarily on individual or task characteristics (e.g., goal commitment, task complexity), this
study proposes that contextual variables related to the work environment can expand our
understanding of the goal-performance relationship. In particular, employee perceptions of
organizational structure, task interdependence, and transformational leadership are suggested as
important moderator variables in the current study. To examine the importance of these variables,
hypotheses were developed based on findings from previous studies examining goal setting,
empowerment, and work context variables. The next chapter will describe how the data used in
this study were collected and analyzed.
Chapter III. Methods

This chapter describes the methods used in this study. First, the chapter describes the targeted sample and data collection procedures to test the suggested hypotheses. Next, it describes how the survey instrument was developed and explains each of the measures in detail. As explained below, most of the items were selected from previously established measures. The data for the study were collected from state government employees.

1. Sample and Data Collection Procedure

Data for this study were obtained from full-time professional employees working in a large state government via an online survey. Access to study participants was gained through the union that represents these employees in labor-management negotiations. The cover letter accompanying the survey assured participants that participation was voluntary and that all information collected from respondents would remain confidential. A link to the survey was provided to the participants through a letter sent by union president in early November 2014. In the email, the participants were asked to visit a webpage and answer an online questionnaire. The survey (see Appendix 1) was a self-administered web-based survey and was available to union members for approximately two months (November to December 2014). Of the employees who received the survey, 640 employees from 42 agencies completed the survey.¹

Study participants work in a variety of agencies and represent a variety of work areas (e.g., Engineering and Architecture, Counseling and Social Work, General Administration). The majority of respondents were White/Caucasian (87 percent), female (57 percent) and did not

¹ It should be noted that it is difficult to know the exact size of the population because the listserv is not completely accurate. That is, it does not include new hires and it does exclude recent retirements/ resignations. However, conversations with union leadership indicated that the response rate was above average number for surveys of this type with their membership.
have supervisory/managerial status (55 percent). Over 80 percent hold at least a bachelor’s degree and 46 percent have professional certification or licensure. The mean age for respondents was 51 years, and respondents have an average of 10 years of experience with their employing organization. Supervisors were predominantly male (52 percent), with a mean age of 52 years and a mean of 12 years of experience in their organizations. Demographic information (i.e., respondents’ gender, race, education, salary grade, job areas, professional certification, and supervisory status) is shown in Table III-1.
Table III-1. Demographic information

<table>
<thead>
<tr>
<th>Variable</th>
<th>Response (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>56.9</td>
</tr>
<tr>
<td>Male</td>
<td>41.8</td>
</tr>
<tr>
<td>Race</td>
<td></td>
</tr>
<tr>
<td>White/Caucasian</td>
<td>86.8</td>
</tr>
<tr>
<td>Black/African-American/African heritage</td>
<td>5.0</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>1.7</td>
</tr>
<tr>
<td>Latino/Hispanic</td>
<td>3.1</td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Associates degree</td>
<td>13.1</td>
</tr>
<tr>
<td>Bachelor’s</td>
<td>42.8</td>
</tr>
<tr>
<td>Master’s</td>
<td>29.1</td>
</tr>
<tr>
<td>Doctorate or Professional degree (e.g., PhD, MD, JD)</td>
<td>8.8</td>
</tr>
<tr>
<td>Other</td>
<td>6.3</td>
</tr>
<tr>
<td>Supervisory status</td>
<td></td>
</tr>
<tr>
<td>Non-supervisor</td>
<td>56.1</td>
</tr>
<tr>
<td>Supervisor</td>
<td>43.9</td>
</tr>
<tr>
<td>Professional certification or licensure</td>
<td></td>
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<tr>
<td>No</td>
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</tr>
<tr>
<td>Yes</td>
<td>46.0</td>
</tr>
<tr>
<td>Salary Grade</td>
<td></td>
</tr>
<tr>
<td>SG-1 to -13</td>
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</tr>
<tr>
<td>SG-14 to -17</td>
<td>19.9</td>
</tr>
<tr>
<td>SG-18 to -21</td>
<td>37.8</td>
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<tr>
<td>SG-22 to -25</td>
<td>28.7</td>
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<tr>
<td>SG-26 or higher</td>
<td>10.0</td>
</tr>
<tr>
<td>Job areas</td>
<td></td>
</tr>
<tr>
<td>Auditing/Accounting, Budgeting and Finance</td>
<td>9.6</td>
</tr>
<tr>
<td>Criminal Justice and Investigation</td>
<td>3.9</td>
</tr>
<tr>
<td>Counseling and Social Work</td>
<td>9.1</td>
</tr>
<tr>
<td>Education (includes teachers)</td>
<td>5.7</td>
</tr>
<tr>
<td>Engineering and architecture</td>
<td>8.4</td>
</tr>
<tr>
<td>General Administration</td>
<td>4.1</td>
</tr>
<tr>
<td>Health Care Delivery</td>
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</tr>
<tr>
<td>Health Care (other)</td>
<td>5.3</td>
</tr>
<tr>
<td>Information and Computing Technology</td>
<td>8.2</td>
</tr>
<tr>
<td>Legal (attorneys, legal aides, and hearing officers)</td>
<td>4.3</td>
</tr>
<tr>
<td>Research and Policy Analysis</td>
<td>5.0</td>
</tr>
<tr>
<td>Other</td>
<td>22.3</td>
</tr>
</tbody>
</table>
2. Study Measures

Most of the measures used in this study were based on previously validated measures. Items for each measure are included in the Appendix 2. Participants responded to the items using a five-point Likert-type scale ranging from 1=strongly disagree to 5=strongly agree, except for the measure of transformational leadership, which ranged from 1= not at all to 5= frequently, if not always is used.

**Goal setting: goal difficulty and goal specificity**

The variable of goal setting included two sub-scales: goal difficulty and goal specificity. Goal difficulty measured the degree to which employees’ jobs require high levels of effort and skill and how challenging their jobs are. Goal specificity measured the extent to which employees’ job requirements are specific and well understood. Both measures were assessed based on Wright’s (2004) adaptation of Locke and Latham’s (1990) Goal Setting Questionnaire, which is consistent with previous studies (e.g., Bronkhorst et al., 2015; Earley, Lee, & Hanson, 1990; Taylor, 2013; Wright, 2004). Measures of goal difficulty and goal specificity in the current study focused on employees’ jobs, in general, rather than on any task-specific goal (Wright, 2004). Three items were used to measure goal difficulty. Examples of items include “The job goals in my work require a great deal of effort” and “A high degree of skill and know-how is necessary to do my job well.” Three items were used to measure goal specificity. Examples include “My goals at work are very clear and specific” and “I understand fully which of my job goals are more important than others.” The Cronbach alpha reliabilities of the goal specificity and goal difficulty were acceptable at .77 and .73, respectively.
**Psychological empowerment**

Psychological empowerment was assessed using Spreitzer’s (1995) 12-item multidimensional scale. This scale measures followers’ perception of empowerment based on the dimensions of meaning, competence, self-determination, and impact. *Meaning* (3-item) measures the value of a work goal evaluated in relation to an individual’s ideals (e.g., “The work I do is very important to me” and “My job tasks are personally meaningful to me”). *Competence* (3-item) measures an individual’s belief concerning his or her capability to perform tasks effectively (e.g., “I am confident about my ability to do my job” and “I am self-assured about my capabilities to perform my work activities”). *Self-determination* (3-item) measures an individual’s sense of freedom in making choices about his or her task (e.g., “I have significant autonomy in determining how I do my job” and “I can decide on my own how to go about doing my work”). Finally, *impact* (3-item) measures an individual’s perceived ability to influence outcomes at work (“I feel that I have a substantial impact on the work produced in my work unit” and “I have a great deal of control over what happens in my work unit”).

These dimensions capture a cognitive state achieved when employees perceive that they are empowered (Maynard, Gilson, & Mathieu, 2013). Prior research has shown that measures of each of the four dimensions have adequate alpha estimates and load onto a single second-order factor (Seibert et al., 2011; Spreitzer, 1995). In this study, coefficient alphas for the individual scales were .92, .82, .85, and .75, respectively. Spreitzer’s (1995) initial study on psychological empowerment combined the four scales into one higher-order factor. Because this study did not hypothesize differential relations with any of the four subscales, the four subscales were combined into a single psychological empowerment scale. The overall 12-item scale had a coefficient alpha of .85.
**Task performance**

Task performance was assessed using Williams and Anderson’s (1991) three-item measure, which asks individuals to rate themselves on their task performance. After examining individual items through a factor analysis, one item with a low factor loading (less than 0.5) was excluded from the analysis. This scale (two items) has a marginal reliability of .54. One example is “I always complete assigned duties in a timely fashion.” Fernandez (2008) notes that although using a subjective (self-perception) measure for performance might be a less valid measure of performance than objective measures of performance, previous studies have provided evidence that there is a positive correlation between perceived organizational performance measures and objective ones (e.g., Brewer, 2005).

**Organizational citizenship behavior (OCB)**

OCB measures employees’ activities that fall outside of their actual job description. This study measured employees’ citizenship behaviors using Williams and Anderson’s (1991) two dimensions: OCB targeted at individuals, i.e., coworkers or supervisors (OCBI) and OCB directed toward the organizations (OCBO). In this study, six items were included by selecting items from both Podsakoff et al.’s (1990) and Williams and Anderson’s (1991) measure. Three items were used for OCBI, and three items for OCBO. Examples of items include “I willingly help others who have work-related problems” (OCBI), “I help orient new employees so that they are able to perform their jobs more effectively” (OCBI), “I attend functions and events that are not required, but which help me learn more about what is going on in the organization” (OCBO), and “I attend meetings that are not mandatory, but are considered important” (OCBO). The Cronbach alpha reliabilities of the OCBI and OCBO were .60, .63, respectively.
Centralization

Centralization measures employees’ perception of the extent to which decision making is centralized as opposed to being pushed downward to the individual work units. Less centralized situations indicate a greater willingness to permit personnel to carry out their activities in a more autonomous way (Hall, 1982). The measure was adapted from Hage and Aiken’s (1967) scale of organizational structure. In the current study, centralization was measured using employees’ perception of organizational structure, instead of using objective measures (e.g., company documents), which is consistent with previous studies using employees’ perception of organizational structure (e.g., Dust, Resick, & Mawritz, 2013). The original measure is a 3-item instrument. However, after conducting a factor analysis, one item with a factor loading less than 0.5 was excluded from the analysis. This two-item scale has a reliability of .70. An example of the items used to measure centralization is “In my work unit, even small matters have to be referred to someone higher up for a final decision.”

Formalization

The measure of formalization evaluated the extent to which procedures or job duties are clearly specified or written down (Pugh et al., 1968). The measure in this study captured a positive aspect of formalization (Adler & Borys, 1996). Thus, higher scores indicate that procedures or rules in work unit were perceived as being more clearly specified and defined. One item with low factor loading less than 0.5 was excluded from the analysis, and the two-item scale has a reliability of .67. The two items included in this study are “We have procedures to deal with almost any situation that arises” and “The duties of jobs for employees in my work unit are clearly defined.”
**Task interdependence**

Task interdependence assesses the degree to which individuals are dependent upon others in their work unit. Three items from Pearce and Gregersen’s (1991) reciprocal interdependence measures were used to assess task interdependence. Examples include “I work closely with others in doing my work.” and “I frequently must coordinate my efforts with others.” This scale has a reliability of .65.

**Preference for structure**

Preference for decentralization measures the degree to which individuals prefer working in an organization where they are able to be involved in organizational decisions or processes. A two-item measure was developed especially for this study based on the organizational structure literature and the measure of centralization used in the present study. For example, one item was “I prefer working in an organization where upper management is involved in all organizational decisions.” Preference for task variety measures the degree to which people prefer a job that allows for variety in their work. The three-item measure used in this study was adapted from Hackman and Oldham’s (1980) Job Diagnostic Survey. An item from this measure was “I prefer a job where there is a lot of variety in the day-to-day tasks I perform.” Finally, preference for autonomy measures the degree to which people prefer a job that gives them autonomy in processes or ways of performing their work. The three-item measure used in this study was also adapted from Hackman and Oldham’s (1980) Job Diagnostic Survey, and included items such as “I prefer a job that gives me the chance to use my personal initiative and judgment in carrying out the work.” The Cronbach alpha reliabilities of the preference for decentralization, task variety, and autonomy were .55, .71, and .68, respectively.
Transformational leadership

Transformational leadership was measured using the Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1990). The MLQ is a well-validated measure of transformational leadership and has been used extensively in leadership research (Awamleh & Gardner, 1999). Since the MLQ includes four behavioral components of transformational leadership, the current study used four subscales (i.e., idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration) to represent transformational leadership style. Employees were asked to evaluate how frequently their direct supervisor engages in transformational leadership behaviors. As noted above, items were rated on a 1 (not at all) to 5 (frequently, if not always) Likert-type scale. Although there have been criticisms regarding the psychometric validity of this measure and the dimensionality of the MLQ (Jung & Sosik, 2002), subsequent empirical evidence supports the convergent and discriminant validity of this instrument (Avolio, Bass, & Jung, 1999). Each dimension has three items. Examples of idealized influence include “Emphasizes the importance of having a strong sense of purpose” and “Goes beyond his/her own self-interest for the good of my work unit.” Examples of inspirational motivation include “Talks enthusiastically about what needs to be accomplished” and “Articulates a compelling vision of the future.” Examples of intellectual stimulation include “Seeks differing perspectives when solving problems” and “Gets me to look at problems from many different angles.” Finally, examples of individualized consideration include “Treats me as an individual rather than just as a member of a group” and “Considers me as having different needs, abilities, and aspirations from others.” Because this study did not hypothesize differential relations with any of the four subscales, the four subscales were combined into a single transformational leadership scale, which averaged the 12 items to form a
single measure of transformational leadership. The overall 12-item scale had a coefficient alpha of .95.

**Demographic variables**

This study controls for employees’ demographic characteristics that may influence employee attitudes and behaviors. Respondents’ gender, supervisory status, and years of agency employment are included as control variables. Gender may affect engagement in citizenship behaviors (Kidder, 2002). The number of years the employee had worked in the agency also was controlled for because greater tenure may affect individuals’ feelings of empowerment (Seibert, Wang, & Courtright, 2011).

### 3. Data Analysis

To test the expected factor structure of the main study variables, confirmatory factor analysis (CFA) was conducted using AMOS statistical software. In addition, Cronbach alpha statistics were calculated to examine the reliability of the modified scales. Before testing hypotheses, factor analysis was also conducted to test the possibility of common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003) because all data in this study were obtained from only one source. The hypotheses that proposed a mediating effect of psychological empowerment on the relationship between goal setting and performance behaviors were tested using a series of regression analyses following Baron and Kenny’s (1986) mediation conditions; the hypotheses that proposed moderation effects of work context on the relationships between goal setting and psychological empowerment were tested using hierarchical regression analyses. Finally, following procedures suggested by Aiken and West (1991), simple slopes analyses were employed to further evaluate the hypotheses proposing interaction effects.
4. Chapter Summary

This chapter described the methodology used to collect data for this study, including measures of the variables and data collection procedures. State government employees with professional-level positions were selected as study participants and were sent an invitation to participate in a web-based survey. Most of the scales in the survey were based on existing scales used in previous studies. In the next chapter, the results of the analyses including correlation and regression analyses to test the proposed hypotheses will be presented.
Chapter IV. Results

This chapter reports the results of the data analyses. As a first step in the data analysis, descriptive statistics were generated and a correlation analysis was conducted. Next, confirmatory factor analyses (CFA) were conducted to examine the validity of measures, as well as to test the measurement model and examine the level of common method variance. To test hypotheses proposed in this study, mediation effect and moderation effect were examined through regression analyses.

1. Descriptive Statistics and Correlation

Table IV-1 and Table IV-2 provide the descriptive statistics, correlations, and scale reliabilities for the variables in the study. Reliabilities for each of the constructs are provided in parentheses on the diagonal of the correlation matrix. As shown in Table IV-2, the correlations provide initial support for the hypothesized model. For example, goal specificity and goal difficulty were significantly correlated with empowerment ($r = .58$, $r = .48$, respectively, $p < .05$), and empowerment was significantly correlated with the three behavioral performance variables—task performance, OCBI, and OCBO ($r = .28$, $r = .26$, $r = .25$, respectively, $p < .05$) (Hypotheses 1-a and 1-b). Also, as expected, the work context variables (centralization, formalization, and transformational leadership) are significantly correlated with empowerment ($r = -.38$, $r = .35$, $r = .45$, respectively, $p < .05$) (Hypotheses 2, 4, 8).
Table IV-1. Descriptive statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
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</thead>
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<td>.81</td>
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<td>5</td>
</tr>
<tr>
<td>Goal difficulty</td>
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<td>.75</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Centralization</td>
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<td>1.04</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Formalization</td>
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<td>.94</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Transformational leadership</td>
<td>3.04</td>
<td>1.08</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Task interdependence</td>
<td>3.77</td>
<td>.75</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Psychological empowerment</td>
<td>3.81</td>
<td>.61</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Task performance</td>
<td>4.20</td>
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<td>1</td>
<td>5</td>
</tr>
<tr>
<td>OCBI</td>
<td>3.97</td>
<td>.61</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>OCBO</td>
<td>3.87</td>
<td>.67</td>
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<td>5</td>
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Table IV-2. Correlation matrix

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<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Goal specificity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.77)</td>
</tr>
<tr>
<td>2. Goal difficulty</td>
<td>.20*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.73)</td>
</tr>
<tr>
<td>3. Centralization</td>
<td>-.24*</td>
<td>-.10*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.70)</td>
</tr>
<tr>
<td>4. Formalization</td>
<td>.51*</td>
<td>.12*</td>
<td>-.17*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.67)</td>
</tr>
<tr>
<td>5. Transformational leadership</td>
<td>.41*</td>
<td>.23*</td>
<td>-.28*</td>
<td>.38*</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>(.95)</td>
</tr>
<tr>
<td>6. Task interdependence</td>
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<td>.39*</td>
<td>-.06</td>
<td>.22*</td>
<td>.22*</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.65)</td>
</tr>
<tr>
<td>7. Psychological empowerment</td>
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<td>.43*</td>
<td>-.38*</td>
<td>.35*</td>
<td>.45*</td>
<td>.36*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.85)</td>
</tr>
<tr>
<td>8. Task performance</td>
<td>.27*</td>
<td>.23*</td>
<td>.11*</td>
<td>.10*</td>
<td>.10*</td>
<td>.15*</td>
<td>.28*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.54)</td>
</tr>
<tr>
<td>9. OCBI</td>
<td>.21*</td>
<td>.28*</td>
<td>-.02</td>
<td>.11*</td>
<td>.22*</td>
<td>.28*</td>
<td>.26*</td>
<td>.47*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(.60)</td>
</tr>
<tr>
<td>10. OCBO</td>
<td>.16*</td>
<td>.30*</td>
<td>.01</td>
<td>.08*</td>
<td>.17*</td>
<td>.20*</td>
<td>.25*</td>
<td>.34*</td>
<td>.50*</td>
<td></td>
<td></td>
<td></td>
<td>(.63)</td>
</tr>
<tr>
<td>11. Gender</td>
<td>-.05</td>
<td>-.06</td>
<td>-.22*</td>
<td>.00</td>
<td>-.03</td>
<td>-.01</td>
<td>-.22*</td>
<td>-.06</td>
<td>-.11*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Supervisory status</td>
<td>.05</td>
<td>.14*</td>
<td>-.12*</td>
<td>.03</td>
<td>.08</td>
<td>.28*</td>
<td>.24*</td>
<td>.04</td>
<td>.15*</td>
<td>.08</td>
<td>.07*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Tenure</td>
<td>.12*</td>
<td>.07</td>
<td>-.14*</td>
<td>.02</td>
<td>-.06</td>
<td>.06</td>
<td>.14*</td>
<td>-.06</td>
<td>-.03</td>
<td>-.02</td>
<td>.15*</td>
<td>.11*</td>
<td></td>
</tr>
</tbody>
</table>

Reliability (Cronbach’s alpha) scores in the parentheses. *p < .05.
2. Analysis of Validity of Measures

Since some of the constructs were conceptually related and so could be expected to have strong statistical associations, confirmatory factor analyses (CFAs) were conducted on the items in order to determine whether the factors should be kept separate and to establish the discriminant validity of the measures. As Table IV-3 shows, a proposed two (or three)-factor model was compared with a one-factor model. First, second-order confirmatory factor analyses were performed for transformational leadership and psychological empowerment. In a second-order two-factor model, individual variables were loaded on their first-order factors and the first-order factors were loaded on their appropriate second-order factors—four dimensions for transformational leadership and four dimensions for psychological empowerment ($\chi^2[244] = 697, p < .001$). In a second-order one factor model, all first-order factors (i.e., all eight dimensions) were loaded on one second-order factor ($\chi^2[245] = 963, p < .001$). Results of these analyses indicate that the second-order two factor model provided a significantly better fit than the second-order one-factor model (chi square difference: $\chi^2[1] = 266, p < .001$).

Second, CFAs for goal difficulty and goal specificity were conducted. The two-factor model provided a significantly better fit ($\chi^2[8] = 32.73, p < .001$) than the one-factor model ($\chi^2[9] = 450.37, p < .001$) that integrates goal specificity and goal difficulty (chi square difference: $\chi^2[1] = 418, p < .001$). Similarly, CFAs for performance behavior variables were performed, and the two-factor model (OCBI and OCBO) provided a significantly better fit ($\chi^2[8] = 53.17, p < .001$) than the one-factor model ($\chi^2[9] = 82.97, p < .001$) that integrates OCBI and OCBO (chi square difference: $\chi^2[1] = 29, p < .001$); and the three-factor model (OCB, OCBO, and task performance) provided a significantly better fit ($\chi^2[17] = 91.52, p < .001$) than a one-factor
model ($x^2[20] = 161.76, p < .001$) that integrates OCBI, OCBO and task performance (chi square difference: $x^2[3] = 70, p < .001$). The analyses showed that the factors are distinct, and therefore the two- and three-factor structures originally proposed were used.

### Table IV-3. Analysis of discriminant validity of measures

<table>
<thead>
<tr>
<th></th>
<th>Two (or three)-factor model</th>
<th>One-factor model</th>
<th>Chi square difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational leadership &amp;</td>
<td>$x^2[244] = 697$</td>
<td>$x^2[245] = 963.51$</td>
<td>$x^2[1] = 266$</td>
</tr>
<tr>
<td>Psychological empowerment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal difficulty &amp;</td>
<td>$x^2[8] = 32.73$</td>
<td>$x^2[9] = 450.37$</td>
<td>$x^2[1] = 418$</td>
</tr>
<tr>
<td>goal specificity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note. $p < .001$*

### 3. Measurement Model and Common Method Variance

To test the measurement model, all items were set to load on to their proposed factors. For psychological empowerment, the scale means for meaningfulness, competence, self-determination, and impact were used as four single indicators, consistent with Spreitzer’s (1995) conceptualization of psychological empowerment as a single higher-order construct. Similarly, for transformational leadership, the scale means for idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration were used as four single indicators. The full measurement model included 45 indicators loading on to 10 constructs. Four indicators (each
a composite of 3 items) were set to load on to psychological empowerment, and four indicators (each a composite of 3 items) were set to load onto transformational leadership. Two items were set to load onto centralization, two onto formalization, three onto goal specificity, three onto goal difficulty, three onto task interdependence, two onto task performance, three onto OCBI, and three onto OCBO (see the Appendix 2 for the list of actual items). Results indicated that fit for the full measurement model was acceptable to continue with hypotheses testing ($\chi^2 = 2,365$, root-mean-square error of approximation (RMSEA) = .05, normed-fit index (NFI) = .85, comparative fit index (CFI) = .90, standardized root-mean-square residual (SRMR) = .06).

Next, since all data on goal setting, work context variables, and employee empowerment and performance behaviors were self-reported from a single questionnaire, which could increase the possibility of common method variance (Podsakoff et al., 2003), suggesting that strong links among predictor variables and employee attitude/performance variables may be partly a consequence of common method variance (Podsakoff et al., 2003), two tests were conducted following Podsakoff et al.’s (2003) recommendations for controlling for common method variance. The first test is the unmeasured latent methods factor technique (i.e., single-common-method-factor-approach) and the second is Harman’s single factor test. These techniques allow us to determine if common method variance may be a problem (Podsakoff et al., 2003). First, to control for the effects of an unmeasured latent methods factor (Common Method Variance-factor; CMV) on the variables, this study employed the statistical program AMOS. As suggested by Podsakoff et al. (2003), the analysis began with a model that included the latent CMV-factor ($\chi^2 = 2,136$, RMSEA = .05, comparative fit index (CFI) = .91, standardized root-mean-square residual (SRMR) = .08) and compared this model with a nested model that excluded the latent CMV-factor ($\chi^2 = 2,365$, RMSEA = .05, comparative fit index (CFI) = .90,
standardized root-mean-square residual (SRMR) = .07). The analyses indicated that the CMV-factor did significantly affect the variables in the model (chi square difference: $\chi^2[44] = 229, p < .001$), suggesting that there may be some common method bias. Second, Harman’s single factor test was employed. If the analysis produces only a single factor, or one factor explains most of the covariance, common method variance may be a problem (Podsakoff et al., 2003). The factor analysis resulted in seven factors and no single factor was found to explain more than 50% of the variance (i.e., the largest factor explained only around 44.5% of the covariance among the measures); thus the Harman test indicated that the data analysis could proceed without concern for common method variance.

4. Tests of Hypotheses

4.1. Mediation effect of psychological empowerment

To test the hypotheses on the mediating effect of psychological empowerment on the relationship between goal setting and performance behaviors, a series of regression analyses were conducted. Following Baron and Kenny’s (1986) mediation test, the four criteria that need to be met to support mediation effects were examined. First, the predictors need to be significantly related to the outcome variable (i.e., goal specificity, goal difficulty $\rightarrow$ task performance, OCBI, OCBO). Second, the predictors need to be significantly related to mediator (i.e., goal specificity, goal difficulty $\rightarrow$ psychological empowerment). Third, the mediator needs to be significantly related to the dependent variable (i.e., psychological empowerment $\rightarrow$ task performance, OCBI, OCBO). Finally, the relationships between the predictors (i.e., goal specificity, goal difficulty) and performance variables must become nonsignificant when the mediator (i.e., psychological empowerment) is included in the model.
According to Baron and Kenny (1986), if the relationship between the predictor and the outcome variable becomes nonsignificant while the relationships between the mediator and the outcome variable remain significant, the results support full mediation; if the relationship between the predictor and the outcome variable is reduced but still significant, the results support partial mediation. In addition, the Sobel z statistics (1982) were used to test the significance of the mediation effect. The Sobel test provides a significance test for the indirect effect of the independent variable (i.e., goal difficulty, goal specificity) on the dependent variable (i.e., task performance, OCBI, OCBO) through the mediator variable (i.e., psychological empowerment) (Baron & Kenny, 1986).

4.1.1. Goal difficulty-performance relationship

Hypothesis 1-a predicted that goal difficulty has an indirect, positive effect on employee performance, which is mediated through goal difficulty’s positive influence on psychological empowerment. As shown in Table IV-4, after controlling for the effect of employee gender, supervisory status, and tenure, it was found that goal difficulty was positively related to task performance ($\beta = .155, p < .01$, Model 2). Goal difficulty was also positively associated with psychological empowerment ($\beta = .244, p < .01$, Model 1), and the relationship between psychological empowerment and task performance was significant ($\beta = .180, p < .01$, Model 5). When empowerment was included in the model, the effect of goal difficulty on task performance was reduced from .155 to .110 ($p < .01$, Model 5), which satisfies the partial mediation effect condition.

Goal difficulty was also positively related to OCBI ($\beta = .183, p < .01$, Model 3) and the relationship between psychological empowerment and OCBI was also significant ($\beta = .107, p$
When empowerment was included in the model, the effect of goal difficulty on OCBI was reduced from .183 to .157 \((p < .01, \text{Model 6})\), which satisfies the partial mediation effect condition. Similarly, goal difficulty was positively related to OCBO \((\beta = .247, p < .01, \text{Model 4})\) and the relationship between psychological empowerment and OCBO was also significant \((\beta = .167, p < .01, \text{Model 7})\). When empowerment was included in the model, the effect of goal difficulty on OCBO was reduced from .247 to .206 \((p < .01, \text{Model 7})\), which satisfies the partial mediation effect condition.

The Sobel test revealed that psychological empowerment significantly mediated the relationship between goal difficulty and performance behaviors \((z = 2.98, p < .01 \text{ for task performance}; z = 1.97, p < .05 \text{ for OCBI}; z = 2.66, p < .01 \text{ for OCBO})\). Therefore, we can conclude that the effects of goal difficulty on performance behaviors were partially mediated by psychological empowerment.

### 4.1.2. Goal specificity-performance relationship

Hypothesis 1-b predicted that goal specificity has an indirect, positive effect on employee performance through its positive influence on psychological empowerment. As shown in Table IV-4, after controlling for the effect of employee gender, supervisory status, and tenure, it was found that goal specificity was positively related to task performance \((\beta = .178, p < .01, \text{Model 2})\). Goal specificity was also positively associated with psychological empowerment \((\beta = .372, p < .01, \text{Model 1})\), and the relationship between psychological empowerment and task performance was significant \((\beta = .180, p < .01, \text{Model 5})\). When empowerment was included in the model, the effect of goal specificity on task performance was reduced from .178 to .110 \((p < .01, \text{Model 5})\), which satisfies the partial mediation effect condition.
In addition, goal specificity was positively related to OCBI ($\beta = .113$, $p < .01$, Model 3) and the relationship between psychological empowerment and OCBI was also significant ($\beta = .107$, $p < .05$, Model 6). When empowerment was included in the model, the effect of goal specificity on OCBI was reduced from .113 to .073 ($p < .05$, Model 6), which satisfies the partial mediation effect condition. Similarly, goal specificity was positively related to OCBO ($\beta = .065$, $p < .10$, Model 4) and the relationship between psychological empowerment and OCBO was also significant ($\beta = .167$, $p < .01$, Model 7). When empowerment was included in the model, the effect of goal specificity on OCBO became nonsignificant ($\beta = .003$, ns, Model 7), which satisfies the full mediation effect condition.

The Sobel test revealed that psychological empowerment significantly mediated the relationship between goal specificity and performance behaviors ($z = 3.08$, $p < .01$ for task performance; $z = 2.00$, $p < .05$ for OCBI; $z = 2.73$, $p < .01$ for OCBO). Therefore, we can conclude that the effects of goal specificity on performance behaviors were partially or fully mediated by psychological empowerment.
Table IV-4. The mediating influence of empowerment on goal-performance relationships

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
<th>Model 7</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Emp</td>
<td>TP</td>
<td>OCBI</td>
<td>OCBO</td>
<td>TP</td>
<td>OCBI</td>
<td>OCBO</td>
</tr>
<tr>
<td>Tenure</td>
<td>.003</td>
<td>-.004</td>
<td>-.005*</td>
<td>-.003</td>
<td>-.005*</td>
<td>-.006*</td>
<td>-.004</td>
</tr>
<tr>
<td></td>
<td>(.002)</td>
<td>(.002)</td>
<td>(.002)</td>
<td>(.003)</td>
<td>(.002)</td>
<td>(.002)</td>
<td>(.003)</td>
</tr>
<tr>
<td>Supervisory</td>
<td>.181**</td>
<td>.012</td>
<td>.134**</td>
<td>.052</td>
<td>-.020</td>
<td>.115*</td>
<td>.021</td>
</tr>
<tr>
<td>status</td>
<td>(.041)</td>
<td>(.054)</td>
<td>(.050)</td>
<td>(.057)</td>
<td>(.055)</td>
<td>(.051)</td>
<td>(.058)</td>
</tr>
<tr>
<td>Gender</td>
<td>.029</td>
<td>-.254**</td>
<td>-.044</td>
<td>-.085</td>
<td>-.260**</td>
<td>-.047</td>
<td>-.090</td>
</tr>
<tr>
<td></td>
<td>(.041)</td>
<td>(.055)</td>
<td>(.051)</td>
<td>(.058)</td>
<td>(.054)</td>
<td>(.051)</td>
<td>(.058)</td>
</tr>
<tr>
<td>Goal specificity</td>
<td>.372**</td>
<td>.178**</td>
<td>.113**</td>
<td>.065</td>
<td>.110**</td>
<td>.073*</td>
<td>.003</td>
</tr>
<tr>
<td></td>
<td>(.025)</td>
<td>(.033)</td>
<td>(.031)</td>
<td>(.035)</td>
<td>(.039)</td>
<td>(.036)</td>
<td>(.041)</td>
</tr>
<tr>
<td>Goal difficulty</td>
<td>.244**</td>
<td>.155**</td>
<td>.183**</td>
<td>.247**</td>
<td>.110**</td>
<td>.157**</td>
<td>.206**</td>
</tr>
<tr>
<td></td>
<td>(.027)</td>
<td>(.035)</td>
<td>(.033)</td>
<td>(.037)</td>
<td>(.038)</td>
<td>(.035)</td>
<td>(.040)</td>
</tr>
<tr>
<td>Empowerment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td>.452</td>
<td>.149</td>
<td>.123</td>
<td>.110</td>
<td>.164</td>
<td>.130</td>
<td>.123</td>
</tr>
</tbody>
</table>

Note: N = 515. *p < .05, **p < .01.
Standard errors are shown in the parentheses.
TP: task performance; Emp: empowerment
4.2. Direct and interaction effect of work context

To test the hypotheses that work context variables moderate the relationships between goal setting and psychological empowerment, hierarchical regression analyses were conducted with psychological empowerment as the dependent variable and goal setting, work context variables, and their interactions as independent variables. Following Aiken and West’s (1991) suggestion, to reduce multicollinearity between the predictors and the interaction terms, this study centered the predictor variables around zero and multiplied them to form the interaction terms. A hierarchical regression analysis was conducted by entering a set of control variables (tenure, supervisory status, gender) in Step 1, goal setting (goal specificity, goal difficulty) and work context variables (transformational leadership, task interdependence, formalization, centralization) in Step 2, and the interaction variables in Step 3. Table IV-5 shows that goal specificity and goal difficulty were positively related to psychological empowerment ($\beta = .559, \beta = .409$, respectively, $p < .01$, Model 1), all of which is in a direction consistent with previous theories and research.

4.2.1. Effects of structure variables

Hypothesis 2 predicts that centralization is negatively associated with employee empowerment. As shown in Table IV-5, centralization appeared to negatively influence empowerment ($\beta = -.200, p < .001$, Model 2), indicating that employees were less empowered when they perceived their work unit to be centralized, which supports Hypothesis 2. Hypothesis 3 predicts that the relationship between goal difficulty and psychological empowerment will be weaker when centralization is high. However, the effect of interaction between goal difficulty and centralization on empowerment was not significant ($\beta = -.009, ns$, Model 7), and model fit did not improve after including the interaction term ($R^2$ difference = 0, $ns$); thus Hypothesis 3
was not supported.

Hypothesis 4 predicts that formalization is positively associated with employee empowerment and Hypothesis 5 states that the relationship between goal specificity and empowerment will be stronger when formalization is high. Results show that formalization appeared to positively influence empowerment ($\beta = .137, p < .01$, Model 2). The interaction between goal specificity and formalization was positively related to empowerment ($\beta = .175, p < .01$, Model 5), and model fit improved after including the interaction term ($R^2$ difference = .03, $p < .01$), indicating that employees were more empowered when they perceived their work unit to be formalized, which supports Hypothesis 5.

Hypotheses 6-a to 6-c predict that the relationship between the structure variables and empowerment will be moderated by preference for structure. Table IV-6 shows the moderation effects of preference for structure on the relationship between organizational structure and empowerment. A hierarchical regression analysis was conducted by entering a set of control variables (tenure, supervisory status, gender) in Step 1, structure variables (formalization, centralization) and preference for structure variables (preference for decentralization, preference for task variety, preference for autonomy) in Step 2, and the interaction variables in Step 3. The results show that only the interaction between formalization and preference for autonomy was significant ($\beta = .167, p < .05$), and model fit improved after including the interaction term ($R^2$ difference = .006, $p < .05$), supporting Hypothesis 6-c that the relationship between formalization and empowerment is stronger when employees have a strong preference for autonomy.

4.2.2. Effect of task interdependence

As shown in Table IV-5, task interdependence appeared to positively influence empowerment ($\beta = .296, p < .01$, Model 2) indicating that employees experienced more
psychological empowerment when they perceived their work tasks to be interdependent with others in their work unit.

Hypothesis 7 predicts that the relationship between goal specificity and empowerment will be stronger in situations with a high level of task interdependence. The results show that the interactions between goal specificity and task interdependence had a significant influence on psychological empowerment ($\beta = .14, p < .01,$ Model 4), and model fit improved after including the interaction term ($R^2$ difference = .009, $p < .01$), thus supporting Hypothesis 7.

### 4.2.3. Effect of transformational leadership

Finally, the influence of transformational leadership was examined. Hypothesis 8 predicts that transformational leadership is positively associated with employee empowerment. Transformational leadership appeared to positively influence empowerment ($\beta = .241, p < .01,$ Model 2), indicating that employees were more empowered when they perceive their leader as exhibiting transformational behaviors, which supports Hypothesis 8. Hypothesis 9-a predicts that the relationship between goal difficulty and empowerment will be stronger when transformational leadership is high. However, the interaction effect of goal difficulty and transformational leadership was not significant ($\beta = -.008, ns,$ Model 6) and model fit did not improve after including the interaction term ($R^2$ difference = 0, $ns$). Hypothesis 9-b predicts that the relationship between goal specificity and empowerment will be stronger when transformational leadership is high. The interaction effect of goal specificity and transformational leadership was significant ($\beta = .14, p < .01,$ Model 4), and model fit improved after including the interaction term ($R^2$ difference = .009, $p < .01$); thus Hypothesis 9-b was supported.
Table IV-5. The moderating influence of work context in the relationship between goal setting and psychological empowerment

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
<th>Model 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure</td>
<td>.005 (.003)</td>
<td>.01** (.003)</td>
<td>.009* (.003)</td>
<td>.006* (.003)</td>
<td>.007+ (.003)</td>
<td>.012** (.006)</td>
<td>.006 (.003)</td>
</tr>
<tr>
<td>Supervisory status</td>
<td>.251** (.063)</td>
<td>.184* (.070)</td>
<td>.33** (.067)</td>
<td>.233** (.068)</td>
<td>.338** (.068)</td>
<td>.243** (.070)</td>
<td>.225** (.070)</td>
</tr>
<tr>
<td>Sex</td>
<td>.032 (.063)</td>
<td>-.050 (.070)</td>
<td>-.043 (.068)</td>
<td>-.066 (.066)</td>
<td>-.017 (.069)</td>
<td>-.037 (.070)</td>
<td>-.005 (.070)</td>
</tr>
<tr>
<td>Goal specificity</td>
<td>.559** (.038)</td>
<td>.529** (.045)</td>
<td>.585** (.040)</td>
<td>.595** (.048)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal difficulty</td>
<td>.409** (.041)</td>
<td>.137** (.040)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formalization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centralization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TL</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>57.62</td>
<td>405</td>
<td>354</td>
<td>353</td>
<td>320</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal specificity X TL</td>
<td>.122** (.036)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal specificity X TI</td>
<td>.14** (.048)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal specificity X Formalization</td>
<td>.175** (.036)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal difficulty X TL</td>
<td>.008 (.040)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal difficulty X Centralization</td>
<td>.009 (039)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\Delta R^2$</td>
<td></td>
<td>.013**</td>
<td>.009**</td>
<td>.03**</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>F</td>
<td>11.38</td>
<td>8.35</td>
<td>23.10</td>
<td>0.046</td>
<td>0.056</td>
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<td></td>
</tr>
<tr>
<td>Total $R^2$</td>
<td>.450</td>
<td>.368</td>
<td>.410</td>
<td>.415</td>
<td>.380</td>
<td>.353</td>
<td>.320</td>
</tr>
<tr>
<td>F</td>
<td>72.99</td>
<td>36.20</td>
<td>52.03</td>
<td>52.83</td>
<td>46.10</td>
<td>39.616</td>
<td>35.36</td>
</tr>
</tbody>
</table>

Note: $N = 515$. *p < .05, **p < .01. Standard errors are shown in parentheses; TL refers to transformational leadership; TI refers to task interdependence.
Table IV-6. The moderating influence of preference for structure in the relationship between structure and psychological empowerment

<table>
<thead>
<tr>
<th>Step</th>
<th>Psychological empowerment</th>
<th>Coefficient</th>
<th>$R^2$</th>
<th>Change in $R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenure</td>
<td>.012** (0.004)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisory status</td>
<td>.393** (0.080)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sex</td>
<td>-.070 (.081)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.069</td>
<td>0.069**</td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formalization</td>
<td>.237** (0.039)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centralization</td>
<td>-.258** (0.035)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preference for decentralization</td>
<td>-.098* (0.042)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preference for task variety</td>
<td>.061 (0.060)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preference for autonomy</td>
<td>.281** (0.082)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.262</td>
<td>0.192**</td>
<td></td>
</tr>
<tr>
<td>Step 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centralization X Preference for decentralization</td>
<td>.031 (0.035)</td>
<td>.263</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>Formalization X Preference for task variety</td>
<td>-.002 (0.057)</td>
<td>.262</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>Formalization X Preference for autonomy</td>
<td>.167* (0.080)</td>
<td>.268</td>
<td>.006*</td>
<td></td>
</tr>
</tbody>
</table>

*Note: N = 515. *p < .05, **p < .01. Standard errors are shown in parentheses.

4.2.4. Simple slopes analyses

To further evaluate the hypotheses that work context moderates the relationship between goal setting and psychological empowerment, simple slopes analyses were conducted and interaction effects were plotted using Aiken and West’s (1991) procedure, computing slopes one standard deviation above and below the mean of the moderating variable. Figure IV-1 shows that the effect of goal specificity on empowerment is stronger when transformational leadership is high (b = .70, $p < .05$) than when it is low (b = .46, ns); Figure IV-2 shows that the effect of goal specificity on empowerment is stronger when task interdependence is high (b = .75, $p < .05$) than when it is low (b = .47, $p < .05$); and Figure IV-3 shows that the effect of goal specificity on
empowerment is stronger when formalization is high ($b = .85, p < .05$) than when it is low ($b = .50, p < .05$). Thus, consistent with the hypothesized relationships, results indicated that goal specificity was more strongly related to employee psychological empowerment at higher levels of transformational leadership, task interdependence, and formalization. In addition, Figure IV-4 shows that the effect of formalization on empowerment is stronger when individual preference for autonomy is high ($b = .38, p < .05$) than when preference for autonomy is low ($b = .04, ns$). Taken together, these results provide support for the hypotheses.

Figure IV-1. Interactions between goal specificity and transformational leadership in predicting empowerment

Note. Low and high transformational leadership represent one standard deviation below and above the mean. Goal specificity values are standardized and range from the minimum to maximum value.
Figure IV-2. Interactions between goal specificity and task interdependence in predicting empowerment

Note. Low and high task interdependence represent one standard deviation below and above the mean. Goal specificity values are standardized and range from the minimum to maximum value.

Figure IV-3. Interactions between goal specificity and formalization in predicting empowerment

Note. Low and high formalization represent one standard deviation below and above the mean. Goal specificity values are standardized and range from the minimum to maximum value.
Figure IV-4. Interactions between formalization and preference for autonomy predicting empowerment

Note. Low and high preference for autonomy represent one standard deviation below and above the mean. Formalization values are standardized and range from the minimum to maximum value.
5. Chapter Summary

This chapter reported the results of the data analysis. The overall results of the hypothesis tests provided mixed support. Table IV-7 presents summary of hypothesis test results. First, the analysis suggests that employees who experience higher levels of goal difficulty and goal specificity are more likely to feel empowered and, in turn, are more likely to have higher levels of performance behaviors (Hypothesis 1-a and 1-b). Second, the analysis suggests that employees who perceive their work unit as more highly centralized are less likely to experience feelings of empowerment (Hypothesis 2), while those who perceive their work unit as more formalized are more likely to experience feelings of empowerment (Hypothesis 4). Moreover, the relationship between goal specificity and empowerment is stronger when formalization is high (Hypothesis 5). Third, employees who perceive their work unit as more formalized are more likely to feel empowered if they prefer to have autonomy in performing their tasks (Hypothesis 6-c). Fourth, the relationship between goal specificity and empowerment was stronger when employees perceived their tasks as highly interdependent with others in their work unit (Hypothesis 7). Finally, transformational leadership was positively associated with employee empowerment (Hypothesis 8), and employees who perceived their goals as specific were more likely to experience feelings of psychological empowerment when they perceived their supervisors as exhibiting higher levels of transformational leadership behaviors (Hypothesis 9-b).

Based on the results of the data analyses presented here, theoretical and practical implications of the findings will be discussed in Chapter V. In addition, research limitations and suggestions for future research will be presented.
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mediation effect of empowerment on the goal setting-performance relationship</strong></td>
<td></td>
</tr>
<tr>
<td>H1-a. Goal difficulty has an indirect, positive effect on employee performance through a positive influence on psychological empowerment.</td>
<td>Supported (partially mediated)</td>
</tr>
<tr>
<td>H1-b. Goal specificity has an indirect, positive effect on employee performance through a positive influence on psychological empowerment.</td>
<td>Supported (partially/fully mediated)</td>
</tr>
<tr>
<td><strong>Moderation effect of organizational structure on the goal setting-empowerment relationship</strong></td>
<td></td>
</tr>
<tr>
<td>H2. Centralization, as one dimension of organization structure, is negatively associated with employee empowerment.</td>
<td>Supported</td>
</tr>
<tr>
<td>H3. The relationship between goal difficulty and empowerment will be moderated by the degree of centralization such that the relationship is weaker when centralization is high.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H4. Formalization, as one dimension of organization structure, is positively associated with employee empowerment.</td>
<td>Supported</td>
</tr>
<tr>
<td>H5. The relationship between goal specificity and empowerment will be moderated by the level of formalization such that the relationship is stronger when formalization is high.</td>
<td>Supported</td>
</tr>
<tr>
<td><strong>Moderation effect of preference for structure on the organizational structure-empowerment relationship</strong></td>
<td></td>
</tr>
<tr>
<td>H6-a. The relationship between decentralization and empowerment will be moderated by employees’ preference for structure such that the relationship is stronger when employees have a strong preference for decentralization.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H6-b. The relationship between formalization and empowerment will be moderated by employees’ preference for structure such that the relationship is stronger when employees have a strong preference for task variety.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H6-c. The relationship between formalization and empowerment will be moderated by employees’ preference for structure such that the relationship is stronger when employees have a strong preference for autonomy.</td>
<td>Supported</td>
</tr>
</tbody>
</table>
### Moderation effect of task interdependence and transformational leadership on the goal setting-empowerment relationship

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>H7</td>
<td>The relationship between goal specificity and empowerment will be moderated by task interdependence such that the relationship is stronger in situations with a high level of task interdependence.</td>
<td>Supported</td>
</tr>
<tr>
<td>H8</td>
<td>Transformational leadership is positively associated with employee empowerment.</td>
<td>Supported</td>
</tr>
<tr>
<td>H9-a</td>
<td>The relationship between goal difficulty and empowerment will be moderated by transformational leadership such that when employees see their leader as exhibiting transformational behaviors, the relationship is stronger.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H9-b</td>
<td>The relationship between goal specificity and empowerment will be moderated by transformational leadership such that when employees see their leader as exhibiting transformational behaviors, the relationship is stronger.</td>
<td>Supported</td>
</tr>
</tbody>
</table>
Chapter V. Discussion

The purpose of the present study was to examine the linkage between goal setting and performance behaviors by focusing on the mediating role of psychological empowerment, and to further investigate the relationship between goal setting and empowerment by focusing on moderating role of work context in a public sector setting. This chapter focuses on three major findings. First, this study identified perceptions of goal difficulty and goal specificity as well as several other work context variables to be sources of empowerment feelings. Second, this study found support for the mediating role of empowerment in explaining the relationship between goal setting and performance behaviors with respect to task performance, OCBI, and OCBO. Finally, the findings supported the proposed hypotheses that the effect of goal specificity on the empowerment would be moderated by work context variables (formalization, transformational leadership, task interdependence). Based on the empirical findings, this chapter will discuss theoretical and practical implications of the current study. It will also describe methodological limitations and provide recommendations for future research.

1. Theoretical Implications

The current study has several theoretical implications regarding psychological empowerment, goal setting theory, and work context.

Sources of psychological empowerment

Consistent with prior research, this study found that psychological empowerment was enhanced by high levels of goal difficulty and goal specificity, high levels of formalization (Hempel et al., 2012; Menon, 2001), high levels of transformational leadership (Jung & Sosik, 2002; Piccolo & Colquitt, 2006; Seibert et al., 2011; Smith, Montagno, & Kuzmenko, 2004), and
low levels of centralization (Hempel et al., 2012; Menon, 2001). This supports the assertion that sources of psychological empowerment can be traced to goal setting and work context variables (Conger & Kanungo, 1988; Spreitzer, 1995). That is, it is important to examine both goal setting and work context domains in order to gain a more complete understanding of psychological empowerment in organizations.

**Psychological empowerment as a mediator variable**

Consistent with study hypotheses, this study found support for the mediating role of empowerment in explaining the relationship between goal setting and performance behaviors with respect to task performance, OCBI, and OCBO, which is the core finding of the present study. The findings confirm prior research (Taylor, 2013) in that employees who perceived their work goals as more specific and/or more difficult reported stronger feelings of empowerment and, in turn, employees who reported stronger feelings of empowerment were more likely to report higher levels of performance behaviors. In this study, psychological empowerment was conceptually viewed from an *enabling* sense, i.e., empowerment is expected to create better conditions for performing tasks by creating a strong sense of personal efficacy (Conger & Kanungo, 1988; McClelland, 1975), rather than simply being a mechanism associated with delegation or increased participation.

This study found that goal setting had a positive impact on employee performance behaviors, and also that the strength of the associations between goal setting and performance behaviors were reduced when psychological empowerment was introduced into the analysis. This highlights the notion that psychological empowerment is an important motivational mechanism linking goal setting with employee job-related behaviors. This is a major contribution of this study because most studies of goal setting have focused on testing direct
effects of goal setting on performance outcomes, and have excluded the mediating effect of empowerment processes. That is, although it has been widely argued that goal setting affects employees’ performance (Locke & Latham, 1990, 2002), this study has extended this line of research on goal setting by examining psychological empowerment as an underlying (meditating) process through which goal difficulty and goal specificity may affect employee performance behaviors.

**Goal setting theory and self-determination theory**

A key contribution of this study for both researchers and managers is to highlight the importance of setting specific and challenging (difficult) goals. The current study provides evidence that employees who perceive higher levels of goal specificity and goal difficulty appear to be more likely to put forth the effort needed to perform their jobs and to engage in organizational citizenship behaviors because of the influence goal setting has on employees’ psychological empowerment. Goal setting motivates employees to engage in higher levels of task performance and citizenship behaviors by enhancing their sense of psychological empowerment. As discussed in Chapter II (Literature Review), this study assumed that the mediating effect of psychological empowerment in the goal-performance relationship can be explained by self-determination theory (SDT), which focuses on three psychological needs—competence, relatedness, and autonomy—to facilitate self-motivation and healthy psychological development (Ryan & Deci, 2000). That is, it appears that the constructs of psychological empowerment—self-determination, meaning, impact, and competence—correspond to the psychological needs central to SDT—competence, relatedness, and autonomy. In this regard, the findings of this study support SDT theory and Deci and Ryan’s (2000) assertion that when goals
are linked directly to psychological needs (i.e., competence, relatedness, and autonomy),
individuals’ goal pursuits would be expected to result in positive behavioral outcomes.

**Work context matters**

Little research to date has examined the moderating role of work context in examining
the relationship between goal setting and employee attitudes, and there does not appear to be any
research that has looked at the interacting effect of work contexts and preference for structure on
psychological empowerment. The current study is the first to provide empirical support for these
relationships. In demonstrating how goal setting and work context interact to lead to
psychological empowerment, this research makes a valuable contribution to both empowerment
and goal setting research. In addition, given that most individuals work in contexts where several
job design characteristics are salient to employees (Maynard, Gilson, & Mathieu, 2012), the
current study also makes a contribution to the job design literature by investigating the
interactions between goal setting and contextual variables (i.e., formalization, centralization,
transformational leadership, and task interdependence).

**Goal specificity and work context**

Results from this study demonstrated that the effect of goal specificity on empowerment
was moderated by several work context variables. In particular, employees who perceived their
goals as having higher levels of specificity were more likely to report higher levels of
psychological empowerment when their work unit had higher levels of formalization and task
interdependence, and when their supervisor exhibited higher levels of transformational
leadership, even after controlling for the effects of tenure, supervisory status, and gender. Thus,
the present study not only confirms the proposition that goal specificity enhances employee
motivation, it also shows that some work context variables play an important role in determining the strength of this positive relationship.

Goal difficulty and work context

However, as noted before, goal difficulty was not shown to have a stronger relationship with employee empowerment in work units with higher levels of transformational leadership or lower levels of centralization. There are several potential explanations for these nonsignificant findings. First, it is possible that other important moderator variables that were not studied here have a stronger impact on this relationship. The goal setting literature maintains that difficult goals require more effort or persistence in order to achieve the goals and enhance performance (Locke & Latham, 2002). However, transformational leadership, which was examined as a moderator in this study, does not seem to have an effect on the relationship between goal setting and employees’ motivational efforts or persistence. Rather, it may be that transformational leaders can help employees to have goal commitment by communicating an inspiring vision and acting supportively, and convincing employees that goal attainment is important (Locke & Latham, 2002). Indeed, prior research has shown goal commitment to be one of key moderators in the goal setting-performance relationship (Locke & Latham, 2002). It would be important for future research to explore these relationships by including both transformational leadership and goal commitment in studies of the effect of goal setting on psychological empowerment.

Second, it has been shown that interaction effects among structural variables can alter their influence. For example, while it was expected that centralized structures would diminish the influence of goal setting on psychological empowerment because the lack of discretion inherent in highly centralized structure may impede motivational efforts, Hempel et al. (2012) found that the effect of decentralization on empowerment depends on formalization. They argued that
formalization of job roles within a team can thwart the team’s ability to act flexibly, rather than provide guidance or clarity. If this occurs, the effect of decentralization on empowerment would be greatly diminished (Hempel et al., 2012). From this perspective, it might be important to consider centralization and formalization together, and to investigate the interaction effect of structure variables on empowerment. That is, future research might find it useful to examine the three-way interaction effect of goal difficulty, centralization, and formalization in predicting psychological empowerment.

Third, it also may be possible that the relationship between goal difficulty and empowerment is moderated by individual preference differences, rather than context variables. When using preference for structure as a moderator in the relationship between goal difficulty and empowerment, instead of work context, the interaction between goal difficulty and preference for task variety was found to be statistically significant (coefficient = .15, \( p < .05 \)), indicating that the effect of goal difficulty on psychological empowerment is stronger for employees who prefer a job that is characterized by task variety. However, this finding should be confirmed with further research. In the absence of an adequate theoretical foundations to explain this interaction effect, this result should only be viewed as exploratory and speculative.

Finally, one could also speculate that interaction effects of goal difficulty and various context variables may affect other outcome variables such as task performance (e.g., Peters, Chassie, Lindholm, O'Connor, & Kline, 1982), rather than psychological empowerment. Indeed, some supplementary analyses that examined the interaction effect of goal difficulty and centralization on performance behavior variables (task performance, OCBI, OCBO) as consequence variables, rather than on psychological empowerment, found several significant interaction effects (coefficients = -.07, \( p < .05 \) for task performance; coefficient = -.05, \( p < .10 \).
for OCBO), indicating that when employees perceive their work structure as being centralized, the effect of goal difficulty on task performance and OCBO was weaker.

**Public sector context**

While most existing studies of empowerment and goal setting theory have been conducted outside the field of public administration, in fields such as psychology and business, the current study tested the proposed research model using a sample of state government employees, confirming that prior theories of goal setting theory and empowerment hold also to some degree in a public sector context. The results in this study indicate that the psychological empowerment construct and goal setting theory are applicable in a government context, which may differ considerably from the private sector. As discussed in the literature review, research has shown that while public sector organizations have unique structural/contextual characteristics, there have been inconsistent findings whether there are motivational differences between public and private sector. Given the assumption that the difference in motivational effects remains unclear cross sectors, the current study is important because it expands the focus on the goal setting-empowerment to government organizations setting. In this way, this study contributes to a better understanding of psychological phenomena related goal setting and work context within public organizations. In addition, it should be noted that data for the current study were collected from employees in a wide range of professional positions working in different organizational contexts, which suggests that the study results are generalizable across a range of settings.

2. **Managerial Implications**

Goal-setting theory is reflected in a wide range of management practices designed to enhance employee motivation and performance (Appelbaum & Hare, 1996). The current study
on goal setting and empowerment theory can provide a number of guidelines for different areas of human resources management such as training programs and task assignment/reassignment.

The findings from the current research suggest that public organizations should provide more opportunities for employees to make their own decisions, and should encourage managers to provide feedback and other types of information to their employees to help them feel that their work is effective and meaningful, and has a strong impact on the organization. To promote greater feelings of psychological empowerment, organizations should design goal setting opportunities that inspire employees so that they experience higher levels of motivation. As such, the current study offers additional support for the utility of training and development efforts designed to enhance the effect of goal setting in the workplace. For example, managerial-level training programs and interventions can help managers learn how to work more effectively with employees to develop appropriate work goals. Similarly, employee-level training programs and interventions can help employees to develop a greater understanding of the meaningfulness of their goals, which might inspire them to work harder toward goal attainment. Such programs might also increase employees’ feelings of empowerment, which, in turn, would foster and develop their performance behaviors over time.

This study focused, in particular, on how work context influences empowerment, which differs from much of the recent research on empowerment, which has focused on the psychological aspects of empowerment. The findings in the current study suggest that it is important for managers to be aware of their work context (i.e., structural characteristics of their organizations, task interdependence, leadership style), and how the features of contextual factors may impact their attempts to psychologically empower employees within their work unit. Work contexts need to be carefully designed to be aligned with the level of employees’ goal specificity.
or goal difficulty. Because employees benefit from goal setting as well as work context, organizations should be careful in their attempts to redesign work structures and/or processes.

This objective can be attained by engaging in goal setting for organizational programs and projects in such a way that employees’ perceptions are considered in the goal setting process. To that end, managers first need to communicate and meet with employees on a regular basis in order to identify high-risk employees, i.e., those who do not understand the goals (perceive low goal specificity) or do not see the goals as challenging (goal difficulty) and so are likely to experience lower levels of empowerment. Then organizations should identify ways to help those employees to see and/or increase the alignment between their tasks and the tasks of their work unit. As a final approach, managers may consider offering these employees an opportunity to be reassigned to another work unit where they can see better understand the goals and/or see the goals as more challenging, which would increase their feelings of empowerment and allow them to contribute more effectively to the goals/tasks of the work unit.

In addition to understanding how employees perceive their individual and work unit goals, it is also important to consider individual employees’ preference for structure in the goal setting process. It may be that some of the potential benefits of certain work environments are mitigated by a lack of alignment with particular individual’s preferences for structure. For example, not all employees prefer to work in an autonomous environment where individual employees have substantial control over their work processes and tasks. Given that the current study found that the relationship between formalized organizational structure and the feelings of empowerment is stronger when employees have a high level of preference for autonomy, it is also important to consider the fit between individual employees’ preference for structure and the structure they are offered. That is, if formalized structures (i.e., structures where goals are clear
and there are established work procedures) are more effective in enhancing employees’
empowerment when employees have strong preferences for autonomy, managers should attempt
to ensure that employees with preferences for autonomy are able to work in environments where
formalized structures support, rather than detract from, their ability to contribute to the
organization. Overall, managers need to ensure that their organizations have the right people in
the right place to conduct critical functions effectively.

Finally, goal setting can have an influence on employee turnover, as well as long-term
organizational continuity and succession management. Employees who perceive their goals as
having low levels of specificity and difficulty goals are less likely to be psychologically
empowered. Given prior research, which has shown that low levels of psychological
empowerment are associated with reduced performance behaviors, and increased turnover
intention and strain (Seibert et al., 2004), which ultimately results in negative organizational
outcomes, the importance of goal setting that increases feeling of empowerment should be
underscored. That is, managers should recognize that appropriate goal setting exercises and
efforts can be critical to sustaining organizational effectiveness over time, particularly because
such exercises can help organizations avoid potential adverse impacts on employees’ readiness
for taking on higher-level positions.

3. Limitations

Some limitations of the present study must be considered. First, one limitation is that this
study makes use of a cross-sectional survey, which requires us to be cautious in drawing any
conclusions regarding causality. More specifically, cross-sectional surveys cannot provide
definitive results when testing causal relationships due to the ambiguity in the direction of the
relationships. For example, employees who have feelings of empowerment in their work, and see

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their work as meaningful and impactful, may see their work as more challenging and/or perceive high levels of goal specificity. That is, they may rate these goal setting as highly positive because they are experiencing psychological empowerment as opposed to being psychologically empowered as a result of setting challenging and specific goals. Further, it is also possible that goal setting mediates the relationship between psychological empowerment and performance behaviors. That is, employees who have feelings of empowerment may see their goals as highly positive, which in turn could lead to high levels of performance. Therefore, the relationships that emerged in the current study should be understood as correlational in nature and, again, caution should be used in drawing causal inferences from the findings. Replication of the findings in this study using different methods, for instance using a field experiment, as well as longitudinal designs would be highly valuable.

Second, as previously noted, all data on goal setting, organizational context variables, and employee attitudes and performance behaviors were self-reported from a single questionnaire, which could increase the possibility of common method variance (Podsakoff et al., 2003). Thus, the rather strong links among predictor variables and employee attitude/performance variables may be partly a consequence of common method variance (Podsakoff et al., 2003). However, examining transformational leadership as a moderator variable in the current study may mitigate some of these concerns because interactions are not likely to be influenced by common method bias (Siemsen, Roth, & Oliveira, 2010). Nevertheless, as discussed in the previous chapter, the current study conducted two tests (Harman’s single factor test and unmeasured latent methods factor technique) following Podsakoff et al.’s (2003) recommendations for controlling for common method variance in order to address this issue. Again, as discussed in the previous chapter, the unmeasured latent methods factor technique showed some common method bias.
Although the test shows the possibility that the magnitude of the relationship in the hypothesized model may be inflated, the associations are still strong enough to argue for the importance of the goal setting-attitude/behavior relationship. In spite of this, future studies might attempt to obtain data from multiple sources (e.g., supervisors and non-supervisors; survey and archival data) or at multiple time periods (e.g., longitudinal design, outcome variables could be examined one year later) in order to address this potential problem.

Third, all constructs in the present study were measured with subjective ratings. In particular, the operationalization of the organizational structure construct (centralization, formalization) in this study may be problematic. Perceptions of structure may not adequately reflect actual structural practices. Future research could assess structural features using both perceptual indicators and more objective measures of organizational features such as the number of formal policies or number of layers in the organizational hierarchy (Hempel et al., 2012). Replicating the findings with more objective measures would add to our confidence in the findings in this study.

Fourth, as mentioned in Chapter II (Literature Review), formalization can be viewed from both positive and negative perspectives. When formalization is operationalized in terms of red tape or bureaucratic features, it may be more likely to constrain the relationship between goal setting and empowerment, whereas when formalization practices are defined as guiding or providing clarity, it is more likely to enhance the relationship. However, the measure of formalization used in this study only captured the positive perspective, which supports the argument that a formalized structure provides useful direction and guidance (Segars et al., 1998) or goal clarity (Organ & Greene, 1981). Therefore, future research could extend the findings of the current study by including a multifaceted operationalization of formalization.
Fifth, one issue to consider is the measurement of goal difficulty. While Locke and Latham (1990) argue that goal setting effects are generalizable across a wide range of tasks, settings (laboratory or field settings), and quantity/quality criteria, they mention that “goal theory is vague as to how hard a hard goal should be, how great the range of goal difficulty must be so that it is enough” (p. 9), implying that measurement of goal difficulty could be somewhat arbitrary, and certainly is not associated with a precise definition of the variable. In this study, goal difficulty measured the extent to which employees perceive their job as challenging. It may be the case that perceived goal difficulty may not be an appropriate measure to test the relationships proposed in the literature. Using alternative measures for goal difficulty should be considered in future research.

Finally, while this study examined the effects of goal setting (operationalized as goal specificity and goal difficulty) on employee empowerment and performance behaviors, the effects of these two subscales of goal setting on psychological empowerment and performance behaviors were examined separately. However, most existing theory and research presented in the goal setting literature compares ‘specific, difficult goals’ to ‘do your best goals’ (Locke & Latham, 1990, 2002). Examining the two dimensions together (i.e., focusing on goals that are both specific and difficult) might better reflect assertions based on current goal setting theory.

4. Suggestions for Future Research

Based on the discussion presented here, there are a variety of directions for future research to pursue. First, future research might consider other levels of analysis. While this study sampled employees from state government organizations and included a wide variety of agencies, research should be conducted to test whether the findings are also applicable to employees in other similar public organizations, as well as to employees working in team-based
organization contexts. Given that empowerment has been examined at individual, group, and organizational levels of analysis (Maynard et al., 2012), it may be useful to explore whether work context variables examined at the team or organization level produce results similar to the findings from this study. Following prior research that has used team-level analyses to examine leadership behavior (Jung & Sosik, 2002) and empowerment (Kirkman & Rosen, 1999; Seibert, Silver, & Randolph, 2004), future research should examine the extent to which the motivational influence of goal setting and transformational leadership extends across group levels to influence employee attitudes and behaviors. This is a promising avenue for future studies.

Another promising avenue for future research would involve examining other potential moderators that may affect the relationship between goal setting and empowerment. Future research may extend the model used in the current study by including such variables such as goal commitment (Locke & Latham, 2002) and personal resource variables such as self-efficacy, which were not included here, to predict psychological states and work engagement. These variables have received a large amount of attention over the years and have been shown to be important for goal setting and performance (Deci & Ryan, 2000).

Given the importance of context variables as moderators of the relationships between goal setting variables and psychological empowerment, one might also expect that context variables would moderate the effect of goal setting on other motivational outcomes. That is, it is expected that the theoretical arguments presented in this study are not necessarily restricted to psychological empowerment, and work context variables may have similar effects on more complex behavior. For example, future research could test whether context variables moderate the effect of goal setting on certain kinds of prosocial behavior, innovational behavior, and creative performance.
Although this study did not examine the four empowerment dimensions (self-determination, meaning, importance, and competence) separately, some literature has treated empowerment as a multidimensional construct and found that some work design characteristics are more likely to influence certain dimensions of psychological empowerment than others. For example, Gagné, Senecal, and Koestner (1997) found that different job characteristics (e.g., feedback and autonomy support) predicted different aspects of empowerment, and that the four dimensions of empowerment differentially affected intrinsic motivation. Moreover, Liden et al. (2004) found that the meaning and competence dimensions of empowerment had a mediating effect in certain relationships between job characteristics and employee attitudes, but not others. Future research that examines the role of the four dimensions of empowerment separately is needed to more fully understand the role of goal setting and work context in promoting employee attitudes and performance. Arguably, it would be particularly interesting to study self-determination (i.e., autonomy) in government settings because it has been argued that self-determination can be more difficult to achieve in government settings due to the high levels of procedural constraints in the public sector, which may lower employees’ perceptions of their ability to achieve their goals (Wright, 2001, 2004), as well as the fact that some governmental agencies may restrict the amount of autonomy given to employees. This suggests that an interesting area for future research to explore would be the relative influence of the four empowerment dimensions in the public sector compared to private or nonprofit (nongovernmental) organizations. This issue should be of interest to both researchers and practitioners.

Finally, the age distribution of the sample may be a bit skewed toward an older population (i.e., mean age is 51 years old), which may not necessarily reflect views of younger
generations. Future research might consider whether generational differences exist with respect to goal setting and empowerment. For example, it might separate generation groups (e.g., 20s-30s vs. 40s-50s) to investigate the different effect of generation on the goal setting-empowerment relationship.

5. Conclusions

Using a sample of state government employees, this study has proposed and tested a theoretical model that draws on two established theoretical frameworks—goal setting theory and psychological empowerment. Findings from this study indicate that goal setting is associated with employee performance behaviors through its impact on psychological empowerment. This research has also contributed to the literature by providing a more nuanced understanding of the motivational effects of goal setting by demonstrating the enabling effects of work context and highlighting the importance of the work context in creating empowerment experiences. Accordingly, it is concluded that in order to encourage employees to develop their performance behaviors, organizations need to promote employees’ psychological empowerment and build a supportive work contexts that allow goal setting to have a positive influence on empowerment.
REFERENCE


Lexington Books/DC Heath and Com.


APPENDIX 1: Survey Instrument

Section I
In this first section, we are interested in your workplace behaviors. Please click how strongly you agree or disagree with each of the following statements (1 = Strongly Disagree and 7 = Strongly Agree).

1. I always complete assigned duties in a timely fashion.
2. I work hard to exceed formal performance requirements of the job.
3. I will sometimes procrastinate on tasks that I do not enjoy doing.
4. I willingly help others who have work-related problems.
5. I help orient new employees so that they are able to perform their jobs more effectively.
6. I regularly check with my supervisor to see if there are ways that I can be helpful to others.
7. I attend functions and events that are not required, but which help me learn more about what is going on in the organization.
8. I attend meetings that are not mandatory, but are considered important.
9. When important tasks need to be done, I am willing to work extra time to complete these tasks.

Section II
In this section, we are interested in your attitudes about the workplace and your current job. Please click how strongly you agree or disagree with each of the following statements (1 = Strongly Disagree and 7 = Strongly Agree).

10. I am confident about my ability to do my job.
11. I am self-assured about my capabilities to perform my work activities.
12. I have mastered the skills necessary for my job.
13. I feel that I have a substantial impact on the work produced in my work unit.
14. I have a great deal of control over what happens in my work unit.
15. I have significant input into processes used in my work unit.
16. The work I do is very important to me.
17. My job tasks are personally meaningful to me.
18. The work I do is meaningful to me.
19. I have significant autonomy in determining how I do my job.
20. I can decide on my own how to go about doing my work.
21. I have considerable opportunity for independence and freedom in how I do my job.
22. My goals at work are very clear and specific.
23. I understand fully which of my job goals are more important than others.
24. I understand fully what I’m expected to accomplish on my job.
25. The job goals require a great deal of effort.
26. A high degree of skill and know-how is necessary to do my job well.
27. My job goals are very challenging.
28. I prefer working in an organization where employees are able to have input into decisions regarding policies, procedures, and how the work is done in the work unit.
29. I prefer working in an organization where upper management is involved in all organizational decisions.
30. I think it is important for all upper management to review all decisions made at lower levels of the organization.
31. I prefer a job where there is a lot of variety in the day-to-day tasks I perform.
32. I prefer a job where I can work on several projects at the same time.
33. I prefer jobs where I have responsibility for performing several different tasks during the day.
34. I prefer a job that gives me the chance to use my personal initiative and judgment in carrying out the work.
35. I prefer a job that gives me considerable opportunity for independence and freedom in how I get the work done.
36. I prefer a job where I can prioritize my tasks.

Section III
Here we are interested in your perceptions of your work environment. If you are a supervisor/manager, please describe the work unit led by your direct supervisor/manager. Please click how strongly you agree or disagree with each of the following statements (1= Strongly Disagree and 7 = Strongly Agree).

37. Employees regularly participate in decisions regarding policies, procedures, and how the work in my work unit is done.
38. In my work unit, even small matters have to be referred to someone higher up for a final decision.
39. In my work unit, most decisions have to have the boss’s approval.
40. We have procedures to deal with almost any situation that arises.
41. The duties of jobs for employees in my work unit are clearly defined.
42. Actual job duties are determined more by the employees in my work unit than by a specific description.
43. I work closely with others in doing my work.
44. I frequently must coordinate my efforts with others.
45. The way I perform my job has a significant impact on others.

Section IV
In this section, we are interested in your opinion about your direct supervisor/manager. Please click how well each statement describes your supervisor/manager (1= not at all; 2= once in a while; 3= sometimes; 4= fairly often; 5= frequently, if not always).

46. Emphasizes the importance of having a strong sense of purpose.
47. Goes beyond his/her own self-interest for the good of my work unit.
48. Acts in ways that build my respect.
49. Talks enthusiastically about what needs to be accomplished.
50. Articulates a compelling vision of the future.
51. Expresses confidence that goals will be achieved.
52. Seeks differing perspectives when solving problems.
53. Gets me to look at problems from many different angles.
54. Suggests new ways of looking at how to complete assignments.
55. Treats me as an individual rather than just as a member of a group.
56. Considers me as having different needs, abilities, and aspirations from others.
57. Helps me to develop my strengths.
58. Expresses satisfaction when I meet expectations.
59. Discusses in specific terms who is responsible for achieving performance targets.
60. Makes clear what one can expect to receive when performance goals are achieved.
61. Focuses attention on irregularities, mistakes, exceptions, and deviations from standards.
62. Spends his/her time looking to “put out fires.”
63. Directs his/her attention toward failure to meet standard.
Section V
This final section of the survey asks for information about you and your career. This information will be helpful in analyzing some relationships between variables. Please be assured that this information will NOT be used to identify you individually or even a small group of employees. Nevertheless, if you would prefer not to answer a particular question, please feel free to leave it blank.

1. Please provide your agency and grade level.
   - State Agency __________________
   - State Grade (SG) ________________

2-a. Which of the following is your highest level of formal education?
   - Associates degree
   - Bachelor’s
   - Master’s
   - Doctorate or Professional degree (e.g., PhD, MD, JD)
   - Other (please specify) ______________________

2-b. Do you have professional certification or licensure?
   - No
   - Yes

3. Do you supervise or manage others as part of your jobs?
   - No
   - Yes

4. How many years have you worked...
   - in your current work unit? ___________ years
   - for New York State government? ________ years

5. You are  (1) Female ____  (2) Male ____

6. Race/Ethnicity (check one)
   - White/Caucasian
   - Black/African-American/African heritage
   - Asian/Pacific Islander
   - Latino/Hispanic
   - Native American/American Indian
   - Multiracial

7. Age (at last birthday) ___________________
APPENDIX 2: Measurements of Variables

*Performance*: Williams & Anderson’s (1991) measure

**Task Performance**
- I always complete assigned duties in a timely fashion.
- I work hard to exceed formal performance requirements of the job.
- I will sometimes procrastinate on tasks that I do not enjoy doing.

**OCBI**
- I willingly help others who have work-related problems.
- I help orient new employees so that they are able to perform their jobs more effectively.
- I regularly check with my supervisor to see if there are ways that I can be helpful to others.

**OCBO**
- I attend functions and events that are not required, but which help me learn more about what is going on in the organization.
- I attend meetings that are not mandatory, but are considered important.
- When important tasks need to be done, I am willing to work extra time to complete these tasks.

*Psychological empowerment*: Spreitzer’s (1995) measure

**Empowerment (Competence)**
- I am confident about my ability to do my job.
- I am self-assured about my capabilities to perform my work activities.
- I have mastered the skills necessary for my job.

**Empowerment (Impact)**
- I feel that I have a substantial impact on the work produced in my work unit.
- I have a great deal of control over what happens in my work unit.
- I have significant input into processes used in my work unit.

**Empowerment (Meaning)**
- The work I do is very important to me.
- My job tasks are personally meaningful to me.
- The work I do is meaningful to me.

**Empowerment (Self-determination)**
- I have significant autonomy in determining how I do my job.
- I can decide on my own how to go about doing my work.
- I have considerable opportunity for independence and freedom in how I do my job.

Goal Specificity
- My goals at work are very clear and specific.
- I understand fully which of my job goals are more important than others.
- I understand fully what I’m expected to accomplish on my job.

Goal Difficulty
- The job goals in my work require a great deal of effort.
- A high degree of skill and know-how is necessary to do my job well.
- My job goals are very challenging.

Preference for structure: adapted from Hackman & Oldham’s (1980) Job Diagnostic Survey

Preference for Structure (Decentralization)
- I prefer working in an organization where employees are able to have input into decisions regarding policies, procedures, and how the work is done in the work unit.
- I prefer working in an organization where upper management is involved in all organizational decisions (R).
- I think it is important for all upper management to review all decisions made at lower levels of the organization (R).

Preference for Structure (Task Variety)
- I prefer a job where there is a lot of variety in the day-to-day tasks I perform.
- I prefer a job where I can work on several projects at the same time.
- I prefer jobs where I have responsibility for performing several different tasks during the day.

Preference for Structure (Autonomy)
- I prefer a job that gives me the chance to use my personal initiative and judgment in carrying out the work.
- I prefer a job that gives me considerable opportunity for independence and freedom in how I get the work done.
- I prefer a job where I can prioritize my tasks.
**Organizational structure:** adapted from Huge and Aiken’s (1967) measure

**Centralization**
- Employees regularly participate in decisions regarding policies, procedures, and how the work in my work unit is done (R).
- In my work unit, even small matters have to be referred to someone higher up for a final decision.
- In my work unit, most decisions have to have the boss’s approval.

**Formalization**
- We have procedures to deal with almost any situation that arises.
- The duties of jobs for employees in my work unit are clearly defined.
- Actual job duties are determined more by the employees in my work unit than by a specific description (R)

**Task interdependence:** Pearce and Gregersen’s (1991) reciprocal interdependence measures
- I work closely with others in doing my work.
- I frequently must coordinate my efforts with others.
- The way I perform my job has a significant impact on others.

**Transformational leadership:** Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1990)

**Transformational Leadership (Idealized Influence)**
- Emphasizes the importance of having a strong sense of purpose.
- Goes beyond his/her own self-interest for the good of my work unit.
- Acts in ways that build my respect.

**Transformational Leadership (Inspirational Motivation)**
- Talks enthusiastically about what needs to be accomplished.
- Articulates a compelling vision of the future.
- Expresses confidence that goals will be achieved.

**Transformational Leadership (Intellectual Stimulation)**
- Seeks differing perspectives when solving problems.
- Gets me to look at problems from many different angles.
- Suggests new ways of looking at how to complete assignments.

**Transformational Leadership (Individualized Consideration)**
- Treats me as an individual rather than just as a member of a group.
- Considers me as having different needs, abilities, and aspirations from others.
- Helps me to develop my strengths.