The impact of extrinsic rewards on nurses’ psychological empowerment: the case of Health Care in Greece.

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Abstract

This empirical study explores the influence of four extrinsic rewards, namely relationships with supervisor, relationships with co-workers, job security and financial rewards on nurses’ psychological empowerment. The study encompasses 395 nurses from both Greek public and private hospitals. Regression analysis is used to test the research hypotheses. The results of the study have shown that all factors examined here can enhance nurses’ psychological empowerment. Relationships with supervisor had the strongest effect on this construct. Limitations and future research are discussed.
Introduction

Contemporary international health care has been described as a problematic sector whose workforce strives to improve both the quantity and the quality of the provided services. This also occurs in nursing occupation which is faced with the challenge of promoting effective patient care while dealing with shortages of financial and human resources. Within this context, a quest for effective management practices is emerged. A management practice that is regarded to be a universal remedy for both manufacturing and service sector is empowerment (Lashley, 1999). Empowerment has received much attention among academic researchers and business practitioners as it is considered as a management tool that can provide employees with autonomy, discretion and self – confidence and can result in greater organizational effectiveness. In the service sector, the implementation of empowering practices is sine qua non due to its specific characteristics and mainly the interaction between the frontline employee and the customer,. As such, employees should be given initiatives and autonomy not only to provide customers with service quality (Bowen & Lawer, 1995; Fulford & Enz, 1995) but also to cope with service failures (Gronroos, 1990). In the nursing context as well, empowerment is more and more often discussed and adopted (Kuokkanen et al., 2007). There are several papers with respect to nursing, exploring the notion of empowerment (Laschinger et al., 2000; Laschinger et al., 2001; Laschinger & Finegan, 2005; Greco et al., 2006). However, there is a gap in the relevant literature concerning the effect of extrinsic rewards on nurses’ empowerment. Therefore, the purpose of this paper is to address this gap by investigating the effect of a bundle of extrinsic rewards, namely relationships with supervisor, relationships with co-workers, job security and financial rewards, on the psychological empowerment of nurses.

The Conceptual Framework

Although empowerment has been defined in various ways (Wilkinson, 1998), it can be classified into two main approaches: the structural and the psychological approach. The former focuses on the management practices which grant power and authority on employees. For instance, Bowen and Lawer (1992) incorporate four components of structural empowerment: a) information about organizational performance, b) rewards based on organisational performance, c) knowledge that enables to understand and contribute to organisational performance, d) power to make decisions that influence work procedures and organisational direction. Yet, structural empowerment overlooks employees’ view towards these management practices. More specifically, it is likely that employees can experience no empowerment even if empowering practices are applied in their workplace. Psychological empowerment is built upon this disadvantage.

This approach emphasizes on the psychological aspect of empowerment. Conger & Kanungo (1988), initially defined empowerment as a psychological state and more specifically as psychological enabling. They view it as “a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information” (p. 474). Thomas and Velthouse (1990), extended their approach by defining power as energy; to empower means to energize, and it is related to “changes in cognitive variables. Finally, Spreitzer’s (1995) model based on their approach...
defined empowerment as intrinsic task motivation manifested in four cognitions: meaning, competence, self-determination and impact.

Meaning is termed as “the value of a work goal or purpose, judged in relation to an individual’s own ideals or standards” (Spreitzer, 1995, p. 1443). This assessment refers to the “intrinsic caring about a given task” (Thomas & Velthouse, 1990, p. 672). Competence, or self-efficacy, is “an individual’s belief in his or her capability to perform work role activities with skill” (Spreitzer, 1995, p. 1443). According to Bandura (1977), people that experience low personal mastery avoid situations that require the relevant skills and, therefore, this avoidance leads them to prevent from confronting fears and developing competencies (Thomas & Velthouse, 1990). Self-determination is defined as “an individual’s sense of having choice in initiating and regulating actions” (Spreitzer, 1995, p. 1443); for this reason, few authors used the term “choice” (Thomas & Velthouse, 1990). Self-determination involves autonomy in the initiation and continuation of behaviors and processes in the workplace including work methods, pace or effort (Spreitzer, 1995). Impact is “the degree to which an individual can influence strategic, administrative or operating outcomes at work” (Spreitzer, 1995, p. 1443). This assessment refers to the “degree to which a behavior is seen as making a difference in terms of accomplishing the purpose of the task, that is, producing intended effects in one’s task environment” (Thomas & Velthouse, 1990, p. 672).

In recent years, few management tools and practices are employed in the service sector with a view to its becoming more competitive and effective. Particularly, in the health care industry which constitutes an essential service sector, there is a great attempt to improve the service delivery by implementing human resources practices; such a practice is empowerment. Manojlovich (2007) argues that when nurses feel powerless in their workplace, then, they are ineffective and experience job dissatisfaction. Furthermore, it has been found that empowerment significantly improves the health and welfare of patients (Majumdar, 1999). There is a growing research interest in relation to both the antecedents and consequences of empowerment within the context of healthcare and particularly nursing. In the relevant literature, there is a plethora of papers focusing on organisational variables such as trust (Laschinger et al., 2000; Laschinger & Finegan, 2005), leader member exchange quality (Laschinger et al., 2007) job satisfaction (Manojlovich & Laschinger, 2002), job strain (Laschinger et al., 2001), leader behaviour (Greco et al., 2006) and job tension (Laschinger et al., 1999).

With respect to the Greek health care, nurses are given limited opportunities to participate in decision making (Patisnea, 1998). Patiraki – Kourbani argues (2003) that physicians and administrators confine the autonomy of nurses and, moreover, their need for decision – making is not recognised. As Papathanassoglou et al. indicate (2005; p. 161), “the transition to more comprehensive and patient – centred modes of care requires a giant nursing management leap, for which nursing autonomy and empowerment are absolute prerequisites”. Therefore, it is necessary to explore the conditions that can foster empowered human resources in the health care industry. However, despite the importance of empowerment in the nursing occupation, there is no much empirical evidence within the Greek health care investigating the notion of empowerment. To address this dearth, this paper attempts to examine the influence of extrinsic rewards on the psychological empowerment of nurses. These extrinsic rewards are discussed below.
Hypotheses Development

Rewards are one of the core human resources management policies aiming at the motivation of employees. Rewards can mainly be separated into two categories: intrinsic and extrinsic. Extrinsic rewards are resulted from the actions of others, such as supervisors, and are controlled by managers; whereas intrinsic are less tangible and emanate from the person or job itself (Beardwell & Holden, 1994). The present study examines the effect of four extrinsic rewards on nurses’ psychological empowerment. One of the most crucial relationships developed in the workplace is between supervisor and employees. From Human Relations School era, there was an emphasis on this type of relationship. Positive relationships with their supervisors may lead employees to have positive attitude towards their organisation. Especially, in the tertiary sector, it is claimed that supporting relationships with supervisors and managers can help subordinates reciprocate towards customers (Peccei & Rosenthal, 2001). Regarding psychological empowerment, there are several studies exploring the link between supportive and good relationships with supervisor and psychological empowerment (Sparrowe, 1994; Liden et al, 2000; Peccei & Rosenthal, 2001, Laschinger et al., 2007).

H1: Good relationships with supervisor are positively associated with psychological empowerment.

There is another form of relationship that is of utmost importance as well, namely, the relationship among co-workers. Relationships among co-workers is a central organisational aspect which may influence employees’ motivation. Corsun and Enz argued (1999) that peers who help one another may experience psychological empowerment. Moreover, as Quinn and Spreitzer, (1997) illustrated, if employees have strong and supportive relationships, this will increase their sense of psychological empowerment. In the Greek context, Dimitriades and Maroudas (2007) offer empirical evidence regarding the impact of qualitative relationships with co-workers on employees’ psychological empowerment.

H2: Good relationships among co-workers are positively associated with psychological empowerment.

Job security has been of growing research interest due to the changes that business environment has undergone. Keen competition which leads organizations to re-construct and be leaner, merges as well as the use of flexible employment conditions are some of the most important changes which enforce employees’ experience of job insecurity. Greenhalgh and Rosenblatt (1984) define job insecurity as the “perceived powerlessness to maintain desired community in a threatened job situation”. Under these circumstances, job security is argued to be one of the most critical factors that influence employees’ motivation (Wiley, 1997; Gould-Williams & Davies, 2005) and other organizational attitudes such as organizational commitment and job satisfaction (Ashford et al., 1989; Borg & Elizur, 1992). Lack of job security can cause employees psychological reactions such as low self-esteem and self-confidence (Wiley, 1997). Additionally, employees may not take responsibilities and initiatives when they feel that, to some extent, they are insecure regarding their job. Yet, despite its salient role in the modern flexible and insecure business environment, there are not many empirical studies examining this link (Bordin et al., 2007).

H3: Job security is positively associated with psychological empowerment.

Financial rewards are concerned with the payment an employee receives by offering labour. They are regarded as very essential rewards that can be offered from the management and with significant effect on employees’ working behaviour. In fact,
for many years financial rewards were characterized as the main rewards in the workplace. In order for these rewards to be effective, few conditions must exist. There should be a connection between pay and performance and additionally this link should be made clear to the employee (Kufidou, 2001). The lack of payment methods—systems leads to the decrease of self-efficacy (Conger & Kanungo, 1988). Moreover, Bowen & Lower (1992) stated that payments based on performance contribute to empowerment. Organisations interested in empowering their employees and creating committed workforce should develop a payment system which will reward performance and not the position. In the context of psychological empowerment, financial rewards were one of the first antecedents empirically studied. Authors (Spreitzer, 1995; Melhem, 2004) showed that there is a connection between these two variables, though there is a dearth in the existing empirical studies (Melhem, 2004).

H4: Financial rewards based on performance are positively associated with psychological empowerment.

Methodology

Data Sample
The research was conducted on public and private hospitals in Greece. A structured questionnaire was distributed to 700 respondents and a total of 395 (258 from public and 137 from private hospitals) were returned, rendering the total response rate 56.4% per cent. The sample for the analysis reported here consisted of nurses. Of the 395 nurses participated in the study, 71.9% were female, and 28.1% were male. With respect to age, 37.2% ranged from 21 to 30 years old, 33.2% from 31 to 40 years old, and 29.6% were more than 41 years old. The majority (56.5%) of the respondents held a degree from Technological Education Institute (T.E.I.). Regarding family status, 158 of the respondents were not married and 237 were married. Moreover, a large number of the respondents (77.2%) of the sample were working on lifelong employment. Nearly 22.5% of the nurses have worked for less than 3 years, 51.1% less than 10 years and 72.2% less than 20 years. Concerning tenure, 15.7% of the nurses have worked in the present hospital less than 1 year, 42% less than 5 years and 63.5% less than 10 years.

Measures
Psychological empowerment was measured using Spreitzer’s (1995) twelve item empowerment scale. These measures comprises four three – item subscales for each of the dimensions of empowerment. Relationships with supervisor were assessed using the items taken from Liden and Maslyn (1998) which address the affective aspect of relationships between supervisor and employees. Six items concerning relationships with co - workers were from Abbey et al (1985). Job security was performed using the instruments from Oldham et al. (1986). This comprises ten items, referring to how secure employees feel in their workplace. Three items were constructed in order to measure financial rewards. Participants will be asked if their payments depend on their performance. In this study, responses were recorded on seven-point Likert type scale (1= Strongly Disagree, 7= Strongly Agree).

Results
Principal component analysis with varimax rotation was performed in order to investigate the multidimensional nature of the empowerment construct. All items loaded satisfactorily, except for two of job security which excluded. The Cronbach alpha reliabilities for the scales used in this study are as follows: a) Psychological
Empowerment ($a = 0.849$), Meaning ($a = 0.905$), Competence ($a = 0.721$), Self – determination ($a = 0.882$), Impact ($a = 0.898$), Relationships with supervisor ($a = 0.920$), Relationships with co-workers ($a = 0.917$), Job security ($a = 0.872$) Financial rewards ($a = 0.935$). The analysis includes multiple regressions to test the research hypotheses. The results of these regression analyses are presented in Table I.

Table I.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
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<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
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<tr>
<td>Constant</td>
<td>5.079</td>
<td>0.040</td>
<td>126.223</td>
<td>0.000</td>
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<td>Relationships with supervisor</td>
<td>0.294</td>
<td>0.040</td>
<td>0.326</td>
<td>7.290</td>
</tr>
<tr>
<td>Financial rewards</td>
<td>0.212</td>
<td>0.040</td>
<td>0.235</td>
<td>5.255</td>
</tr>
<tr>
<td>Job security</td>
<td>0.167</td>
<td>0.040</td>
<td>0.186</td>
<td>4.156</td>
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<tr>
<td>Relationships with co-workers</td>
<td>0.144</td>
<td>0.040</td>
<td>0.160</td>
<td>3.578</td>
</tr>
</tbody>
</table>

Note: Dependent Variable: Empowerment. $R^2 = 0.221$, adjusted $R^2 = 0.213$, $F = 27.709$, $p < 0.01$

$R^2$ for the four variables is 0.221, which means that these four variables explain about 22 percent of the variance in psychological empowerment. The results of the regression analysis reveal that all four extrinsic rewards examined here influence overall psychological empowerment. Relationships with supervisor had the strongest effect of all the extrinsic rewards. More specifically, relationships with supervisor show a significant effect on psychological empowerment ($\beta = 0.326$, $p < 0.01$). Significant effects were found for relationships with co- workers ($\beta = 0.160$, $p < 0.01$). The beta coefficient for job security was significant ($\beta = 0.186$, $p < 0.01$) indicating a direct and positive association between psychological empowerment and job security. Financial rewards also significantly correlated with psychological empowerment ($\beta = 0.235$, $p < 0.01$).

**Discussion**

The concept of empowerment is of utmost importance, particularly in the tertiary sector due to the latter’s unique characteristics. There is a number of studies in the relevant literature exploring the antecedents of psychological empowerment. Yet, there is a dearth regarding the systematic research of a bundle of extrinsic rewards on the specific construct. This study contributes to this gap exploring four extrinsic rewards, such as relationships with supervisor, relationships with co-workers, job
security and financial rewards. The results indicate that extrinsic rewards can enforce employees’ experiences of empowerment. More specifically, relationships with supervisor and co-workers show a significant correlation with overall psychological empowerment. These results support the studies that emphasize the importance of interpersonal relationships in the workplace as critical factors creating an empowered workforce (Corsun & Enz, 1999; Dimitriades & Maroudas, 2007; Laschinger et al., 2007; Liden et al., 2000; Peccei & Rosenthal, 2001; Quinn & Spreitzer, 1997; Sparrowe, 1994). As a result, it is necessary for managers to cultivate a friendly and co-operative workplace with mutual respect and open communication. The significant role of job security in the contemporary flexible business environment is illustrated in the present study. As the results indicate, job security is strongly associated with overall psychological empowerment. This means that when employees feel secure in their job, they experience psychological empowerment at a high level. This result is congruent with the work of Bordin (2007) also conducted in a non-Western setting (Bordin, 2007). Another important finding is that financial rewards have a significant positive association with overall psychological empowerment. Despite the fact that there is no much research on the link between this kind of extrinsic rewards and psychological empowerment (Spreitzer, 1995), the current study shows that financial rewards can have a strong effect on this concept. Overall, the present empirical study provides useful insights regarding the psychological empowerment literature by illuminating a range of extrinsic rewards that can create empowered human resources in health care sector.

This study, however, has some limitations. The data were obtained from a specific sample (nurses) and a specific industry (health care). Therefore, its findings may not be generalisable to other employees or other industries. Another issue concerns the cross-sectional analysis of the data which cannot directly assess causality. Future research should address the generalisability of our results and adopt a longitudinal design. Furthermore, it can include other rewards both intrinsic and extrinsic that may influence psychological empowerment such as opportunity for training and development, recognition and skill variety. Finally, replication of the present results both within Greece and other countries also needs further research.
References


