

Management Effectiveness Evaluated by the Achievement of Goals Established in the Reward System and its Connection with Psychological Empowerment

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Abstract

The study investigates the management effectiveness measured by the achievement of the goals established in the reward system for employees and its relation with psychological empowerment in a multinational company. Descriptive study with qualitative and quantitative approach was performed in an American company, based in Brazil. For data collection we used a questionnaire adapted from Spreitzer (1995). Data analysis used descriptive statistics, content analysis, and financial information published on the Stock Exchange of New York. The conclusion presents relation between management effectiveness measured by the achievement of goals established in the reward system and psychological empowerment.

Index terms— financial, empowerment, descriptive, statistics.

1 Introduction

he management capacity of the organization can be crucial so it can achieve its strategic objectives and the performance evaluation of its employees has as one of its functions to measure the level of this ability. The performance depends not only on external factors such as global economy, consumers or the market in which it operates, but also internal factors. The way their managers run their activities and, as a consequence, business is also essential for a smooth organizational performance, which results in management effectiveness (NASCIMENTO; REGINATO, 2009).

The management effectiveness depends on useful information to provide support for managers' decisions. On the other hand, these managers, depend on information not only for the management itself but also for the operation of various activities necessary to achieve the goals and organizational objectives (FINKLER; WARD, 1999). This information has its origin in the management system and performance evaluation used by the organization. The evaluation system should demonstrate the real performance potential and the deviations and their causes as well, with the needs and opportunities for improvement and the possibilities to adjust expectations and standards previously established by the organization (PEREIRA, 2001). To Spreitzer (2007), to become successful in business environment, organizations need knowledge, ideas, energy, creativity and empowerment of each of its employees, whether strategic or operational level. Therefore, organizations need to relate the behavior of its employees to the reward system adopted. The reward system needs to be properly structured as it can positively impact the company's management effectiveness when individuals receive continuous feedback on their performance (LAWLER III, 2003).

According to Drake, Wong, and Salter (2007), key aspects of performance feedback and reward systems may have a significant impact on employees' psychological empowerment through the perception of work motivation and individual performance. For the authors, the psychological empowerment is associated with management effectiveness of organizations when the financial return has a significant and positive effect on the perceived impact of employees.

3 MANAGEMENT EFFECTIVENESS AND ACHIVEMENT OF GOALS ESTABLISHED IN THE REWARD SYSTEM

Finding mechanisms that measure the psychological aspects of the employees has become a growing need in the organizational environment, especially the psychological empowerment. In this direction emerges the questioning which guides this research: What is the connection of management effectiveness measured by the achievement of the goals established in the reward system for employees with psychological empowerment? The study aims to investigate the management effectiveness measured by the achievement of the goals established in the reward system for employees and its connection with psychological empowerment in a multinational company.

For that reason, we elaborated the hypothesis of this research: H -The psychological empowerment according to Spreitzer's model (1995) is related to management effectiveness in the studied company. Regarding management effectiveness in Spreitzer research (1995) for U.S. companies, the results point to a significant correlation among effectiveness and psychological empowerment and innovative behavior.

This study begins with this introductory section, in the sequence presents the conceptual foundation which supports the study. Followed by methodological procedures adopted in the research and analysis of the research results. Finally the study conclusions and recommendations for future research on the topic.

2 II.

3 Management Effectiveness and Achivement of Goals Established in the Reward System

The meaning of organizational effectiveness lies in the business continuity and sustainability, monitored by the organization's performance. Pereira (2001) believes the organizational effectiveness is related to the performance evaluation present in the management process in the organization. This allows conclusions about the quality of a particular performance, but mainly to boost quality -effectiveness and efficiency -considered ideal and desirable.

The perception of organizational effectiveness is closely associated with management effectiveness, depends directly on one another. An organization does not ensure its continuity without the aid and subsidies provided by the human resources available to it.

This research is affiliated to the concept of management effectiveness presented by Spreitzer (1995), who understands it as the degree that a manager meets or exceeds the expectations of his/her performance in the working environment -in which capable managers consider themselves competent and capable enough to influence their subordinates significantly in order to proactively conduct their activities . From this perception managers can anticipate problems and make their employees to become more independent, making them more effective. Spreitzer (1995) mentions that management effectiveness can be measured by the standards of performance, peer comparison and global performance. So that organizations can assess their management effectiveness, they must use the goals established in the reward system and performance evaluation, adopted from their management control.

Organizations set goals in order to improve or achieve its strategic objectives. The goals serve as a control instrument, that managers use to monitor the company's performance in the long run and use them to monitor the employees performance in the short term (GRIFFIN; MOORHEAD, 2006).

The motivation comes from the conscious intentions and goals of employees. When setting goals for their employees in the organization, managers must be able to influence their behavior. The degree of difficulty of a goal is linked to the intensity of the challenge and the effort required achieving it. If employees work to achieve them is reasonable to conclude that they worked more diligently. However, managers should take be careful in preparing goals not to make them unattainable and discourage their employees (GRIFFIN; MOORHEAD , 2006).

The employees values and motivation are important to guide and direct individual behavior, which in turn may have an impact on the performance or not of these employees (STERLING; BOXALL, 2013). Performance is seen as the result of what is perceived when employees perform, achieve and produce to perform their tasks properly (FREZATTI; ROCHA; NASCIMENTO; JUNQUEIRA, 2009).

To achieve a desired outcome or performance, the goal setting becomes a parameter which drives this process. Frezatti et al. (2009) argue that setting challenging goals or apathetic, or goals that are not understood or sufficiently clear can directly affect not only the managers remuneration, as well as their commitment and interest at work or even the their commitment and interest for the organization. It is realized the importance of involving managers and employees in the preparation of individual performance goals in order to make them more committed and motivated in achieving them.

Several research that deal with goal determination, such as Robbins and Coulter (1996), demonstrate the superiority of establishing specific and challenging goals working as motivational forces, rather than goals that can be easily reached by employees. Studies highlight if it is encouraged employees participation in determining their own goals, it is expected acceptance in more difficult challenges, but it is not always recommended employees participation in the formulation of individual goals.

Nascimento and Reginato (2009) argue that it is important to carry out performance evaluation that monitors the achievement of organizational goals. The practice of promoting the image of employees who excel in performing their functions entails a form of reward that motivates them to perform their activities better.

102 Organizations should seek a balance in preparing the goals stated in their performance evaluation programs
103 or reward in order to align the values and motivation of employees to the organization strategic objectives.

104 The results of the employees' individual performance evaluation are used to decide and justify the distribution
105 of rewards in the organization. The assessments help managers make decisions about training, training programs
106 and develop improvement plans that meet the needs of their subordinates. The data generated can also be
107 used to predict future needs for human resources, management succession planning and guide other activities
108 (GRIFFIN; MOORHEAD, 2006). Frezatti et al. (2009) emphasize that a reward system or control system has
109 four phases: a) establishment of standards, b) comparison of real performance with the expected c) identifying
110 any deviations, and d) implementation of corrective actions when detecting the need for it. The presence of
111 these phases is critical to assist managers in aligning the process of their employees' individual performance
112 evaluation with the organization strategic planning, more specifically in operational terms in order to maintain
113 organizational sustainability and management effectiveness.

114 Relate the achievement of goals to the reward system used by a company in the management of its employees
115 has become a common practice in the organizational environment. This is a system that "clearly identifies the
116 performance and improves the perception of fairness by the manager. This can be seen as a control network
117 formed by several connection cycles, which requires a macro orientation from the organizations " ??Frezatti et
118 al. 2009:160).

119 It is inferred that management effectiveness is related to how managers choose the use of management control
120 to monitor and manage the achievement of the goals established in the reward system or performance of the
121 organization in order to provide continuity for a company.

122 4 III.

123 5 Psychological Empowerment

124 Among these new concepts and methodologies aimed to analyze the behavioral aspects of individuals, arises
125 empowerment, first introduced in the '80s, becoming one of the most promising concepts, but one of the least
126 understood business area (BLANDCHARD; CARLOS; RANDOLPH, 2001). Moorhead and ??riffin (2006:142)
127 characterize it as the process by which employees "define their own work goals, make decisions and solve problems
128 within their sphere of responsibility and authority."

129 The psychological empowerment corresponds to a set of psychological states that are necessary for individuals
130 to gain a sense of control in relation to their work, in which, instead of concentrating their efforts on management
131 practices that share power among employees at all levels hierarchical, focuses on the work experience of these
132 individuals. The psychological perspective of empowerment is related to the employees personal beliefs in relation
133 to their role in the organization (Spreitzer, 2007). Siegall and Gardner (2000) argue that the empowerment
134 concept is directly aligned with organizational effectiveness through the intelligent use of the company's human
135 resources. Zapelini (2008) asserts that empowerment is present in the transfer of power to a social group and
136 in the ability of social actors perform self-assessments according to goals and procedures pre-established for
137 themselves.

138 In a comprehensively way, in recent years companies have sought ways to expand and encourage empowerment
139 in the organizational environment (GRIFFIN; ??OORHEARD, 2006). Study aspects related to employee
140 empowerment has become essential for organizations facing the need for constant change and learning that
141 permeate the global environment of business (DIMITRIADES, 2005). Spreitzer (1995) aimed to develop and
142 validate a multidimensional measure of psychological empowerment in the work environment starting with the
143 creation of four cognitive dimensions: significance, competence, self-determination and impact. The research
144 was based on the theory of Bandura's studies (1977), Conger and Kanungo (1988) and Thomas and Vethouse
145 (1990), using the technique of structural equation modeling. She exained 393 managers of various units of an
146 industry and 128 employees at the operational level of an insurance company, both companies are American.
147 The research highlights its contribution by providing a conceptual definition of psychological empowerment and
148 its measurement in the organizational context, and provides evidence for the construct validity and demonstrates
149 its relationship with a number of psychological antecedents.

150 IV.

151 6 Research Methodology

152 The descriptive study with qualitative and quantitative approach was performed through a case study. The study
153 is classified as descriptive to ascertain the perception of psychological empowerment on employees and company
154 managers about management effectiveness measured by the achievement of the goals established in the reward
155 system for employees and its relation with psychological empowerment in a multinational company.

156 Regarding the case study, according to ??in (2003:21), research of this nature must "preserve the holistic and
157 meaningful characteristics of real life events." To ??artins and Theóphilo (2007:61), "the researcher has no control
158 over the events and variables, aiming to learn the whole of a situation and critically, describe, understand and
159 interpret the complexity of a case."

160 The research is characterized as cross-sectional to collect information about the variables at a point of
161 a timeline, specifically the period from September to November 2010, with a qualitative approach. Survey

10 B) MANAGEMENT EFFECTIVENESS MEASURED BY THE ACHIEVEMENT OF GOALS ESTABLISHED IN THE REWARD SYSTEM

162 participants belong to a multinational company established in southern Brazil. This multinational company has
163 factories located in all continents and distributed in 14 countries. However, in the Brazilian unit analyzed, the
164 corporate name will not be revealed in order to preserve their goals and strategic information.

165 The company subject of this study was chosen by the feasibility of access to the reward and performance
166 evaluation system data used in the company. It was also selected due to the origin of its capital, which is
167 American. Presumably some cultural aspects may resemble Spreitzer (1995) study, held in American companies.

168 To collect the data it was used two types of research instruments: a) a questionnaire adapted from Spreitzer
169 (1995), composed of 24 questions with seven-

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172 A point according Likert scale to identify the perception of the company's employees on the psychological
173 empowerment; b) three scripts of interviews, applied, respectively, to the human resources supervisor, financial
174 accounting manager and import and export supervisor, to assess management effectiveness dimensions
175 (performance standards, peer comparison and global performance) proposed by Spreitzer (1995).

176 Three managers were contacted to conduct interviews. The financial accounting manager and the import and
177 export supervisor were interviewed regarding access to information on the employees' individual performance and
178 management effectiveness. The human resources supervisor was interviewed about the reward system and access
179 to information on individual performance, which variables are directly related to this study.

180 Also it was held a questionnaire to the administrative and operational employees to assess their perception in
181 relation to psychological empowerment, access to information on individual performance and the reward system
182 used by the company in which it was gotten 15 responses.

183 Table 1 presents the construct of the variable "management effectiveness" embraced by the study main issue
184 with its variables and sub-variables. The data collected through a questionnaire were submitted to simple
185 statistical analysis, average and standard deviation, and in the data collected in the three interview scripts it
186 was applied content analysis. To investigate the profitability indicators, data were collected in the company's
187 financial statements published on the website of New York Stock Exchange (NYSE).

188 8 V.

189 Description and Data Analysis a) Presence of elements of psychological empowerment according to Spreitzer
190 (1995)

191 9 model

192 This section shows the presence of elements of psychological empowerment on the Spreitzer (1995) model in
193 the company. Data analysis is organized into four perspectives: competence, impact, self-determination and
194 significance. To assess the perception of administrative and operational employees on these four dimensions
195 questionnaire it was used a seven-point Likert scale: 1 -Disagree very strongly, 2 -Strongly disagree, 3 -Disagree,
196 4 -Neutral; 5 -I agree; 6 -Strongly agree, and 7 -I agree very strongly.

197 The competence dimension presents the perception of employees regarding their individual ability to perform
198 their job. The impact dimension is understood as the degree of influence of an employee in the working
199 environment and in the execution of his/her activities. The self-determination dimension is understood as
200 the intrinsic motivation of employees in performing their duties with commitment, motivation and meaningful
201 autonomy to perform their work. The significance dimension is understood as the perception of the employees
202 towards the organization associated with the task being performed and the values and ideals of these individuals.

203 Table 2 presents a summary of the administrative and operational respondents employees perception regarding
204 the dimensions of psychological empowerment contained in the model proposed by Spreitzer (1995). It is
205 observed in Table 2 in the researched company, according to the perception of the administrative and operational
206 respondent employees, the elements of Spreitzer (1995) psychological empowerment model, in the dimensions of
207 competence, impact, self-determination and significance.

208 According to Thomas and Velthouse (1990), because of the presence of empowerment psychological factors is
209 possible to capture the active orientation for the manifestation of individual wishes of the employees with their
210 capability of adapting to the organizational environment.

211 10 b) Management effectiveness measured by the achievement 212 of goals established in the reward system

213 This section approaches the management effectiveness, measured by the achievement of goals established in the
214 reward system for employees of the company subject of study, following the construct exposed in the research.
215 This section was divided into:

216 11 c) Performance standards

217 Performance standards allow an organization to identify the methods used to monitor and manage its performance
218 though the existence of individual performance metrics, team or department. Regarding the existence of
219 individual performance standards (goals) in the organization, respondents reported that:

220 (R1) All individual performance goals are included in the performance evaluation of the organization.

221 (R2) There are established standards in the job description, area of expertise and necessary skills to perform
222 their specific functions. Besides the existence of standards to gauge employee knowledge about the mission, vision
223 and values of the organization available on the company's competency evaluation.

224 (R3) There are individual performance standards that are expressed in the evaluation by competency system,
225 which occurs annually in the company.

226 Based on the testimony of the respondents, it is clear that the company has established individual performance
227 standards in the system of evaluation performance by competencies, created from the job description, role and
228 required competencies to perform it.

229 Another relevant aspect corresponds to the fact the company adds to the evaluation performance by
230 competency system the divulgation of the organization mission, vision and values .With this, the company
231 aims to test the knowledge of administrative and operational employees, identifying opportunities of divulgation
232 improvement in relation to these aspects among its employees. Asked about the existence of performance
233 standards for teams or departments, respondents mentioned that: (R1) No, specifically in those cases the manager
234 must issue a specific report to analyze the performance of the employees of the department as a whole, but
235 there are no standards set for the department. The manager analyzis focus more on the employees individual
236 performance evaluation.

237 (R2) There are no performance standards for teams or departments in the corporation.

238 (R3) There are no performance standards previously established by teams or departments present in the
239 performance evaluation by competency in the company.

240 In the statements of the Respondents 1, 2 and 3, there is a lack of specific standards previously established by
241 the organization to monitor the performance of teams or departments.

242 When asked about the existence of specific performance for each business unit, the Respondents 1, 2 and 3
243 highlighted that:

244 (R1) In relation to the economic-financial performance these specific standards for business units exist and are
245 disclosed by the organization in its quarterly meetings, e-mail, intranet and murals.

246 (R2) Yes, they are passed on by the corporation in the United States.

247 (R3) There are specific performance standards for each branch .These standards are informed through a video,
248 with the pronouncement of the president of the corporation in relation to the goals of each unit and the overview
249 of the company's performance every quarter. It is made the translation of this video to Portuguese and it is
250 published on the bulletin board.

251 It is observed that the company establishes standards for specific economic-financial performance to its business
252 units around the world.

253 Another important aspect involves the disclosure of performance standards for each unit, which occurs
254 through the quarterly meetings in which all employees of the organization are involved. In addition, there is
255 the institutional video with the president of the company speech who gives these patterns, compares them with
256 other business units, presents an overview of the company in the market and performs the association of company
257 performance according to global economic events.

258 When asked about the existence of global standards of performance for the organization as a whole, respondents
259 highlighted that: It is observed by the testimony of Respondents 1, 2 and 3 that the company has standards of
260 global financial and economic performance established by the corporation in the United States. The disclosure
261 of these performance standards happens in a broadly way in quarterly meetings and corporate videos with the
262 speech of the company president.

263 The practices used by the company, according to the interviewees' statements, corroborate Pereira's (2001)
264 assertion, when it is mentioned that organizations achieve organizational effectiveness when it relates the internal
265 performance aspects of the organization (individuals and business units) and external (market and economic
266 events).

267 12 d) Pair comparison

268 Organizations have the need to evaluate the performance of their activities, in order to maintain the continuity of
269 their business. To perform this assessment managers seek to develop goals and performance standards according
270 to the needs of the company and its strategic objectives. Therefore, the goals aim to When asked about the
271 individual performance standard comparison of performance planned and implemented, respondents said that:

272 (R1) The company has a tool for performance evaluation by competencies that includes the following elements:

273 a) the description of the skills required to perform the function in accordance with the position which the employee
274 is allocated b) the values of the organization to measure employees knowledge in relation to these values and
275 disseminate them, c) improvements in job requirements, and d) development actions for the improvement of
276 the employee. The performance evaluation takes place annually in two stages, on the first one the employee
277 conducts a self-analysis of his/her performance answering a questionnaire with closed online questions, available

278 on the company intranet contemplating the four axes of evaluation. The manager receives the questionnaires
279 answered by their subordinates and analyzes the responses, as well as the score of each axis and compares with
280 the standards of previous assessments. Then the manager calls the employee to an assessment face to face , in
281 which the employee receives a feedback on his/her individual performance evaluation .And finally, the manager
282 prepares a consolidated assessment of individual performance that is stored in the system with the consolidated
283 score for each axis of the assessment.

284 (R2) They are present in the competency evaluation system which is under implementation and improvement.
285 This tool was developed with the assistance of a consulting firm and managers of the company and is being
286 improved continuously.

287 (R3) The immediate supervisor does the individual standard performance comparison through the performance
288 evaluation system used by the company and also used for comparison of consolidated previous evaluation grades
289 to measure the evolution or involution of employees annually.

290 It is reported on the interviewees' statements that the company performs the comparison of the individual
291 performances set and achieved goals, using the assistance of the evaluation performance by competency system.

292 An important aspect corresponds to the face to face feedback, passed by the immediate supervisor to
293 administrative and operational employees after the individual performance evaluation, to generate a consolidated
294 performance evaluation, which is stored in the system of the organization. This way, the company redeems
295 the performance evaluations from previous years and compare them with the current consolidated performance
296 evaluation.

297 When asked about the implementation of performance standards comparison for teams or departments planned
298 and conducted, the respondents 1 and 2 stated that:

299 (R1) The performance assessment tool for competence used by the company does not perform these analyzes
300 automatically, unless the manager creates a report with the grades of the consolidated employees individual
301 performance evaluation that are allocated in that department.

302 (R2) The performance comparison for teams and departments are not conducted, since there are no standards
303 for these analyses.

304 It is observed from the interviewees' statements that the company has not made a comparison of performance
305 standards for teams or departments planned and carried out, specifically as it does not perform the evaluation
306 their individually.

307 Regarding the global performance comparisons of the business units planned and conducted respondents point
308 out that:

309 (R1) Only in evaluating financial performance with the aid of financial-accounting managers and marketing,
310 and production manager in the share of contribution in the performance standards varies according to the
311 plan of the organization. In terms of individual performance evaluation of competencies, assessments are not
312 comprehensive because not all branches of the company spread throughout the world perform this type of
313 evaluation. It is noteworthy that the Brazilian subsidiary is a pioneer in this type of evaluation and is being used
314 as a benchmark for others. Recently the organization held an organizational climate survey and found that this
315 has improved over time in their branches, but has an overall mark for evaluating competence of their employees.

316 (R2) Yes, through quarterly meetings, which are disclosed in the financial results of the company in overall
317 performance level affiliate with the comparison between predicted and realized. The Brazilian subsidiary is among
318 one of the largest units of the corporation outside the United States.

319 (R3) The company performs the comparison of performance standards in global business units, in affiliates
320 spread in 14 different countries. However, the Brazilian unit ranks third in size and growth in relation to other
321 business units of the corporation outside the United States.

322 In the interviewees' statements, it is noted that the organization monitors and performs comparisons of patterns
323 of overall performance in the economicfinancial business units scattered in 14 countries. The disclosures of the
324 results of these performance comparisons occur in the quarterly meetings, attended by all employees of the
325 company in the 14 countries where it operates. Respondents noted that the Brazilian unit ranks third on the
326 size and growth when compared to other units outside the United States.

327 When asked about the performance comparison of patterns of global performance of the organization as a
328 whole planned and conducted, respondents state that:

329 (R1) Accomplish this comparison each quarter globally in terms of organizational financial performance. Even
330 the president of the company visits its subsidiaries to look closely and monitor their performance. No performance
331 standard is analyzed in isolation, all are jointly analyzed and audited.

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334 R2) Yes, through quarterly meetings, which are disclosed in the financial results of the company on a global
335 level with the comparison between predicted and achieved, besides the institutional video of the corporation
336 president which also addresses the global performance comparisons.

337 (R3) The comparison of performance standards focus on the global economic and financial results. This
338 information is disclosed in the corporate video of the company president and in the quarterly meeting. In this
339 meeting is emphasized the profit before interest, taxes, depreciation and amortization (EBITDA), economic value

340 added (EVA) and the indicator of profitability, this information is disclosed to present an overview of the company
341 and demonstrate a greater employment assurance.

342 It is noted on the testimony of Respondents 1, 2 and 3, that the company performs the comparison of the
343 organization global performance standard. This comparison is done in quarterly meetings for all employees,
344 including the speech of the company's president.

345 Also in relation to the comparisons, it is emphasized that no indicator is considered in isolation, because all
346 of them are analyzed together and audited by external audit firms to provide transparency and reliability of the
347 information demanded in the quarterly meetings.

348 An important aspect corresponds to the indicators emphasized in the quarterly meetings: profit before interest,
349 taxes, depreciation and amortization (EBITDA), economic value added (EVA) and profitability indicators.

350 It appears that the analyzed company performs its management through the comparison of economic/financial
351 performance evaluation; scheduled and held every quarter and the employee performance by competency
352 evaluation every year. From these comparisons and the quarterly meetings that occur in each of the 14 subsidiaries
353 around the world are generated actions for improvement and refinement.

354 The practices used by the organization corroborate Pereira (2001) assertion, when he mentions that companies
355 should relate organizational performance with the quality of their performances that boost the ideal and desirable
356 management process effectiveness and efficiency.

357 14 e) Global Performance

358 When asked about the percentage of guideline achievement established by the organization, the Respondents 1,
359 2 and 3 mentioned that:

360 (R1) They exist, however, the respondent did not know the percentage of guideline achievement established
361 by the corporation.

362 (R2) I believe that close to 100%.

363 (R3) I cannot answer precisely, but I believe it is something around 70% the percentage of guideline achievement
364 previously established.

365 Based on the statements of the respondents, only Respondents 2 and 3 mentioned that the company is close
366 to reaching 100% of the guidelines set by the U.S. headquarters. One way to collate this data is the published
367 financial statements, presented in section 4.6 of this study.

368 However, the multinational which is the subject of this study does not disclose the Management Report;
369 Explanatory Notes (NE); Annual Information (AI) and Standardized Financial Statements (DFP). This financial
370 information is not disclosed by the organization because: company policy, the strategic nature of these statements,
371 and because it is a privately held company in Brazil.

372 By questioning respondents about the percentage of goal achievement, it was found that:

373 (R1) They exist, but I do not know the percentage of goal achievement set by the corporation. However, I
374 know that the company is continuously growing.

375 (R2) Close to 100%.

376 (R3) I do not know the percentage of goal achievement set in terms of evaluation of financial performance
377 Based on the statements of the interviewees it is believed that the percentage of goal achievement is close to
378 100%. Respondents 1 and 3 did not know the percentage but stressed that the company is growing.

379 When asked about the benefits (promotion, salary increase and bonus) offered by the company to its
380 administrative and operational employees, respondents said:

381 (R1) The company provides the following benefits to its employees: a) Profit Sharing Program (PPR) in which
382 all employees receive the same percentage, with no distinction of values -they are not proportional to the held
383 position b) health plan Unimed with national coverage, in which employees pay just one low monthly fee and
384 may include their dependents c) dental plan Uniodonto without fees d) pension plan, in which each R \$ 1.00
385 invested company pays R \$ 0 , 75 e) free access to the use of the employees association, f) private transportation
386 at no cost to employees, and g) all benefits required by labor laws.

387 (R2) The company provides profit sharing, pension plan, health plan, dental plan, tuition assistance and
388 bonuses to certain levels.

389 (R3) The company has a career and salary plan in which the paid values are compared to the large urban
390 centers of the country like São Paulo, Rio de Janeiro and Minas Gerais. These values are valid for employees
391 who hold positions as managers, coordinators or directors. However, salaries for other positions may increase
392 according to the productivity of employees and follow the amounts paid in the region according to the performed
393 function. In addition to the annual collective bargaining immediate supervisor may grant an increase of 0% to 5%
394 according to the individual performance of their subordinates. Wages paid by the company in the positions held
395 by managers, coordinators or directors are the highest in the region, accompanying constantly market research
396 about salary range.

397 In the interviewees' statements, it is observed that the company provides several benefits to its employees
398 administrative and operational: education aid; UNIMED health plan; Uniodonto dental plan; pension plan, profit
399 sharing program, and Private Transport. The company also provides all the benefits related to legal requirements
400 and trade union category.

401 Stands out in relation to wage increase that this takes place annually on the percentage of the collective

16 G) RELATION OF MANAGEMENT EFFECTIVENESS AND PSYCHOLOGICAL EMPOWERMENT

402 bargaining agreement. However, administrative and operational employees who perform well their activities and
403 are well evaluated by the evaluation of performance by competence system get an additional increase ranging
404 from 0% to 5% of their pay percentage, determined by their immediate supervisor.

405 Another important aspect in relation to the benefits granted by the company is the Program Positions and
406 Salaries in the company equates to compensate their managers, coordinators and directors salaries of people that
407 perform the same function and reside in the major centers of the country. This benefit makes the remuneration
408 of managers, coordinators and directors above the amount paid by the regional market.

409 When asked about the percentage of increase in the economic and financial results of the company, the
410 Respondents 1, 2 and 3 highlighted that:

411 (R1) It is known that the company has an increase in its economic and financial results, but I do not know
412 precisely what percentage.

413 (R2) I do not know the percentage of increase in the economic and financial results, but it is known that there
414 is growth.

415 (R3) I do not know the exact percentage of increase in the economic and financial results of the company, but
416 I believe it is something around 25% of growth.

417 It appears that, although Respondents 1 and 2 do not know the percentage of increase, they reported that there
418 is economic and financial growth in the company. Respondent 3 mentioned that the company economic-financial
419 increase percentage is close to 25%. It is inferred in these data that so far the company analyzed reaches the
420 goals, guidelines and financial results pre-established by the corporation in the United States. Even though some
421 respondents did not know the percentage of goal achievement, policies and economic and financial results, said
422 the company has continued growth.

423 Regarding the granting of benefits to administrative and operational employees, the respondents reported the
424 following: salary increases, profit sharing program, health plan, dental plan, pension plan, tuition assistance,
425 private transport, bonus for individual performance and salary equalization for the positions of managers,
426 coordinators and directors according to what it is paid in the major centers of the country.

427 These findings are consistent with Anthony and Govindarajan (2002:615) statement, when they mention there
428 is a "tendency for organizations with higher levels of bonuses have better financial subsequent performance than
429 other organizations."

430 15 f) Summary of management effectiveness

431 Table ?? shows the perception of the respondents regarding management effectiveness measured by the goals
432 established in the reward system of the company subject of study. ?? shows a summary of the perceptions of
433 respondents regarding the management effectiveness as measured by the achievement of the goals established by
434 the reward system, in order to undertake analysis of the relationship of managerial effectiveness with psychological
435 empowerment.

436 16 g) Relation of management effectiveness and psychological 437 empowerment

438 To test the hypothesis H1 -The psychological empowerment on Spreitzer (1995) model is related to management
439 effectiveness in the studied company, this relation was examined from the information collected in the financial
440 statements published on the website of the New York Stock Exchange (NYSE) (www.nyse.br) on November 23,
441 2010.

442 Table 1 presents data collected from the financial statements of the company analyzed in thousands of reais.
443 In Table 1, there is information related to net sales, operating income, EBITDA, total assets and shareholders'
444 equity of the analyzed company, which was used to perform the calculation of the company's profitability and
445 cost-effectiveness indicators.

446 Table 2 shows the calculation of profitability indicators -Rate of Return on Investment (TRI) and Rate of
447 Return on Equity (TRPL) -besides the profitability indicators -Operating Margin (OM) and Operating Cash
448 Flow (GOC) -These indicators were used to demonstrate the management effectiveness of the studied company.
449 In relation to the information shown in Table 2, it is noteworthy the percentage variation between the indicators
450 of profitability and cost effectiveness were calculated based on the values of the 3rd quarter of each year. The
451 index calculated for the values accumulated until the 3rd quarter of 2009 showed negative variations, probably
452 due to the effects of the global crisis.

453 Regarding variations of the analyzed quarters, it is noticed a rising trend in profitability indicators of the third
454 quarter of 2007 compared to the third quarter of 2010. The cost-effectiveness indicators showed similar behavior
455 when demonstrating the positive trend in their variations. It is also noticed that in the 3rd quarter of 2007
456 compared to the third quarter of 2009 there is the presence of negative changes.

457 From the behavior of the analyzed company's quarterly variations in recent four years it is noticed that
458 this company has management effectiveness in its administration, because its profitability and cost effectiveness
459 indicators have evolved over time, with the sole exception of 2009, year which suffered the consequences of the
460 global crisis.

461 These findings are consistent with the responses of the interviewed managers, while ensuring the continued
462 growth of the analyzed multinational, even without needing or indicating these growth percentages and these
463 lead us to accept the hypothesis H1.

464 17 VI.

465 18 Conclusions

466 The research aimed to investigate the management effectiveness measured by the achievement of the goals
467 established in the reward system for employees and their relation with psychological empowerment in a
468 multinational company. Descriptive study with qualitative and quantitative approach was performed in an
469 American company, based in the southern region of Brazil and leading company in its sector.

470 To collect the data it was used two types of research instruments : a) a questionnaire adapted from Spreitzer
471 (1995) , composed of 24 questions with sevenpoint according Likert scale to identify the perception of the
472 company's employees on the psychological empowerment; b) three scripts of interviews, applied, respectively,
473 to the human resources supervisor, financial accounting manager and import and export supervisor, to assess
474 management effectiveness dimensions (performance standards, peer comparison and global performance) proposed
475 by Spreitzer (1995).

476 The data collected through a questionnaire were submitted to simple statistical analysis, average and standard
477 deviation, and in the data collected in the three interview scripts it was applied content analysis. To investigate
478 the profitability indicators, data were collected in the company's financial statements published on the website of
479 New York Stock Exchange (NYSE). The survey results show that, according to employees' perception, the four
480 psychological empowerment perspectives proposed by Spreitzer (1995) are present in the company. There was a
481 strong presence on the sevenpoint Likert scale, with average ranging from 5.73 to 6.46 for the perspective elements
482 of competence, selfdetermination and significance. However, with low presence in the perspective elements of
483 impact, oscillating with average of employee indication from 2.68 to 3.33.

484 Concerning the perception of respondents regarding management effectiveness measured by the goal achieve-
485 ment established by the reward system, it was found that the company has financial performance standards set
486 by the corporation in the United States and a performance evaluation by competence system with individual
487 performance standards. The company also conducts a comparison with individual and economic-financial
488 performances, occurred in previous periods to identify its management effectiveness and widely disseminate
489 it among its employees. According to Lawler III (2003), the company increases its management effectiveness
490 from the moment it provides continuous feedback with pre-established performance measures and predefined
491 objectives, besides a performance evaluation system linked to performance awards.

492 Concerning the behavior of quarterly changes in the company's indicators of profitability and costeffectiveness
493 analyzed in the period from 2007 to 2010, it was noticed that the company has management A effectiveness in its
494 administration, because its profitability and cost effectiveness indicators show progress over time, with the sole
495 exception of 2009, which suffered the consequences of the global crisis. These findings are consistent with the
496 responses of the managers interviewed, and ensure the continued growth of the multinational company analyzed,
497 even without /indicate these growth percentages.

498 Therefore, regarding the hypothesis that supported the study, the trend observed in the data collected
499 through questionnaire answered by employees of the company and qualitative data collected from interviews
500 with managers, validated by quantitative data present in profitability and cost effectiveness, calculated using data
501 extracted from the financial statements and company management report, validate hypothesis Hthe psychological
502 empowerment according Spreitzer (1995) is related to management effectiveness in the studied company.

503 The results confirm Spreitzer's (1995) findings, when he mentions the presence of a significant relation among
504 managerial effectiveness, psychological empowerment and innovative behavior. However, the author emphasizes
505 that psychological empowerment is at an embryonic stage in literature, considering the development of its
506 conceptual definition, measurement, and validation of the construct the relation with the organizational variable.
507 This research validated part of the construct presented by Spreitzer (1995), regarding the concept presented
508 by the author and partially detected its relation with organizational variablespsychological empowerment and
509 management effectiveness -therefore contributing to fill this gap in literature. ¹



Figure 1:

1

Variable SubVariables
Management Effectiveness

Metric Variables

Figure 2: Table 1 :

2

Variables Sub-variables	Analysis unit	AvaragStandard Deviation	Summary of reponses of administrative and operational employees
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Figure 3: Table 2 :

1

Itens	Accumulated Values			
	3º quarter 2007	3º quarter 2008	3º quarter 2009	3º quarter 2010
	accumulated	accumulated	accumulated	accumulated
Net Sales	772.253	837.331	639.695	669.737
Operational Profit	22.470	25.828	(51.808)	51.693
Variable remuneration	-	-	61.200	67.500
EBITDA	15.692	26.437	18.469	27.652
Total Assets	1.526.977	1.561.133	1.345.149	1.260.507
Net worth	599.671	613.420	422.613	420.800

Figure 4: Table 1 :

2

Indicator	Formula	Valores acumulados					
		3º quarter 2007	2007 accumulated	3º quarter 2008	2008 accumulated	3º quarter 2009	2009 accumulated
		Índice (%)	Índice (%)	Índice (%)	Índice (%)	Índice (%)	Índice (%)
Profitability	$MO = \frac{\text{Net sales Op. Net profit}}{\text{Net sales}}$	2,90	-	3,08	0,06	-8,09	-
Cost	$GOC = \frac{\text{Net sales EBITDA}}{\text{Total Assets}}$	2,03	-	3,15	0,55	2,88	0,
Effectiveness	$TRI = \frac{\text{Total Assets Op.Net profit}}{\text{Net Worth}}$	1,47	-	1,65	0,12	-3,85	-
	$ESPL = \frac{\text{Net Worth Operating Profit.}}{\text{Operating Profit.}}$	3,74	-	4,21	0,12	-12,25	-

Figure 5: Table 2 :

.1 (*) Pair Comparison Comparison standards (goals) and individual expected performance achieved

510 The organization has standards of financial performance for its global business units around the world.

511 .1 (*) Pair Comparison Comparison standards (goals) and individual 512 expected performance achieved

513 The company performs the comparison of individual standards of performance expected and performed when the
514 immediate supervisor uses the results of evaluations of past performance and tries to identify opportunities for
515 improvement and provide face to face feedback to employees with the support of the performance by competency.

516 .2 Comparison

517 of performance standards for teams/ departments planned and performed The company does not perform a
518 comparison of global performance standards _teams or departments, since it does not perform these evaluations
519 individually.

520 .3 Comparison of global performance standards business unit planned 521 and performed

522 The comparison of global performance standards across business units planned and performed occur each quarter.
523 Stressed that the Brazilian subsidiary ranks third in size and growth compared to the other units of the corporation
524 outside the United States. The percentage of achievement of goals is close to 100%. However, some respondents
525 were unable to define this percentage, but stressed that the company is continuously growing.

526 Identification of benefits (promotion, salary increase and bonus) paid to workers

527 The company gives its employees the following benefits: salary increases, profit sharing program, health plan,
528 dental plan, pension plan, tuition assistance, private transport bonus for individual performance and salary
529 equalization for positions such as managers, coordinators and directors to amounts paid in large centers of the
530 country. % Increase in economic and financial results of the company According to respondents, the percentage
531 growth of the company in its financial economic value is close to 25%. Although two respondents did not know
532 the percentage, highlighted the presence of this growth in the organization.

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18 CONCLUSIONS

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