The Effect of Leadership Styles on Service Quality Delivery

Andrew M. Farrell [1]

Aston Business School, UK

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Introduction and Background

In today's business environment, the role of service provision has gained considerable momentum (Slotegraaf, 1997). Noticeably, organisations are moving away from a *selling* focus towards a *service* focus in an attempt to satisfy the needs of customers more efficiently and effectively (Anderson, 1996). In this context, service quality is recognised as a means of achieving differentiation, customer value, and satisfaction (Ozment and Morash, 1994; Schlesinger and Heskett, 1991). According to recent figures, services account for over fifty percent of gross domestic product in the USA and many European countries, and over one quarter of world trade (Winsted, 2000). More importantly, "levels of service which may have been tolerated only a generation ago are now regarded as unacceptable" (Donnelly and Shiu, 1999, p. 498). Service quality enhancement has thus become "one of the most important problems facing management today" (Cronin and Taylor, 1992, p. 55).

Service quality represents a customer's assessment of the overall level of service offered by an organisation (Carman, 1990; Grönroos, 1984; Koelemeijer, 1993; Parasuraman, Zeithaml, and Berry, 1985, 1988; Zeithaml, 1988), and this assessment is often based upon perceptions of service encounters. The term service encounter is used to denote person-to-person interactions between a customer and an employee of an organisation during the purchase of a service (c.f., Bitner, 1990; Bitner, Booms, and Mohr, 1994; Bitner, Booms, and Tetreault, 1990; Fisk, Brown, and Bitner, 1993; King and Garey, 1997; Mattsson, 1994). The quality of these interactions between customers and employees has been empirically proven to be a source of satisfaction for service customers (Bitner, Booms, and Tetreault, 1990; Johnston, 1995). Thus, knowing how to improve the quality of these interactions remains a crucial research area (Chandon, Leo, and Philippe, 1997; Johnston, 1995; Winsted, 2000).

The services marketing literature is rife with references to the importance of leadership in the delivery of higher service encounter quality. Surprisingly, however, little research has to date attempted to formally conceptualise service leadership. Thus, although service leadership has been deemed crucial to the provision of higher levels of service encounter quality (Zeithaml and Bitner, 1996), the lack of any psychometric scales or empirically tested relationships means that the question of *how* service managers should lead still remains. The objectives of this research are therefore to firstly conceptualise the service delivery process based upon interactions between managers and employees (organisational encounters) and employees and customers (service encounters). Secondly, the study will conceptualise service

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[1] Marketing Group, Aston Business School, Aston University, B4 7ET, Birmingham, United Kingdom.
 Phone: 0044 121 359 3611 ext. 5019 - Email: andrewfarrell@hotmail.com

leadership, and model its effects on the service quality delivery process, drawing on generic leadership styles conceptualised within psychology and sales management literature (e.g., Bass, 1997; Jolson, Dubinsky, Yammarino, and Comer, 1993). In attempting to explicate the construct of service leadership, a useful platform may involve categorising leadership with various styles. More specifically, Bass (1997) notes that by dissecting leadership into various styles, the effectiveness of different types of leaders can be better understood. For example, Yammarino (1997, p. 43) reasons "the particular leadership style or behavior endorsed by the manager can enhance, neutralize, or inhibit such job-related outcomes and responses of sales subordinates as job satisfaction, motivation, effectiveness, and performance."

Conceptual Overview

Based upon a cross-disciplinary literature review the study highlights the importance of leadership styles in both the management of customer-contact employees and the enhancement of overall service encounter quality. The study focuses on the interaction between service managers, employees and customers in the delivery of service quality and how the adoption of leadership styles by service managers can increase the quality of this interaction in providing customers with greater levels of service quality. Although employees are considered predominantly responsible for customers' perceptions of service encounter quality since they represent the organisation to customers during the course of service encounters (Lytle, Hom, and Mokwa, 1998), managers are nevertheless able to influence employees' attitudes and behaviours during service delivery (Zeithaml and Bitner, 1996). Thus employees' attitudinal influences such as role ambiguity or personal motivation will undoubtedly affect their behaviours such as their ability to adapt to different customers. In turn, customers' perceptions of service encounter quality are made up of elements such as assurance, empathy, and responsiveness (c.f., Parasuraman, Zeithaml, and Berry, 1988). The highlighted section of Figure 1 shows the service delivery process.

Finally, leadership styles adopted by managers have been argued to influence the effectiveness of the service delivery process, resulting in greater levels of service quality being provided to organisational customers (Zeithaml and Bitner, 1996). The types of leadership, such as transactional or transformational (c.f., Bass, 1997; Jolson, Dubinsky, Yammarino, and Comer, 1993) may therefore influence employees' service attitudes and behaviours, as well as the interrelationships between these constructs and managerial service delivery inputs (e.g., feedback to employees as per Jaworski and Kohli, 1991). These leadership style effects are illustrated in Figure 1 by the dashed arrows emanating from the service leadership styles construct. It is apparent from the preliminary work conducted and the conceptual model presented that the study of service leadership styles will have implications for both academia and practitioners alike.

Proposed Methodology

For the purposes of the research, qualitative and quantitative methods will be employed. Qualitative interviews will be employed for initial data collection to generate a greater understanding of what actually constitutes service leadership, prior to its actual measurement. In terms of sample characteristics, banks or hotels will most likely be used for data collection as these two industries have been the focus of much previous work in services marketing, in particular service quality research (e.g., Schneider and Bowen, 1985; Hartline and Ferrell, 1996). Given the nature of the research (i.e., studying leaders, employees, and customers) it appears likely that a triadic mail survey will provide the most cost effective method of data collection for the major study. Measure development and validation procedures will be employed on each respective data set separately (i.e., employees, managers, and customers) to attempt to lessen complications associated with large samples. Once measures have had their

psychometric properties assessed, data will be aggregated to form one overall data set for each service provider comprising averaged data from managers, employees, and customers (c.f., Hartline and Ferrell, 1996). This combining of responses is anticipated to lower the size of the overall data set to again reduce potential complications. At this stage a LISREL-type model is being tentatively considered for data analysis. Given the high number of constructs contained within the conceptualisation, it may be necessary at a later stage to segment the model in order to test the effects of leadership upon employee service attitudes and behaviours separately.
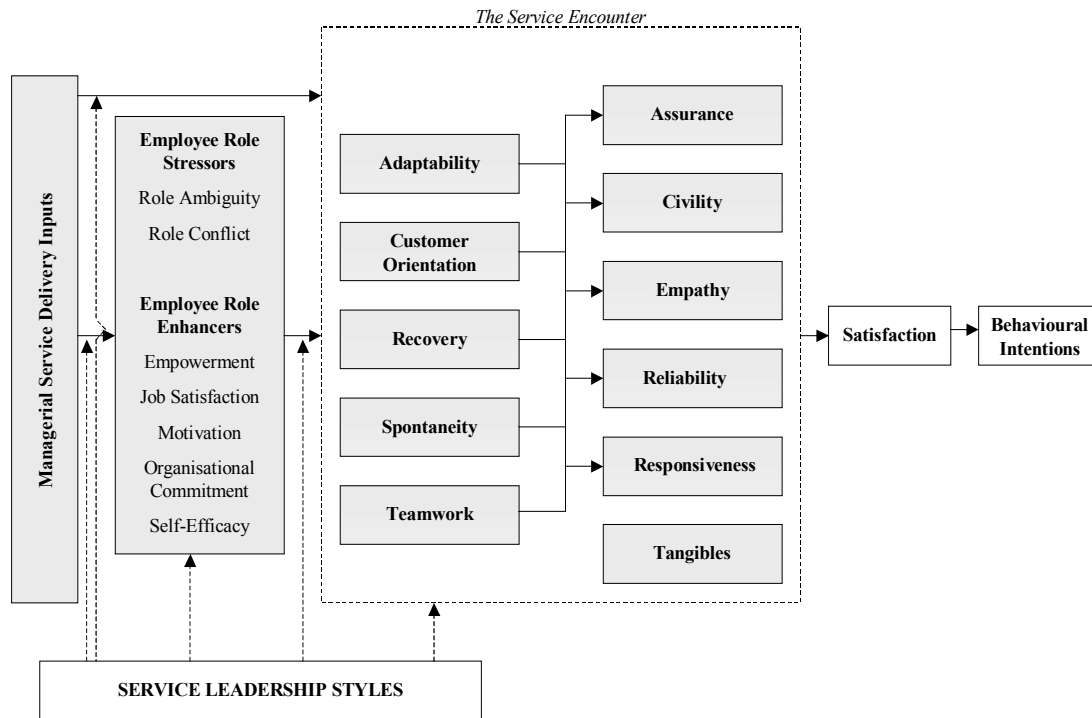
The Service Encounter

Managerial Service Delivery Inputs

Employee Role Stressors

Role Ambiguity

Role Conflict

Employee Role Enhancers

Empowerment

Job Satisfaction

Motivation

Organisational Commitment

Self-Efficacy

Adaptability

Customer Orientation

Recovery

Spontaneity

Teamwork

Assurance

Civility

Empathy

Reliability

Responsiveness

Tangibles

Satisfaction

Behavioural Intentions

SERVICE LEADERSHIP STYLES

Figure 1. The Effect of Leadership Styles on Service Quality Delivery

Anticipated Contributions

From a theoretical point of view, the study will make the following key contributions. Firstly, although a plethora of articles conceptualising and operationalising service quality exist, the service quality *enhancement* literature (in particular the study of service leadership effects) is still in a state of infancy. Secondly, to the authors' best knowledge, no study has to date attempted to conceptualise and model leadership in a services context. Thirdly, the cross-disciplinary approach adopted here is a novel way of investigating service leadership in that it draws upon the comparatively sagacious psychology and sales management literature to develop a richer model of service leadership. Furthermore, the study adopts a novel way of researching service encounters, in that it gives a triadic, two-sided perspective of the service encounter. Firstly, employees' service encounter behaviours and their importance to customers' assessments of service quality have been clarified. Secondly, the way in which customers evaluate the quality of the service delivered to them has been reconceptualised, based upon a review of previous literature. This service encounter reconceptualisation will aid future research into the areas of employees' service behaviours and customers' perceptions of

service quality and provides a useful springboard from which to assess organisational antecedents to, and outcomes of, service quality.

The research makes a practical contribution by indicating how service managers' adoption of leadership characteristics reduces employees' role stress levels and increases their motivation, satisfaction, and ultimate service quality delivery. From a managerial perspective, the study will improve our understanding of how overall service quality can be enhanced through appropriate leadership styles. More specifically, the research should allow leaders in service organisations to knowingly lead in ways more likely to strengthen a service-oriented culture. This has implications for management recruitment (i.e., employing services managers who display appropriate leadership characteristics), and management training (i.e., training services managers to lead their front-line subordinates in an effective fashion in order to positively influence employee stress levels, motivation, satisfaction, and ultimate service quality delivery). The study highlights the importance of service employees' behaviours during the process of a service encounter. Since service employees often represent the organisation in the eyes of customers (Lytle, Hom, and Mokwa, 1998), it is paramount for service companies to understand how customers' service quality perceptions can be enhanced through the display of appropriate behaviours on the part of service employees. The study aims to highlight particular behaviours that employees should seek to concentrate on during the process of service delivery. Once more, there are implications for recruitment and training. Firstly, managers can look to hire employees who display appropriate behavioural characteristics (i.e., the willingness to work as part of a team, or the ability to adapt behaviours based upon customers' expectations). Secondly, by showing which specific employee service encounter behaviours need to be concentrated upon during the course of service delivery, managers can implement training programs with the specific aim of promoting, for example, employee empathy or responsiveness.

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