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Can peers' ethical and transformational leadership improve coworkers' service quality? A latent growth analysis

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ABSTRACT

We examined how the leadership styles of individuals designated by management to serve as service quality leaders among their peers were related to changes in peers' beliefs about new customer service behaviors and, in turn, changes in their behaviors. Both transformational leadership and ethical leadership of peer leaders promoted greater adherence to service quality guidelines for service behaviors and customer service performance through increases in peers' positive beliefs about engaging in behaviors that adhere to the guidelines. Results showed that the two leadership styles influenced service quality adherence and service performance through two distinct paths. Transformational leadership enhanced peers' beliefs about the benefits of the service behaviors (i.e., behavioral beliefs). Ethical leadership enhanced beliefs about social expectations for engaging the behaviors (i.e., normative beliefs). We discuss how these findings inform research and theory concerning the role of leadership styles in promoting behavioral change among peers.

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1. Introduction

Much scholarly interest in recent years has centered on the interactions of peers in teams and other group contexts. This has contributed to a broader theoretical view of leadership that includes the roles of peers serving as leaders within their work units (e.g., [DeRue & Ashford, 2010](#)). While a large portion of the empirical work on this subject has focused on peers sharing the responsibilities of leadership ([Pearce & Sims, 2002](#); [Wang, Waldman, & Zhang, 2014](#)), practitioners and scholars have historically recognized that specific individuals within groups tend to take on prominent leadership roles amongst their peers ([Carson, Tesluk, & Marrone, 2007](#); [Hare, Borgatta, & Bales, 1955](#)). Within most scholarly conceptions of leadership, these peers would be considered leaders provided they exercise social influence to promote change that is directed toward shared group objectives (see [Yukl, 2010](#)). Some peer leaders emerge in work groups, while others are assigned certain leadership roles by managers ([Morgeson, DeRue, & Karam, 2010](#)). However, while there is evidence in the literature concerning how peers emerge as leaders

in groups ([Anderson, John, Keltner, & Kring, 2001](#); [Foti & Hauenstein, 2007](#)), we are not aware of theory or evidence concerning the leadership styles or behaviors that distinguish the effectiveness of peers as leaders.

'New genre' theories (e.g., transformational leadership; ethical leadership; authentic leadership) have dominated the study of leadership in recent years ([Barling, 2013](#)). These theories refer to leadership styles through which leaders promote positive change in followers' behaviors by changing their beliefs about themselves, others, and their work (for a review, see [Avolio, Walumbwa, and Weber \(2009\)](#)). The potency of these leadership styles appears not to be limited to the hierarchical leaders that have been the focus of most leadership research and theory. For example, studies have reported positive relationships between peers' ratings of the overall level of transformational leadership exhibited in their work groups, or the average of transformational leadership exhibited by group peers, and their teams' assessments of their effectiveness (see [Wang et al., 2014](#)).

Peer leaders may even have a distinct advantage over managers in using 'soft' influence. Their coworkers may more readily understand and accept their perspectives because they share membership in a social category ([Smith & Hogg, 2008](#)). Thus, peer leaders can potentially promote behavioral change in others by drawing upon affinity that is derived from their shared social standing

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and utilizing behavioral styles that tend to inspire change. In this study, we investigate whether leadership styles that are established to be effective when used by hierarchical leaders to promote follower change are similarly effective for individual peer leaders. Theory concerning ethical leadership (Brown, Treviño, & Harrison, 2005) and transformational leadership (Bass, 1985) suggest that if these leadership styles promote behavior change among peers, they would likely do so by precipitating distinct psychological processes. Thus, we formulate and test a model that describes the motivational processes through which peer leaders' ethical and transformational leadership promote behavior change.

Research on customer service has demonstrated the usefulness of peer leaders. Specifically, two studies found that involving specific customer service agents in promoting service improvement was associated with a greater propensity among their peers to engage in desired behaviors with their customers (Hui, Lam, & Schaubroeck, 2001; Lam & Schaubroeck, 2000). We sought to build on the foundation of these studies by examining whether individual peer leaders' transformational leadership and ethical leadership may contribute substantially to their effectiveness in promoting behavioral change. Like hierarchical leaders, peer leaders may be more successful in promoting desired change when they communicate and set an example for others in ways that inspire constructive change. Our model proposes that peer leaders who exhibit transformational leadership enhance the outcome expectancies (i.e., behavioral and control beliefs) their coworkers associate with desired service behaviors, whereas ethical leadership promotes beliefs about social norms associated with these behaviors. These beliefs, in turn, encourage them to engage more frequently in the behaviors and exhibit better service performance.

In addition to advancing theory by formulating and testing a model of how individual peer leaders' leadership styles promote change in coworkers, we also assessed important mediator and outcome variables not considered in prior studies. Specifically, we extend Lam and colleagues' (Hui et al., 2001; Lam & Schaubroeck, 2000) research by examining change in service performance. Moreover, in addition to the belief states studied by Lam and colleagues, we examine the potential mediating role of employees' beliefs in their ability to exhibit the desired customer service behaviors (i.e., perceived behavioral control).

Our study also extends prior work on peer service quality leaders, and leadership in general, in other important respects. Notably, we examine the mediated influences of peer leaders' leadership styles on individual peers' beliefs and behaviors using a latent growth model. This approach improves upon the prior work by Lam and colleagues (Hui et al., 2001; Lam & Schaubroeck, 2000), as their analyses were limited to comparing agglomerated units (branches) with multiple peer leaders. More importantly, our analytic approach enabled us to not only assess relationships between levels of belief states and behaviors over time, but also to model the effects of peer leadership on changes in beliefs states that were in turn linked to changes in behaviors. Studies linking leader behaviors to individual beliefs, attitudes, and behaviors have generally been correlational, with few field studies examining multiple repeated measures or including a true baseline as is needed to assess change (for an exception, see Martin, Liao, and Campbell (2013)). Our design and analysis approach also permitted us to test our hypothesized relationships simultaneously in the same model, rather than piecemeal as in the prior research concerning peer service quality leaders. Thus, we build Lam and colleagues' work in several ways to formulate and test a model of how peer leadership style promotes both belief and behavior change.

In sum, our study seeks to extend prominent theories concerning hierarchical leadership by adapting and applying them to individual peer leaders. We directly assess the mediated influences of peer leaders' leadership styles on behavioral change through

change in belief states. Below, we first describe the customer service behaviors that peer service quality leaders may be expected to encourage. Next, drawing from theory and research (Ajzen, 1991; Glasman & Albarracín, 2006), we distinguish beliefs that motivate individuals' conscious choices to engage in particular behaviors. Finally, we develop and test hypotheses concerning how peer leaders' transformational leadership and ethical leadership motivate change in customer service behaviors and performance.

1.1. Service quality behaviors and service performance

Research indicates there are various generic service agent behaviors to which customers respond favorably during their service encounters. These include, for example, being very prompt in serving the customer, thoroughly ascertaining the customer's needs, ensuring one meets all of the customer's needs, being courteous, and providing undivided attention (Parasuraman, Berry, & Zeithaml, 1991). While there is more to effective service than engaging a generic set of behaviors, service providers worldwide train and encourage their agents to exhibit these types of behaviors in their encounters with customers (Gaur & Agrawal, 2006). Organizations often expect their employees to strive to engage in a specific set of such behaviors. We refer to the extent to which employees engage in a specific set of customer service behaviors that are endorsed as guidelines by their organizations as *service quality adherence* (SQ adherence, hereafter).

Some scholars have referred to reports of employees' engagement in such desirable service behaviors in terms of a performance construct (e.g., Ashill, Rod, & Carruthers, 2008). However, we distinguish SQ adherence from service performance because the latter refers to a broader criterion space that concerns proficiency and competence as a service agent. This distinction is important because customers are not only concerned with employees' displays of particular behaviors, they also depend on their knowledge and skill (Brady & Cronin, 2001). For example, a bank teller may be highly courteous and attentive and yet not effectively explain banking products to a customer. Thus, SQ adherence is not service performance itself; rather, such behavior is a vehicle through which service agents can meet the needs and expectations of their customers.

1.2. Leadership styles of peer leaders, peer belief states, and service outcomes

In this section, we develop hypotheses concerning how peer leaders' leadership styles promote positive change in their peers' SQ adherence and service performance. We argue that the leadership styles influence these outcomes indirectly through belief states that are described in Ajzen's (1991) Theory of Planned Behavior (TPB). This theory proposes that much of human behavior is driven by conscious behavioral intentions, and that these intentions derive from subjective calculations of expected utility. The TPB is distinguished from other theories of subjective expected utility by the distinctions it makes between different types of beliefs, namely, behavioral, normative, and control beliefs. As reviewed by Glasman and Albarracín (2006), many laboratory and field studies have reported that measures of these three belief constructs each explain unique variance in behavioral intentions, self-reports of behavior, and observed behaviors.

1.3. Indirect influences of transformational leadership on behavioral change and performance

Transformational leadership refers to a style of leading that inspires followers to exceed their expectations of themselves in

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