The Relationship between Transformational Leadership and Customer-Oriented Boundary-Spanning Behaviours: Examining the Role of Compassion

Services Marketing

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Abstract

Customer-oriented boundary-spanning behaviours (COBSBs) are critical to the success of service organisations. Transformational leadership, with its emphasis on the social elements of the leader-subordinate dyad, is a likely antecedent to COBSBs. Similarly, the interpersonal nature of services suggests leader compassion could have a significant effect on the saliency of the relationship between transformational leadership and COBSBs. This paper reports on a study of the moderating effect of leader compassion on the relationship between transformational leadership and COBSBs (service delivery behaviours, internal influence and external representation). Transformational leadership and compassion both have significant and positive influences on COBSBs. However, compassion plays no moderating role. These findings are discussed and avenues for further research are proposed.

Keywords: Transformational Leadership, Compassion, Service Delivery.

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Introduction

Theoretical and empirical research has identified the critical role that employee behaviours play in the formation of customers' quality perceptions and loyalty behaviours (Bitner, Booms and Tetreault, 1990; Brady and Cronin, 2001; Hartline and Ferrell, 1996; Maxham, Netemeyer and Lichtenstein, 2008; Schneider and Bowen, 1985). Within this framework, the majority of prior research into employee behaviours has concentrated upon organizational citizenship behaviours (Hoffman et al., 2007; LePine, Erez and Johnson, 2002). Indeed, a recent meta-analysis identified the key role that organizational citizenship behaviours play in facilitating individual- and organizational-level performance (Podsakoff et al., 2009). Recently, however, there have been calls in the literature to examine employee behaviours that are specific to the context of service delivery (Podsakoff and MacKenzie, 1997; Sun, Aryee and Law, 2007), since organizational citizenship behaviours are not necessarily appropriate for service organizations (Bettencourt and Brown, 2003; Borman and Motowidlo, 1993). As a result, Bettencourt and colleagues conceptualized service employee behaviours as external representation (advocating to outsiders the organisation's image, goods and services), internal influence (showing initiative communicating to the firm and co-workers to improve service delivery) and service delivery (serving customers in a flexible, courteous, conscientious and responsive manner) (Bettencourt and Brown, 2003; Bettencourt, Brown and MacKenzie, 2005; Bettencourt, Gwinner and Meuter, 2001). The three types of behaviour are collectively called customer-oriented boundary-spanning behaviours (COBSBs). COBSBs represent behaviours of frontline service employees "that derive from their unique position as boundary spanners" (Bettencourt, Gwinner and Meuter, 2001, p. 29) and "contribute to the development of market-driven capabilities and resources" (Bettencourt, Brown and MacKenzie, 2005, p. 142). Therefore, it is likely that COBSBs will increase levels of organisational performance (Maxham, Netemeyer and Lichtenstein, 2008), and investigation of techniques to increase employees' performance of COBSBs is warranted.

A parallel stream of work has linked transformational leadership to the performance of a wide range of employee behaviours, from in-role sales or task performance (Keller, 2006; MacKenzie, Podsakoff and Rich, 2001), through to extra-role, organizational citizenship behaviours (Piccolo and Colquitt, 2006; Podsakoff, MacKenzie and Bommer, 1996). Transformational leadership theory identifies four dimensions: charisma, inspirational motivation, individualised consideration and intellectual stimulation (Bass and Avolio, 1990). Charisma reflects the extent to which the leader instils pride, faith and respect and has a gift for seeing the important. Inspiration can stimulate emotionally or intellectually, appealing to sensation and intuition. Individualised consideration can manifest itself as giving employees constructive feedback. Leaders act as mentors and coaches, giving guidance and counselling. An intellectually stimulating leader is concerned with providing ways and reasons for employees to change the way they think about problems, using reasoning and evidence rather than opinions or gut feel. Bettencourt and Brown (2003, p. 395) note that COBSBs are also in-role and extra-role, since "service delivery behaviours are likely to be relatively more role prescribed due to their frequent specification in job descriptions [while] external representation and internal influence behaviours, on the other hand, are likely to be relatively more discretionary". In this context, therefore, transformational leadership is likely to play a significant role in fostering COBSBs.

According to resource allocation theory (Becker, 1965), the time that a person devotes to a specific task may come at the expense of time devoted to other tasks (Bergeron, 2007; Goode, 1960). Because of this, identification of characteristics of the leader's delivery style that increase the efficiency and effectiveness of their behaviours is warranted. However, despite calls for research examining moderators within leadership research (Podsakoff et al., 2006), the specific way in which leader behaviours are performed has received minimal attention. In this context, academic psychologists have recently been drawn to the concept of compassion in determining how individuals can function (think, feel, behave) better (e.g., Bierhoff, 2009; Gilbert, 2009; Solomon, 1998). If compassion is key to general well-being and well-behaving, it may also have a role to play in the service context, which is highly inter-personal and interactive (Hartline and Ferrell, 1996). Therefore, in a service context, a transformational leader who is also compassionate may engender better service-related behaviours in employees, according to the theory of social exchange and the principle of reciprocity (Blau, 1964).

Yet, little empirical research exists on leadership styles within the services marketing literature, and the marketing literature has also largely ignored the benefits to be had from compassionate behaviour in the workplace. Our research objectives are thus to examine the direct influence of transformational leadership upon COBSBs, and the moderating influence of compassion on COBSBs.

Conceptual Framework

Transformational Leadership and Customer-Oriented Boundary-Spanning Behaviours

Social exchange theory, based upon the notion of reciprocity, postulates that "a person for whom another has done a service is expected to express his/her gratitude and return a service when the occasion arises" (Blau, 1964, p. 4). Transformational leadership has been found to be preferred by employees over other forms of leadership (Ehrhardt and Klein, 2001). Hence, service managers leading in a transformational way may foster greater/better service behaviours by way of indirect reciprocation. That is to say, when service managers display leadership styles, service staff will be motivated to reciprocate with improved service-related behaviours towards customers (c.f., Blau, 1964). In the current study, service-related behaviours are represented by COBSBs, namely service delivery, internal influence, and external representation behaviours. Accordingly we hypothesise that:

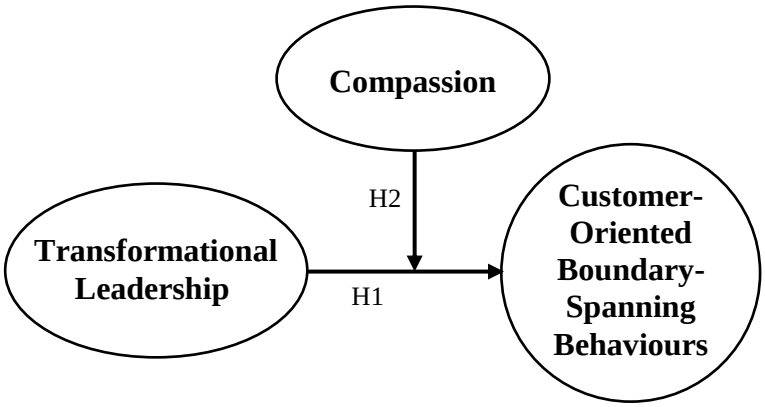
> H1: The greater the transformational leadership style of the service manager, the greater the service employee's performance of customer-oriented boundary-spanning behaviours.

Leader Compassion and Customer-Oriented Boundary-Spanning Behaviours

Despite the apparent importance of compassion, its uptake in the study of organisations has been less pronounced than in psychology (Nussbaum, 1996). Perhaps it is because we have been taught to approach organisational research with a "dispassionate eye", which entails a lesser focus on humanity that this implies (Frost, 1999). Perhaps it is

because a bias exists in organisational research towards understanding negative or detrimental conditions rather than positive, virtuous ones (Frost et al., 2006).

Figure 1: Conceptual Model



Compassion can be viewed through the interpersonal lens proposed by Frost et al. (2006), and can take many forms, such as adopting another person's view, understanding and/or soothing anxiety (Sutton, 2009), noticing and/or attending to the suffering of another, empathic concern, and action or response to relieve pain (Dutton et al., 2006). Compassion has been argued to serve as a trigger for increasing the "quality of connections" between people (Dutton, Lilius and Kanov, 2007), which have been found to generate better citizenship behaviours of employees (Settoon and Mossholder, 2002). In this context, the reciprocity discussed earlier is likely to be strengthened through the quality of exchanges that leader compassion fosters. Additionally, compassion has been argued to strengthen shared values and beliefs (Dutton, Lilius and Kanov, 2007), which directly relates to charismatic leadership. In particular, it affirms the values of dignity and respect (Dutton, Lilius and Kanov, 2007). By strengthening the effect of shared values and beliefs, leader compassion should have a positive influence upon the relationship between charismatic leadership and follower outcomes. Consequently, we propose the following hypothesis:

> H2: Service leaders' compassion will strengthen the link between transformational leadership and customer-oriented boundary-spanning behaviours.

Methodology and Results

Empirical data were collected by way of a quantitative survey of reception desk staff in 174 UK Hotels. Respondents were asked to respond to specific Likert-type scale items regarding the characteristics and behaviours of their direct manager. Transformational Leadership was measured using adapted items from the transformational leadership component of the Multifactor Leadership Questionnaire (MLQ) Leader Form 5X-Short (Bass and Avolio, 1995) to suit the hotel context. In total, we used 20 items measuring transformational leadership (Bass and Avolio, 1990). Customer-Oriented Boundary-Spanning Behaviours were measured using the 13-item scale for COBSBs presented by Bettencourt, Brown and MacKenzie (2005), with five items for service delivery behaviours, and four items each for internal influence and external representation. In the absence of an accepted measure of compassion in an organisational setting, a qualitative study was conducted to generate a pool of face-valid

items. A 9-item scale was thus developed (sample items include: "my manager is interested in staff issues" and "my manager makes employees feel appreciated"). We first fitted a measurement model to the data using LISREL 8.71. Table 1 provides summary details of the measurement model.

Table 1: Measurement Model Results

Construct	*Reliability*	*Average Variance Extracted (AVE)*	*Largest Squared Correlation*
Transformational Leadership	0.913	0.57	0.26
Compassion	0.962	0.74	0.03
Service Delivery	0.830	0.49	0.48
Internal Influence	0.822	0.62	0.48
External Representation	0.795	0.56	0.27

Chi Sq./d.f. = 481.813/362 (1.33), RMSEA=.0437, CFI=.969, GFI=.839, NNFI=.965

As shown, all constructs displayed good reliability, and there is evidence for discriminant validity as the AVE for each construct is greater than its squared correlation with any other construct (Fornell and Larcker, 1981). Next, we ran a structural model to test the hypotheses depicted in Figure 1. Hypothesis 2 necessitated interaction terms for which we created single item scores for each variable (e.g., Jaccard and Wan, 1996), setting error variances at $(1-\alpha) \times \sigma^2$ as per Jöreskog and Sörbom (1996), and multiplicative interaction terms were computed following the orthogonalizing process recommended by Little, Bovaird and Widaman (2006). Mean-centering was also employed to minimize the risk of multicollinearity. A hierarchical entry procedure was followed whereby a nested model excluding the multiplicative terms was tested first. However, the second model which included the interactive term did not yield a significant improvement on the first model (i.e., no moderating effects were found regarding the influence of compassion on the transformational leadership-COBSBs relationship). Thus, Table 2 presents the results for each of the hypothesised structural pathways in the model, using statistics and fit indices from the first model (with no interaction terms). Support was found for Hypothesis 1. Compassion was also found to have a direct influence upon the internal influence behaviours of service employees (this main effect was tested following moderator analysis convention).

Table 2: Structural Model Results

Hypotheses		*Standardized Path Loadings*	*t-value*
H1 (+)	Transformational Leadership → Service Delivery	0.172 **	3.324
H1 (+)	Transformational Leadership → Internal Influence	0.158 **	2.934
H1 (+)	Transformational Leadership → External Representation	0.513 **	6.274
	Compassion → Service Delivery	0.074	1.520
	Compassion → Internal Influence	0.101 *	1.961
	Compassion → External Representation	-0.042	-0.581
H2 (+)	Compassion x Transformational Leadership → Service Delivery	n/s	n/s
H2 (+)	Compassion x Transformational Leadership → Internal Influence	n/s	n/s
H2 (+)	Compassion x Transformational Leadership → External Representation	n/s	n/s

Chi Sq./d.f. = 617.918/369 (1.67), RMSEA=0.06, CFI=0.964, GFI=0.807, NNFI=0.960

* significant at 5% (one-tailed), ** significant at 1% (one-tailed), n/s relationship non-significant

Discussion, Conclusions, and Directions for Future Research

Although there was no evidence of compassion's moderating influence, a direct link between compassion and internal influence behaviours was uncovered. In this context, compassion can increase employees' sense of interdependence, leading to more interpersonal helping behaviours between members of organisations (Dutton, Lilius and Kanov, 2007). However, for managers wishing to increase the likelihood of their employees adopting the range of behaviours commensurate with their boundary-spanning position, they should look to increase their own adoption of transformational leadership practices, which has a broader effect on all three forms of COBSB. More specifically, managers should look to increase their performance of consideration-type behaviours and intellectual stimulation of service employees, by challenging them to adopt or develop ways to solve new or existing organisational problems.

Perhaps the positive influence of transformational leadership on employee behaviours found here means that introduction of compassion makes a strong relationship only slightly stronger by comparison, such that the effect is nonsignificant. Alternatively, compassion may not moderate relationships because of accessibility and specificity issues (c.f., Ozur, 2008). Employees likely receive leadership more often than compassion (i.e., have greater access to leadership than compassion), so the activation of compassion as a moderator influence may not be apparent in our sample. Additionally, employees may have a much more specific understanding of leadership, whereas their understanding of compassion may be less specific, and hence attempts to relate the two constructs may suffer (c.f., Ozur, 2008).Perhaps UK hotel managers are similar to German managers, whereby business performance focuses on getting the task done, minimising errors, and achieving high quality, with little emphasis on compassion and consideration (Brodbeck, Frese and Javidan, 2002). Such behaviour could create an environment where compassion is unexpected, and reactions to it may be minimal.

Obvious limitations of our work include causality assumptions and generalisability of results. Therefore, future work could examine the current model using data collected at more than one point in time. We also believe that there is no reason to assume that the model presented here won't generalise to other industries, but future work could be conducted in different contexts to provide empirical support for our assumption. A further, statistical, limitation of the work could be confounding effects between individualised consideration and compassion, two constructs which, theoretically, appear similar.

Future work could also look to examine a greater range of possible moderator influences in the transformational leadership-COBSB relationship. It would also be possible to study a greater range of antecedents and outcomes of COBSBs, such as motivation, perceptions of organisational justice, or organisational performance. Consideration of cultural influences could also provide an interesting research focus, as compassion may be suited to particular types of management situation over others.

As it stands, this study represents the first of its kind in terms of transformational leadership's antecedent influence on COBSBs. Moreover, the inclusion of compassion adds to the increasingly important field of personal relationships within organisations, and we hope that it motivates further work in this field.

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