



The effect of servant leadership on customer value co-creation: A cross-level analysis of key mediating roles



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HIGHLIGHTS

- This study ascertains the effects of servant leadership on customer value co-creation.
- Mediators of positive psychological capital and service-oriented organizational citizenship behavior are investigated.
- Three levels of organization, employee, and customer are integrated to conduct a cross-level analysis.
- Hierarchical linear model is adopted for the cross-level analysis.

ARTICLE INFO

Article history:

Received 24 September 2014

Accepted 17 February 2015

Available online 6 March 2015

Keywords:

Customer value co-creation (CVC)
Service-oriented organizational citizenship behavior (OCB)
Servant leadership
Positive psychological capital (PPC)
Hierarchical linear model (HLM)

ABSTRACT

This study ascertained the effects of servant leadership on customer value co-creation (CVC) through key mediating roles in the hotel industry. We systematically integrated the three levels of organization, employee, and customer to investigate how servant leadership stimulates CVC through the key mediating roles of the positive psychological capital (PPC) and service-oriented organizational citizenship behavior (SOOCB) of employees. Hierarchical linear models were adopted for cross-level analyses, targeting 30 hotels in Taiwan. A total of 650 questionnaires was distributed, and 493 valid questionnaires were retrieved. This study provided three major contributions: (a) This study asserted that servant leadership can systematically stimulate CVC. (b) We shifted the discussions on CVC to the hotel industry, verifying that PPC and SOOCB play the key mediating roles. (c) Finally, this study adopted hierarchical linear models to conduct a cross-level analysis on the relationships among organizations, employees, and customers.

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1. Introduction

1.1. Research objectives

Recent studies have focused on the importance of customer value co-creation (CVC) to service organizations in the tourism industry. An increasing number of new types of tourism, such as medical tourism, overseas weddings, and honeymoon tourism, are gaining prominence and have specific and explorative topics for creating a unique customer experience through interactive consumer-centric design. For example, an overseas wedding package requires continual discussion between the consumer and

the wedding-design travel agency to finalize a unique, customized, and unforgettable overseas wedding ceremony. Grissemann and Stokburger-Sauer (2012) indicated that the level of value co-creation positively influenced customer satisfaction, customer loyalty, and service expenditures. Therefore, implementing value co-creation with customers has gradually become one of the key factors necessary for the sustainability of service organizations (Pralhad & Ramaswamy, 2004; Vega-Vazquez, Revilla-Camacho, & Cossío-Silva, 2013).

According to previous research, service-oriented organizational citizenship behavior (SOCB) facilitates employees' delivery of high-quality services, improves employee–customer communication and interaction, and positively influences the effectiveness of service organizations (Jain, Malhotra, & Guan, 2012; Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005; Sun, Aryee, & Law, 2007). However, no studies have examined the relationships between SOOCB and CVC. Nevertheless, Yi and Gong (2008) and

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Bowers, Martin, and Luker (1990) stated that employee behavior can directly affect customer behavior and customer impression of the service organizations. Therefore, this study suggests that service-oriented organizational citizenship behavior is highly likely to exert an effect on CVC.

Grönroos (2000) proposed the service marketing triangle, indicating the value of cooperation among organizations, employees, and customers and emphasizing that the marketing activities of an organization must involve in employees and customers. It shows the importance of discussing the impacts on customers from the service organizations from the three levels of organization, employee, and customer, despite few empirical studies having systematically integrated their effects on the CVC. Therefore, unlike previous studies that have centered on only single levels, this study systematically integrated the levels of organization, employee, and customer to investigate how internal organizational management inspires the SOOCB of employees through key mediating roles to stimulate CVC, thereby bridging the research gaps in previous studies.

Numerous studies have indicated that servant leadership is a crucial factor influencing employee OCB (Ehrhart, 2004; Hunter et al., 2013). In addition, research has also indicated that servant leadership influences employee SOCB through various mediating factors (Ehrhart, 2004; Schneider et al., 2005; Walumbwa, Hartnell, & Oke, 2010). van Dierendonck, Stam, Boersma, de Windt, and Alkema (2014) maintained that servant leadership positively influences employee behavior through the psychological needs of employees. Moreover, Fredrickson (2001) regarded individual psychological factors as substantially influential to behavioral performance, proposing that the positive behavior of employees can be encouraged by establishing their positive psychological capital (PPC). Avey, Avolio, and Luthans (2011) indicated that leaders are vital for developing the PPC of employees. Therefore, by extending previous studies to complement the relevant literature, the current study investigated whether servant leadership can induce SOOCB in employees and thereby stimulate CVC by developing the PPC of employees.

Mathieu and Taylor (2007) indicated that the complex phenomena occurring at differing levels can be comprehensively and extensively investigated by conducting cross-level analyses and using mediating factors. Therefore, this study employed hierarchical linear models (HLMs) for analysis. Briefly, this study determined how servant leadership in the tourism industry induces CVC through the key mediating roles of employees' PPC and SOOCB and applied HLMs to conduct an analysis. This study was divided into two sections. First, this study investigated whether the PPC of individual employees exerts a mediating effect on the servant leadership at the organizational level and the SOOCB of individual employees. Second, we probed whether the SOOCB of overall employees exerts a mediating effect on the PPC of overall employees and the value co-creation of individual customers. Fig. 1 illustrates the research framework.

This study presents the following key contributions. First, regarding the overall framework, this study systematically integrated the three levels of organization, employee, and customer to investigate the key roles that stimulate CVC. In addition, we incorporated possible influences exerted by organizational leaders to examine how servant leadership elicited CVC through the key mediating roles of employees' PPC and SOOCB. Second, in terms of servant leadership, this study proposed employing the PPC of employees as a new mediating role in the relationship between servant leadership and employee behavior and demonstrated the importance of servant leadership to the psychological factors of employees. Finally, regarding the methodology, this study asserts that the factors influencing employees' SOOCB and CVC stem from

different levels; therefore, this study applied HLMs and incorporated mediating factors to conduct a cross-level analysis on the relationships among organizations, employees, and customers.

2. Literature review

2.1. Servant leadership

Greenleaf (1977) proposed servant leadership, which denotes serving and satisfying the needs and benefits of other people over self-interest. Compared with other leadership styles, servant leadership incorporates the concept of social responsibility that involves organizations, subordinates, customers, and other shareholders (Graham, 1991; Greenleaf, 1977). Servant leaders care for subordinates, value the individual needs and developments of subordinates, and emphasize the quality of leader-subordinate relationships (Hale & Fields, 2007; Smith, Montagno, & Kuzmenko, 2004; van Dierendonck, 2011). Based on previous studies, van Dierendonck (2011) proposed six key characteristics of servant leadership: (a) empowering and developing people; (b) humility: prioritizing the interests of others; (c) authenticity: the consistency of the external behavior and internal feelings of a leader (d) interpersonal acceptance: the ability to understand the feelings of others and refrain from exhibiting negative emotions in other scenarios (George, 2000; McCullough, Hoyt, & Rachal, 2000; van Dierendonck, 2011); (e) providing suitable suggestions and directions; and (f) stewardship: assuming the responsibilities of satisfying and serving the needs of subordinates. This study investigated how servant leadership facilitates the SOOCB of employees through the key mediating roles of employees' psychological factors to generate CVC. Therefore, we adopted the definition provided by Hale and Fields (2007), defining servant leadership as a behavior in which servant leaders disregard their personal interests and seek employee development instead of their own glories.

2.2. Positive psychological capital

PPC constitutes the following four positive psychological states: self-efficacy, optimism, hope, and resilience (Luthans, Avolio, Avey, & Norman, 2007). Luthans, Avolio, et al. (2007) and Luthans, Youssef, Avolio (2007) maintained that PPC exists at the micro level and may appear at the macro level in a collective form. The framework of this study was divided into two parts for discussion. The first part investigated how leaders at the organizational level influence the SOOCB of individual employees through the key mediating role of the PPC of individual employees. Second, for customers, service is a holistic perception; therefore, we examined the effects of the PPC and SOOCB of overall employees on the value co-creation of individual customers. Consequently, the PPCs of employees at the micro and macro levels were individually defined. Luthans, Avolio, et al. (2007) and Luthans, Youssef, et al. (2007) defined PPC at the micro level as the positive psychological states of an individual that can be developed. This type of PPC involves the following features: (a) self-efficacy: having the confidence to complete challenging tasks with utmost dedication and effort; (b) optimism: proposing a positive attribution for current and future success; (c) hope: pursuing goals and redirecting paths to the goals when necessary to achieve success; (d) resilience: the capacity to withstand setbacks, quickly recover, and surpass the original status to achieve success when encountering problems and adversities.

2.3. Service-oriented organizational citizenship behavior

Bettencourt and Brown (1997) defined SOOCB as employees spontaneously demonstrating extra-role behavior to satisfy

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