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Title: Service Leadership, Work Engagement and Service Performance: The Moderating Role of Leader Skills.

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Service Leadership, Work Engagement and Service Performance: The Moderating Role of Leader Skills

Abstract

By using social learning theory, the Job Demands-Resources model and Idiosyncrasy credit theory, the present study casts additional light on the explanatory mechanisms underlying the effects of service leadership on service performance. We specifically examine employee work engagement as an important mediator of this relationship and further explore the moderating role of leader task-based professional and managerial skills on the indirect relationship between service leadership and service performance via work engagement. Drawing upon 903 leader-follower dyads nested in 187 teams, with data collected from two sources, we find that after controlling for transformational leadership, employees' work engagement mediates the relationship between service leadership and followers' service performance. Furthermore, the results support the moderating role of task-based professional skills, but not of managerial skills. Specifically, the indirect effect of service leadership on service performance via work engagement is stronger when leaders display high levels of task-based professional skills. Theoretical and practical implications of these findings are discussed.

Keywords: service leadership; work engagement; leader skills; service performance.

Introduction

Due to the importance of the service sector in world markets, as well as the overall growth in the service industry, service settings and managerial practices for the delivery of high-quality service have received a lot of attention (Chi, Yang, & Lin, 2018; Corsun & Enz, 1999; Grandey, Dickter, & Sin, 2004). The service industry has unique characteristics which make it distinct from the manufacturing industry, such as high levels of customer participation, an integrated process of production and consumption, and a lack of uniformed measurement of quality (Martinez, Bastl, Kingston, & Evans, 2010; Parasuraman, Berry, & Zeithaml, 1991; Parasuraman, Zeithaml, & Berry, 1985). As a result, service management has been studied as a unique research area (Hong, Liao, Hu, & Jiang, 2013; Jiang, Chuang, & Chiao, 2015; Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005). Prior research has focused on the antecedents of increased levels of employees' service performance, including human resource practices (Liao & Chuang, 2004), service climate (Salanova, Agut, & Peiró, 2005), and employees' personality (Brown, Mowen, Donavan, & Licata, 2002). Several studies have shown that positive leadership styles, such as transformational leadership, serve a critical role in enhancing employees' service performance levels and customer outcomes (Dong, Liao, Chuang, Zhou, & Campbell, 2015; Liao & Chuang, 2007; Liaw, Chi, & Chuang, 2010).

More recently, service leadership – a leadership style more specifically related to the service context, has received substantial attention in the extant literature (Hong et al., 2013; Jiang et al., 2015; Liao, Toya, Lepak, & Hong, 2009; Schneider et al., 2005). Service leaders communicate a strong commitment to service and reinforce customer-oriented behaviors. They also encourage employees to go the extra mile to meet customers' needs and deliver high quality service (Schneider, White, & Paul, 1998). The majority of service leadership research has utilized social learning theory (Bandura, 1977) and argued that at a group level,

service leadership increases the levels of service performance through building a collective service climate, which shapes employees' perceptions of the importance of service quality (Jiang et al., 2015). However, more research is needed to identify why and when service leadership can motivate employees to engage in high quality service. Our study focuses on a dyadic level and expands the lens of a social learning perspective on service leadership through focusing on a relatively unexamined motivational mechanism of service leadership, that of work engagement.

Work engagement captures whether employees experience their work as stimulating, meaningful and engrossing and something they wish to invest their time and energy into (Bakker, Albrecht, & Leiter, 2011; Rich, Lepine, & Crawford, 2010). The Job Demands-Resources (JD-R) model outlines how work engagement arises through a motivational pathway whereby employees utilize available job resources to deal with the challenging demands of their job and further become very involved in their work (Bakker & Demerouti, 2007; Demerouti & Bakker, 2011). Despite the theoretical predictions of JD-R that leadership is an important resource and antecedent of work engagement, the empirical research on the role of leaders in fostering work engagement is still limited (Bakker et al., 2011). Prior studies have mainly examined the role of transformational leadership (e.g., Tims, Bakker, & Xanthopoulou, 2011). Bakker et al. (2011) as well as Bakker and Demerouti (2017) have called for alternative models of leadership to be considered and examined. To meet this call, we argue that service leaders who inspire high levels of service behaviors in their employees will also increase the levels of stimulation, meaningfulness and absorption employees experience in their service role, which further leads to improved service performance.

We further expand the framework to include factors that could influence the role-modelling effects of service leadership on employee service performance via work engagement. We specifically examine the moderating role of leader skills, both task-based

professional and managerial skills (Connelly et al., 2000; Mumford, Todd, Higgs, & McIntosh, 2017; Mumford, Zaccaro, Harding, Jacobs, & Fleishman, 2000), of the relationship between service leadership and work engagement. The idiosyncrasy credit model proposed by Hollander (1958, 2006) suggests that leaders can influence followers to the extent to which they are granted as “credible” to take actions in behalf of the group. In this “credibility-building” process, leader skills form an important foundation to motivate followers to perceive leaders as credible role models (e.g., Hollander & Offermann, 1990; Hollander, 1958). The core argument is that leaders need to show competence and exhibit skills in order to engage followers in good work attitudes and behaviors (e.g., Mumford et al., 2017; Mumford et al., 2000). In a service context, because the primary goal of service groups is to develop employees’ knowledge and skills to increase service performance and customer experience (Liao & Chuang, 2004), we argue that by exhibiting a higher level of expertise and skills, service leaders are more likely to earn credit with followers and motivate them to engage with high service standards. We argue that the joint effect of task-based professional and managerial skills will accentuate the role modeling influence of service leaders on employees’ work engagement and service performance (as shown in Figure 1).

The contribution of the present study is twofold. First, although work engagement has been previously utilized as an important mechanism to explain the motivational influences of leadership on followers (e.g., Zhang & Bartol, 2010), researchers have not tested the pivotal function that work engagement can play as a key explanatory mechanism in the context of service leadership. By integrating social learning theory (Bandura, 1977) with JD-R and work engagement (e.g., Bakker & Demerouti, 2017; Bakker, Schaufeli, Leiter, & Taris, 2008; Schaufeli, Salanova, González-Romá, & Bakker, 2002), this study empirically evaluates a basic assumption that service leaders serve as role models and energize employees to engage in service delivery. We highlight the utility of work engagement as an important motivational

mechanism underlying the service leadership – service performance relationship. Second, we examine leader-related contingencies such as leader task-based professional and managerial skills which may strengthen the impact of service leadership on employees. We additionally contribute to the literature on leader skills by examining how different sets of leader skills help to increase the leaders' credibility and their influence in service-oriented work environments. The literature of leadership emphasizes the importance of leaders as role models (Bass & Avolio, 1994), and recently scholars have been interested in examining leader characteristics or qualities that can alter the strength of leaders' role modelling effects on followers (Kranabetter & Niessen, 2017; Ogunfowora, 2014). We extend this knowledge by introducing leaders' different sets of skills as important boundary conditions. By doing this, the study also provides greater insight into the social learning process of service leadership impacting employee behaviors.

Theoretical Framework and Hypotheses

Service Leadership and Work Engagement

The importance of acknowledging context in leadership research has been previously highlighted (e.g., Liden & Antonakis, 2009). Leadership literature has argued that compared to generic positive leadership behaviors, specific leadership behaviors which focus on promoting specific practices are especially effective in facilitating specific outcomes in certain contexts. Examples of context-specific leadership constructs include safety leadership (Kelloway, Mullen, & Francis, 2006) and creative leadership (Mainemelis, Kark, & Epitropaki, 2015; Selznick, 1984). Consistent with this research line, the concept of service leadership is derived from the notion that for service excellence to be provided to customers, service providers should receive sufficient guidance and support from their leaders (Schneider et al., 1998). Service leaders emphasize the setting of performance standards,

identification of high-quality service, and the cultivation of employees' ability to handle customer needs (Schneider et al., 2005). Empirical research has found service leadership to play a pivotal role in facilitating service excellence (Antioco, Moenaert, Lindgreen, & Wetzels, 2008; Hong et al., 2013; Jiang et al., 2015).

It is important to note that service leadership represents a model of leadership that is theoretically distinct from other leadership styles, such as transformational leadership (Podsakoff, MacKenzie, Moorman, & Fetter, 1990). Transformational leaders who articulate a compelling vision of the future, engage in charismatic behaviors, encourage followers to think creatively, and provide individualized consideration, have been found to increase employees' work performance in various contexts (see meta-analyses by Judge & Piccolo, 2004; Wang, Oh, Courtright, & Colbert, 2011). However, we argue that within a service context, service leadership explains additional variance in predicting employee service performance above and beyond transformational leadership. The reason for this is that service leadership provides a clear direction for employees to be aligned with the objective of enhancing service quality (Hong et al., 2013). Though service leadership and transformational leadership both set high performance expectations, service leadership focuses on communicating a commitment to customer service - a concept that transformational leadership lacks by definition. Second, transformational leaders provide individualized consideration for followers' personal feelings and needs, whereas service leaders provide support to develop followers' service skills and knowledge. Further, transformational leaders intellectually stimulate followers to rethink problems, reframe assumptions, and make interventions, while service leaders directly remove obstacles which prevent followers from producing high-quality service. Finally, although service leadership contains role modelling behaviors similar to transformational leadership, the focus is different: the role-modelling process of service leadership uniquely emphasizes inspiring followers to

engage with developing advanced service skills and knowledge. Conversely, the focus of transformational leadership is on inspiring followers to realize the vision of the organization (House & Howell, 1992). The distinction of service leadership from other leadership constructs has also been empirically supported by Hong et al. (2013)'s meta-analysis, which showed that service leadership had a stronger impact on service climate than generic positive leadership and provided support for the incremental validity of service leadership over and above other positive leadership constructs in service contexts.

Prior research in service leadership has mainly drawn upon social learning theory (Bandura, 1977) and has regarded service leadership as a motivational source that enables employees to view service leaders as role models and learn which behaviors are expected (Jiang et al., 2015). Work engagement is a key motivational construct that captures how individuals experience their work (Den Hartog & Belschak, 2012; Schaufeli, Bakker, & Salanova, 2006; Schmitt, Den Hartog, & Belschak, 2016). It consists of vigor, dedication and absorption. Vigor refers to having high levels of energy and willingness to invest effort in ones' work. Dedication refers to a sense of meaning, inspiration, significance, pride, and challenge at work. Absorption refers to feeling of happy, concentrated, and deeply engrossed in one's work (Schaufeli et al., 2002). According to the Job Demands-Resources (JD-R) model work engagement arises through a motivational pathway whereby available job resources help employees tackle the demands of their job and further become engrossed in their work (Bakker & Demerouti, 2007; Demerouti & Bakker, 2011). Leaders are highly instrumental in providing important resources (such as autonomy, feedback etc.) that help employees become involved in their work and are further inspiring work engagement via role modeling processes (Babcock-Roberson & Strickland, 2010; Zhu, Avolio, & Walumbwa, 2009). However, as suggested in a critical review by Bakker et al. (2011), empirical studies

investigating the relationship between leadership and work engagement are scarce and there is pressing need for additional research in this domain.

We argue that service leadership fosters service employees' work engagement. Social learning theory posits that employees learn by observing and imitating the behaviors of attractive, credible leaders (Bandura, 1977; Brown, Treviño, & Harrison, 2005). In a social learning process, through the observation of their leader's behavior and values regarding the provision of high quality service, employees learn that high-quality service is a critical theme in their workplace. In this situation, employees will tend to adopt service leader's standards and feel motivated to invest time and energy into their jobs, leading to an increased level of work engagement. In addition, service leaders often express appreciation and enthusiasm for the provision of high-quality service. These positive emotions can be modelled and adopted by employees and result in them experiencing their work as more attractive and meaningful (Britt, Adler, & Bartone, 2001), and consequently, they become more highly engaged in their work (Tims et al., 2011).

We suggest that individuals who feel engaged in their work are motivated to deliver a higher level of service performance. Rich et al. (2010) argue that engagement reflects an individual's investment of cognitive and physical energies into their work role in order to achieve superior work role performance. In this regard, engagement has been identified as a major antecedent of employees' job performance (Demerouti & Cropanzano, 2010; Halbesleben & Wheeler, 2008; Salanova et al., 2005). In addition, past research has suggested that work engagement is an important mediator of the link between leadership and employee job performance (Babcock-Roberson & Strickland, 2010; Den Hartog & Belschak, 2012). In line with these arguments, we expect that the relationship between service leadership and service performance is mediated by work engagement. Therefore, we hypothesize:

Hypothesis 1: The positive relationship between service leadership and service performance is mediated by work engagement.

The Moderating Role of Leader Task-Based Professional Skills and Managerial Skills

Scholars have long suggested that leadership is an influence process that is not just about leaders, but also involves followers who can accept or reject leadership (Lord, 1985; Lord & Brown, 2003; McGregor, 1960). The idiosyncrasy credit model suggests that leaders are given latitude to take actions for the achievement of group goals via which followers perceive leaders as qualified and credible (Hollander, 1958, 1960). Idiosyncrasy credit refers to a perceived accumulation of positive attributes and resources of a leader in the eyes of followers, and it serves as a fundamental way of understanding how followers can affect the strength of a leader's influence. In specific, once idiosyncratic credits are earned by a leader, he or she is more likely to be perceived as a role model and his or her behaviors tend to be recognized, identified, and emulated by followers (Hollander, 1958; Stone & Cooper, 2009). Given that service leadership is a type of goal-setting behavior which focuses on specifying performance standards for followers to accomplish (Schneider et al., 1998), we contend that the motivational impacts of service leadership rest on the assumption that employees accept and see their service leader as credible role models. The social learning process of service leadership depends on the extent to which the service leader is perceived as being credible to set appropriate goals for employees and as being reliable in their provision of valuable guidance to employees.

Further, prior research has noted that one prominent way of leaders earning idiosyncratic credits with followers is through showing competence in helping achieve the group's goals (Sauer, 2011; Shapiro, Boss, Salas, Tangirala, & Von Glinow, 2011). This underscores the importance of leaders' skills as a key source of idiosyncratic credits in

accumulating respect, loyalty, and identification from followers (Hollander, 1958; Stone & Cooper, 2009). Following these arguments, we suggest that the relationship between service leadership and work engagement is strengthened by a higher level of leader skills. In this paper, we include two types of skills - task-based professional skills and managerial skills. Prior research has long argued that professional and managerial skills are two important intangible resources owned by leaders that underpin organizational functionality (Lawson & Samson, 2001; Nonaka & Takeuchi, 1995; Stewart & Capital, 1997). We focused on followers' perceived leader skills rather than objective measures of leader skills. This approach is consistent with previous research which viewed leadership as a product of followers' perceptual processes (Lord, 1985; Lord & Maher, 2002). We suggest that these two types of skills contribute to the perceived credibility of service leaders and strengthen the relationship between service leadership and engagement.

Leader task-based professional skills are defined as advanced and well-organized knowledge bearing on the requirements for performance in certain domains (Mumford et al., 2017). We expect that a service leader with high levels of task-based professional skills can exhibit his/her idiosyncratic credits through demonstrating his/her own competence as well as abilities to nurture followers in a service context. In such settings, having advanced customer knowledge and specific service skills is critical in leading better service performance and financial profits of service groups (Grant, 1996; Hitt, Bierman, Shimizu, & Kochhar, 2001; Von Nordenflycht, 2010). Thus, service leaders with desired task-based professional skills are more likely to be perceived as credible sources who can coach followers to also exhibit advanced skills and important customer knowledge. Therefore, having good task-based professional skills is of great importance for service leaders in order to earn idiosyncrasy credits and to be viewed as role models.

We expect the relationship between service leadership and employees' work engagement to be stronger when the level of leader task-based professional skills is higher. More specifically, through displaying high levels of task-based professional skills during interactions with customers, service leaders will be attractive role models since they are able to be seen as embodying the high-performance standards that employees are required to engage with. In addition, when employees approach the leader for advice on customer-related issues, a service leader with high professional skills can provide useful suggestions or solutions, which may strengthen followers' confidence in the leader and perceptions of the leader being their role model. Finally, a leader with high professional knowledge can provide useful feedback for employees' skills development and help them better understand the nuances of a specific service industry through personal communication and coaching. Employees will thus feel motivated to learn from their leaders and work more effectively. In contrast, when leaders have lower levels of task-based professional skills, employees may question the ability of the leaders to be able to guide them to achieve high levels of customer service skills. In this regard, the high-performance goals set by the leaders will not be implementable since leaders themselves may not be able to achieve them. Due to a lack of credibility, employees are less likely to perceive these leaders as role models; and will therefore tend to be reluctant to make high levels of investment of effort in their work, will feel less engaged and, consequently will have lower levels of service performance. Taken together, we suggest:

Hypothesis 2: Leader task-based professional skills moderate the indirect effect of service leadership on service performance through engagement, such that when the leader task-based professional skills are high, the indirect effect is stronger.

We also suggest that leader managerial skills influence the relationship between service leadership and work engagement. In the service context, leader managerial skills

include communication skills with employees and customers, decision making ability and ability of assigning tasks to employees (Carmeli & Tishler, 2006; Mumford, Campion, & Morgeson, 2007). High levels of managerial skills are important for leaders to not only understand their employees' needs for development, but also to understand the external environment so that they can effectively implement their strategies in accordance with situational demands (Lord & Hall, 2005; Marta, Leritz, & Mumford, 2005). Kanungo and Misra (1992) suggest that managerial skills which ensure internal functionality (planning, coordinating, etc.) of an organization are required for individuals to be perceived as being credible in fulfilling the leadership role. Further support for the importance of leader managerial skills is provided by theory and evidence which have shown that leader managerial skills are positively associated with employees' views of leadership effectiveness (e.g., Marta et al., 2005; Mumford et al., 2000; Mumford et al., 2007).

We suggest that when working with leaders having high levels of managerial skills, employees have a clear picture of how performance goals are formulated, and how the service distribution is supported by administrative and technical input. In this sense, leaders are perceived as being credible in the leadership roles because the methods and strategies they apply can effectively secure the functionality of the group. Therefore, employees tend to identify with the leaders and feel motivated to engage in their jobs. However, when service leaders have low levels of managerial skills, they may not be able to effectively direct, coordinate and manage responses to different situations and demands (e.g., administrative or technical). These leaders will tend to increase employees' feeling of uncertainty through a lack of a clear formulation of management procedures. Moreover, low-skilled leaders may also lack interpersonal skills, so that they are not able to convey the positive values of customer service and motivate employees to identify with the proposed missions and goals. In

this regard, employees are less likely to gain meaning in their job and feel engaged in the delivery of service performance. Therefore, we propose:

Hypothesis 3: Leader managerial skills moderate the indirect effect of service leadership on service performance through engagement, such that when leader management skills are high, the indirect effect is stronger.

Finally, as suggested, task-based professional skills and general managerial skills have been argued as two main competencies of a successful leader (Kanungo & Misra, 1992; Lord & Hall, 2005; Mumford et al., 2007). Importantly, the service literature has also suggested that service leaders need to become “hybrids”, that is, leaders need to simultaneously maintain high task-based professional skills as well as develop their managerial responsibilities and skills (Fitzgerald, Ferlie, McGivern, & Buchanan, 2013). Thus, service leaders are required to be professionals who can coach employees to achieve high-quality service, while at the same time, they should also possess good managerial skills to allow them to effectively allocate tasks and resources and to maintain positive group functionality.

Therefore, we propose that service leadership will make the strongest motivational impact on employee engagement in high-quality service performance when leaders simultaneously exhibit high task-based professional skills and high managerial skills. As previously theorized, when a leader shows his/her capabilities of providing high-quality customer service, employees are expected to personally identify with their leader and have a stronger motivation to engage in service performance. We also predict that service leaders will have a larger impact on employee work engagement, and service performance in turn, when they exhibit higher levels of managerial skills. Taken together, we suggest that the relationship between service leadership and employee service performance via work

engagement will be strongest when the leaders have higher levels of both task-based professional skills and managerial skills.

Hypothesis 4: Task-based professional skills and managerial skills jointly moderate the positive relationship between service leadership and service performance via work engagement; such that the positive relationship is the strongest when both leader task-based professional skills and managerial skills are high.

Method

Sample and Procedure

The sample used in this study was drawn from hair salons from a large salon chain in the United Kingdom. To minimize common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), we collected data from two data sources. Hairstylists rated their supervisors' service leadership, task-based professional skills, managerial skills and their own levels of work engagement. The immediate salon managers were asked to rate hairstylists' service performance. To match subordinates' responses with their immediate supervisors' evaluations, each questionnaire was coded with an assigned identification number.

We obtained 903 valid responses, indicating a response rate of 48.3%. These 903 employees reported to 187 managers. The average number of employees per manager was 5. In the employee sample, 25.5% were male and 74.5% of them were female. The average age of the employees was 26.62, and the average tenure with their managers was 4.83 years.

Measures

All of the scales used in this study used a 7-point Likert scale, ranging from 1 = *strongly disagree* to 7 = *strongly agree*.

Employee-rated

Service leadership. Service leadership was measured using a four-item scale developed by Schneider et al. (1998). Sample items were “my manager recognizes and appreciates high quality work and service” and “my manager supports employees when they come up with new ideas on client service” (1 = *strongly disagree* to 7 = *strongly agree*). The Cronbach’s alpha of this scale was .90.

Leader managerial skills. We measured leader managerial skills by adapting three items of Liden and Maslyn’s (1998) professional respect subscale of LMX-MDM. We referent-shifted the items to a focus on the leadership skill of the salon managers. The three items were “I am impressed with my salon manager’s knowledge of his/ her job in running the salon”, I respect my salon manager’s knowledge of and competence in the job of salon manager”, I admire my salon manager’s professional skills in running the salon”. The Cronbach’s alpha of this scale was .96.

Leader task-based professional skills. Similar to leader managerial skills, we measured leader task-based professional skills by adapting the same three items from Liden and Maslyn (1998). We referent-shifted the items with a focus on the task-based professional skills needed in the context of hairdressing. Items were “I am impressed with my salon manager’s knowledge as a hairstylist/technician”, “I respect my salon manager’s competence as a hairstylist/technician”, and “I admire my salon manager’s professional skills as a hairstylist/technician”. The Cronbach’s alpha of this scale was .97. In order to assess whether the two scales of skills were discriminant from one another, we conducted a confirmative factor analysis (CFA) and found that the two-factor model provided a superior model fit ($\chi^2 = 26.07$, $df = 8$; RMSEA = .06; CFI = 0.99; TLI = 0.99; SRMR = .01) than a single-factor model ($\chi^2 = 1642.78$, $df = 9$; RMSEA = .49; CFI = .73; TLI = .55; SRMR = .14) with a significant chi-square difference ($\Delta\chi^2 = 1616.71$, $p < .001$). These results supported the assumption that the two scales were discriminant.

Work engagement. Engagement was measured by a nine-item scale developed by Schaufeli et al. (2006). Sample items were “at my job, I feel strong and vigorous”, “I am enthusiastic about my job”, and “my job inspires me”. The Cronbach’s alpha of this scale was .91.

Leader-rated

Service performance. A 5-item scale of job performance developed by Williams and Anderson (1991) and adapted in the hairdressing context was used to measure service performance. Sample items were “this employee performs all those tasks for clients that are required of him/her”, “this employee meets formal performance requirements when serving clients”, “and “this employee adequately completes all expected client service behaviors”. The Cronbach’s alpha of this scale was .94.

Control variables. Gender (0 = male, 1 = female) and age (in years) were included as control variables because previous research has suggested that they may impact on individuals’ responses of leadership (Carmeli, Ben-Hador, Waldman, & Rupp, 2009; Chen, Eberly, Chiang, Farh, & Cheng, 2014) and work performance (Turban & Jones, 1988; Van Knippenberg, Van Knippenberg, De Cremer, & Hogg, 2005).

Further, Antonakis (2017) argued that when testing the effect of one leadership variable on outcomes, it is important to control for competing correlated leadership variables in order to establish the incremental validity of the focal leadership variable. Prior research has shown that transformational leadership increases employees’ service performance (Dong et al., 2015; Liao & Chuang, 2007; Liaw et al., 2010), and work engagement has also been established as an important mechanism linking transformational leadership and employee performance (Breevaart et al., 2014; Zhu et al., 2009). Therefore, in order to establish the incremental effect of service leadership on service performance over and above other

leadership behaviors, we controlled for transformational leadership in the analysis. Transformational leadership was measured by a 23-item scale developed by Podsakoff et al. (1990). Sample items include “inspires others with his/her plans for the future”, “has a clear understanding of where we are going”, and “leads by example”. The Cronbach’s alpha of this scale was 0.97.

Finally, past leadership research showed that employees’ liking of supervisor referring to mutual affection between leader and follower based on interpersonal attraction (Liden & Maslyn, 1998), is a salient source of bias influencing leadership rating as well as its substantial relationships with outcomes (Brown & Keeping, 2005; Lord, Brown, & Freiberg, 1999). We thus controlled employees’ liking of supervisor in the analysis. Liking was measured by three items from Liden and Maslyn’s (1998) LMX scale. Items were “I like my salon manager very much as a person”, “my salon manager is the kind of person one would like to have as a friend”, and “my salon manager is a lot of fun to work with”. The Cronbach’s alpha of this scale was .93.

Analytical Strategy

Given that employees were nested in salons, and reported to the same supervisor, we considered the possibility of data homogeneity due to the same supervisor’s assessment of service performance (Bickel, 2007). We calculated intra-class correlation coefficients (ICC1) for service performance to examine whether there were supervisor effects on the nested data. ICC1 value was high .79 ($> .10$; Bliese, 2000) for service performance, indicating a significant portion of the variance generated by the same-supervisor effect. We followed the recommendation of Janssen, Lam, and Huang (2010) and used random intercept models to test the proposed individual level relationships and take into account possible same-

supervisor effects. All independent variables were standardized prior to the analyses (Aiken & West, 1991).

Specifically, we first employed mixed-modeling in SPSS to account for the multilevel structure of our data and investigate the hypothesized individual-level relationships. We derived percentile confidence intervals (CIs) for the population values of the indirect effect of service leadership on service performance via engagement, as well as the conditional indirect effects of service leadership on performance via engagement at higher and lower levels of the moderators, using Selig and Preacher's (2008) Monte Carlo method. This method is recommended by researchers to examine multilevel (conditional) indirect effects since it considers non-normal sampling distributions of the data (MacKinnon, Lockwood, & Williams, 2004).

Results

Preliminary Analyses

We conducted confirmatory factor analyses (CFAs) and average variance extracted (AVE) calculations to examine the validity of our measurement model. As shown in Table 2 the model fit indices of the six-factor model (service leadership, transformational leadership, leader managerial skills, leader task-based professional skills, engagement, and service performance) showed an acceptable fit ($\chi^2 (1019) = 4180.00$, root mean square of approximation [RMSEA] = .06, comparative fit index [CFI] = .91, Tucker–Lewis Index [TLI] = .90, standardized root mean square residual [SRMR] = .04) than other alternative models. We followed Fornell and Larcker's (1981) average variance extracted (AVE) approach and calculated the average amount of variation that a latent construct is able to explain in its hypothesized factor, and this approach widely applied in later studies to demonstrate the discriminant validity of variables (e.g., Lam, Huang, & Chan, 2015). In our study, the AVE

of highly correlated variables, that of service leadership, transformational leadership, leaders' professional skills, and leaders' managerial skills, were .69, .57, .92, and .88, respectively. These numbers exceeded the recommended level of .50 (Hair, Anderson, Tatham, & Black, 1992), which suggests that more than half of the variance in the items was explained by their respective factors. These results supported the discriminant validity of the variables used in this study.

We also followed Podsakoff et al.'s (2003) unmeasured latent method factor approach to assess CMV in our data. We conducted CFAs to compare the model fit of the hypothesized six-factor model with an alternative model including six variables using the self-report method (i.e., service leadership, transformational leadership, leaders' professional skills, leaders' managerial skills and engagement) and an additional latent factor with all of the items as its indicators. As shown in Table 2, the five-factor model containing a common method factor improved the model fit significantly ($[\Delta\chi^2/df=19.16, p < 0.01]$), which suggests that CMV is present in our data. To further examine the influence of CMV, we followed prior studies and calculated the variance explained by the method factor (Neubert, Kacmar, Carlson, Chonko, & Roberts, 2008; Porter, Woo, & Campion, 2016). We found that the method factor explained 18% of the total variance, which is lower than the amount usually found in similar studies (cf. Williams, Cote, & Buckley, 1989). Therefore, we concluded that CMV had a limited influence on our results.

Descriptive Statistics

Table 1 demonstrates descriptive statistics and bivariate correlations for all study variables. As expected, service leadership is positively related to engagement ($r = .32, p < .01$) and engagement is positively to service performance ($r = .13, p < .01$).

Hypotheses Testing

Table 3 depicts the results of the regression test of Hypothesis 1. In support of Hypothesis 1, service leadership was found to be positively related to engagement ($B = .28, p < .001$; Model 1a), and engagement was positively related to service performance ($B = .14, p < .001$; Model 2b). Although service leadership was not significantly related to service performance in Model 1b, there has been a growing consensus among quantitative methodologists that establishing a significant total effect of X on Y is not a necessary prerequisite to searching for evidence of indirect effects (Cerin & MacKinnon, 2009; Hayes, 2009; Rucker, Preacher, Tormala, & Petty, 2011; Shrout & Bolger, 2002). We therefore followed Selig and Preacher's (2008) recommendation to directly test the mediating effect using a Monte-Carlo method. As shown in Table 4, the indirect effect with 20,000 resampling was significant (*indirect effect* = .04, 95% CIs = [.02, .07], which excluded 0). Hence, the results provide support for Hypothesis 1.

Hypothesis 2 and 3 predicted leader task-based professional skills and managerial skills moderate the indirect effect of service leadership on service performance via engagement, respectively. As can be seen in Table 3, the interaction term of service leadership and leader task-based professional skills was significant in predicting work engagement ($B = .14, p < .01$; Model 3a), providing support for Hypothesis 2. However, the interaction term of service leadership and leader managerial skills was not significantly in relating to work engagement ($B = .05, ns$; Model 3a), indicating that Hypothesis 3 is not supported. Finally, the three-way interaction of service leadership, leader task-based professional skills and leader managerial skills was not significantly related to work engagement ($B = -.02, ns$). Therefore, Hypothesis 4 is not supported¹.

¹ Due to the high correlation between liking and managerial skills (Table 1: $r = .83, p < .001$), we repeated all the analyses without controlling subordinate's liking of supervisor. We found that the results remained largely unchanged. Specifically, the interaction term of service leadership and leader task-based professional skills was significant in predicting work engagement ($B = .13, p < .01$), and the interaction term of service leadership and leader managerial skills was not significantly in relating to work engagement ($B = .05, ns$). Finally, the three-

The pattern of the interaction between service leadership and leader task-based professional skills on work engagement is illustrated in Figure 2. Consistent with our expectation, the simple slope of the relationship between service leadership and engagement was more positive under high leader task-based professional skills ($B = .50, p < .001$), than under low leader task-based professional skills ($B = .24, p < .01$). Further, we followed Edwards and Lambert's (2007) method which has been largely used in later studies (Chan, Huang, Snape, & Lam., 2013; Grant, Gino, & Hofmann, 2011) to test the difference of the conditional indirect effects under low and high levels of a moderator. We found the conditional indirect effect of engagement under low leader task-based professional skills (Table 4: *indirect effect* = .01, 95% CIs = [-.01, .04]), was non-significant and smaller than the conditional indirect effect of engagement under high task-based professional skills (*indirect effect* = .06, 95% CIs = [.02, .09]) with a significant different estimate (*difference* = .05, 95% CIs = [.02, .08]), consistent with Hypothesis 3.

Discussion

This study attempted to cast additional light on the mechanisms underlying the relationship between service leadership and employees' service performance. By integrating social learning theory with JD-R model, we found that employee work engagement is a significant mediator of this relationship. Furthermore, based on idiosyncrasy credit theory (Hollander, 1958), we examined the role of leader skills, specifically task-based professional and managerial skills, as moderators of the indirect relationship between service leadership and service performance via work engagement. Our results provided support for the moderating role of task-based professional skills. The moderating role of managerial skills and the joint interaction effect of task-based professional and managerial skills on the indirect

way interaction term of service leadership, leader task-based professional skills, and leader managerial skills was not significantly related to work engagement ($B = -.02, ns$).

relationship between service leadership and service performance were not supported. These findings highlight the role of work engagement as an important motivational mechanism through which service leadership drives service performance. They also stress the role of task-based professional skills in the ‘credit-building’ process of leaders’ legitimacy and role modeling capacity in service organizational environments.

Theoretical Implications

This study has several theoretical implications. First, though past research has suggested that service leaders are viewed as role models that influence employees’ commitment to improving service quality (Jiang et al., 2015), limited empirical studies have attempted to expand the lens of the motivational processes by which service leadership influences employee outcomes. By theorizing and testing work engagement as a mediator, we offered additional insights on the motivational mechanisms of service leadership. We find service leaders increase the level of stimulation, meaningfulness and absorption employees experience in their service roles and subsequently inspire high levels of service behaviors via this elevated work experience. Given the importance of motivational processes in a service context, there is scope for future research to investigate other motivational-related mediators, such as job meaningfulness (Hackman & Oldham, 1976), and psychological empowerment (Spreitzer, 1995) to advance our understanding of the process via which service leadership affects service employee behaviors and performance.

In addition, the idiosyncrasy credit model (Hollander, 1958) utilized in our study enabled us to develop boundary conditions for the effects of service leadership. We proposed that both leader task-based professional skills and managerial skills contribute to perceived leaders’ credibility and strengthen the relationship between service leadership and work engagement. Our results showed task-based professional skills moderated the relationship between service leadership and work engagement. This finding suggests that leaders’ task-

based professional skills are important, and is consistent with the propositions of the skills literature, that in certain organizational contexts leaders are expected to develop certain domain-specific expertise (Lord & Hall, 2005; Mumford et al., 2017). The results did not support managerial skills as a moderator of this relationship. This suggests that task-based professional skills weigh heavily on service employees' judgement of their leaders and that in a front-line service-oriented environment, such as hairdressing salons where leaders are present in the salon and are often directly involved in operational work, task-based professional skills are more likely to legitimate leaders as role models rather than their managerial skills. A further explanation could be that high professional skills help leaders develop followers in a more systematic manner via provision of specific and knowledge sharing. This enhances followers' confidence in successfully performing tasks and keeps them engaged in their job roles. It is also possible that in such a service context, a front-line leader requires a high level of task-based professional skills in order to be seen as prototypical of a service team (e.g., Hogg, Hains, & Mason, 1998; Tajfel, 1978, 1982). Our results suggest that obtaining high levels of task-based professional skills may be more consistent with the attributes that define a prototypical leader in a front-line service context than possessing high levels of management skill. Therefore, future studies can examine other theoretically relevant mechanisms, such as followers' self-efficacy and perceived leader prototypically (e.g., Van Knippenberg, 2011) to cast additional light on the role of leader skills in service contexts.

In terms of managerial skills, since the sample in this study is front-line hairstylists and their immediate supervisors, it may be that these employees expect and rely on their leader to support them in technical areas, but see the supervisor's managerial skills as less immediately relevant to their own work. However, we do not conclude that leader managerial skills are less important than task-based professional skills in the service leadership process.

Managerial skills such as strategic planning and creating visions may be more critical for the leadership process at higher levels (Lord & Hall, 2005). For example, prior research has suggested that unit-level service-oriented leadership creates a service climate in teams where employees have a shared perception of policies, practices, and procedures concerning customer service (Jiang et al., 2015; Walumbwa, Hartnell, & Oke, 2010; Widiyanto & Wilderom, 2017).). Compared to task-based skills, leaders' managerial skills may be more important in this regard as they help service leaders clearly communicate organizational policies and practices to employees and inspire service values in teams. Thus, future studies could include additional theoretically relevant mechanisms (i.e., service climate) and use multilevel data, to further investigate the moderating role of leaders' managerial skills in the leadership process.

Practical Implications

Our findings have practical implications for service companies and managers. First, according to our findings, service leadership has a positive effect on employees' work engagement that contributes to service performance. Considering the positive impact of service leadership on employees, organizations should provide training opportunities and programmes for service managers to learn and display service leadership behaviors to their followers.

Second, this research also casts light on the conditions under which front line service leaders are more likely to foster employee work engagement and service performance. The results show service leadership has a larger impact on work engagement when a service leader demonstrates higher levels of task-based professional skills. It is worthwhile for service companies to reinforce the utility of task-based professional skills as a useful selection tool for potential service managers. In addition, leadership development programs

can increase awareness of the importance of task-based professional skills for building idiosyncrasy credit. Finally, service companies should encourage close working relationships between front line leaders and their followers to create more opportunities for leaders to demonstrate their skills and for followers to observe and learn from leader's expertise and knowledge. Service managers are therefore encouraged to continually develop their technical skills and knowledge after taking a manager role, in order to maintain high levels of domain-specific skills which can reinforce the motivational impact they can exert on employees.

Limitations and Future Research

This study has several limitations. From a methodological perspective, first, although the outcome variable was rated by a different source (i.e., supervisors), the independent variable and the mediator, service leadership and work engagement, were rated at the same time by followers. Therefore, we cannot rule out common-method variance (CMV) in our study. To reduce potential CMV, we followed the recommendations of Podsakoff et al. (2003) and tested empirically the impact of CMV in our study. We further attempted to reduce evaluation apprehension through assuring respondents of confidentiality and making clear there were no right or wrong answers. Our CMV analyses showed that common-method variance had a limited influence on our results. Our confidence in our findings is further strengthened by the moderating effects found. Siemsen, Roth, and Oliveira (2010), for example, argued that interaction effects cannot be an artefact of CMV. When CMV is a serious issue, moderation is difficult to find due to interaction terms being deflated through CMV. Nevertheless, future research would benefit from longitudinal or experimental research designs.

Further, although employee service performance is an important outcome as it is closely related to financial profits in the services industry (e.g., Yee, Yeung, & Cheng, 2010),

future studies can expand the lens to examine additional outcomes. For example, prior research has utilized customer data (e.g., customer satisfaction, intention to return) to depict a complete picture of the effectiveness of service leadership (Schneider et al., 1998; 2005). Future studies could replicate our model by using a wider range of outcome measures, especially customer ratings. In addition, as noted earlier, we used perceptual ratings of leader skills. Although this approach is consistent with existing leadership research, ratings of leader skills could have still been influenced by a number of potential factors, such as whether followers had adequate opportunities to observe the leaders, or whether followers had sufficient expertise to appraise leader skills. Future studies are encouraged to examine these issues. Finally, the scales used in this study are relatively short to protect response rate. However, they may not have captured the full representation of the theoretical constructs of interest, especially the two types of leader skills which are referent-shifted from the LMX scale. Thus, future studies are encouraged to replicate our findings by using other validated scales to measure leaders' skills.

Second, although we argued from an idiosyncrasy credit perspective that the level of leader task-based professional skills is a boundary condition of the motivational impact of service leadership on employees, we did not explicitly measure leader role-modeling in our study. This is something future research can address.

Finally, we used a sample of salon managers in a single company, which may limit the generalizability of our findings to other service units. However, a number of studies in the service literature has adopted this approach and found results that are largely consistent across samples and in line with extant leadership theory and service research (Mayer, Ehrhart, & Schneider, 2009; McKay, Avery, Liao, & Morris, 2011; Schneider et al., 2005). Nevertheless, our findings should be replicated in other service units. Further, we focused on service leadership behaviors of salon managers at lower levels of the organizational hierarchy.

The hair salon managers in this study are expected to directly coach employees' and monitor their performance. As such it may be that salon managers' task-based professional skills are more likely to be of importance to their employees in comparison with their management skills. It would be interesting to examine whether task-based professional skills are still an important moderator for service leadership at higher ranks in organizations and more senior leadership positions. Future research may also examine the external validity of our findings in multiple organizational settings. In particular, it would be interesting to test a model with a sample of public sector workers (e.g., police officers) or employees of manufacturing companies where authoritarian leadership, for example, may be prevalent (Farh & Cheng, 2000) and examine the role of professional and managerial skills in the relationship between leadership variables and outcomes.

Conclusion

The results of this study support the notion that service leadership influences service performance via elevating employees work engagement and this effect is further accentuated when leader task-based professional skills are high. Our study connects service leadership with the work engagement and leader skills literatures, and advances our understanding of the motivational foundations and boundary conditions of service leadership. Future studies should continue to examine the motivational mechanisms of service leadership and further identify leader skill sets that may act as important contingencies in a service context.

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Table 1. Variable, means, standard deviations, and correlations

| Variables | Means | s.d. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|-------|------|--------|-------|-------|-------|-------|-------|-------|-------|
| 1. Gender | .74 | .44 | | | | | | | | |
| 2. Age | 26.62 | 5.76 | -.11** | | | | | | | |
| 3. Transformational leadership | 5.04 | 1.16 | .07 | -.05 | | | | | | |
| 3. Liking of supervisor | 5.48 | 1.40 | .00 | .01 | .74** | | | | | |
| 4. Service leadership | 5.58 | 1.18 | .03 | .04 | .83** | .65** | | | | |
| 5. Leader task-based professional skills | 5.53 | 1.52 | .02 | -.04 | .67** | .64** | .61** | | | |
| 6. Leader managerial skills | 5.32 | 1.54 | .02 | -.02 | .84** | .77** | .72** | .68** | | |
| 7. Work Engagement | 5.16 | 1.11 | -.06 | .06 | .41** | .32** | .43** | .28** | .34** | |
| 8. Service performance | 6.11 | .76 | -.05 | .16** | .20** | .24** | .18** | .12** | .13** | .23** |

Note: $N = 903$.

Employee age was coded in years. Employee gender was coded as 0 = male, 1 = female.

Manager's service leadership, managerial skills, task-based professional skills and their liking of their supervisor and their own work engagement were reported by employees, while employee service performance was reported by their manager.

* $p < .05$, ** $p < .01$

Table 2. Fit comparisons of alternative factor models

| | χ^2 | <i>df</i> | $\Delta\chi^2 / df$ | RMSEA | CFI | TLI | SRMR |
|-------------------------------|----------|-----------|---------------------|-------|-----|-----|------|
| Hypothesized Model | 4180.00 | 1019 | - | .06 | .91 | .90 | .04 |
| Model A | 6249.97 | 1024 | 413.99 | .08 | .85 | .84 | .05 |
| Model B | 7432.76 | 1024 | 650.55 | .08 | .81 | .80 | .09 |
| Model C | 7721.90 | 1024 | 708.38 | .09 | .80 | .79 | .11 |
| Model D | 7004.77 | 1028 | 313.86 | .08 | .82 | .81 | .05 |
| Model E | 7597.19 | 1031 | 284.77 | .08 | .81 | .80 | .05 |
| Model F | 10704.38 | 1033 | 466.03 | .10 | .71 | .70 | .09 |
| Model G | 14322.95 | 1034 | 676.20 | .12 | .61 | .59 | .12 |
| Model H: common latent factor | 3336.93 | 975 | 19.16 | .05 | .93 | .92 | .03 |

Note. Model A: 5-factor model combining leader managerial skills and leader task-based professional skills as one factor; Model B: 5-factor model combining service leadership and leader managerial skills as one factor; Model C: 5-factor model combining service leadership and leader task-based professional skills as one factor; Model D: 4-factor model combining service leadership, leader managerial skills, and leader task-based professional skills as one factor; Model E: 3-factor model combining service leadership, transformational leadership, leader managerial skills, and leader task-based professional skill as one factor; Model F: 2-factor model combining service leadership, transformational leadership, leader managerial skills, leader task-based professional skill, and work engagement as one factor; Model G: 1-factor model combining all variables. Model H: 6-factor model containing 5 variables using self-reported method (service leadership, transformational leadership, leaders' professional skills, leaders' managerial skills) and a latent factor (orthogonal) with all items as indicators.

* $p < .05$, ** $p < .01$.

Table 3. Hierarchical multilevel analyses for the hypothesized two-way interactions

| Variables | Engagement | | | | Service Performance | | | | |
|---|------------|----------|----------|----------|---------------------|-----------|----------|----------|----------|
| | Model 1a | Model 2a | Model 3a | Model 4a | Model 1b | Model 2b | Model 3b | Model 4b | Model 5b |
| Control variables | | | | | | | | | |
| Gender | -.21* | -.20* | -.18* | -.19* | -.14* | -.12* | -.13* | -.11 | -.11 |
| Age | .01 | .01 | .01 | .01 | .02 | .02 | .02 | .02 | .02 |
| Transformational leadership | .21* | .04 | .04 | .07 | .16** | .12* | .16** | .22** | .20** |
| Liking of supervisor | .02 | .24* | .16 | .16 | .10* | .11* | .13** | .18*** | .19*** |
| Independent variable | | | | | | | | | |
| Service leadership | .28*** | .29*** | .41*** | .37*** | -.04 | -.09 | -.09 | -.06 | -.09 |
| Moderators | | | | | | | | | |
| Leader task-based professional skills | | -.07 | .00 | .04 | | | | -.02 | .01 |
| Leader managerial skills | | .00 | .03 | .06 | | | | -.15** | -.13* |
| Two-way interactions | | | | | | | | | |
| Service leadership x leader task-based professional skills | | | .14** | .06 | | | -.07 | .04 | .00 |
| Service leadership x leader managerial skills | | | .05 | .02 | | | | .01 | -.02 |
| Leader task-based professional skills x leader managerial skills | | | | .12 | | | | | .10** |
| Three-way interaction | | | | | | | | | |
| Service leadership x leader task-based professional skills x leader managerial skills | | | | -.02 | | | | | .00 |
| Mediator | | | | | | | | | |
| Work Engagement | | | | | | .14*** | .13*** | .13*** | .12*** |
| $\Delta\chi^2$ | 63.63*** | 28.68*** | 14.44*** | 3.13 | 85.12*** | 101.65*** | 15.52*** | 15.20*** | 4.30 |
| Pseudo ΔR^2 | .15 | .03 | .01 | .00 | .25 | .06 | .02 | .02 | .00 |

$N = 903$.

Unstandardized regression coefficients are shown * $p < .05$, ** $p < .01$, *** $p < .01$

Table 4. Summary of the (conditional) indirect effects of service leadership on service performance via engagement

| | Indirect effect | 95% Monte-Carlo CIs |
|--|-----------------|---------------------|
| <i>Indirect effect</i> | | |
| Service leadership on service performance via engagement | .04 | [.02, .07] |
| <i>Conditional indirect effect</i> | | |
| Low leader task-based professional skills (-1 SD) | .01 | [-.01, .04] |
| High leader task-based professional skills (+1 SD) | .06 | [.02, .09] |
| Difference | .05 | [.02, .08] |

Note.

N = 903.

CI = confidence interval (based on Selig & Preacher, 2008, using 20,000 Monte Carlo iterations).

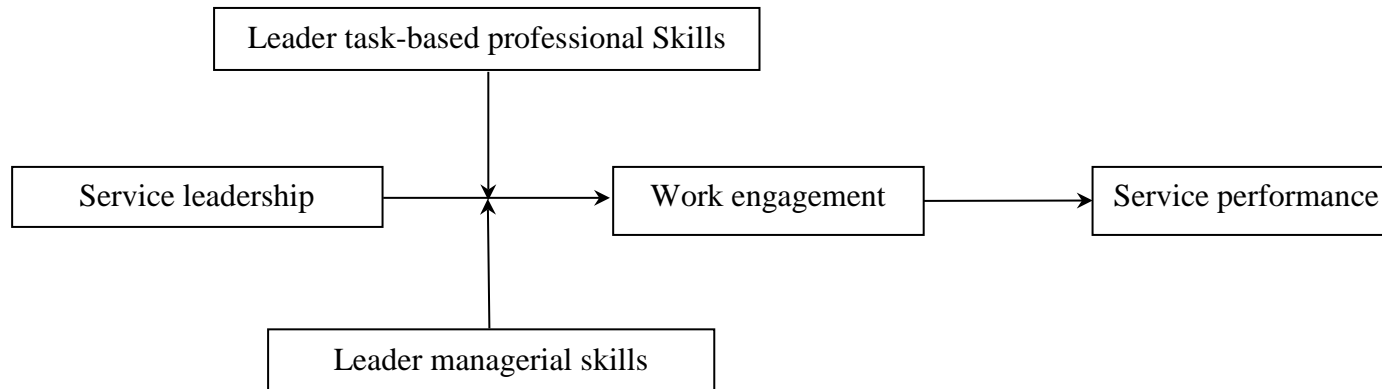


Figure 1. Conceptual model

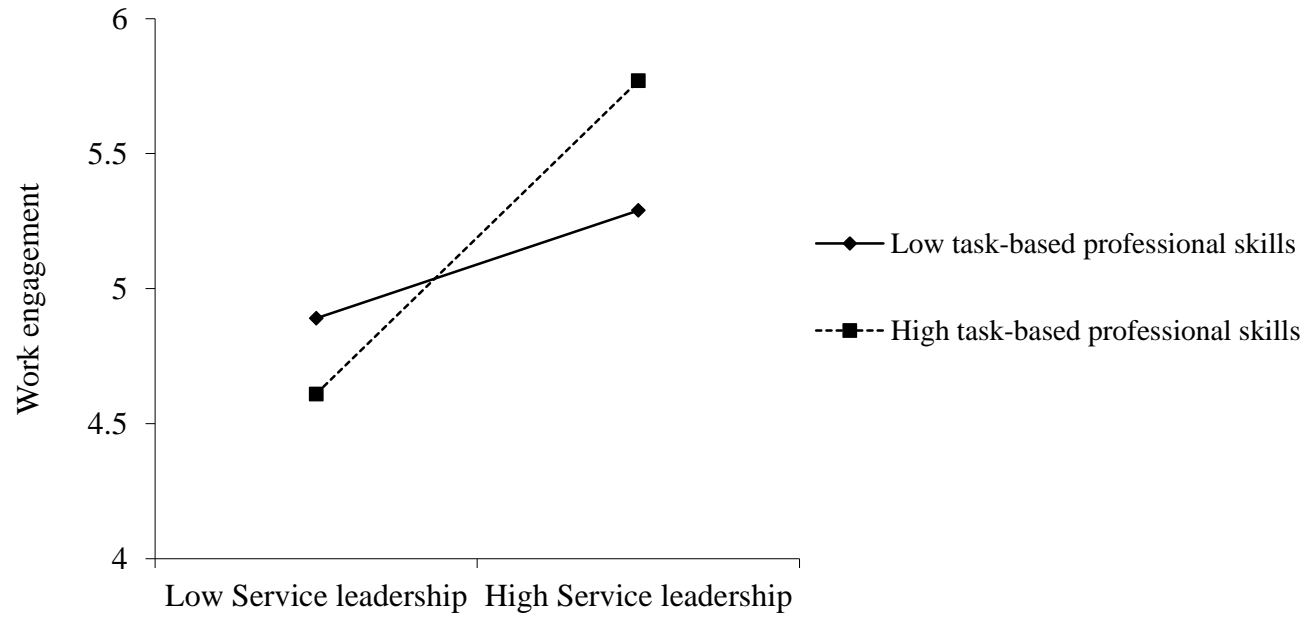


Figure 2. The relationship between service leadership and work engagement under conditions of low and high leader task-based professional skills