WHAT DRIVES SERVICE MANAGERS' PERFORMANCE? TOWARDS AN INTEGRATIVE CONCEPTUAL MODEL

Abstract

Past studies show that service climate and internal service quality positively influence service employees' well-being and performance, however, they do not explain the socio-psychological mechanism underlying this phenomenon. This paper aims to address this gap with an integrative conceptual model and specific hypotheses. Specifically, it argues that internal service quality would partially mediate the negative effect of service climate on role stressors and fully mediate its positive effect on managerial well-being. Similarly, role-stressors would fully (partially) mediate the positive impact of service climate (internal service quality) on managerial well-being, which in turn would positively affect their satisfaction, commitment and performance. Moreover, managerial level would negatively moderate the impact of service climate and internal service quality on role stressors, wherein senior managers would be less prone to the negative mediating effect of role stressors. We use a mixed-method approach to first test all the hypotheses data from a convenience sample of Australian service managers (N=390) and then validate our results with another sample of service managers. We also discuss the theoretical contribution, managerial implications and limitations.

Key Contributions

The research explores the interactive effects of service climate, internal service quality, and role stressors on managerial well-being and their important outcomes, including commitment, satisfaction and performance. We also investigate differences in some of these effects across different managerial levels (Senior, middle and junior). The findings from this study will provide in-depth knowledge and also increases the understanding about the importance of the well-being of managers with regards to their performance that in turn would drive a firm's success. This research study is also helpful for the readers and for upcoming researchers to enhance their understanding of the effects and importance of well-being at the workplace (Harvey, 2019). This research will help to recognize how the well-being for managers could be increased to help enhance the managerial performance and productivity that in turn could develop and improve the economic benefits for the overall organization. There is growing focus on employee well-being in private, public and not-for-profit organizations as it is considered vital towards the success of an organization (Robertson & Cooper, 2010). The research is beneficial to the organization to gain sustainable development in a competitive environment as well as an organization that needs to have continuous improvement in the overall success of the organization. Overall, this research would help develop a link between the managerial level and their well-being and performance level for all types of organizations.

Introduction

Past studies show that service climate and internal service quality positively influence employee well-being and performance (Sharma et al. 2016; Fung et al. 2017); however, they do not explain the socio-psychological mechanism underlying this phenomenon. Moreover, these studies were conducted with factory employees in China (Sharma et al. 2016) and with employees in a multinational B2B engineering firm (Fung et al. 2017), hence it is not clear to what extent these findings would apply to other industry types and levels of employees. In this context, a recent study shows that job-related affective outcomes (well-being and job satisfaction) mediate the impact of role stressors (ambiguity, conflict and overload) on managers' performance (Hosie et al. 2019). This paper combines the findings from these studies to develop an integrative conceptual model with specific hypotheses. Specifically, it argues that role-stressors would negatively mediate the impact of service climate and internal service quality on managers' well-being, which in turn would affect their satisfaction, commitment and performance. Moreover, managerial level would negatively moderate the impact of service climate and internal service quality on role stressors, wherein senior managers would less prone to the negative mediating effect of role stressors. This study will extend current research by highlighting the negative mediating effect of role stressors and negative moderating role of managerial level in the process by which service climate and internal service quality influence important managerial outcomes, including their well-being, satisfaction, commitment and performance. To summarize, this paper has three objectives:

1. To investigate the mediating effects of three role stressors (ambiguity, conflict and overload) on the socio-psychological process by which service climate and internal service quality affect managerial well-being

2. To explore the mediating role of managerial well-being in the influence of internal service quality and role stressors on the other managerial outcomes, including satisfaction, commitment and performance.

3. To examine the moderating role of managerial level on the impact of service climate on role stressors, as well as internal service quality on employee well-being.

Background and Conceptual Model

Internal Service Quality (ISQ)

Internal service quality (ISQ) is the overall quality of services that the various departments or the employees of those departments provide to other departments or employees of those departments within any organization (Sharma et al., 2016). ISQ plays a vital role in building a proper environment for positive organizational behaviors (POB) by proactively expecting and satisfying the needs of the employees and their expectations in an organization. Examples of POB include employee happiness, self-regulation, autonomy and optimism, which would further increase employee satisfaction, commitment and subjective well-being. ISQ is the "quality of work life itself" and a "visible expression of an organizations culture, one influence in important ways by leadership" (Heskett et al., 1994). According to Parker et al. (2003) individual-level perceptions about their work environment have a major effect on their attitude, motivation and performance at the work place. The Affective events theory (AET) helps model the reasons and significances of specific moods and emotions at work, predominantly in terms of the linkage between job satisfaction, commitment and employee welfare (Weiss & Cropanzano, 1996). AET stresses upon the importance of positivity and the role it can play within the workplace, which is the key foundation of positive organizational behaviors (POB)

Sharma et al. (2016) explore the focal role of employee well-being (EWB) in the process by which ISQ drives employee satisfaction (ES), commitment (EC) and performance (EP). They conclude that managers in non-service industries should spend time on improving ISQ and EWB in the organizations and these two constructs have a major effect both directly and indirectly on the employee's performance. This is in line with the service-profit chain (SPC) model, which states that ISQ is a significant driver of employee satisfaction, which in turn increases the motivational levels of employees to provide excellent service to their external customers. However, Sharma et al. (2016) study factory workers in China, hence their findings may not be applicable to managers. They also do not provide any explanation for the mechanism by which ISQ affects employee Well-being (EWB).

Service Climate (SC)

Schneider (1973) defines service climate (SC) as the culmination of perceptions that customers have of the organization that provide service to them, which is based on certain service related events. Subsequently, Schneider and his colleagues widened the scope of SC to also include the perceptions of employees with regards to certain events, practices, procedures and behaviors that would get rewarded or which were expected from their different organizations (Schneider, 1980, 1990; Schneider and Bowen, 1985; Schneider, Parkington and Buxton, 1980; Schneider et al., 1992). Schneider et al. (1998) state that the employee's perception about their organization is strengthened, when they are rewarded for delivering quality service.

SC in an organization has three aspects, namely: customer orientation, management practices and customer feedback. The more the employee trusts that they will be rewarded for delivering quality service, the stronger are their opinions about the organizations service climate. Ehrhart et al. (2011) show that organizational functions have a motivational effect on the service climate for delivery of external service quality. A healthy SC can encourage employees to render better quality of service to each other, which leads to a higher degree of ISQ (Mokhtaran et al., 2015). Schneider et al., (2005) state that it may not be possible to create a good SC only with a high ISQ, as it would require more inputs like leadership, management support and a healthy reward system. SC and ISQ can affect external service quality. Fung et al. (2017) find a mediating role of ISQ in the relationship between SC and employee well-being. Based on this discussion, we hypothesize as follows:

H1: Perceived service climate has a positive effect on internal service quality.

Role Stressors (RS)

According to Hosie et al. (2019), managers are under continuous pressures to perform at peak levels in order to match the expectations of the various stakeholders. These pressures put an enormous strain, known as role stressors, which consist of three dimension, namely ambiguity, conflict and overload, on the performance of managers and their well-being (Beehr and Glazer, 2005). Role ambiguity is a makeup of the employees' assessment of information with regards to their roles, company's expectations, goals and behavior that required for them to perform effectively. Role conflict is the mismatch between the expectation levels of the employees, their supervisors and the customers. Role overload on the other hand is the cumulative effect that the various demands of the job role has on an employee that affect the employee's ability to perform various tasks (Singh, (1998). Role stressors normally leads to lower job satisfaction, lower performance and higher turnover rates. Hosie et al. (2019) state that managers are the pivot between the demands and expectations of the various stake holders, which in turn influences how the managers perform in their respective role.

As per Demerouti et al. (2001) the job-demands-resource theory (JDRT) helps understand the link between managerial well-being and their performance by providing a framework to explain the negative and positive impact of managers' job demands and personal resources on their engagement. Barker and Demerouti (2017) also suggest that work overload, emotional job demands, physical job demands and work home conflict are risk factors for job burnout and engagement. Based on this, we argue that a lack of supportive service climate that ensures high level of internal service quality, which are necessary to help employees perform at their best, would lead to greater stress on the managers. In other words, perceived service climate and internal service quality would negatively influence the three roles stressors as follows:

H2: Perceived service climate has a negative effect on service managers' role stressors.

H3: Internal service quality has a negative effect on service managers' role stressors.

Managerial Well-being

Managers regularly face challenges and obstacles in the workplace which can affect their mental health and performance, therefore their well-being is important. Organizations need to provide suitable training to managers to encounter such difficulties at the workplace (Martin, 2005; Youssef & Luthans, 2007). An enhanced level of resilience in managers leads to higher job satisfaction, workplace happiness and better organizational commitment (Youssef & Luthans, 2007). Oades & Dulagil (2017) state that an organization requires engaged employees whose enthusiasm can be used positively during interactions with customers in order to provide the customer with effective customer service or interaction. As per Joe et al. (2017) happy and pleasant employees are productive employees. Workplace happiness can have a positive impact on the employee's well-being and health. Wesarat, Sharif & Majid (2015) state that satisfied employees are more productive as compared to those employees who are not happy and who may not entirely focus on an activity or task. Therefore, it is imperative that organizations know what factors can have an impact on satisfaction and well-being. As per Kim et al. (2018) employee happiness has a direct impact on the creativity and innovation of the employee.

Sachs (2019) identifies well-being as a high value goal for most organizations because happier and satisfied employees perform better and higher levels of motivation, usually are more productive individually and also perform better in a group or a team. Williams et al. (2016) reveal that well-being and a balance in work-life is also essential to retain employees. Maccagnan et al. (2019) highlight the importance well-being and that it is necessary for the company to provide the best work environment and job satisfaction at the workplace. In this context, Rabbanee et al., (2018) show that service managers that invest in organizational resources to enable favorable climates for initiative and psychological safety would motivate employees at work, which would in turn help to attain customer engagement and commitment, and reduce switching intention. However, most of the organizations focus on the employee's well-being as this may decrease their turnover rate and increase performance, but ignore the important role of managers and their well-being (Hosie et al., 2019). We argue that it is important for organizations to also develop good policies and procedures for well-being of managers so that they can create a good impact on the workforce which leads to satisfaction, commitment and better performance. Accordingly, we hypothesize as follows:

H4: Internal service quality has a positive effect on managerial well-being.

Mediating Role of Role Stressors

As argued earlier, managers are increasingly coming under greater levels of stress, possibly due to growing demands in their workplace coupled with the changing work environment with

the influx of office automation and new technologies (Hosie et al., 2019). These stressors due to the unique role played by managers is likely to affect their well-being. In today's work environment, managerial work has become ever more difficult and perplexing with globalization, restructuring, focus on short-term results and the advances in technology. This has increased the demands on managers and their performance (Ohlott, Bhandary, & Tavares, 2003; Porter, 2001). For managers to succeed in this uncertain environment, they not only need to be highly motivated, but the type of motivation is an important determinant with regards to their performance and effectiveness to their organization (Porter, 2001).Therefore, as follows:

H5: Service managers' role stressors have a negative effect on their well-being.

In addition to the above direct effect of role stressors on managerial well-being, it may be argued that the negative impact of perceived service climate and internal service quality may also influence managerial well-being but these effects would be mediated by these role stressors because emotions are one of the central pathways between stressful work events and outcomes as suggested by AET (Weiss and Cropanzano, 1996). Specifically, emotional reactions to adverse work events are expected to affect employee behaviors and attitudes (Kuba and Scheibe, 2017). Therefore, we hypothesize as follows:

H6a: Service managers' role stressors fully mediate the negative effect of perceived service climate on their well-being.

H6b: Service managers' role stressors partially mediate the positive effect of perceived internal service quality on their well-being.

Moderating Impact of Managerial Level

Managers in any organization typically lead a function that contributes directly to the products or services the organization creates (Ghoshal & Barlett, 1999). Middle managers occupy a central position in organizational hierarchies, where they are responsible for implementing senior management plans by ensuring junior managers or staff fulfil their roles. Middle management is defined as a position in organizational hierarchies' in-between the level of employees who are the operating core and the decision or strategy making group or apex body and who are responsible for a particular business unit (Harding et al. 2014). Senior managers are responsible for developing the organization's strategy and being an overseer for its vision and mission (Ghoshal & Barlett, 1999). Senior managers have a limited influence on lower level employees compared to middle managers (Heyden et al. 2017). Leadership of middle managers has a direct effect on the performance of employees below them in terms of hierarchy and a cascading effect on the first level of supervisors below them (Yang et al. 2010).

Back et al. (2019) state that top level manager's focus more on strategy and systems, whereas the middle managers focus is on implementation through motivation and involvement of employees. Middle managers are crucial for ensuring that communication reaches the employees at lower levels. Middle managers play an important role in ensuring that employees understand their roles and duties, and are aware and aligned with the company's goal (Beck & Plowman, 2009). According to Haneberg (2010), organizations that invest and create a strong middle management culture show higher levels of employee well-being. It is the middle managers that have an effect on an employee's performance as the middle managers ensure that the strategy of the organization is understood and put into practice as per the goals of the organization. It is this level of managers that interact with the employees regularly and keep the employee's motivated and engaged at all times. We argue that these differences in the role of managers at different levels would also translate in their ability to convert a positive service climate and internal service quality into role stressor. In other words, we posit that managerial

level would negatively moderate the impact of service climate and internal service quality on role stressors, wherein senior managers would be able to dampen these negative effects with their greater experience, compared to their relatively junior counterparts. Hence, as follows:

H7: Managerial level negatively moderates the effects of a) internal service quality, and b) perceived service climate, on service managers' role stressors.

Managerial Commitment and Satisfaction

It is connection that exists between an employee and their organization which has a substantial effect on their performance (Becker et al., 1996; Meyer et al., 2004; Rubin and Brody, 2011). As per Allen and Meyer (1997) employee commitment is a psychological state that indicates the strength of an employee's association with their organization and shows their intent to maintain this association. Griffin and Moorehead (2013) define employee satisfaction as a feeling of fulfilment that employees derive from their job, recognition of the meaningfulness of their job, and the degree to which their job has a negative physical or psychological effect on them. Employee satisfaction is accepted as one of the most important drivers of employee service quality, loyalty and productivity (Matzler and Renzl, 2006). ISQ also helps employees perform better in their jobs, which increases their overall satisfaction (Chiang and Wu, 2014; Hallowell et al., 1996; Loveman, 1998; Nazeer et al., 2014; Pantouvakis, 2011)

Managerial Performance

In today's work environment, managerial work has become ever more difficult and perplexing with globalization, restructuring, focus on short-term results and the advances in technology. This has increased the demands on managers and their performance (Ohlott, Bhandary, & Tavares, 2003; Porter, 2001). For managers to succeed in this uncertain environment, they not only need to be highly motivated, but the type of motivation is an important determinant with regards to their performance and effectiveness to their organization (Porter, 2001). In view of Williams et al. (2016) productivity and performance of an employee at the workplace are strongly connected with their entire well-being and health. Therefore, investing in program that positively affect the well-being should be a part of the values and culture of an organization.

Many organization focus on the physical health of the employees by offering membership at the gym, car sharing scheme and cycle-to-work programs and by providing options of healthy food and drinks at their canteens with choices of a nutritionally balanced diet, to encourage employees to keep healthy. According to Neumeier et al. (2017) workplace happiness and well-being have a positive impact on the performance of staff as well as on organizational productivity because happy and motivated employees are more productive and can increase their performance and productivity at the workplace. In the organization, the employee's well-being enhances productivity because it leads to higher engagement so happy workers are more mentally present at the workplace. It is necessary for the company to provide security and safety tools to their employees to decrease the accident in the organization. If employees are safe and secure and they are happy with their work then they can increase their productivity.

Nierenberg et al. (2017) describe that happy employees are more loyal at the workplace or to the organization. Happy employees are additionally flexible, and they are more likely to stay with their manager for an extended period of time, decreasing the turnover rates. Employees will also feel free to discuss any problems they have which may have an impact on their performance at the workplace. If the employees are promoted to work actively together and also respect each other, then in instances when a worker does open up regarding any problems that are affecting their performance, other team members can come together to assist the affected employee by sharing the work load. On the other hand, there are also positive ways in

which the manager can empower the employees to maintain and nurture their well-being, personal health, and work-life balance by offering them with the relevant tools and skills, on a regular basis. Based on this discussion, we hypothesize:

H8: Managerial well-being has positive effects on their a) commitment, b) satisfaction, and c) performance.

H9: Managerial a) commitment, and b) satisfaction have positive effects on their performance.

Figure 1 shows our conceptual model with all these hypothesized relationships.

Figure 1: Conceptual Model
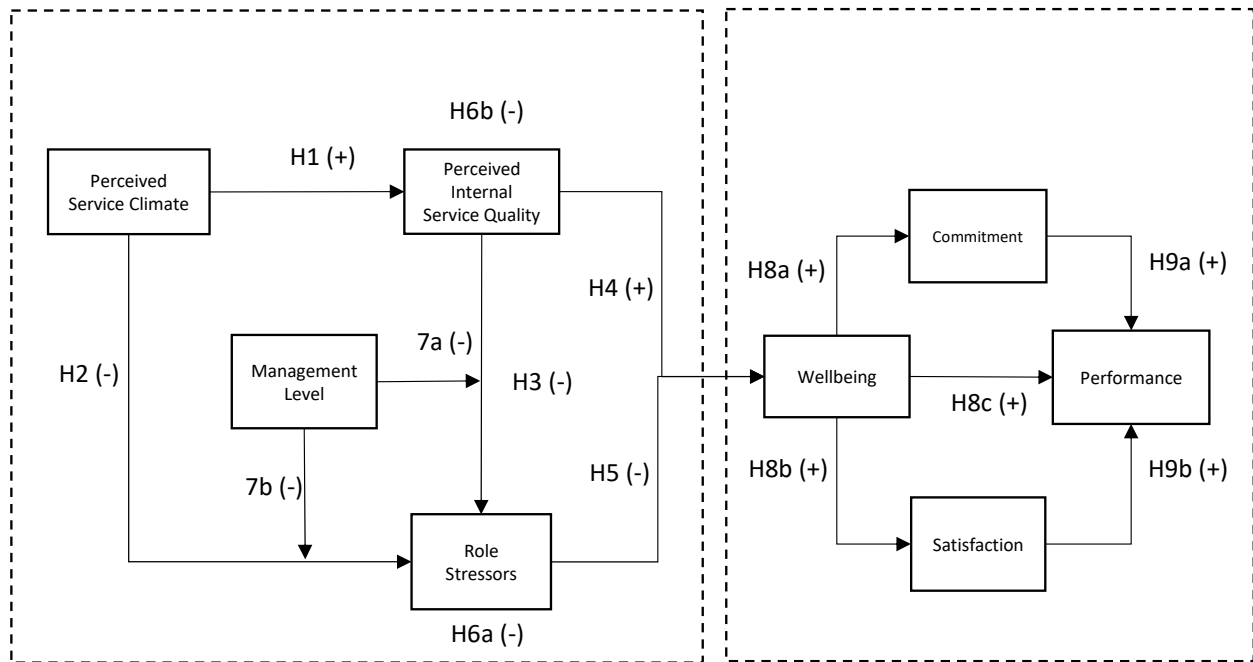
Methodology

This study uses a mixed methods approach comprising both qualitative and quantitative methods in order to better understand the problem. We began by developing a structured questionnaire using well-established scales to operationalize all the constructs included in our conceptual model. Next, we collected data using an online survey of Australian service managers across different levels (N=390) with a structured questionnaire consisting of well-established scales to measure all our variables. Next, we tested all our hypotheses using SPSS and AMOS (Venkatesh & Bala, 2013). We discuss all our findings in the next section.

Data Analysis and Results

We used the well-established two-stage approach to analyze our data, wherein we began with confirmatory factor analysis to test our measurement model and to assess the reliability and validity of all the scales. We found a close fit for our measurement model (χ^2 = 2576.98, df = 1528, χ^2/df = 1.69, CFI = 0.95, RMSEA = 0.042, SRMR = 0.055). We also found high factor loadings (> 0.70) for all our scales with no major cross-factor loadings and high average variance extracted (AVE) values (> 0.50), which confirm convergent validity. All the composite reliabilities are also high (> 0.75) showing that all the scales are reliable. Finally, the square roots of AVE values for all the constructs are higher than their correlations with other constructs, which shows discriminant validity.

Next, we used structured equation modeling (SEM) approach with our path model to test all our hypotheses and found a close fit ($\chi^2 = 19.01$, df = 12, χ^2/df = 1.58, CFI = 0.98, RMSEA = 0.039, SRMR = 0.024). As shown in Table 1, we found support for most hypotheses except those involving role stressors, possibly because we combined the three role stressors into a single construct for this test. To investigate this further, we tested our model separately with each role stressor and found all our hypotheses supported with 'Role Ambiguity', which shows that the other two role stressors (conflict and overload) may not be as relevant for the service managers as most of them may have learnt to manage these aspects of their roles but ambiguity about their roles may be impossible to control, given the inherent nature of managerial jobs.

H#	Hypotheses	β	Result
H1	Perceived Service Climate → Internal Service Quality	0.68***	Supported
H2	Perceived Service Climate → Role Stressors	-0.03	Not Supported
H3	Internal Service Quality → Role Stressors	-0.07	Not Supported
H4	Internal Service Quality → Managerial Well-being	0.20***	Supported
H5	Role Stressors → Managerial Well-being	-0.11**	Supported
H6a	Perceived Service Climate → Role Stressors → Managerial Well-being		Supported
	Perceived Service Climate → Managerial Well-being	0.26***	
	Role Stressors → Managerial Well-being	-0.11**	
H6b	Internal Service Quality → Role Stressors → Managerial Well-being		Supported
	Internal Service Quality → Managerial Well-being	0.20***	
	Role Stressors → Managerial Well-being	-0.11**	
H7a	Managerial Level * Internal Service Quality → Role Stressors	0.02	Not Supported
H7b	Managerial Level * Perceived Service Climate → Role Stressors	-0.10	Not Supported
H8a	Managerial well-being → Managerial Commitment	0.46***	Supported
H8b	Managerial well-being → Managerial Satisfaction	0.34***	Supported
H8c	Managerial well-being → Managerial Performance	0.10	Not Supported
H9a	Managerial Commitment → Managerial Performance	0.12*	Supported
H9b	Managerial Satisfaction → Managerial Performance	0.10	Not Supported

β = Standardized parameter estimate (regression coefficient)

Discussion and Implications

In view of the mixed findings from our online survey, we plan to interview service managers at different levels using a convenience sampling method, to gain insights into their perceptions about the process by which service climate and internal service quality influence their well-being and other outcomes, based on the findings from our quantitative study (Jager et al. 2019). Overall, this mixed-method approach would help develop a practical understanding of the organizational process that drives service managers' performance (Mackey & Gass, 2015).

References

Full references are available upon request from the authors.