
DOES SERVICE ORIENTATION MATTER TO EMPLOYEES' PERFORMANCE IN THE HOSPITALITY INDUSTRY: THE MEDIATING ROLE OF LMX

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ABSTRACT

Occupations in the hospitality industry have been facing skills demands of employees at all levels. Service orientation programs developed for workers in the hospitality industry can be a competitive advantage. The high quality LMX (Leader-Member Exchange) relationship reflects an affective bonding accompanied by largely unstated mutual expectations of reciprocity. As a result, task performance is a form of currency in the social exchange between leader and follower, and a means of fulfilling obligations for reciprocity. Our sample comprises 208 employees in the international hotel in Taiwan. The result shows a high effect of service orientation to task performance, which is in tandem with the findings of previous studies. It also shows a partial mediation effect of LMX on the relationship between service orientation and task performance.

Keywords: Service Orientation; Task Performance; LMX (Leader Member Exchange); Hospitality Industry.

Introduction

In the hospitality industry, the important role that service plays cannot be ignored and employees' behavior has a direct impact on customers' opinion of the establishment. The role of employees in the service process is vital as employees are the service provider. Therefore, the human resource strategy is clearly of great importance in terms of securing the operational success of the organization in the hospitality industry. Sturman (2001) indicated one of the critical problems is that the hospitality industry has long been labeled as pay for its workers less than other industries. However, there is still low pay in the hospitality industry compared to other industries when the KSAs variable is controlled. But why many people still want to work in such an industry that is characterized by long hours of work, low pay, and little holiday? These questions need to be further examined.

Hogan, et al. (1984) defines service orientation as a "disposition to be helpful, thoughtful, considerate, and cooperative". People with service orientation would motivate themselves to service mind and ignore the other factors that may otherwise influence the service job. Scholars found that service orientation programs developed

for restaurant employees can be a competitive advantage for a restaurant operation and should not be ignored in the hospitality industry (Kim, et al. 2003). It shows that service orientation is an important human capital for the hospitality industry, which would create organizational competitive advantage. However, service orientation was widely researched in the manufacturing industry (Oliva and Kallenberg, 2003; Brax, 2005), or from the organizational perspective (Lytle and Timmerman, 2006; Liang, Tseng and Lee, 2010). Little literature takes the view of individual level to investigate the relationship between individual service orientation and individual performance. Therefore, understanding the influence of service orientation can provide additional useful information toward its possible application in resolving problems of labor shortage and high turnover rate in the hospitality industry.

Besides, the hospitality industry is one that requires highly interactive relationship between employees and their leaders. There is an important issue of focusing explicitly on how one-on-one reciprocal social exchanges between leader and follower evolve, nurture, and sustain the dyadic relationship. In the HRM issue from independent variable to dependent variable filled with some kind of “black box”. It might be an essential factor in the relationships. LMX theory is premised on notions of role making, social exchange, reciprocity, and equity (Deluga, 1994; Graen, 1976). Followers hold role expectations of their leaders with respect to how they are treated and the rewards they receive from meeting their leaders’ expectation. Employees in the hospitality industry need to interact with their leaders that might be a key black box between service orientation and performance. Thus, we also focus on the mediation effects of LMX on the relationship between service orientation and task performance.

Furthermore, many studies examining the influence of service performance focused on the executive level of manager and firm level performance (Hamid, 1995; James and Richard, 1997; Chu, et al., 2006). However, service is particularly different among employees especially for the front line staffs. In this study, we would like to examine the effect of service orientation and LMX on the individual task performance.

The main hypothesis was established first by carefully summarizing the literature. Second, empirical research procedures are used. Finally, analytical results and implications for future research are presented.

Hypothesis and Theory

The hospitality industry requires highly interactive relationship between employees and customers. Dennis, et al. (2001) indicates that service staffs play an important role in the food and beverage industry, and their behaviors have a direct impact on customers’ opinion of the establishment. By providing quality customer service, employees in the food and beverage industry could enhance organizations’ competitive advantage, improve reputation, increase the customers’ repurchase desire, and reduce current customer losses (Lockwood and Andrew 1994). Service orientation programs developed for the hospitality industry employees could be a competitive advantage.

The first-line positions of the hospitality industry are hard jobs, which are characterized by the rush hour, long hours, working on holidays and low pay, compared to other jobs. To accomplish firm policy, managers need the employee's service with their mind instead of work they don't like to do. As Hogan et al. (1984) thought service orientation is a "disposition to be helpful, thoughtful, considerate, and cooperative", employee with high service orientation should be more willing to complete the tasks assigned by their supervisor. Thus it can display a high task performance.

H1: Service orientation positively relates to employees' task performance.

The hospitality industry is one of fields that require highly interactive relationship between employees and their leaders. There is an important issue of focusing explicitly on how one-on-one reciprocal social exchanges between leader and follower evolve, nurture, and sustain the dyadic relationship. Leader-member exchange (LMX) theory suggests that the quality of the exchanges that develop between employees and their leaders are predictive of performance-related and attitudinal job outcomes, especially for employees (Gerstner and Day, 1997; Graen and Uhl-Bien, 1995). LMX theory is unique among leadership theories in its focus on the dyadic exchange relationships between supervisors and each of their subordinates (Gerstner and Day, 1997). High-quality exchange relationships are characterized by mutual trust, respect, and obligation that generate influence between an employee and his or her supervisor. Subordinates hold role expectations of their leaders, with respect to how they are to be treated and the rewards they are to receive for meeting leader expectations (Wang, et al., 2005).

Compared with the definition of service orientation, employee with high service orientation should be helpful, thoughtful, considerate, and cooperative. Dienhart et al. (1991) found that the dimension of service orientation organizational support relates to management's encouragement. Employees with service orientation do some of their service task with the interest. In the hospitality industry, the service procedure needs the cooperation of colleague and leaders. When service providers are in contact with customers, they deliver not only the values of product, but also the values, beliefs, and image of the corporation (Schneider and Bowen, 1993). That conforms to the definition of service orientation. Although Weng, Lai and Li (2010) emphasize that LMX is an antecedent factor of service orientation organizational citizenship behavior, service orientation is a personality that may relate to the perception of LMX. Therefore, we propose employees with service orientation would not only supply good service to customers but also have a positive reaction to their leaders.

H2: Service orientation positive relates to LMX.

According to Greek mythology, the sculptor Pygmalion fell in love with his sculpted creation of a woman. Originally, he is not interested in women, but his statue is so realistic that he falls in love with it. He offers the statue presents and eventually prays to Venus (Aphrodite), who pities him and brings the statue to life. Pygmalion marries the erstwhile sculpture and they have a son (Rosenthal and Jacobson 1968). The myth is a metaphor of how expectation affects the result of phenomena, popularly known as the Pygmalion effects. The famous scholars Rosenthal and Jacobson (1968) use

the Pygmalion effect in educational research in a study that involved giving teachers false information about the learning potential in a San Francisco elementary school. Students who join the test performed better on IQ tests than other students of similar and better ability. Theorists argue about the psychological validity of “expectancy effects.” It can be seen in the hospitality industry when an employee who has a good relationship from their leader exhibits high performance behavior. According to Liden and Maslyn (1998), building a result of favorable treatment by the leaders expresses high task performance. High-quality LMX relationship reflects affective bonding accompanied by largely unstated mutual expectations of reciprocity. Accordingly, task performance is a form of currency in the social exchange between leader and follower, and a means of fulfilling obligations for reciprocity. Therefore, employees in the hospitality industry with high LMX will cause high task performance.

H3: LMX positive relates to employees’ task performance.

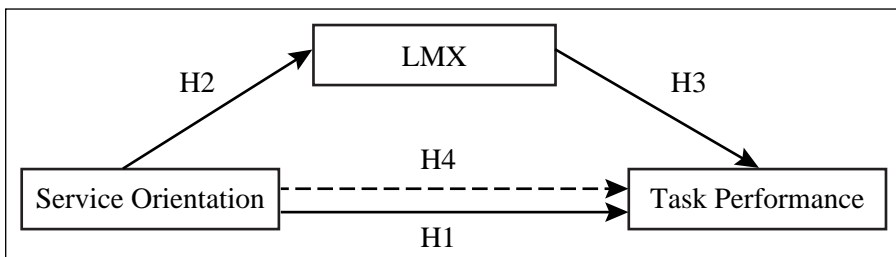
Regarding HRM, from independent variable to dependent variable filled with “black box”, especially on the performance researches (Priem and Butler, 2001). The “black box” refers to the numerous references to resources being useful, without careful attention when, where and how they may be useful. It might determine the key relationship between independent variable to predict variable. In the hospitality industry, interaction with leader and customers seems to play an important factor in the workforce. As we proposed LMX’s positive relation to task performance, we argue that the relationship between service orientation and performance are built on the relationship of leader-member exchange. LMX plays a very important role between the variables and affect the relationship between service orientation and task performance. According to Baron and Kenny (1986), the mediator function represents the generative mechanism through which the focal independent variable is able to influence the dependent variable of interest. Therefore, we propose that LMX has mediator effect to service orientation and task performance.

H4: LMX mediates the relationship between service orientations and task performance.

To foreshadow our argument and highlight our contribution, we elaborate a model of service orientation, LMX, and task performance. Figure 1 contains this model.

Fig. 1: Research model linking variables

Materials and Methods



This research examines the international tourism hotels in Taiwan. First, we called human resource managers for help. If they agreed to help, we sent an envelope with 10 questionnaires. In total, 550 questionnaires were distributed by mail to 55 hotels. A total of 208 usable data were included in this study for analysis. A total of 208 usable data from 32 hotels were included in this study for analysis. Once data were collected, there were analyzed to assess (1) the service-orientation, (2) task performance (3) the relationships of LMX with service orientation and task performance.

Service-Orientation

The service-orientation measurement is finalized by the research of Groves (1992). The measure in total consists of 34 questions. All service-orientation questions were rated using a five-point scale: (1) strongly disagree to strongly agree. Reliability tested for Cronbach's Alpha for service-orientation scale scored 0.898. Besides, confirmative factor analysis (CFA) is used to exam the validity of the inventory. The model fit is qualified. (Chi-square=450.0 df=131, Chi-square/df=3.435, NFI=0.788, CFI=0.837, RMSEA= 0.089).

Task Performance

Hotel supervisors were asked to complete the seven-item scale, developed by Williams and Anderson (1991). Supervisors indicated the extent to which they agreed with statements about their subordinates' performance, such as, "This employee ... adequately completes assigned duties" and "... fulfills responsibilities specified in his/her job description." All the statements were rated using a five-point scale: (1) strongly disagree to (5) strongly agree. Reliability tested for Cronbach's Alpha for task performance reported at 0.799. The validity of the inventory shows a good fit (Chi-square=2.281 df=3, Chi-square/df=0.76, NFI=0.998, CFI=1.00, RMSEA=0.000).

Leader-Member Exchange

Leader-Member Exchange (LMX) was measured by using seven-item scale from Scandura and Graen (1984). This scale uses the 5-point response format with higher scores representing higher exchange quality. Answers in response to this question ranged from (1) strongly disagree to (5) strongly agree. Reliability tested for Cronbach's Alpha for LMX scale scores was 0.948. The validity of the inventory shows a good fit (Chi-square=26.27, df=11, Chi-square/df=2.39, NFI=0.981, CFI=0.989, RMSEA=0.067).

Results

Based on the relationship, we followed up to exam the casual effect by linear regression. Table 1 displaces the results of regression analysis testing the effects of the variables on task performance and LMX. Hotel size was entered as a control variable. A hierarchical regression analysis was conducted to examine the effects of

LMX in the relationship between service orientation and task performance on Table 1. Based on the notion of Baron and Kenny (1986), mediation effects should be held in four conditions. First, after controlling the effect of size we used linear regression to examine the relationship of LMX to task performance (MV to DV) in model 3. Second we examine the relationship between service orientation to LMX (IV to MV) in model 1. Third, service orientation to task performance (IV to DV) was tested in model 2. Finally, we controlled the influence of LMX from the relationship between service orientation to task performance in model 3. In the first step of the analysis, there was a significant relationship between LMX and task performance ($b = .221, p < .01$). In the second step of analysis, there was a significant relationship between service orientation and LMX ($b = .465, p < .001$). In the final step of the analysis, there was a significant relationship between service orientation and task performance ($b = .282, p < .001$), while controlled LMX, the effects of service orientation to task performance in model 3 was weaker than model 2 ($b = .178, p > .05$). In order to examine the effects of mediation accurately, we adopted another judgment condition based on Baron and Kenny (1986). The Sobel test is used to test whether a mediator carries the influence of service orientation to task performance. Figure 2 showed the “a” (unstandardized regression coefficient for the association between service orientation and LMX), “b” (unstandardized regression coefficient for the association between LMX and task performance), and “c” (unstandardized regression coefficient for the association between service orientation and task performance which controlled LMX) are path coefficients. S_a and S_b are standard errors of path a and b coefficients. We used a, b, S_a , and S_b to calculate the critical ratio as a test of whether the indirect effect of the service orientation on task performance via the mediator LMX is significantly different from zero. The z-value of Sobel test is 2.80 which $p < 0.01$. It means that there is mediation effect on the relationship of service orientation and task performance, which also corresponded to our inference of H4. Accordingly, LMX has partial mediation to the relationship between service orientation and task performance which providing some support for Hypothesis 4.

$$\text{Sobel z test} = \frac{a \times b}{\sqrt{b^2 \times S_a^2 + a^2 \times S_b^2}} = 2.80 \text{ (} p < 0.01 \text{)}$$

Fig. 2 : LMX as a mediator to service orientation and task performance

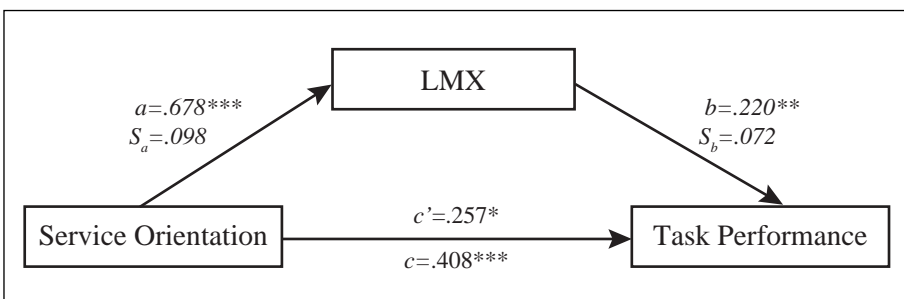


Table 1: Comparison of regression models

Depend Variable	LMX			Task Performance					
	Model 1			Model 2			Model 3		
	B	Beta	t	B	Beta	t	B	Beta	t
(Constant)	.793	1.509	2.807	4.886***	2.615	4.598			
Size	.037	.019	.286	-.093	-.048	-.658	-.094	-.049	-.682
Service Orientation	.678	.465	6.946***	.408	.282	3.852***	.257	.178	2.183*
LMX							.220	.221	2.728**
Adjusted R ²	.211			.068			.101		
F	24.878			7.426			7.613		
Sig.	.000			.001			.000		
ΔR^2	.213			.078			.038		
ΔF	48.243			14.837			7.442		
$\Delta Sig.$.000			.000			.007		
Hypothesis	H4: Support			H3: Support			H5, H6: Support		

a. size is natural logarithm of total employee.

b. *** is significant at the 0.001 level ** is significant at the 0.01 level * is significant at the 0.05 level

Conclusions and Implications

This study was a response to calls to investigate the conceptual and empirical links between service orientation and task performance, and the mediation of LMX to the relationship between service orientation and task performance. The finding suggests that LMX mediates between service orientation and performance. Good relationship between leader and member it would present high task performance. Furthermore, based on Baron and Kenny (1986) assumption of mediator, there are partial mediation of LMX in the relationship between service orientation and task performance. This result confirms our reasoning on the role of LMX in the service orientation to task performance. Hospitality industry is a high customer contact industry where employees need to work with their supervisor. One of the important elements of the hospitality industry is employees' services, in that employees have to work for a long time with their supervisor. Furthermore, the hospitality industry always faces rush hour problems. Service operators will be very busy during the rush hours with many customers. The supervisors often need to share the work as a front line service provider. When employees have a good relationship with their managers, they would possess higher ardor in doing their job. Thus, employees who express good task performance might base it on a good leader-member exchange. Without LMX, even employees with high service orientation, they won't perform

their ability to complete their mission well. In summary, findings from the present study are in general accordance with previous studies. It establishes dose-dependent effects of service to task performance in the hospitality industry. It also clears out the relationships between service orientation, LMX and task performance.

Our results have some significant practical implications. First, service orientation seems to be an important psychological factor when a company selecting a candidate especially in the hospitality industry (Kim et al, 2003). Member filled with service orientation cannot only express good service behavior (Lytle, 1994) but positive to LMX. Service orientation is seems be a psychological factor which can't be change easily (Hogan, et al., 1984), practitioner of the hospitality industry should pay more attention in service orientation while selecting procedure. Second, prior research suggested that LMX as a trust-building process develops quickly and remains stable over time (Bauer and Green, 1996). Although, LMX may be vulnerable to trust violations even in high-quality relationships, our result demonstrates the importance of LMX in the input (service orientation) and the output (task performance) process. The influence might be omitted in the human resource management system. There is more and more research about the negative leadership effect. Hence we suggest some ways to managers that could increase LMX quality. Firstly, leaders and followers are partners in an exchange relationship. If either member of the dyad experiences lack of trust, it will be difficult to maximize the potential positive outcomes evolving from this relation (Brower, et al., 2008). Therefore, to ensure that high-LMX relationships are successfully sustained, organizations should inform their managers to communicate with their subordinate in multiple mechanisms. Second, emphasize teamwork and team performance appraisal to tight the relationship between leader and followers.

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