The influence of leader empowering behaviors and employee psychological empowerment on customer satisfaction

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Abstract

Purpose – This study aims to examine the role that psychological empowerment (PE) and employee satisfaction (ES) play in the relationship between leader empowering behaviors (LEB) and customer satisfaction (CS) and employees’ organizational commitment (OC).

Design/methodology/approach – Data were collected from 365 frontline employees and 2,915 customers at 40 units of a chain restaurant in the USA.

Findings – Structural equation modeling (SEM) results indicated that LEB influences PE, and PE in turn influences employee satisfaction, which consequently results in higher employees’ OC levels and higher customer satisfaction.

Originality/value – Although recent hospitality research recognizes the importance of employee empowerment and leadership, few studies have focused on leader empowering behaviors and its influence on organizational outcomes. Moreover, potential mediating processes have not received research attention. Addressing this, the current study tests a conceptual model that shows how leader empowering behaviors ultimately lead to customer satisfaction through employee psychological empowerment and job satisfaction. Although, some of these relationships have been studied separately in different contexts, the current work shows the complete process of how leadership is linked to organizational outcomes, which has not been previously studied.

Keywords Organizational commitment, Customer satisfaction, Employee satisfaction, Leader empowering behaviors, Psychological empowerment

Paper type Research paper

Introduction

Researchers and practitioners have recognized the importance of employee empowerment at the frontline level in the hospitality industry where prompt action is often required to deliver high quality service to customers (Kim et al., 2012; Ottenbacher and Gnoth, 2005; Hartline and Ferrell, 1996; Heskett et al., 1997; Sergeant and Frenkel, 2000). Researchers have also shown that empowered employees are more
likely to report higher job satisfaction and organizational commitment (Kim et al., 2012; Bhatnagar, 2007; Liden et al., 2000). Customer evaluative judgments, such as perceived service quality or satisfaction, are often used as indicators of organizational effectiveness (Schneider et al., 1998; Anderson and Mittal, 2000). Despite abundant theoretical evidence, there is a lack of research linking employee empowerment and customer satisfaction, since integrating employee and customer data can be challenging (de Jong et al., 2008).

Apart from methodological issues, the paucity of research in this area can also be due to the cross-disciplinary theoretical foundations required to justify the relationships. An important outcome of coproduction, where service customers participate in the production of their own services, is customer satisfaction, a construct that is often more relevant to consumer behavior and marketing research (Schneider and White, 2004). Consequently, few researchers have explicitly linked organizational practices, such as leadership behaviors and empowerment, to customer satisfaction.

A recent stream of research called “linkage research” focuses on connecting the internal functioning of service organizations to customer satisfaction (Schneider et al., 2005; Wiley, 1996). This research suggests that employees’ work experiences directly affect customers’ experiences of the service and thereby customer satisfaction (Oliver, 1997). The “service-profit chain” (Heskett et al., 1997) outlines the links between internal service quality (workplace/job design, employee selection and development, rewards and recognition, and tools for serving customers) and customer satisfaction through employee satisfaction. Using this perspective, the current work investigated the effects of an important organizational mechanism (i.e. empowering leadership) on customer outcomes.

Few studies have considered a leader’s role in employee empowerment processes (Konczak et al., 2000). However, diverse leadership behaviors have been examined; for example, transformational leadership has been shown to improve employee outcomes including satisfaction and to reduce job stress (Gill and Mathur, 2007; Gill et al., 2010a, b). Hospitality researchers have examined the relationship between transformational leadership and employees’ desire for empowerment (Gill et al., 2010a, b), leadership competency on firm performance (Asree et al., 2010), ethical leadership on managers’ job satisfaction and organizational commitment (Kim and Brymer, 2011), and leadership roles on organizational learning and effectiveness (Yang, 2010). Most research, including that cited above, examines leadership concepts in totality. A few studies have examined leader empowering behavior (Bennis and Townsend, 1997). Empowering leadership has been linked with enhancement of empowered behavior among hospitality employees (Klidas et al., 2007), and has been positively associated with employee satisfaction, organizational commitment, and team-oriented performance (Srivastava et al., 2006; Konczak et al., 2000). Most research focuses on leader empowering behaviors (LEB) or employee psychological empowerment (PE) as predictors of outcomes such as job satisfaction. To our knowledge, a study by Konczak et al. (2000) is the only study to examine LEB as a predictor of PE. Konczak et al. (2000) found that leader behaviors impact employees’ experience of psychological empowerment. The current work builds on their conceptual framework. Much extant research has sampled managers in manufacturing companies. However, it is critical to test this relationship in a hospitality/service context with non-managerial (line-level) employees for three reasons:
increased autonomy of employees is important in providing excellent customer service (Gill et al., 2010a, b); to ensure that employees act autonomously, it is critical that they feel psychologically empowered (Ro and Chen, 2011); and LEB is recognized as important for enhancing employees’ PE (Brownell, 2010).

In the extant literature, LEB and PE have been studied from two perspectives:

1. a structural approach focuses on leader actions which involve sharing responsibility and power with employees (Kirkman and Rosen, 1997) and resulting outcomes; and
2. a psychological perspective focusing on employees’ responses to empowerment emphasizing employee motivation (Conger and Kanungo, 1988).

The current work integrates these two research streams and traces the pathways through which managerial actions, here leadership behaviors (LEB), influence employee motivation (PE) and the consequent effects on organizational performance (customer satisfaction).

In summation, using the “linkage research” framework (Schneider et al., 2005), the current work presents and empirically examines a theoretical framework (see Figure 1) modeling the role of LEB in PE, employee job satisfaction and commitment levels, and consequent effects on customer satisfaction.

The following sections review the literature on LEB, PE, job satisfaction, organizational commitment, and customer satisfaction. Research hypotheses are developed and presented based on this review. Next, research methodology and interpretation of the results is followed by research implications and suggestions for hospitality practitioners.

Literature review and hypotheses development

Psychological empowerment

Psychological empowerment refers to a motivational process that enhances employees’ self-efficacy (Kim et al., 2012; Conger and Kanungo, 1988). It is also conceptualized as intrinsic task motivation based on four task-related employee work role cognitions resulting in a four-dimensional construct including meaning (the fit between values and job), competence (self-efficacy), self-determination (autonomy over task), and impact (influence over job outcomes) (Thomas and Velthouse, 1990; Kim et al., 2012). Empirical studies show that empowerment enhances self-efficacy resulting in employee satisfaction and increased organizational commitment (OC) (Kim et al., 2012; Conger and Kanungo,
Hospitality research has found positive relationships between PE and job satisfaction among hotel workers (Chiang and Jang, 2008), restaurant workers (Gazzoli et al., 2010), and US hotel managers (Salazar et al., 2006) and between PE and OC among hotel employees (Chiang and Jang, 2008) and upscale hotel restaurant employees (Kim et al., 2012). Therefore, there is adequate evidence showing that PE leads to employee satisfaction and OC.

Practitioners and service researchers agree that satisfied and committed frontline employees are likely to deliver the highest level of service quality (Singh, 2000; Hartline et al., 2000). J.W. Marriott, the founder of Marriott Hotels, is quoted as saying “A happy employee is a happy guest”. Hartline and Ferrell (1996) found that managers must increase employees’ self-efficacy and job satisfaction in order to increase customer’s perceptions of service quality. Mallotra and Mukherjee (2004) showed that job satisfaction and OC have a significant influence on service quality delivered by the customer-contact employees. Thus, anecdotal as well as empirical research shows that satisfied and committed employees provide higher quality customer service.

Building on past evidence, the current research argues that PE will improve job satisfaction of employees, which will result in high customer satisfaction. Therefore, the mediation effect of employee satisfaction on the relationship between PE and customer satisfaction is proposed.

**H1.** Employee satisfaction will mediate the relationship between PE and customer satisfaction.

The relationships between PE, OC, and the delivery of high quality services were discussed earlier. The current work focuses on OC as a dependent variable. While studies have shown the relationship between PE and OC (Konczak et al., 2000), some scholars suggest that PE directly influences employee satisfaction and only indirectly influences OC (Conger and Kanungo, 1988; Kim et al., 2012). However, this relationship needs empirical investigation since some (e.g. Mowday et al., 1979) suggest that the two constructs are independent and operate at different levels: OC refers to organizational attachment while job satisfaction refers to feelings about a specific job. However, most studies consider satisfaction to be an antecedent of OC (e.g. Brown and Peterson, 1994). Accordingly, the current work examines the mediation of employee satisfaction on the relationship between PE and OC. The following hypothesis is proposed:

**H2.** Employee satisfaction will mediate the relationship between PE and OC.

**Leader empowering behaviors (LEB)**

Researchers have examined a leader’s role in employee empowerment (Conger and Kanungo, 1988; Konczak et al., 2000; Bartram and Casimir, 2007). Konczak et al. (2000) conceptualized LEB as a six-dimensional construct including:

1. authority;
2. accountability;
3. self-directed decision-making;
4. information sharing;
5. skill development; and
6. coaching for innovative performance.
Empowerment implies granting necessary authority and autonomy enabling subordinates to exercise control over workplace decisions (Clark et al., 2009). Ford and Fottler (1995) argued that empowerment is a mechanism by which individuals and teams are held accountable for outcomes. Leaders engaging in LEB encourage subordinates to identify and correct problems in work processes (Wellins et al., 1991). Empowerment requires managers to share information and knowledge, thereby enhancing subordinates’ work performance (Ford and Fottler, 1995). Wellins et al. (1991) suggested that empowering leaders support employee skill development. Coaching refers to behaviors that encourage employees to engage in calculated risk taking and coming up with new ideas, and treats mistakes and setbacks as learning opportunities (Konczak et al., 2000). These LEB increase intrinsic motivation by influencing assessments related to meaning, competence, self-determination, and impact (Konczak et al., 2000). Therefore, when leaders demonstrate these six behaviors, subordinates’ experience of PE will improve (Konczak et al., 2000). Additionally, Spreitzer (1996) argued that individuals who perceive high levels of supervisor social support are likely to report higher levels of empowerment. Menon (1995) found that leadership behaviors such as mentoring, consulting, recognizing, and inspiring resulted in greater perceived control and empowerment among subordinates. Therefore, the literature provides substantial evidence of the positive relationship between LEB and PE. Further, since the relationship between PE and employee satisfaction has been established, we anticipate that LEB will impact employee satisfaction indirectly through its effect on PE. The following hypotheses are proposed:

**H3.** LEB will be positively related to PE.

**H4.** PE will mediate the relationship between LEB and employee job satisfaction.

**Methodology**

**Sample**

Restaurants were chosen for our study because:

- each restaurant unit’s success depends on customer satisfaction based on the service quality level at a focal unit; and

- restaurant service demands interaction between managers and employees, creating an environment where managers’ leadership behaviors are likely to have a high impact on employees (Clark et al., 2009).

Employees’ subjective interpretations of such organizational environments influence psychological empowerment (Conger and Kanungo, 1988; Spreitzer, 1995; Kim et al., 2012). To obtain a sample, the human resources manager at a mid-sized family restaurant chain based in the Northeastern US was contacted. The first author had trained frontline associates and had access to the management team. The firm provided research access to their associates and guests. In return, the company was provided aggregated analyses of customer satisfaction, employees’ job satisfaction, and commitment levels. Anonymity and confidentiality of the collected data was ensured – the organization only had access to summary reports.

Survey instruments were distributed to 365 frontline employees; usable data were collected from 238 employees from 40 units of the restaurant company. The response rate was 65 percent. Eighty-six percent of the sample was female. Employee ages
ranged from 18 years to 74 years; the average was 33 years (SD = 14.69). Nine-two percent of the respondents were Caucasian and 54 percent were single. Customer satisfaction data were collected from 2,915 customers mainly via printed surveys and online responses. Unit managers distributed printed surveys to guests; in addition, the same survey was also loaded on the company website and guests had a choice of either filling out the paper survey or responding online. Sixty percent of the respondents were female. The average age was 48 years (SD = 17.05).

Procedure
Data were collected in three phases. In the first phase, LEB data were collected from employees. The second phase was conducted 15 days later and data on psychological empowerment, job satisfaction, and organizational commitment were collected from the same employees. This temporal separation ensured a gap between the measurement of the predictor and criterion variables to control for common method biases (Podsakoff et al., 2003). To further strengthen the study, dependent variable data about the overall satisfaction were collected separately from customers. Obtaining measures of predictor and criterion variables from different sources helped control for common method biases (Podsakoff et al., 2003). Customer data were collected at the same time as the second wave of data from employees using the method described above.

The survey questionnaires were distributed through company mail to all frontline employees in all units. Employees were provided with pre-stamped return envelopes to ensure anonymity. The envelopes were returned directly to the investigators, which assured confidentiality. Each unit was assigned a unique code, which was marked on each envelope. Customer data were collected from each unit in a similar manner.

Measures
Konczak et al. (2000) validated a six-dimensional scale measuring LEB. We adopted 16 of the 17 items listed in Konczak et al. (2000). A sample item is “My manager gives me the authority I need to make decisions that improve work processes and procedures”. Items were measured on a seven-point Likert-type scale (1 = strongly disagree, 7 = strongly agree). Using this scale, participants rated the degree to which their managers engaged in empowering behaviors. A confirmatory factor analysis (CFA) for the 16-item scale indicated a single second-order factor solution with an acceptable fit ($\chi^2 = 267.24$, df = 98, $p < 0.01$; CFI = 0.98, RMSEA = 0.08). All measurement items showed statistically significant loadings at the $\alpha$ level of 0.01. Based on this, and in line with prior research (Ahearne et al., 2005), we averaged the six scale scores to create a single composite score. Cronbach’s $\alpha$ for the scale was 0.96.

As noted, the four-dimensional PE construct was assessed using a 12-item scale (Spreitzer, 1995). A sample item from the scale is “The work I do is very important to me”. Items were measured on a seven-point Likert-type scale (1 = strongly disagree, 7 = strongly agree). Since we focused on overall empowerment, and in line with prior research (Chen et al., 2007; Chen and Klimoski, 2003), the four dimensions were collapsed into an overall individual empowerment scale. Cronbach’s $\alpha$ for the scale was 0.90.

Employee satisfaction was measured with two items (Hirschfield, 2000). A sample item from the scale is “How satisfied are you with your job in general?”. Cronbach’s $\alpha$ was 0.95. While some suggest Cronbach’s $\alpha$ should be used to evaluate a two-item scale, others argue that a correlation coefficient is appropriate (Cudeck, 2001).
Following recommendations, reliabilities using the Spearman-Brown formula were also calculated (Cudeck, 2001); the scale reliability was acceptable (0.94).

Organizational commitment was measured by a nine-item scale (Mowday et al., 1979). A sample item from the scale is “I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful”. Items were measured on a seven-point Likert-type scale (1 = strongly disagree, 7 = strongly agree). Cronbach’s α was 0.95.

To verify whether the four dimensions of psychological empowerment, job satisfaction, and organizational commitment were distinct from each other, a CFA was conducted by introducing all the items of the six scales. A six-factor solution, corresponding to the six scales, was found to have an acceptable fit ($\chi^2 = 488.45$, df = 215, $p < 0.01$; CFI = 0.99, RMSEA = 0.07), indicating the distinctiveness of the measures.

This study included customer satisfaction as a dependent variable. The survey with the customer satisfaction items was administered to guests as described above. Customer satisfaction was measured with a 6-item scale (Namasivayam and Mattila, 2007). A sample item from the scale is “Overall, how satisfied were you with your dining experience on this particular occasion?” Cronbach’s α was 0.97.

Analysis

Structural equation modeling (SEM) was used to test the hypotheses. All SEM models were estimated using MPlus (Version 6). Confirmatory factor analyses (CFA) were first conducted to examine whether the hypothesized factor structure for customer satisfaction, Time 1 LEB measures, and Time 2 measures were supported by the sample data. The robust weighted least squares (WLSMV) estimator was used to estimate the CFA models. The nested data structure (i.e. customers or employees nested within stores) was taken into account in MPlus by declaring the existence of clusters. The six-variable one-factor simple CFA model fit the customer satisfaction data quite well ($\chi^2 = 49.22$, df = 9, $p < 0.01$; CFI = 0.99, RMSEA = 0.04), indicating that the six items measured a common factor (standardized loadings ranged from 0.94 to 0.96). The 16-variable six-factor simple CFA model fit the LEB item response data reasonably well ($\chi^2 = 225.77$, df = 89, $p < 0.01$; CFI = 0.99, RMSEA = 0.08). The LEB items loaded quite strongly on their respective factors (standardized loadings ranged from 0.77 to 0.99). The hierarchical CFA model with a second-order factor explaining the covariance among the LEB first-order subscale factors also fit the data acceptably well ($\chi^2 = 267.25$, df = 98, $p < 0.01$; CFI = 0.98, RMSEA = 0.08), suggesting that the LEB subscales measured a higher-order common factor and that it might be reasonable to aggregate the LEB subscales. Based on this, and in line with prior research (Ahearne et al., 2005), we averaged the six scale scores to create a single composite score.

The 23-variable six-factor simple CFA model (four subscales of psychological empowerment, organizational commitment, and employee satisfaction) fit the Time 2 item response data reasonably well ($\chi^2 = 488.45$, df = 215, $p < 0.01$; CFI = 0.99, RMSEA = 0.07). The items loaded reasonably strongly on their respective factors (standardized loadings ranged from 0.73 to 0.98). The hierarchical CFA model with an additional second-order factor explaining the covariance among the four first-order psychological empowerment subscale factors also fit the data acceptably well ($\chi^2 = 543.23$, df = 222, $p < 0.01$; CFI = 0.98, RMSEA = 0.08), suggesting that the...
psychological empowerment subscales measured a higher-order common factor and that it might be reasonable to aggregate these subscales. Given that we focused on overall empowerment, and in line with prior research (Chen et al., 2007; Chen and Klimoski, 2003), the four empowerment dimensions were collapsed into an overall individual empowerment scale. Additionally, the findings indicated the distinctiveness of the measures of psychological empowerment, organizational commitment, and employee satisfaction. The average variance extracted (AVE) of all constructs were greater than the minimum criterion of 0.50 and were also greater than the squared correlation between constructs, ensuring convergent and discriminant validity (Hair et al., 2010).

**Results**

Table I contains correlations and descriptive statistics for all study variables. The hypothesized overall model showed a good fit ($\chi^2 = 10.58$, df = 12, $p > 0.01$; CFI = 0.99, RMSEA = 0.01). $H1$ stated that employee satisfaction will mediate the relationship between psychological empowerment and customer satisfaction. The direct path from psychological empowerment to employee satisfaction ($\beta = 0.53$, $p < 0.01$) and from employee satisfaction to customer satisfaction ($\beta = 0.42$, $p < 0.05$) were significant (Figure 2). Additionally, the total indirect effect from psychological empowerment to customer satisfaction through employee satisfaction was significantly positive ($\beta = 0.22$, $p < 0.05$). Therefore, $H1$ was supported.

$H2$ stated that employee satisfaction will mediate the relationship between psychological empowerment and organizational commitment. The direct paths from psychological empowerment to employee satisfaction ($\beta = 0.53$, $p < 0.01$) and from employee satisfaction to organizational commitment ($\beta = 0.78$, $p < 0.01$) were significant. Additionally, the total indirect effect from psychological empowerment to

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<td>1. Leader empowering behaviors</td>
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<td>2. Psychological empowerment</td>
<td>5.66</td>
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<td>0.42*</td>
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<td>3. Employee satisfaction</td>
<td>5.36</td>
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<td>9.56*</td>
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<td>4. Organizational commitment</td>
<td>5.25</td>
<td>0.74</td>
<td>0.23</td>
<td>9.51*</td>
<td>9.81*</td>
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<td>5. Customer satisfaction</td>
<td>6.57</td>
<td>0.16</td>
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<td>9.15</td>
<td>9.57**</td>
<td>9.58*</td>
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**Notes:** Cronbach’s $\alpha$ values are reported on the diagonal in parentheses; *$p < 0.01$; **$p < 0.06$
organizational commitment through employee satisfaction was significantly positive ($\beta = 0.41, p < 0.01$). Therefore, $H2$ was supported.

$H4$ stated that psychological empowerment will mediate the relationship between LEB and employee satisfaction. The direct path from LEB to PE ($\beta = 0.42, p < 0.01$) (also supporting $H3$) and from PE to employee satisfaction ($\beta = 0.53, p < 0.01$) were found to be significant (Figure 2). Additionally, the total indirect effect from LEB to employee satisfaction through PE was significantly positive ($\beta = 0.20, p < 0.05$). Therefore, $H4$ was supported.

**Discussion**

The findings of this study suggest that leader empowering behaviors (LEB) has an indirect effect on customer satisfaction and employees’ organizational commitment. LEB was positively related to psychological empowerment (PE), which in turn was related to employee satisfaction. Consequently, employee satisfaction was positively related to customer satisfaction and organizational commitment of employees. The implications of our findings and the limitations of our research are discussed below.

**Theoretical implications**

Our findings extend previous research in three ways. First, we found that LEB influenced PE among non-managerial (line-level) employees in the hospitality industry. Although Konczak et al. (2000) used subordinates as samples to validate the LEB scale, their actual study investigating the LEB to PE relationship employed a managerial sample. In contrast, we examined non-managerial hospitality employees. To our knowledge, no prior research has assessed the LEB to PE relationship with line-level hospitality employees. The motives, attitudes (including PE), and behaviors of managers and line-level employees may be different and therefore the LEB-PE relationship may also be different. Further, Hechanova et al. (2006) showed that PE level varies by industry. Therefore, this study confirms that the LEB to PE relationship is also supported among non-managerial service employees, enhancing the generalizability of the theory. Future research can examine potential differences between managerial and non-managerial employees with regards to LEB and PE perceptions and whether an employee’s rank moderates the relationship between LEB and PE.

Second, frontline hospitality employees were an important sample because of the implications for organizational performance and the consequent relevance to empowering leadership theories. Employee empowerment is crucial to the hospitality industry since excellent customer service requires employees to be empowered in order for them to make service decisions independently (Gill et al., 2010a, b). Hospitality scholars note that employees must perceive psychological empowerment in order to engage in autonomous behaviors (Ro and Chen, 2011). It is important to investigate organizational factors, such as leadership, that influence employees’ PE (Ro and Chen, 2011; Gill et al., 2010a, b). Recent studies identified the next step in leadership evolution as servant leadership, in which leaders support and empower subordinates (Brownell, 2010). Our study provides strong support for these arguments since the findings indicate the influence of LEB on employees’ PE, attitudes, and organizational outcomes.

Third, to our knowledge, although previous studies have linked PE with employee outcomes such as job satisfaction (Konczak et al., 2000), organizational commitment
(Kim et al., 2012), and employee performance (Seibert et al., 2004), PE has not been linked directly or indirectly to organizational outcomes (e.g., customer satisfaction). A unique finding of our study is that employee satisfaction mediates the relationship between PE and customer satisfaction. This finding is important because it suggests that when employees express higher job satisfaction due to PE, they are more likely to deliver excellent service quality, thereby resulting in higher customer satisfaction. Furthermore, the finding that LEB facilitates PE and employee satisfaction strengthens the contribution of this paper.

In summation, the findings are consistent with studies that demonstrated links between PE, job satisfaction, and organizational commitment. Further, results from earlier studies linking job satisfaction and consumer satisfaction were supported. Building on these extant connections among constructs, this project modeled and tested the chain of causation from LEBs to customer satisfaction in one study, which has not been previously done. This has helped to advance our understanding of the mechanisms through which organizational action affects customer satisfaction. Overall, the present study has provided empirical support to two key arguments made by recent hospitality scholars:

(1) employee empowerment is an important predictor of employee and organizational outcomes, especially in the hospitality industry (Ro and Chen, 2011); and

(2) because psychological empowerment is crucial, there is a need to focus specifically on organizational leadership (i.e., leader empowering behaviors) that influences psychological empowerment (Brownell, 2010).

Until now, research has demonstrated the relationships between various organizational factors such as job characteristics, training, and job satisfaction and customer satisfaction. This project has shown that leadership behaviors are responsible for customer satisfaction and so opens up a stream of potential research directed at understanding which leader behaviors or actions result in customer satisfaction. While this study focused on leader empowering behaviors, future research can examine other behaviors such as supportive and participative leadership (Yukl, 2012). It is also important to identify the conditions under which leadership behaviors influence outcomes. The boundary conditions such as age, educational level, job rank, and nature of the job can all be investigated. For example, does the relationship hold equally among hotel front desk or among kitchen employees, among older or younger employees, or for more educated or less educated individuals? The research has refined our understanding of the relationships among the variables of interest in this study. Previous research has mainly focused on the relationships among specific constructs; by tracing the pathways from leadership behaviors through employee reactions to consumers, this study has extended this stream of theorizing.

Managerial implications
This study has shown that leadership behaviors are important to ensuring consumer satisfaction. A key finding of this study was that leadership behaviors have a direct effect on employee satisfaction and consequently customer satisfaction. These results direct leaders (managers) to recognize that their own job-related behaviors have a relationship to customer satisfaction. Stated differently, the manner in which leaders relate to their
front-line employees has an effect on both customer satisfaction and firm performance. This study focused on evaluating the impact of leadership behaviors that empower employees and found that there was a positive relationship. Hence, it is important for hospitality leaders to understand which of their behaviors directly impact their employees’ behaviors and consequently impact organizational outcomes such as customer satisfaction. This study has shown that LEBs including delegation of authority, ensuring accountability, enabling decision making, sharing appropriate information, and helping subordinates to improve their skill levels greatly enhances the PE of employees. This in turn enhances employee satisfaction with their jobs and permits them the psychological freedom to provide quality services. Accordingly, practicing managers and leaders should examine their empowering behaviors and perhaps modify them to enhance positive organizational outcomes.

The results of this research are also useful in designing training programs for managers and those in leadership positions within organizations. The results suggest that organizations should ensure frontline managers are made aware of behaviors that impact customer satisfaction. Based on the study results, it is further suggested that organizations develop training programs to help frontline managers understand appropriate behavior sets that will enhance customer satisfaction. Leaders should be trained in practicing the sets of behaviors that enhance the sense of autonomy among employees identified by this research. The six dimensions of the scale used in this paper list the various behaviors that employees found important and empowering. Training programs designed to assist managers to empower their employees can be developed based on the scale items.

Since the study has noted that employees perceive some degree of psychological empowerment on the basis of their managers’ actions, it is important for organizations to continually measure the extent to which their managers engage in empowering behaviors. Setting up an appropriate reward system that encourages managers to adopt LEB will enhance organizational performance.

Finally, the results of this study also replicate earlier findings that employee job satisfaction is important in enhancing customer satisfaction. The study extends this relationship and provides evidence that employee job satisfaction depends to a great extent on leader empowering behaviors. While a number of factors relate to employee satisfaction, this study shows that LEB have an important effect. Therefore, it may be prudent to measure the level of employee satisfaction due to leadership behaviors separately and in addition to other factors during the periodic employee satisfaction surveys that organizations conduct. The inclusion of this dimension in employee surveys will add important information about a factor that influences employee satisfaction levels. Further, through appropriate analysis of the responses, necessary corrective action (e.g. manager training) can be taken.

Limitations and future research

The findings, as with most cross-sectional research projects, should be interpreted with caution. Data collection from one single organization helps to control for organizational factors; however, the results may not be generalizable. Further investigations in other organizations and other industry groups may be required before the conclusions drawn in this study can be fully accepted. Another limitation of the study was an uneven distribution of various demographic groups with respect to gender and ethnicity, thus...
preventing us from performing additional analyses to incorporate group differences in the model. It is possible that different groups responded to the study variables differently. Future research can take these factors into consideration and examine potential moderating effects. Researchers need to ensure that the sample includes even distribution of different demographic groups in order to make meaningful comparisons and to incorporate group differences in the model.

Notwithstanding the study limitations, the results point to potential future research. LEB were examined in this study especially in the context of services; it is possible that other leadership characteristics (other than empowering behaviors) may have more influence in other organizational settings or at different levels of the organizations (for example, managers may be differently influenced than front line associates). In this study, the mediation of job satisfaction and PE were examined, but it is possible that other candidate variables such as organizational climate or justice concepts will provide alternate explanations for organizational outcomes such as customer satisfaction. Recent research has suggested that cultural factors may also affect the relationship between leader and follower outcomes (Gill et al., 2010a, b). It will be interesting to investigate how culture affects the relationship between LEB and employee PE, job satisfaction, organizational commitment, and organizational outcomes.

Theoretically, it is important to understand the pathways by which certain organizational actions cascade into outcomes of interest to the organization. It is possible that leadership behaviors in and of themselves are inadequate and other enabling conditions are required. For example, perhaps an individual employee’s capacity to assume responsibility and to be accountable also has an important role to play and future research may need to control for individual personality differences. Organizational type and therefore, organizational systems such as recruiting and compensation practices were controlled in this study. However, it is important to investigate the extent to which local unit operational variations, apart from leadership style, influence the relationships reported in this study. It is important for managers to understand the extent to which their own behaviors, and more importantly, which of their behaviors, influence organizational outcomes. This study has identified one set of behaviors that have an important effect; future research should investigate other variables. This elucidation will help managers to maximize desirable organizational outcomes through managing their own behaviors.

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