

LEADERSHIP ANALYSIS AND CUSTOMER SERVICE

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Introduction

In a nutshell, this document answers the question: Leadership has been described as existing on a continuum from transactional to transformational (Burns, 1978). In today's world, transformational is the leadership theory of choice (Bryman, 1997). Compare and contrast the most prominent contributions to the study of transformational leadership. Create a plan to employ transformational leadership in a grocery retail setting that is postulated to increase employee productivity and enhanced customer support. Synthesize the current literature on transactional leadership. Discuss the tools available for measuring this type of leadership and how today's retail organizations can use transactional leadership to increase customer satisfaction.

I choose to research the question above, because I wanted to learn more about transformational leadership and hope to use the information found in the literature from this section in my future-proposed dissertation.

Of course, as an organizational development consultant for, I made the emphasis of this research to have a focus on retail customer service. As with most of these questions, as I sifted through the literature I ended up purchasing copies of the books who authored the foundational literature on leadership, motivation and organizational development.

This paper discusses these basic leadership theories and also covers essential literature of the study of organizational leadership as it may be related to transactional and transformational leadership. This paper also discusses the study of these two types of leadership and why they are important. Basically, its to keep employees motivated to do work that benefits the organization by being integral in bringing customers back. Effective leadership creates an organizational environment where employees are properly trained and focused on satisfying customers because employees are essentially satisfied.

This paper discusses customer loyalty and tools that can be used to transform retail organizations: **Secret Shopper, Benchmarking, ServerQual and Service Level Agreements.**

1. **Secret shoppers** secretly observe employees as they work in order to gauge how effectively they perform required tasks and how well they meet company expectations for meeting customer needs.
2. **Benchmarking** compares internal and external information to that of other organizations, either of a competitive nature or non-competitive. This can be accomplished by exchanging workers among organizations or exchanging information.
3. **ServQual** or Service Quality measures differences in expectations for and outcomes of specific company activities. Example: gaps between what frontline employees and staff think customers want, what managers think customers want; and what managers believe employees and staff can do.
4. **Service Level Agreements** are basically a documented plan of action that defines expectations specifically and bridges the gap from definition to application.

This paper also discusses communication, training, hiring, building organizational commitment, reward, defining needs of customers and analyzing leadership style. Analyzing leadership style can be done through the MLQ or Multifactor Leadership Questionnaire—Which I would like to use as a part of gathering data for my future-proposed dissertation.

The MLQ measures: Charisma, individual consideration, intellectual stimulation, contingent reward, management by exception and Laissez-Faire defined on pages 62 & 63.

Essentially, **Transformational Leadership** is a leadership style characterized by a person or people who transform values, standards, goals, needs and ethics of people and organizations. Transformational leaders are generally more proactive and seen as being more effective than transactional leaders. These leaders often show characteristics of empathy, compassion, self-confidence and positive-nurturing. They influence attitudes and build commitment to accomplish organizational goals.

Interestingly, Lowe (1996) believed that Transformational leaders would be more effective in higher levels of the organization. However, the opposite was proven to be true. Lower level managers in several types of organizations studied proved to be more effective as transformational leaders and have more management-by-exception behaviors. Higher level managers tended to be transactional. No ideas were theorized within the literature why this would be true. However, Northouse (2004) specifically emphasized that more research is needed to determine why. However, contingent reward behaviors appear to be equal in comparison of low and high level organizational leaders.

Pages 63 and 64 of this paper discusses some of my personal theories of why.

Transactional Leadership is exchange-oriented and task-focused. It can be identified by leaders who define expectations, either closely or loosely, then finalize the transaction through payment or exchange. Transactional leaders penalize employees for noncompliance. Goal-setting, reward, constructive feedback and penalty are common characteristics associated with Transactional Leadership.

This paper concludes that retail organizations can be more effective when they have a balance of leadership styles within their organization on every level. Assessment surveys of customers and employees, as well as on-going training for employees are a prerequisite for remaining competitive.

Transformational leadership is defined as leadership that transforms the values, standards, goals, needs, and ethics of people and organizations (Bass, 1985; Burns, 1978; Downton, 1973). Transformational leaders use outstanding influence in order to move and motivate others to accomplish tasks beyond personal and organizational norms. Such a leadership style is evidenced by Gandhi, Dr. Martin Luther King, Jr., Jack Welch (former CEO of GE), and Franklin D. Roosevelt. However, these leaders represent only a small percentage of organizational leaders who could be classified as transformational. This paper will define both transformational and transactional leadership styles and will show how each style has value in retail organizations.

What can be said of transformational leaders in smaller organizations? Effective leadership needs to be at the heart of today's businesses as they become more competitive due to the nature of communication technology (Collins & Porras, 1997). Leaders must be able to tap into what motivates company employees, rather than simply boss them around. By doing so, today's business transformational leader will be able to attain goals that fill the needs of customers, employees, and the organization as a whole.

Fiedler's (1972) contingency theory of leadership states that leadership style and effectiveness depend on the leader and the situation, and according to this theory, there is no one best way to lead (Schriesheim, Tepper, & Terault, 1994). Therefore, retail leaders might greatly benefit from keeping an open mind when leading their organizations. According to Burns (1978), there are two primary types of leaders, with very oppositional styles: *transactional* and *transformational*.

Transactional Leadership

The study of transactional leadership is closely related to research following House and Mitchell's (1974) path-goal theory. Transactional leaders can be identified as those who perform transactions among their constituents, such as merely paying employees to perform a task they are told to do. In this instance, the transaction is understood as instructing employees to do something, which is finalized in the action or expectation of payment. Transactions are clearly being made as a function of leadership style (Kuhnert, 1994). Transactional leaders penalize employees for noncompliance of requests (Bass & Avolio, 1993), and they operate within existing structures on a barter system, such as a political candidate who promises to change certain policies if elected.

Transactional leadership is primarily an exchange-oriented relationship that is task-focused (Bass, 1985). Transactional leaders use strategy, structure, and culture to strengthen their organizations. This form of leadership can be illustrated primarily through a system of contingent-reward exchanges and active management-by-exceptions (Avolio, Bass, & Jung, 1999). It is also generally characterized by a process of setting goals and expectations, defining how followers will be rewarded, and providing

constructive feedback (Howell & Hall-Merenda, 1999). Also, transactions between leader and follower are understood to be either active or passive (Hater & Bass, 1988).

Transformational Leadership

In comparison to transactional leadership, transformational leadership functions on a deeper level. When measured by organizational, small group, or individual outcomes, transformational leadership research shows that leaders employing this style are generally more proactive and effective than transactional leaders (Bass & Avolio, 1993; Lowe, Kroeck, & Sivasbramian, 1996). Transformational leaders typically use a positive and nurturing approach to make changes in people's and organizations' attitudes and moral frameworks. Along with Egri and Herman (2000), Dutton, Frost, Worline, Lilius, and Kanov (2001) assert that transformational leaders share the characteristics of empathy, self-confidence, and compassion. This type of leadership is most likely to emerge when substantial organizational change is needed, usually in response to increased competition (Howell & Avolio, 1993).

According to Yukl (1989), transformational leaders influence change in attitudes and assumptions in order to build commitment for company and organizational goals. Therefore, transformational leadership is a shared and cooperative process among organizational members. Managers on all levels of every type of organization can exhibit a transformational leadership style during times when considerable change is needed. Statistical evidence, however, indicates that managers on the lower levels of organizations are more likely to demonstrate transformational leadership than those at higher levels of management (Lowe et al., 1996). This will be discussed more in depth further in this paper.

Tichy and Devanna (1990) describe transformational leaders as risk takers who are action-oriented. They motivate others by considering followers' best interests when initiating change, while followers are simultaneously moved by their transformational leaders to address higher-level needs (Bass, 1985). As well as attending to others' needs, this type of leader focuses on followers' motives, helping each person to maximize his potential (Burns, 1978).

Although Burns (1978) and Bass (1985) both describe similar types of leadership, it is interesting to note that Bass (1985) believes leaders can be transformational, transactional, both, or neither, while Burns (1978) suggests that leaders are only one type. Other research discussing transactional and transformational leadership substantiates the work of Bass (1985). For instance, Bryman, Stephens, and Campo (1996) discuss new leadership in comparison to the traditional leadership dichotomy. In addition, similar literature on transformational and transactional leadership can be found in Fiedler's (1967) task-oriented and relationship-oriented leadership research. Further analyses of transactional and transformational leadership stem from the research of Heller and Yukl (1969), Conger and Kanungo (1988), and Kouzes and Posner (1987).

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have transformational leadership, more so than higher levels of management (Lowe et al, 1996).

Leadership in Retail

Increased competition, economic changes, and contemporary market needs are a few reasons that both transactional and transformational leadership styles are needed (Howell & Avolio, 1993; Keller, 1992; Niehoff et al., 1990; Tosi, 1982). Moreover, organizations of all types must have a balance of leadership style in today's business world (Northouse, 2004), and organizational leaders must balance the authoritarian task-orientation of transformational leadership with the participative, relational system of a transformational style (Schein, 1992). Grocery and other retail organizations should know that today's retail customers are more knowledgeable about prices, competition, and shopping choices (Woodruff, 1997; Zeithaml et al., 1996). Consequently, retail managers and leaders might have increasing cause to invoke change as transformational leaders in order to be competitive and maintain business standing.

Reichheld and Sasser (1990) remind retail leaders that they should focus primarily on repeat customers, and by maintaining a high level of customer return they will find that they are better able to sustain overall market conditions and enhance financial results. Reichheld (2003) agrees that loyal customers are the key to growth and financial success in business. His work shows that most retail businesses believe that providing superior customer service will give them a competitive edge, and the challenge of maintaining a competitive edge is that retail managers seem to have difficulty focusing on high levels of satisfaction in their areas of retail (Reichheld, 2003). Transformational leaders in retail should recognize the importance of focusing on maintaining customers' needs and

envisioning how their organizations will look when a customer service roadmap is followed (Tichy & DeVanna, 1990).

According to Reichheld (2003), an example of a retail CEO who exercised transformational leadership is found with Enterprise Rent-A-Car during the latter half of the 1990s. Enterprise was experiencing enormous growth while also accumulating customer complaints about quality and service. In response, they developed a customer questionnaire to measure customer service success, the findings from which evidenced that employees were missing a sense of urgency with regard to superior customer service. Likewise, the study showed that managers and employees rarely knew the areas that they needed to improve. Enterprise achieved companywide transformation when survey scores were posted in every branch office showing how levels of completely satisfied customers corresponded to net profit numbers. As a result, the company compensated managers according to success rates (Reichheld, 2003).

Other reports support Reichheld's (2003) findings from Enterprise for retail organizations. One study showed that retail personnel are often considered crucial, primary contributors to customers' shopping experiences (Berry & Gresham, 1986). Specifically, quality of the shopping experience, including product selection and employee helpfulness, skills, and knowledge, is a primary determinant of customer satisfaction (Crosby et al., 1990; McDaniel & Burnett, 1990; Sweeney et al., 1999; Yoo et al., 1998).

Creating Customer Loyalty

Customer loyalty is one result of a quality experience characterized by employee helpfulness and attitude (Macintosh & Lockshin, 1997). Therefore, it would be prudent

for retail managers to consistently evaluate how customers perceive their shopping experience, including their impressions of price, quality of selection, and how effectively employees take care of their needs. This evaluative process can begin with customer surveys (Reichheld, 2003) or with secret shopper programs (Fraser, 1997).

Tools for Transforming a Retail Environment

Studies show that a single leadership style might not be as important as previously thought and that a combination of leadership styles might be more valuable to organizations (Conger, 1999; Lowe & Kroeck, 1996; Shamir, 1999). However, assessing leadership strengths and styles, as well as employee and organizational effectiveness, might still be crucial to the success of retail organizations' growth and success. No matter what leadership style is predominately used by the leader, other styles may be more effective depending upon the situation or group (Blanchard, Zigarmi & Zigarmi, 1985).

Transformational retail leaders, or leaders who are proactive about evaluating organizational operations, might employ one of four tools that are useful because they are *not* made to specifically measure how well company managers or employees think they are doing in terms of customer service. These four tools will, however, give a relatively truer picture of what customers might perceive. Importantly, Reichheld (2003) reported that most employees and managers do not have an accurate picture of what customers see, which is why these tools might lay a more solid foundation for creating a better retail environment for customers. According to Fraser (1997), the four tools for measuring retail organizations' success are: the *secret shopper*, benchmarking, ServerQual "Gap" model, and service level agreements, each of which are discussed in the following sections.

Secret Shoppers

Secret shoppers, also known as *mystery shoppers*, are a tool that many retail organizations use to assess how employees deliver services, knowledge, and overall customer expectations (Hatcher, 2002; Hernon, 2002). Secret shoppers collect data about employees and business operations based on surveys of customer needs, which allow companies to compare their perceptions of the customer perspective on company operations with more objective eyes. Yerkes (2003) believes that mystery shopper programs help companies improve employee attitudes, while they mold organizations into places where customers enjoy shopping and employees enjoy working. Client loyalty can only be earned and cannot be bought (Berry & Gresham, 2001). Mystery shopper programs might be the crucial element to make sure customers are receiving the service they expect and return to shop.

Yerkes' (2003) research also concluded that creating a fun workplace has other benefits, including: "stimulating creativity and innovation; fostering commitment and ownership; creating secure morale employees; increased productivity; reduced absenteeism; stronger, deeper, longer-lasting customer relationship" (p.50). An added benefit of integrating fun into the workplace is that such companies find it easier to attract and retain productive, valuable employees. Client loyalty can only be earned and cannot be bought (Berry & Gresham, 2001). Mystery shopper programs may be the crucial element needed to make sure customers are getting the service they expect.

Employees and their companies could benefit from direct feedback in the long run if feedback is a continual part of ongoing assessment of customer service training. However, it should be noted that employers might find an ethical problem with mystery shopping programs because these programs often deal with the moral question of including employees' names on their reports, versus protecting their right to anonymity. Identifying employees by name might harm individual employees' morale if documentation reports a worker for improper conduct or failure to meet company and customer expectations. On the other hand, not including an employee's name makes it more difficult to address specific company needs. In short, Employees could benefit from direct feedback, as would the company in the long-run if feedback is a continual part of ongoing customer service training.

The dilemma centers on whether to include employees' names on secret shopper reports, which can potentially result in running the risk of secret shopper reporting information that is potentially embarrassing to employees, or to leave out names and use the opportunity to address all employees. Whichever approach is used as a part of transforming a retail organization, it is clear that a company code of ethics must clearly address these needs in writing so that both management and frontline employees can understand what to expect (Hatcher, 2002).

Benchmarking

Benchmarking is another tool that retail leaders can use to improve their organizations. This strategy consists of a quantitative or qualitative system of analysis that assesses organizational information internally or externally (Fraser, 1997). Specifically, benchmarking can compare internal information to other similar

organizations, or it compare itself to dissimilar organizations, which might have information to share and be used internally (Salopek, 2004).

Uses of benchmark information might include assessing other business' team management styles, performance techniques and direction, or decision making processes. In addition, benchmarking could be accomplished internally or externally by trading employees across organizations to learn from each other, which could lead to exchanging information in order to better craft future success (Fraser, 1997).

Service Quality

Service Quality, or ServQual, is another tool that retail transformational leaders should consider when seeking to increase customer support. ServQual differs from benchmarking, which compares the same or similar process in differing organizations, in that ServQual measures differences in the expectations for and outcomes of specific activities.

There are gaps between what frontline employees and staff think customers want, what managers think customers want, and what managers believe frontline employees and staff can do (Fraser, 1997). Specifically, ServQual is designed to identify gaps between customers' expectations and the actual services provided. With the primary goal of identifying gaps (Fraser, 1997; Hernon, 2002), this technique can involve managers at all levels, staff, vendors, and customers (Fraser, 1997). The ServQual methodology asks managers, customers, and company employees about their expectations, and repeats it in a rewritten questionnaire. An example of this might deal with expectations in a supermarket produce department. One question might ask, "A good produce department is clean and well lit. Is this important to you?" This question is then rewritten on a second

survey to ask if respondents agree with the statement, “The produce department is clean and well lit.”

Companies can use this methodology with as many questions as needed in order to identify gaps between actual performance and expectations. This is a valuable tool for organizational change because it helps minimize the expense and time given to areas that produce less benefit to the company, while it redirects the focus to areas that might be of greater benefit to the company.

Service Level Agreements

Service level agreements provide organizations a tool for recording outcomes related to the needs of their customers (Fraser, 1997). In a retail supermarket, for example, such agreements could be developed for helping customers move through checkout lines without waiting. A service level agreement might take the form of a documented plan of action in which customer expectations are defined and a problem is then directly addressed, such as “a speedy checkout is defined by our company as one in which customers will not wait in line for more than three minutes.”

In the preceding example, retail managers could budget and plan by training employees to call for immediate help when more than two customers are in a checkout line. Transformational leaders must be flexible if they find that new systems like these do not work at first (Bass & Avolio, 1993). Nahavandi (1993) believes that transactional leadership might be used to reinforce the learning process and enhance the current culture, which might help to train employees to support customer needs. Therefore, some type of employee reward and recognition system might support a service level agreement such as the one proposed above.

Expanding on this example, further training for checking employees should help provide a clearer understanding of the importance of responding immediately when called to assist customers at the registers. Employee training might focus on teaching employees to immediately stop doing other functions (e.g., taking phone calls) and hustle to take care of customers' checking needs. Likewise, other retail employees should be educated according to service level agreements and shown how to move customers through checkout lines quickly and with courtesy.

Service level agreements could be regularly evaluated by transformational leaders through a consistent feedback program (Verstraete, 2004). More importantly, expectations of these agreements should be communicated thoroughly to customers, supply vendors, and employees, so that all people involved know what to expect. This type of communication might be facilitated through many different channels, such as email, written memos, mailings, broadcasts, and other media types (e.g., commercials and advertising) and a communication strategy can be developed. By employing these means, retail transformational leaders can build organizational trust while clearly outlining their visions in an attractive, believable, and realistic way for the good and future of their organizations (Bennis & Nanus, 1985).

Retail transformational leaders might consider using a combination of tools to effectively meet, and exceed, the needs of their customers. Importantly, this type of proactive analysis must be done in a supportive environment where leaders closely listen to the needs of employees and customers alike. In order for such change to take place, retail leaders must demonstrate through charismatic motivation to proactively and consistently raise employee consciousness of the importance of customer service (Bass,

1985; Bryman, 1992). Transformational leaders who can do this will accomplish more than expected; followers will be motivated to go beyond their own personal interests to foster organizational improvement, while at the same time, they build a healthy and positive organizational identity (Bass & Avolio, 1990; Bennis & Nanus, 1985; Shamir et al., 1993).

Enhanced Production and Consistent Advanced Customer Service

There is a grocery store within walking distance in almost every community. Grocery retail leaders must be aware of the need for leadership in this competitive age. With this increased competition comes a need for a grocery culture characterized by increased productivity, competitive prices, and higher levels of customer service (Berry & Gresham, 2001; Yoo et al, 1996).

The First Step of enhancing production: Communicate Higher Standards for Employees

The first step toward the goal of enhancing production is to establish higher standards that are consistently communicated throughout the organization (Block, 1991; Senge, 1994). Customer service standards need to be well-defined and ingrained in the company's culture (Harris & Mossholder, 1996; Senge, 1994) because they form the visionary foundation for creating a company recognized for customer service and quality performance. This transactional leadership characteristic has a distinct focus on control, standardization, formalization, and efficiency (Bass, 1985).

The Second Step: Hiring Capable Personnel

An enhanced grocery retail company can be described as one where employees work harder than their counterparts in competitive stores at production, as evaluated

through a comparison of labor hours used to perform similar tasks. Furthermore, an enhanced retail operation is distinguished by determining higher levels of customer satisfaction as assessed through surveys and increased customer count from previous similar periods. The second step in building a foundation for an enhanced grocery retail company is to hire personnel with the capacity to perform at set standards and to identify company and customer needs (Berry & Gresham, 2001). Meeting this criterion requires that the retail company be able to attract such people, which can be accomplished by developing a workplace culture that appears to be fun and rewarding (Yerkes, 2003). Although rewarding employees is often seen as a transactional form of leadership (Chen, 2004), reward is often a necessary component to motivate employees toward future success (Wood, 2003). However, a transformational leadership style will positively assist in cultivating employee attitudes that reflect better motivation and more commitment to company values by providing a supportive working environment, rather than a bureaucratic one (Brewer, 1993; Nystrom, 1993).

The Third Step: Building Organizational Commitment

A third step in creating the proposed enhanced retail grocery company involves building organizational commitment in employees, which will assist transformational retail leaders in creating an enhanced customer-centric culture while increasing productivity (Senge, 1994). As Vandenberg and Lance (1992) show, job satisfaction is closely related to organizational commitment. Employees who are content with their work and satisfied with coworkers and bosses will be more committed to working harder and fulfilling the company vision. There is also evidence showing this commitment can

be enhanced if employees perceive pay to be fair and believe there are opportunities for growth within the company (Reed, Kratchman, & Strawser, 1994).

Customer Service Training: The Fourth Component and Step

Training is the fourth component of this proposal for creating a grocery company with an enhanced customer service culture and employees who are comparatively more productive and knowledgeable. Training works best when employees are satisfied with their trainers and feel they are being paid well. A customer service training program must have measurable standards, followed by proper preparation to deliver on those standards. This is called a *quality loop* (Berry & Gresham, 2001), and it must include training, application, monitoring and coaching, feedback, and reward.

Training should involve a process that includes repeatedly schooling employees in job fundamentals and ongoing segments that revisit local successes in providing service to customers. Teaching with stories will reinforce memorable instances for employees to reward peers with recognition and good social standing (Phillips, 1992). Such storytelling might enhance strong organizational value for rules and procedures through recognition of past experiences (Friedlander, 1983).

Other training fundamentals might cover an outline of company processes and procedures in order to give enhanced organizational support about company expectations. Instruction should be done by trainers who know the processes and can answer questions about a broad spectrum of information pertaining to the subject matter (Bass, 1985). Trainers should also be aware of the different learning styles of the trainees and be able to adapt.

According to Gramiak and Petrini (1995), there are six steps to training: analyze, design, develop, implement, evaluate, and maintenance. These six steps, if properly implemented in accordance with the needs of the organization, should have a long-lasting effect that will support the vision of an enhanced organization.

Berry and Gresham (2001) believe that transforming customers into long term clients must begin with properly trained employees for whom education is ongoing and includes development of product knowledge. Employees must be trained listeners so they can actually *hear* customer needs and find the merchandise that meets those needs. A retail culture like this can benefit from the transformational leadership characteristics of adding value and continuous learning, along with valid information and accountability (Popper & Lipshitz, 1998). Likewise, a transactional leadership style can enhance such training with reward and recognition.

Berry & Gresham (2001) believe that following staff performance is necessary and must be monitored for alignment with company standards. Retail leaders must be rule-based in action for the sake of increasing efficiency in current practices (Bass, 1998). This can be done through the use of a mystery shopper or secret shopper program, as discussed earlier in this paper. Printed documentation from performance monitoring done by mystery shoppers must be available for individual employees to see and study. A follow-up session in which supervisors offer input to reinforce the positive findings of the documented monitoring or share ideas on how to improve deficiencies found by the monitoring should also take place. By sharing this information, transformational leaders can remove obstacles to team performance while building individuals' self confidence and team-oriented trust (Boehnke, DiStefano, DiStefano, & Bontis, 1997).

The Final Step and phase: Reward

The final phase in the creation of a customer service training program should be reward (Kerr & Slocum, 1987; Schein, 1985). George Rieder (1985) suggests that reward systems might work like a multi-layered cake. The first layer of reward starts with salary and benefits, followed by a bonus for all department or store employees. This second layer aims to allow everybody to enjoy a reward, which will assist in building teams and fuel peer pressure to succeed. The next layer might be a bonus for top individual performers. Rewarding performance as a result of well-executed performance derived through effective training closes the quality loop and reinforces a company's value for the importance of serving customers. Reward systems are best used by transactional leaders for routine situations and lead to both high performance and worker satisfaction (Bass, Avolio, & Goodheim, 1987).

What Customers Want

Retail leaders and satisfied employees alike should know what customers want from their retailers (Collins & Porras, 1997). All employee behaviors in relation to customers represent the company one way or another; it is therefore prudent to train employees to learn how to effectively meet customers' needs. According to Leonard Barry (Performance, 1998) of Texas A & M University, customers evaluate service on the following five factors:

1. **Reliability,**
2. **Assurance,**
3. **Tangibles,**
4. **Empathy, and**

5. Responsiveness.

These five factors can be remembered by employees because the first letter of each factor spells the acronym RATER. RATER characteristics are described more in-depth as follows:

1. Reliability is the ability to provide what was promised dependably and accurately.
2. Assurance is knowledge and courtesy shown to customers and ability to convey trust, competence, and confidence.
3. Tangibles are the actual physical facilities and equipment, and individuals' appearances.
4. Empathy is the degree in which care and individualized attention is shown to customers.
5. Responsiveness is the willingness to promptly help customers (Performance, 1998, pp. 9 & 10).

Customer service can be boiled down to two primary equal determinants: caring and competence (Performance, 1998). When customers know that the people who are serving them appear to care about them on an individual basis and can provide service in a knowledgeable fashion, relationships with customers can be built and business can begin to grow. Conversely, poor service characterized by uncaring and incompetent employees might drive away customers. For this reason, it is important that employees be trained to be knowledgeable about the company in general, knowledgeable about its products and services, and skilled listeners. This is demonstrated by asking pertinent questions that show that the employee is caring and sincere about wanting to help. A third

component of customer service, competent employees should have the ability to solve problems effectively. Being professional in giving quality customer service also involves honesty, trust, nonverbal body language, proper phone etiquette, politeness, effectiveness with sales, and effectiveness with fixing errors (Performance, 1998).

Analyzing Leadership Style

Leadership style might determine the effectiveness or level of accomplishment of set customer service training goals and deployment. Tichy and Devanna (1986) and Tosi (1982) suggest that both transformational and transactional leadership are effective leadership styles, though transactional leaders are known to elicit low follower satisfaction while encouraging maintenance of the status quo (Bass et al., 1987). Likewise, transactional leaders find success by focusing on task-oriented exchange relationships to attain their goals. Transformational leaders, on the other hand, aim to produce change, usually on the higher levels of the organization, and followers of transformational leaders are generally more committed and dedicated to the leader and goals of the organization (Bass, 1985; Tichy & Devanna, 1986). Transformational leaders articulate a vision for a future of their organization, intellectually stimulate subordinates, and focus on differences among people (Yammarino & Bass, 1990). Therefore, with these distinctions between transactional and transformational leadership in mind, the question arises, “How can leadership style be assessed?”

The Multifactor Leadership Questionnaire

There is one primary tool for assessing leadership style found in the peer-reviewed literature. This leadership assessment tool was originally developed by the legendary expert on leadership Bernard M. Bass (1985). Bass believed that

transformational leaders could be distinguished by their followers, who are empowered by autonomy and are not dependent upon the leader, which is a characteristic of transactional leadership. An instrument was needed to evaluate leadership style and Bass took great strides to develop a much needed measure to evaluate differing leadership styles, naming his instrument the Multifactor Leadership Questionnaire (MLQ).

The original MLQ evaluated leadership style based upon differing scales of characteristics (Bass, 1985; Bass, Avolio, & Goodheim, 1987). Usually administered to subordinates of organizational leaders, the MLQ measures the variables *Charisma*, *Individual Consideration*, *Intellectual Stimulation*, *Contingent Reward*, *Laissez-faire Leadership*, and *Management-by-Exception*. The first three characteristics measure transformational leadership levels, while the final three—*Contingent Reward*, *Laissez-faire Leadership*, and *Management-by-Exception*—measure transactional leadership characteristics.

The most-recent version of the MLQ is Form 6S. The MLQ-6S has 21 items with Likert scale responses. The answer options measure the degree of a respondent's agreement with a statement, ranging from "Not at all" (a value of 0) to "Frequently, if not always" (a value of 4) (Bass & Avolio, 1992). Each of the questions addresses a particular characteristic of leadership, and when the analyst sums the total for each category, strengths and weaknesses in each category can be determined.

According to Lowe and Kroeck (1996), Bass (1985) defined each categorical characteristic as follows:

Charisma: The leader instills pride, faith and respect, has a gift for seeing what is really important, and transmits a sense of mission which is effectively articulated.

Individual Consideration: The leader delegates projects to stimulate learning experiences, provides coaching and teaching, and treats each follower as a respected individual.

Intellectual Stimulation: The leader arouses followers to think in new ways and emphasizes problem solving and the use of reasoning before taking action.

Contingent Reward: The leader provides rewards if followers perform in accordance with contracts or expend the necessary effort.

Laissez-Faire: The leader abdicates responsibility, delays decisions, gives no feedback, and makes little effort to help followers satisfy their needs.

Management-by-Exception: The leader avoids giving directions if the old ways are working and allows followers to continue doing their jobs as always if performance goals are met (p. 41-44).

Lowe and Kroeck (1996) explain the effectiveness of the MLQ in evaluating leadership styles. They found the construct of *Charisma* was consistently the strongest variable associated with leader effectiveness among MLQ scales in every size of organization studied and attributed this result to employee perceptions that charismatic leaders are confident and effective. Similarly consistent across studies, *Individual Consideration* was strongly associated with subordinates' perceptions of effectiveness. Interestingly, the study revealed that *Management-by-Exception* and *Contingent Reward*

showed significant differences depending on the size and type of organization and the type of effectiveness. When compared to high level leaders, low level leaders were shown to have more frequent transformational leadership qualities and more *Management-by-Exception* behaviors. There were no reported differences in the frequency of *Contingent Reward* behaviors when comparing low and high level organizational leaders. The study by Lowe and Kroeck (1996) suggests that the MLQ might be more accurate in representing larger organizations and more effective in measuring certain characteristics.

Low level leaders were shown to have more frequent transformational leadership qualities and more *management-by-exception* behaviors, as compared to high level leaders. Reportedly, there were no differences indicated in the frequency of *contingent reward* behaviors in comparing low and high level organizational leaders.

According to Northouse (2004), more information will need to become available to determine why low level leaders display more transformational behaviors. One assumption may be concluded that because transformational leaders have more qualities of laissez-faire, charisma, inspiration and individualized considerations these qualities lend themselves to inspiring change because frontline workers can better associate and may require these qualities of their leaders. These same qualities may also lend themselves to being crucial to the implementation of strategy and change, which is usually the responsibility of frontline workers.

Furthermore, transformational leadership is a process that occurs between leaders and followers. Leaders need followers and must have their support in order to accomplish leadership responsibilities. This support is gained through the fulfillment of the needs of

followers and through the transformational leadership qualities mentioned above, which in turn gives the followers a "...more prominent position in the leadership process because the attributions of the followers are instrumental in the evolving transformational process" (Bryman, 1992, p. 176).

Research conducted across organizations of diverse sizes indicated that lower level organizational leader behavior is more important than once thought (Lowe and Kroeck, 1996), and transactional leadership is a necessary component for managers at all levels (Tosi, 1982). The MLQ has proven to be an excellent tool for measuring the outcomes of leadership effectiveness, satisfaction, and the ability to inspire others to exceed expectations. Therefore, the MLQ might be a valuable tool for teaching leaders and customer service managers (Avolio & Bass, 1998; Barling, Webber, & Kelloway, 1996; Dvir, 1998). It should be noted that other studies continue to determine the validity of studying leadership theories and scales like the MLQ (Conger, 1999; Shamir, 1999). Therefore, organizations should continue to update their skills, knowledge, and familiarity with available instruments in order to effectively lead and evaluate leadership and organizational effectiveness.

Conclusion

Retail organizations (and organizations of all types) might find the MLQ to be an effective tool for measuring leadership types in training and for grooming future leaders. By evaluating organizational leaders in all types of organizations and across differing levels within an organization, companies can grow stronger by promoting domains where they can be most effective. Likewise, when leaders are assessed with tools like the MLQ; specialized training can be developed and implemented to strengthen each level of need.

In addition, it should be noted that retail organizations could develop specialized training programs, including ones that focus on customer service, based on an assessed need through surveys, mystery shoppers, MLQ testing, and other similar evaluative tools. Reevaluation of information with such organizational assessment tools should be consistent and ongoing for enhancing training programs and employee development and placement.

Organizations may find that they can cultivate growth through the use of assessments and surveys while enhancing proper leadership at all levels of their organizations. Effective leadership style is one of the primary determinants for developing training programs that help employees create an environment where customers become more loyal and satisfied. Consistent, proper training and assessment appear to be essential to organizational success in today's competitive environment. Further research on leadership, customer service, and training for developing and responding to the needs of individual organizations is highly recommended due to unique organizational cultures and specific clientele dynamics.

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