DETERMINING CUSTOMER OUTCOMES BY MANAGING EMPLOYEE EMOTIONAL DISPLAY: A MULTILEVEL APPROACH

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ABSTRACT

There is extensive evidence that employee emotional display toward customers (EED) is an important determinant of successful service delivery. Previous research has shown that "service with a smile" increases a customer's service experience and that emotional display is of avail when it comes to influencing customers and achieving higher performance goals. Thus, effectively managing their employees' emotional display has become a "hot topic" for both service marketing and emotions management scholars. The purpose of our study is threefold: First, we intend to add a more detailed perspective on the emotional display of frontline employees in service organizations, acknowledging its multidimensional structure. We suggest that, in addition to a quantity dimension (i.e. number of smiles), customers' reaction to EED is also influenced by the employee's emotional authenticity and effort, which have been mentioned by emotional labor scholars, but were not assessed in the context of EED. Second, we introduce a comprehensive model of EED processes that links management and employee variables with customer and company outcomes; we refer to this model as the "emotion value chain". We systematically identify the management practices through which service organizations can influence organization- and employee-related key drivers of EED at the level of the individual, the team, and the organization, which in turn will influence EED and customer and company outcomes (e.g., customer satisfaction). Third, based on the emotion value chain, we offer empirical insights on the links between management practices, employee variables, EED dimensions, and customer outcomes. To our knowledge, this study is the first to link drivers of EED, EED itself, and customer outcomes in a common multilevel model.

The data for this study was collected in a two-step approach. To establish a profound understanding of the dimensions of EED and to identify potential drivers of EED, we first conducted qualitative interviews with customers, employees, and managers in addition to an extensive literature review. In a second step, we collected quantitative data in a large-scale, multilevel field study in 51German fast food restaurants involving dyadic data at the customer and employee level. Finally, 215 complete employee surveys could be matched with 2118 customer surveys to create a dyadic data set. For initial analyses, the customer data were aggregated on the micro level, so that each frontline employee was linked with an average score of his/her customers. Based on this data first mediation analyses were run. We expected the relationship between the drivers of EED (as reported by employees) and customer outcomes (as reported by customers) to be mediated by EED dimensions (as reported by employees). Following the guidelines of Preacher/Hayes and Zhao/Lynch/Chen we applied the bootstrapping procedure. With regard to customer satisfaction, the analysis showed significant mediating effects for important employee characteristics and skills (e.g., self-efficacy and service orientation), for team-related drivers (e.g., team atmosphere), as well as organization-/management-related drivers of EED (e.g., leadership style and training). One aspect to consider is the nested nature of the data set, such that different customers (level 1) are nested within frontline employees (level 2). To account for the underlying multilevel data structure, a hierarchical linear modeling approach has to be employed in a second step of analysis. By using HLM we could explicitly take into account the fact that individuals served by one employee are more alike than those served by another one, thus accounting for the non-independence of observations. The intraclass correlations (ICCs) for the dependent variables customer satisfaction with the employee (ICC=0.120), overall customer satisfaction (ICC=0.057), and word-of-mouth (ICC=0.041) indicate that there is a reasonable proportion of variance in individual responses that is accounted for by group belonging, namely approximately 12%, 6%, and 4%. While the first mediation analyses did support the idea that the relations between the drivers of EED and customer outcomes are mediated by EED, further analyses have to show whether this holds also when accounting for the hierarchical nature of the data.

Our research uses data from multiple sources (frontline employees and customers) to investigate how service companies should manage their employees' emotional display to optimize customer outcomes. Based on a large and unique multilevel data set, we are able to empirically test the links between drivers of EED, EED dimensions, and customer outcomes. Our findings will integrate and advance existing studies, putting together fragmented research findings to get an overall picture of EED. The results are intended to equip service providers with a road map to increase their customers' satisfaction and other outcomes by systematically managing their employees' emotional display.

References available upon request