The changing role of employees in service theory and practice over the last few decades is overviewed from the perspectives of the management and marketing disciplines. The criticality of employees, particularly front-line employees, in driving customer service outcomes was emphasized in both fields in the 80s and 90s. The rise of services marketing highlighted the role of employees in dyadic service encounters with customers. In management, the implications of the customer interface for employee and organization were developed. In the 2000s, the status of the employee’s role appeared to diminish as service marketing theory shifted from a provider to a consumer perspective on customer value creation, and as technology substituting for employees grew in practice. In management, new theory and research directions on service employees essentially plateaued. Going forward in evolving service contexts, employees will fill roles as “Innovators”; “Differentiators”; “Enablers” and “Coordinators”. Suggestions are offered for what management can learn from services marketing in the pursuit of interdisciplinary research.
A CROSS-NATIONAL AND CROSS-CULTURAL APPROACH TO GLOBAL MARKET SEGMENTATION: AN APPLICATION USING CONSUMERS’ PERCEIVED SERVICE QUALITY

James Agarwal
Ruth Bolton
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International service is the fastest growing sector of the world economy, but few studies have examined global market segmentation strategies for services. This study shows that consumer perceived service quality (PSQ) differs across cultures and countries and these differences yield meaningful market segments. It focuses on culture-based differences in PSQ that arise from people’s life experiences, based on prior conceptual work that links individualism-collectivism at the level of the individual consumer (rather than based on nationality) to independent versus interdependent self-construal. It analyzes survey data describing banking services in India and the USA. Thus, the paper provides a theory-based, empirically supported tool for the measurement, management and customization of PSQ in global settings. This tool can be used to derive managerial insights into vertical and horizontal market segments for global services, guiding the development of global marketing strategies for services and improving business performance. We illustrate its use for banking services.

Research Category: Service Culture

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(JAMES Agarwal, RUTH Bolton, NARESH K. Malhotra)
DELIVERING BAD NEWS TO CUSTOMERS: THE ROLES OF EMPLOYEE EMOTIONAL AND TECHNICAL COMPETENCIES IN EMOTIONALLY CHARGED SERVICE ENCOUNTERS*

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Service encounters can be emotionally charged for customers, such as when employees deliver bad news to them. Yet current research provides little insight into which employee competencies customers value, or the extent of their value, in emotionally charged circumstances. This study examines the effects of two influential employee competencies—employee emotional competence (EEC) and employee technical competence (ETC)—on negative customer emotions, rapport, and encounter satisfaction in emotionally charged service encounters. The results of the experiment suggest that EEC moderates the effect of ETC on customer outcomes, such as negative emotions, rapport, and encounter satisfaction. The findings encourage managers to provide employees with training to improve their emotional competence, which strengthens the impact of ETC on customer experiences in emotionally charged service encounters, and to screen potential employees on these competencies when hiring new staff.

Research Category: Service Culture

* This paper is currently under review at a journal.

(CÉCILE DELCOURT, DWAYNE D. GREMLER, ALLARD C. R. VAN RIEL, MARCEL VAN BIRGELLEN)
When customers experience intense emotions during service encounters, they are attentive to how well employees perceive, understand, and regulate these emotions—that is, the extent to which employees display emotional competence. This paper examines employee emotional competence (EEC) from a customer perspective in a service encounter context. Using this specific conceptualization of the topic, the authors develop a short, valid, and reliable measure of EEC that consists of customer perceptions of employee ability in terms of perceiving, understanding, and regulating customer emotions. The measure is strongly correlated with customer evaluations of the service encounter. This scale can be used by scholars to further explore the role of EEC in service contexts and by managers to observe and assess EEC in service encounters, determine the correlation of EEC with outcomes of interest, and use EEC in recruitment and hiring processes.
The way a firm fulfills (or fails to fulfill) its mission statement may play a role in internal marketing and affect its most committed employees. Our model suggests that mission fulfillment influences an employee's motivation (i.e., employee engagement), social identity (organizational identification), and emotional resources (emotional exhaustion). These psychological states in turn drive affective commitment and turnover intentions, two variables of continued interest to researchers and managers. We find empirical support for this model using data from 3999 employees of a healthcare service system. For managers, our results imply the importance of aligning an organization's actions with its stated mission, given that employees are attuned to and affected by such an alignment. Further, managers should actively communicate to employees the organization's efforts and accomplishments in fulfilling its mission.

Research Category: Service Culture


(TAEWON SUH, MARK B. HOUSTON, STEVEN M. BARNEY, IK-WHAN G. KWON)